

# Exhibit C

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**From:** [Adam Klett & Alessia Danelon](#)  
**To:** [Wikle, Sarah](#); [Alessia D](#)  
**Subject:** Comment – Water Allocation Policy  
**Date:** Wednesday, April 8, 2026 10:17:32 PM

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To whom it may concern, I reviewed the proposed county of Monterey water allocation policy , I had some questions and some comments I'll outline below -

Section IV.1 is ambiguous because it does not specify whether *any* or *all* of the listed criteria qualify a project for Planned Housing Growth. **Can you clarify the intent ?**

As written, the structure suggests that single-family dwellings on legal lots of record should qualify, yet the County appears to interpret the category narrowly as requiring *all* listed criteria. This would deprioritize existing single family lots of record lots into the 15% First-Come First-Served bucket. This contradicts the policy's own layout and undermines vested development expectations.

The requirement to demonstrate that a water meter can be affixed should be removed from the county policy as a circular issue related to the water company CDO rather than the county water allocation policy. If the water allocated from the county cannot be used within the timeout period it can always be returned to the pool if a conditional approval is never acted upon . Leaving this water meter placement clause adds additional uncertainty and a circular process issue where lot owners must spend a bunch of time and money putting together a planning package which can never be accepted until the CDO order is lifted so water can never be allocated so conditional approval of the planning package can never happen . Would ideally like to get things moving for conditional approval of a planning packet with water allocated from the county then the construction can start soon after the CDO is lifted. Also would avoid a flood of applications the day after the CDO is lifted.

The County should clarify the definition of planned housing growth , reduce or rebalance the 80% allocation, remove the circular requirement to 'demonstrate a right to receive water,' and create a dedicated allocation pathway for legal lots of record

Transparency is also essential: the HCD Approved Water Waitlist should be published, and allocation data should be made publicly accessible. I'd like to formally request being placed on this list if we are not already on there .

Best,

Adam Klett and Alessia Danelon

**From:** [Kathryn Avila](#)  
**To:** [Wikle, Sarah](#)  
**Subject:** Public Comment – Water Allocation Policy.  
**Date:** Thursday, April 9, 2026 1:24:10 PM  
**Attachments:** [image002.jpg](#)  
[image004.png](#)  
[image001.jpg](#)  
[4-9-26DRAFT Water Allocation BOS Policy\\_cleanADA.pdf](#)

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Good afternoon,

Please see my comments marked on the attached

**KATHRYN AVILA**

Real Estate Entitlement, Investment, and Special Projects

**Email:** [kathryn@avilaconst.com](mailto:kathryn@avilaconst.com)

**Direct Dial:** 831-382-3524 | **Cell:** 831-540-7858 | **Main Office:** 831-372-5580

**Fax:** 831-372-5584

12 Thomas Owens Way, Ste 200, Monterey, CA 93940

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**From:** Wikle, Sarah <WikleS@countyofmonterey.gov>

**Sent:** Thursday, April 9, 2026 9:01 AM

**To:** Beretti, Melanie <BerettiM@countyofmonterey.gov>; Spencer, Craig <SpencerC@countyofmonterey.gov>; Patrick Orosco <porosco@oroscogroup.com>; Matt Nohr <mnohr@oroscogroup.com>; rawilliams@carmeldevelopment.com; gmorgan@chispahousing.org; joanna.carman@midpen-housing.org; Kathryn Avila <Kathryn@avilaconst.com>; reena.zhang@edenhousing.org

**Cc:** Gonzales, Elizabeth <GonzalesE@countyofmonterey.gov>; Dale Ellis <dale@alombardolaw.com>

**Subject:** RE: Water Allocation Policy - MPWMD - Housing Developer Stakeholder Engagement Meeting

Hello all,

Thank you again for meeting with us a couple of weeks ago to discuss the draft Water Allocation Policy. I believe most of you should be on the interested parties list now but want to follow up and let you know that we have a draft available for public review. You can access the draft here: [Water Allocation Board Policy \(REF250037\) | County of Monterey, CA](#). We are having the review period be open from April 8-April 22.

If you want to send over additional comments, those can be directed to me. Please put in the subject line of your email: Public Comment – Water Allocation Policy.

We are targeting a tentative date of late April/early May to return to the Planning Commission.

Thank you,  
Sarah



**Sarah Wikle** (she/they)  
*Principal Planner – Advance Planning*  
County of Monterey Housing & Community  
Development  
1441 Schilling Place, South 2<sup>nd</sup> Floor  
(831) 784-5700  
[WikleS@countyofmonterey.gov](mailto:WikleS@countyofmonterey.gov)

-----Original Appointment-----

**From:** Wikle, Sarah

**Sent:** Thursday, March 19, 2026 5:13 PM

**To:** Wikle, Sarah; Beretti, Melanie; Spencer, Craig; Patrick Orosco; Matt Nohr;  
[rawilliams@carmeldevelopment.com](mailto:rawilliams@carmeldevelopment.com); [gmorgan@chispahousing.org](mailto:gmorgan@chispahousing.org); [joanna.carman@midpen-housing.org](mailto:joanna.carman@midpen-housing.org); [kathryn@avilaconst.com](mailto:kathryn@avilaconst.com); [reena.zhang@edenhousing.org](mailto:reena.zhang@edenhousing.org)

**Cc:** Gonzales, Elizabeth; Dale Ellis

**Subject:** Water Allocation Policy - MPWMD - Housing Developer Stakeholder Engagement Meeting

**When:** Thursday, March 26, 2026 3:00 PM-4:00 PM (UTC-08:00) Pacific Time (US & Canada).

**Where:** <https://montereycty.zoom.us/j/95556693573?pwd=qdkG9LyWy5ullRaUwy9Cw70IEDaSac.1>

Hello, please accept this meeting invitation to discuss policy topics under development for a Water Allocation Policy that County staff are working on for portions of unincorporated Monterey County that are located in the Monterey Peninsula Water Management District (MPWMD) Service Area.

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Join Zoom Meeting

<https://montereycty.zoom.us/j/95556693573?pwd=qdkG9LyWy5ullRaUwy9Cw70IEDaSac.1>

Password: 779797

One tap mobile

+12133388477,,95556693573# US (Los Angeles)

+16692192599,,95556693573# US (San Jose)

Dial by your location

+1 213 338 8477 US (Los Angeles)

+1 669 219 2599 US (San Jose)

+1 669 900 6833 US (San Jose)

+1 929 205 6099 US (New York)

+1 312 626 6799 US (Chicago)

Meeting ID: 955 5669 3573

Find your local number: <https://montereycty.zoom.us/j/95556693573>

Join by SIP

[95556693573@zoomcrc.com](mailto:95556693573@zoomcrc.com)

Join by H.323

162.255.37.11 (US West)

162.255.36.11 (US East)

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The County, as a recipient of MPWMD water allocations, may approve developments and construction permits as defined in Titles 18, 20 and 21 of the Monterey County Code (“MCC”), subject to issuance of a water permit from MPWMD, and may suballocate all or a portion of the County’s water allocation to a property or development. If the County approves the suballocation of water credits, MPWMD debits the County’s allocation when it issues a water permit.

Water allocated by MPWMD to the County is limited and the demand by property owners and developers for the County’s limited water allocation within the unincorporated area exceeds the limited supply.

Currently, the County does not have an adopted policy for the allocation of water credits in the MPWMD area. The past practice of the County typically included approval of a water credit allocation at the time a construction permit was ready to issue on a first-come first-served basis. In limited circumstances, the Planning Commission authorized the allocation of water credits when acting on a discretionary permit. In these cases, water credits were reserved after the discretionary decision and until a construction permit was ready to issue. After accounting for most of the County’s water allocation (circa 2000), staff established a “water waiting list” for those projects that were conceptually approved but could not move forward with building until water became available. This Policy addresses the “water waiting list” and updates the past practice for allocation of the County’s water credits. Additionally, projects that have requested a water allocation prior to the adoption of this Policy, but who were not on the “water waiting list” should be considered by the Planning Commission with the decision appealable to the Board of Supervisors for projects requiring a discretionary permit.

Given recent changes in California housing law requiring municipalities to prioritize utility services for housing development planned in the Housing Element of the General Plan, the finite allocation of water provided to the County by MPWMD, and the lack of a formal policy to prioritize the allocation of water to uses and development that furthers County goals and interest as it relates, development of a Water Allocation Policy for areas within the MPWMD service area is prudent.

### **III. Policy**

It is the policy of the County to prioritize the allocation of limited water resources in the MPWMD area and in the following order of priority:

1. Honor past commitments to the allocation of water established in the “HCD Approved Water Waitlist”.<sup>1</sup>
2. Development of Planned Housing Growth.<sup>2</sup>
3. First Come First Served.<sup>3</sup>
4. Strategic Reserve.<sup>4</sup>

In accordance with the above listed priorities, the Director of Housing and Community Development, or their designee (collectively, “HCD Director”) shall be charged with tracking water allocations provided to the County and reserving portions of each new allocation as follows:

Prior commitments established in the “HCD Approved Water Waitlist” for the allocation of water shall be accounted for and deducted from the total credits available.

After accounting for prior commitments, all remaining water credits and any future allocations shall be reserved as follows:

- 80% of allocations shall be reserved for Planned Housing Growth;
- 15% First-come, First-Served Basis; and
- 5% of allocations shall be retained as a strategic reserve.
  - o \*The Monterey County Board of Supervisors shall retain the authority to approve allocations from the Strategic Reserve category pursuant to a resolution.

#### **IV. Procedure**

An application for development requesting an allocation of water shall be submitted with an MPWMD water permit application and a written request for an allocation of water from the County specifying the amount of water requested and identifying the suballocation area the water is proposing to come from (i.e. Planned Housing Growth, First Come First Served, or Strategic Reserve). The County shall review all relevant land use entitlement permit and construction permit applications pursuant to this Policy. The County shall notify the applicant during the completeness review of the construction permit or the land use entitlement if the

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<sup>1</sup> Past commitments include water allocated by the Board of Supervisors and those properties or projects that have been on the County’s “water waiting list” as modified to exclude properties and projects that were on the list but have subsequently secured water from other sources prior to receiving an allocation from the County. The “water waiting list” is available at the Housing and Community Development Department.

<sup>2</sup> Planned Housing Growth as defined this policy in Section IV.1.I.

<sup>3</sup> All remaining development projects that do not meet the definition of Planned Housing Growth would fall under this category. Residential development shall comply with fixture limitations as defined in Section IV.2.I.

<sup>4</sup> This category can be allocated to other uses that are not covered under other categories, at the discretion of the Board of Supervisors as defined in Section IV.3.

project is eligible for water. The County will maintain a list of projects that have been provided notice of eligibility, including the amount of water requested and the category or suballocation area the water is proposed to come from. Such list will be available on the County's website.

To request water credits, applicants shall demonstrate that they have a right to receive water or have an existing meter while the CDO is in effect.

1. Planned Housing Growth:

I. Projects that qualify under this category include the following:

a. A housing project that:

- i. Is located in an Affordable Housing Overlay as defined in the 2010 General Plan, or is listed as a Housing Element Opportunity Site in the 6<sup>th</sup> Cycle Housing Element Update; and
- ii. Provides no fewer than the minimum percentage of total units deed restricted to lower-income and moderate income households as required by Monterey County Code Chapter 18.40 or provides more than 50 percent of the units at levels affordable to moderate income, workforce I, and/or workforce II households; and
- iii. Meets a minimum density of 10 dwelling units/per 1 acre.

b. An accessory dwelling unit or junior accessory dwelling unit that does not exceed 12 fixture units (0.12 afy). *add or SB 9 secondary unit*

c. A single-family dwelling on a vacant lot of record that does not exceed 18 fixture units (0.18 afy).

d. Portions of housing projects that are deed-restricted to low-income households as required by Monterey County Code Chapter 18.40 or as required by State Housing Law (i.e. State Density Bonus Law and/or Builders Remedy Law).

Working from memory, but I think reads differently than I remember it being discussed in our industry call. This is more limiting.

Strike.

If the intent is to provide water to housing, I don't know why we'd limit it to AHOs and Opportunity Sites, which are limited in quantity.

remove references to 18.40/affordability. The ordinance already applies; no need to reiterate here

I dont like this section. It doesnt provide enough "pre-process" certainty that water will be available once the Discretionary review process starts. We are already hunders of thousands \$+ into the process by this point.

Further, I fear water will be used as leverage for exactions (additional affordability; improvements not otherwise required of the project; etc.) if done this way.

Water should be pre-approved very early on so long as it is not more than 15 acre feet (Pre- application?) and contingent upon the future discretionary review. If the Appropriate Authority approves the discretionary reviews, the water is deemed approved. not a "may be approved" type situation

~~State Density Bonus Law and/or~~ this is probably a bit too low if its meant to include landscape allocation too. See next page for a breakdown of a 2 bath unit for 10.1 FU

Procedure for Planned Housing Growth:

- a. Ministerial Process (if no land use entitlement is required under the MCC): The HCD Director may approve a water allocation at the time a construction permit is ready to issue provided the project conforms with this Policy. In order to provide for a reasonable distribution of limited water allocations, the HCD Director can approve developments less than 15 acre-feet.

The water allocation will be held for the period of time that the construction period remains active as noted in the "Time Limits" discussion.

- b. Discretionary Process (if a land use entitlement is required under the MCC): The Appropriate Authority, as defined in Title 20 or Title 21, may approve a water allocation with the land use entitlement. The Appropriate Authority shall consider whether the project conforms

## EXAMPLE FIXTURE UNIT ACCOUNTING

<b><u>2 bathroom unit</u></b>	
toilet	0.8
sink	1
tub shower	2
toilet	0.8
sink	1
tub shower	2
<b><u>laundry</u></b>	
washer	1
<b><u>kitchen</u></b>	
sink(dishwasher option ok)	1.5
per unit water	10.1

doesnt include landscape - need to add in

with all the necessary criteria indicated in this Policy. This section shall also apply to ministerial permits requesting 15 or more acre-feet of water.

The water allocation will be held by the project for the period that the entitlement remains active as noted in the “Time Limits” discussion.

The decision of the Appropriate Authority is appealable as outlined in the Monterey County Code Chapters 20.86 and 21.80.

2. First Come First Served: For projects that do not qualify for Planned Housing Growth as described in this Policy, the following requirements apply:

I. Residential Unit Fixture Maximums – the following fixture unit maximums apply for residential projects to be considered for water credits under this category.

a. Single Family Residential Dwellings (SFDs) per unit – 18 fixture unit maximum (0.18-acre feet per year of water).

i. Water may be allocated for expansions, remodels, or replacement of existing SFDs, provided that the total amount of water for which an SFD is eligible is 18 fixture units.

b. Multifamily Residential Dwellings (MFDs) per unit – 18 fixture unit maximum (0.18-acre feet per year of water).

i. Expansions, remodels or replacement of existing MFDs will not be eligible to receive additional water, except that units which do not have an existing clothes washer may receive one fixture unit (0.01) in order to install a clothes washer.

II. Non-Residential Uses - No fixture maximums apply except as described in the procedures section that follows.

III. Procedure for First Come First Served

a. Ministerial Process (if no land use entitlement is required under the MCC): The HCD Director, may approve a water allocation at the time a construction permit is ready to issue, provided that the project complies with this Policy. In order to provide for a reasonable distribution of limited water allocations, the HCD Director can approve developments of 1 acre-feet or less.

The water allocation will be held for the period of time that the construction period remains active as noted in the “Time Limits” discussion. The decision of the HCD Director is not appealable.

b. Discretionary Process (If a land use entitlement is required under the MCC): The Appropriate Authority may approve a water allocation with the land use entitlement. The Appropriate Authority shall consider whether the project conforms with all the necessary criteria indicated in

this is probably a bit too low if its meant to include landscape allocation too. See previous page for a breakdown of a 2 bath unit for 10.1 FU

revise to align with comments on page 4

this Policy. This section shall also apply to ministerial permits requesting more than 1-acre feet.

The water allocation will be held by the project for the period that the entitlement remains active as noted in the “Time Limits” discussion.

The decision of the Appropriate Authority is appealable as outlined in the MCC Chapters 20.86 and 21.80.

3. Strategic Reserve:

I. Procedure

a. The Board of Supervisors may authorize the allocation of water or authorize the HCD Director to approve the allocation of water, for those projects or properties that do not conform to these criteria from the Strategic Reserve allocation category. The Board shall consider the following findings when authorizing water allocation:

- i. The project has been designed to minimize the amount of water needed; and
- ii. The project complies with the County’s adopted policies and regulations; and
- iii. The project will provide affordable housing, create new jobs, or has a public benefit.

The water allocation will be active as discussed in the “Time Limits” section below. The Board of Supervisor’s decision is not appealable.

4. HCD Director – Additional Review Procedure:

If, in the opinion of the HCD Director, additional review is required prior to approving a water allocation for a project that does not require land use entitlements, the HCD Director may refer the matter to the Planning Commission for a decision. The HCD Director can refer to a decision to the Planning Commission if any of the following would occur through the granting of a water allocation:

- i. Significant public policy issues;
- ii. Significant, unmitigable, and adverse environmental impacts;
- iii. Significant changes in the nature of a community; or
- iv. Establishment of precedents or standards by which other projects will be measured.

strike - this is a nimby foothold

Once the MPWMD application has been reviewed and approved by the County, the applicant will be responsible for submitting the application to the MPWMD to obtain a water permit. A construction permit will be released to the applicant once the MPWMD water permit has been issued and the applicant has provided proof of the approved permit to HCD.

5. Time Limits on County Water Allocations

The County's water allocations may be held by a project applicant for the time limits set by the MCC for approved construction permits and approved land use entitlements as applicable. If a project's water allocation lapses, the allocation will be made available to other projects per this Policy.

add in details on how someone would get water if their approval lapsed? In theory, someone could have an approved project but no water. Now what? Can the Director re- issue? How many times?

6. Annual Review of Allocation Policy

The HCD Director, or designee, shall regularly review this Policy to assess the need for changes. The review should include:

- The remaining balance of water allocations within each of the categories defined in this policy;
- The general magnitude of demand for water within each category;
- Any future water supplies that are anticipated; and
- Any changes to this policy that may be warranted to better facilitate the allocation of water. This includes, for instance, the ability to modify policies, criteria, and procedures to better align with the intended purpose or the ability to shift the total amount of water reserved for each category given supply and demand.

7. **Review Date**

- a. This Policy will be reviewed as needed to better align with the ability to shift the total amount of water reserved for each category given supply and demand or as directed by the Board.

8. **Board Action**

- a. Legistar File Number \_\_\_\_\_

**From:** [Manish Goel](#)  
**To:** [McDougal, Melissa](#); [Wikle, Sarah](#)  
**Subject:** Re: Water Allocation Policy update – draft available for public review and comment  
**Date:** Thursday, April 9, 2026 2:26:21 PM  
**Attachments:** [image002.png](#)  
[image001.png](#)

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You have not previously corresponded with this sender.

Thank you for sharing this. We support moving from a first-come, first-served model to a more structured and policy-driven approach.

We are existing homeowners with a very small incremental request of 0.5 water credits to add a powder room. Importantly, this will not increase our overall water consumption. The new fixture will effectively replace usage from an existing bathroom, resulting in no net new demand on the system.

As you are soliciting feedback, it would be helpful to consider a pathway for small, de minimis requests such as this, particularly where there is no impact on overall water usage or supply. Creating a defined process or carve-out for these types of use cases would benefit homeowners like us, without affecting broader allocation priorities or water scarcity considerations.

Thank you for your consideration.

Cheers

Manish Goel (M: 408-242-5368)  
Founder, Thousand Greens (thousandgreens.com: a network for private golf club members)

On Wednesday, April 8, 2026 at 02:13:04 PM HST, McDougal, Melissa <mcdougalm@countyofmonterey.gov> wrote:

Hello,

Thank you for your on-going interest in the development of a Water Allocation Policy in the Monterey Peninsula Water Management District (MPWMD) service area. This email is to notify you that a draft of the proposed policy is available on the project webpage: [Water Allocation Board Policy \(REF250037\) | County of Monterey, CA](#)

The comment and review period will be open from today, April 8<sup>th</sup> through Wednesday, April 22<sup>nd</sup>. You can provide comments via email to [wikles@countyofmonterey.gov](mailto:wikles@countyofmonterey.gov) with “Public Comment – Water Allocation Policy” in the email subject line. You can also mail public comment to:

Housing and Community Development Department  
Attn: Sarah Wikle, Principal Planner  
1441 Schilling Place, South 2<sup>nd</sup> Floor  
Salinas CA, 93901

Staff is anticipating a return to the Planning Commission for a workshop in late April/early May to discuss the proposed policy. An additional email will be sent to this distribution list to notify you when the agenda packet is available.

Thank you,



**Melissa Johnson (McDougal)**

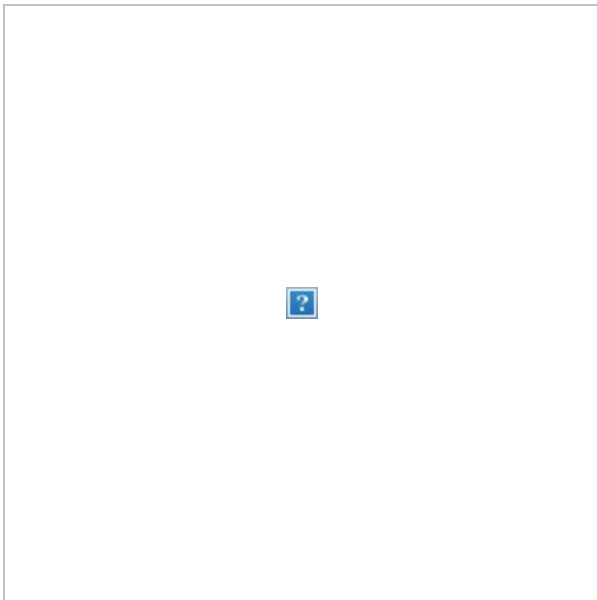
Administrative Secretary Confidential  
Housing and Community Development

1441 Schilling Place, 2<sup>nd</sup> Floor, Salinas, CA 93901

Direct: (831) 755-5146

HCD Main Line: (831) 755-5025

Email: [McDougalm@countyofmonterey.gov](mailto:McDougalm@countyofmonterey.gov)



**From:** [Stephanie Kister](#)  
**To:** [Wikle, Sarah](#)  
**Subject:** RE: Water Allocation Policy update – draft available for public review and comment  
**Date:** Thursday, April 9, 2026 11:37:02 AM  
**Attachments:** [image001.png](#)  
[image003.png](#)  
[image004.png](#)

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Sarah,

One comment that needs to be address is that 18 fixture units for a new house on a vacant lot is way too small. That amount must cover the interior fixture and **landscaping**. 18 FU is enough for a 3 bathroom house with virtually no landscaping. Landscaping alone can use 3- 40 FU depending on the size.

Thanks,  
Stephanie

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**From:** Wikle, Sarah <WikleS@countyofmonterey.gov>  
**Sent:** Thursday, April 9, 2026 8:54 AM  
**To:** Stephanie Kister <skister@mpwmd.net>  
**Subject:** [EXTERNAL] RE: Water Allocation Policy update – draft available for public review and comment

Hi Stephanie,

Thank you for taking the time to review and for your comments. Please let me know if you have any questions as we continue during this process.

Please also feel free to let members of the public know that we have an interested parties list where the can be notified of upcoming hearings if anyone has questions. You can send them to me.

Best,  
Sarah



**Sarah Wikle** (she/they)  
*Principal Planner – Advance Planning*  
County of Monterey Housing & Community  
Development

nd

1441 Schilling Place, South 2 Floor  
(831) 784-5700  
[WikleS@countyofmonterey.gov](mailto:WikleS@countyofmonterey.gov)

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**From:** Stephanie Kister <[skister@mpwmd.net](mailto:skister@mpwmd.net)>  
**Sent:** Thursday, April 9, 2026 8:50 AM  
**To:** Wikle, Sarah <[WikleS@countyofmonterey.gov](mailto:WikleS@countyofmonterey.gov)>  
**Subject:** FW: Water Allocation Policy update – draft available for public review and comment

Sarah,

I think it's a great policy! Looking forward to its adoption!

Thanks,  
Stephanie Kister Campbell  
Water Demand Analyst



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**From:** McDougal, Melissa <[McDougalM@countyofmonterey.gov](mailto:McDougalM@countyofmonterey.gov)>  
**Sent:** Wednesday, April 8, 2026 5:13 PM  
**Subject:** [EXTERNAL] Water Allocation Policy update – draft available for public review and comment

Hello,

Thank you for your on-going interest in the development of a Water Allocation Policy in the Monterey Peninsula Water Management District (MPWMD) service area. This email is to notify you that a draft of the proposed policy is available on the project webpage: [Water Allocation Board Policy \(REF250037\) | County of Monterey, CA](#)

The comment and review period will be open from today, April 8<sup>th</sup> through Wednesday, April 22<sup>nd</sup>. You can provide comments via email to [wikles@countyofmonterey.gov](mailto:wikles@countyofmonterey.gov) with "Public

Comment – Water Allocation Policy” in the email subject line. You can also mail public comment to:

Housing and Community Development Department  
Attn: Sarah Wikle, Principal Planner  
1441 Schilling Place, South 2<sup>nd</sup> Floor  
Salinas CA, 93901

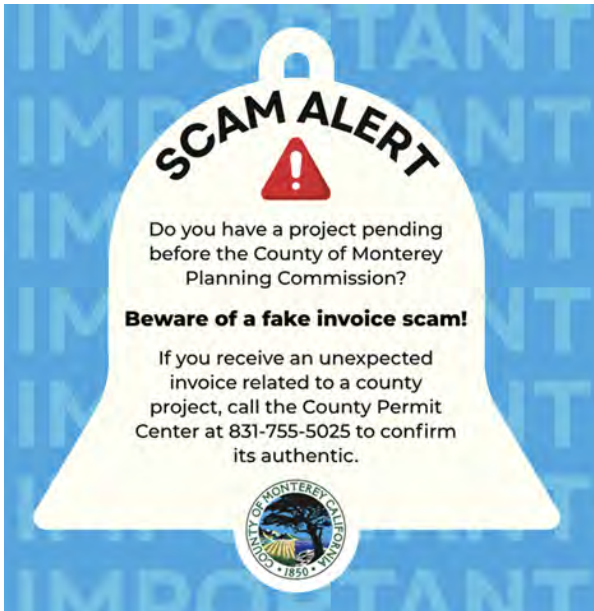
Staff is anticipating a return to the Planning Commission for a workshop in late April/early May to discuss the proposed policy. An additional email will be sent to this distribution list to notify you when the agenda packet is available.

Thank you,



*Melissa Johnson (McDougal)*

Administrative Secretary Confidential  
Housing and Community Development  
1441 Schilling Place, 2<sup>nd</sup> Floor, Salinas, CA 93901  
Direct: (831) 755-5146  
HCD Main Line: (831) 755-5025  
Email: [McDougalm@countyofmonterey.gov](mailto:McDougalm@countyofmonterey.gov)





TRANSMITTED VIA EMAIL

April 22, 2026

Sarah Wikle, Principal Planner  
Housing and Community Development  
County of Monterey  
1441 Schilling Place, 2<sup>nd</sup> Floor  
Salinas, CA 93901

**Subject: Comments on Draft Water Allocation Board Policy (REF250037)**

Dear Sarah Wikle:

On March 1, 2025, the Monterey Peninsula Water Management District (District or MPWMD) released an allocation of water from the Pure Water Monterey Expansion (PWMx) to each Jurisdiction in the District. Unincorporated Monterey County areas that benefit from this allocation include properties served by California American Water (Cal-Am) in Carmel, Carmel Highlands, Carmel Valley, Pebble Beach, Jack's Peak area, and the Highway 68 corridor (Laguna Seca office park and nearby residences, York School, Pasadera, etc.). The water in the County's Allocation is expressly intended to enable Jurisdictions in the District to implement their General Plans and Local Coastal Programs (LCPs), and to restore reasonable use of private property after decades of severe water constraints. For years, many residents and business owners have been unable to add bathrooms, remodel homes, or improve their properties due to lack of available water.

With completion of the Pure Water Monterey Expansion (PWMx), the lack of water constraint has been resolved. There is now sufficient water supply to meet community needs for the foreseeable future. The District's 2025 allocation of water, the first since 1993, was a direct response to this new reality. The District has also made clear that additional water from PWMx will be made available when needed.<sup>1</sup>

Despite this, the County's proposed policy continues to rely on an outdated "limited supply" premise. The statement on page two, "Water allocated by MPWMD to the County is limited and the demand exceeds the limited supply" is incorrect and must be revised. It directly contradicts the District's findings and undermines the County's ability to meet its housing obligations and support economic activity. Continuing to frame water as scarce when it is not will unnecessarily constrain housing production, property improvements, and business development.

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<sup>1</sup> The District maintains over 2,000 AF of PWMx water in reserve, and the 2025 Allocation was only a portion of the available new water supply (see MPWMD Ordinance No. 197).

## **General Comments on the Proposed Policy**

### **1. Policy Title**

The policy should be renamed “Monterey County MPWMD Cal-Am Water Allocation Priorities and Procedures” to accurately reflect its limited applicability to properties within the MPWMD served by Cal-Am.

### **2. Accuracy and Mapping**

The Background, Policy, and Procedure sections contain multiple inaccuracies regarding the District’s Water Permit process and require correction. The District is available to assist in ensuring the County’s policy language is fully aligned with MPWMD Rules and Regulations before adoption.

In addition, the policy must use MPWMD and Cal-Am service area boundaries to define where it applies. The current mapping is not appropriate. A revised map is provided and should be adopted.

### **3. Substantive Policy Deficiencies**

The proposed policy is unnecessarily restrictive and, in several cases, internally inconsistent. As written, it will constrain housing, limit reinvestment in existing properties, and create administrative confusion. The policy improperly uses the term “water credits,” misuses and misstates the MPWMD Rule 23 process to authorize use of water from a Jurisdiction’s Allocation and the Water Permit process, and prioritizes water for certain projects while failing to account for the needs of property owners and businesses that have been constrained for years due to limited water availability for property improvements.

#### **o Planned Housing Growth Limits**

The proposed limits of 0.12 AFY for Accessory Dwelling Units and 0.18 AFY for single-family dwellings are unreasonably low and do not reflect typical development patterns in the unincorporated MPWMD area. These limits would effectively cap new homes at approximately three bathrooms and preclude common features such additional sinks, swimming pools and landscaping.

This approach is incompatible with both existing land use patterns and the County’s housing objectives. These limits must be increased to realistic levels.

Further, the policy fails to define water allocation parameters for projects under Planned Housing Growth Item 1.a., including those within the Affordable Housing Overlay or projects providing affordable housing. This omission is a critical flaw and must be corrected.

o **First Come, First Served Provisions**

Section 2.1.a. establishes an 18-fixture unit maximum for both single-family and multi-family dwellings but does not clearly state how this limit is applied. As written, it is unclear whether:

- 18 fixture units is the maximum amount of the allocation available per project, or
- Properties are capped at 18 fixture units and would not qualify for additional water.

This ambiguity must be resolved.

The multi-family provisions are also contradictory. The policy establishes an 18-fixture unit maximum, then states that expansions, remodels, or replacement of existing multi-family dwellings are not eligible for any additional water (except for adding a clothes washer). This is illogical and directly undermines efforts to expand housing capacity. The County cannot claim to support housing while prohibiting reasonable expansion of multi-family units. This provision must be revised.

o **Water Set-Asides and Project Timing**

The policy fails to establish clear rules for when water is approved and how long it may be reserved. This is a significant omission.

Under MPWMD Rule 33, a Jurisdiction releases water through a Water Release Form that expires after five years or sooner at the Jurisdiction's discretion. The County must align with this framework. Large projects may justify longer timelines, but smaller projects—such as single-family homes, remodels, and additions—should be required to proceed to construction promptly.

The County must not indefinitely reserve water for speculative or stalled projects. Past practice has tied up water in projects that took decades to permit or were never built, while shovel-ready projects were unable to proceed. This cannot continue. Water must remain available for viable, active development.

o **Permit Process and Compliance**

The policy does not accurately reflect the District's permitting process. Water is authorized by the Jurisdiction through a Water Release Form and debited from the allocation when the District issues its Water Permit, typically at the end of the building permit process. Final inspection confirms compliance.

Sarah Wikle, Principal Planner

April 22, 2026

Page 4 of 4

The policy must also address permit amendments. If a project exceeds its permitted water use, the property owner must either amend the permit or remove the unpermitted fixtures. If additional water is not available, the County will be forced to either enforce violations or debit its allocation after the fact. The current policy is silent on this issue and must be revised to address it explicitly.

The District expects the County to revise the draft policy to reflect current water availability and to remove unnecessary and counterproductive constraints and to conform the final policy to regulations of the MPWMD. The District released water to the County more than a year ago, and District staff continue to receive daily inquiries from constituents seeking to move forward with property improvements.

Further delay is unwarranted. The County should expeditiously adopt a policy that is accurate, internally consistent, and aligned with the region's actual water supply conditions. MPWMD offers its assistance to align County policy to MPWMD rules and regulations.

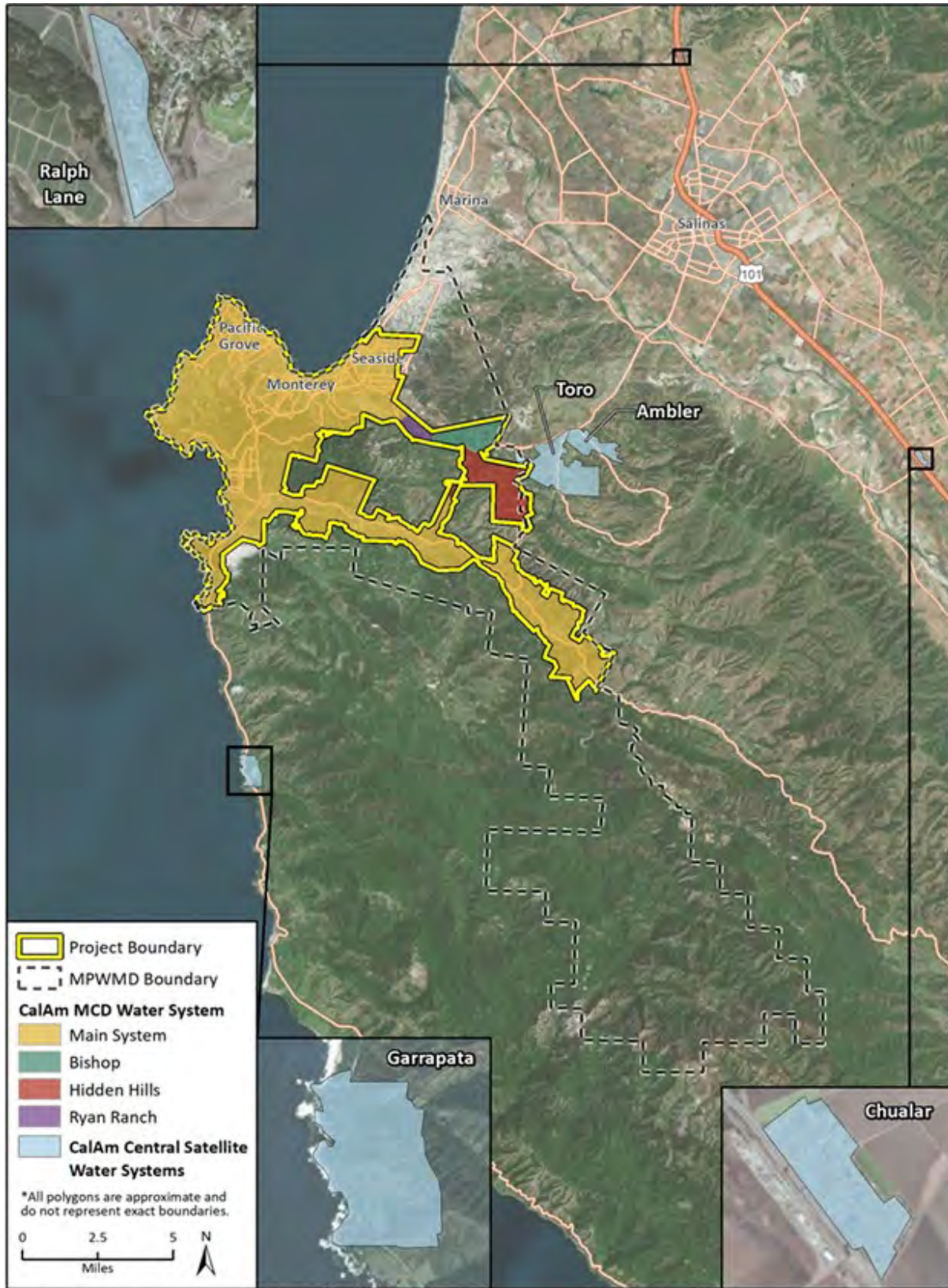
Sincerely,



Stephanie Locke  
Water Demand Manager

Enclosure: MPWMD and Cal-Am Boundaries Map

California American Water Co Central Coast Service Areas  
Overlap With  
Monterey Peninsula Water Management District Boundary



Note: "Project Boundary" shown in yellow is the Cal-Am service area within MPWMD boundaries.



**From:** [Bradley Green](#)  
**To:** [Wikle, Sarah](#); [Sanchez, Edgar](#)  
**Subject:** Public Comment – Water Allocation Policy  
**Date:** Wednesday, April 22, 2026 3:16:02 PM  
**Attachments:** [image001\[41\].png](#)

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**This Message Is From an External Sender**

[CAUTION: This email originated from outside of the County. Do not click links or open attachments unless you recognize the sender and know the content is safe.]

Sarah Wikle, Edgar Sanchez and Monterey County Housing and Community Development,

After reading the Draft Water Allocation Policy for Monterey County, I have some comments that I will list below.

- Item IV. Procedure: the draft states, “The County shall notify the applicant during the *completeness review* of the construction permit or land use entitlement if the project is eligible for water.” This is counterproductive as *completeness review* is the final stage in the building permit process. Depending on the project, the building permit process can take several months from application to completeness review. It should be noted in the Water Allocation Policy that, “The County shall notify the applicant during application processing of the construction and/or building permit if the project is eligible for water. AND the water allocation should be set aside for said project during the entire review period.” It would be a shame to pay tens of thousands for a building review to result in months of waiting with a negative water allocation outcome during the completeness review.
- Item IV(1) Planned Housing Growth: I. Projects that qualify under this category include the following. This could be misleading and should state, “Projects that qualify under this category include **one or more** of the following.”
- Item IV(1)II. Procedure for Planned Housing Growth. This states that, “The HCD Director may approve a water allocation at the time a construction permit is ready to issue...” Again, this is counterproductive and should state, “...may approve a water allocation at the time a construction permit application is submitted...” This would give ample time to provide clarity for both HCD and the applicant regarding the possibility of the allocation and proceed with the MPWMD process to procure a water permit and return said water permit to HCD prior to completeness review.
- Maximum allocations (18 for SFD and 12 for ADU): The maximum allocations should be further defined to include language regarding existing credits tied to a parcel. For instance, do the maximum 18 credits for an SFD include the allocation with the existing credits tied to a parcel? OR do the maximum 18 credits for an SFD include the allocation *in addition to* the existing credits tied to a parcel? I would strongly encourage the allocations be in addition to any credits existing as MPWMD has previously stated that there is a wealth of water allocations in addition to the “finite” amount mentioned in this draft.

Thank you for your time reviewing this public comment.

Sincerely,



Bradley Green  
[HASTINGS CONSTRUCTION INC.](#)  
(831) 620-0920

## County of Monterey Board Policy Manual

<b>Policy Name</b> Monterey County Water Allocation Priorities and Procedures	<b>Policy Number</b>	<b>Page</b>
<b>Policy Category</b> Government and Administration		

### I. Purpose

Establish a uniform policy for the allocation of limited water resources within the unincorporated areas of Monterey County within the Monterey Peninsula Water Management District (“the District”) service area.

### II. Background

~~The District Monterey Peninsula Water Management District (“MPWMD” or “the District”)~~ (use one or another, but be consistent.) has adopted rules that govern water resources within its jurisdictional boundaries (see Figure 1 below). ~~MPWMD-District~~ rules include, among other things, the ability to allocate water ~~credits~~ credits to local governments within ~~its territory~~ the District. This includes allocations to the County of Monterey (“the County”).

Water allocations, ~~or water credits~~, are used by MPWMD to manage water supplies within the District boundaries. ~~See Figure 1 for MPWMD District Boundaries.~~

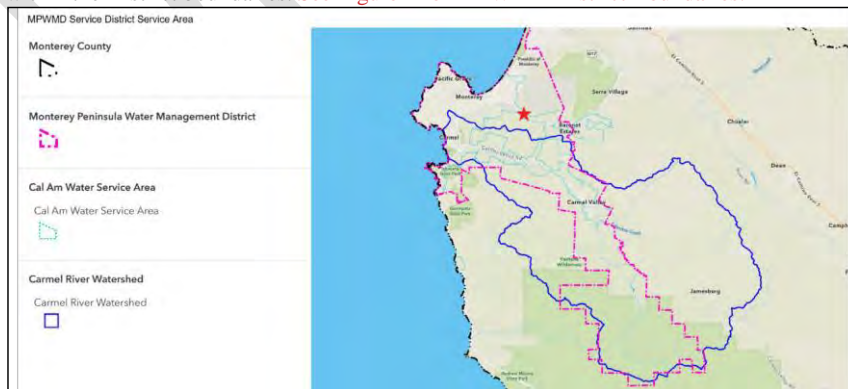


Figure 1 | MPWMD Service District Area (accessed November 2025)

**Commented [DE1]:** Highly recommend Figure 1 be on a single page large enough to be readable. Staff and some commissioners may have a good handle on the District boundary, but most folks do not.

On January 27, 2025 the MPWMD allocated 72 acre feet of water per year (AFY) to the County for use in the MPWMD area. The County had 10.95 AFY available at the time. The total amount of water available for allocation at that time was 82.95 AFY. The use of that water is solely at the County's discretion. If the County approves the suballocation of water credits, MPWMD debits the County's allocation when it issues a water permit.

The County, ~~as a recipient of MPWMD water allocations,~~ may approve developments and construction permits as defined-provided in Titles 18, 20 and 21 of the Monterey County Code ("MCC"); Construction permits can only be issued after the ~~subject to~~ issuance of a water permit from MPWMD, ~~and may~~ suballocate all or a portion of the County's water allocation to a property or development. ~~If the County approves the suballocation of water credits, MPWMD debits the County's allocation when it issues a water permit.~~

Water allocated by MPWMD to the County is limited and the demand by property owners and developers for the County's limited water allocation within the unincorporated area exceeds the limited supply.

Currently, the County does not have an adopted policy for the allocation of water ~~credits~~ in the MPWMD area. The past practice of the County typically included approval of a water credit allocation at the time a construction permit was ready to issue on a first-come first-served basis. In limited circumstances, the Planning Commission authorized the allocation of water credits when acting on a discretionary permit. In these cases, water credits were reserved after the discretionary decision and until a construction permit was ready to issue. After accounting for most of the County's water allocation (circa 2000), staff established a "water waiting list" for those projects that were conceptually approved but could not move forward with building until water became available. This Policy addresses the "water waiting list" and updates the past practice for allocation of the County's water credits. Additionally, projects that have requested a water allocation prior to the adoption of this Policy, but who were not on the "water waiting list" should be considered by the Planning Commission with the decision appealable to the Board of Supervisors for projects requiring a discretionary permit.

Given recent changes in California housing law requiring municipalities to prioritize utility services for housing development planned in the Housing Element of the General Plan, ~~and~~ the finite allocation of water provided to the County by MPWMD, ~~and the lack of a formal policy to prioritize the allocation of water to uses and development that furthers County goals and interest as it relates,~~ development of a Water Allocation Policy for areas within the MPWMD service area is prudent.

### III. Policy

It is the policy of the County to prioritize the use of the water allocated by the  
Notes submitted by Lombardo and Associates April 22, 2026

**Commented [DE2]:** Allocated water and credits are separate and distinct. Credits are earned by property owners, typically through retrofit of appliances. Those credits are for use on the property and only in a few situations may they be transferred.

**Commented [DE3]:** Water was allocated with discretionary approval, not building permits.

**Commented [DE4]:** I do not recall it being limited.

**Commented [DE5]:** What does conceptually mean? The projects on the list are approved projects, not a concept.

**Commented [DE6]:** Very confusing. Discretionary projects go to PC, ZA or the Director. Ministerial projects are Director/staff approval. Where would appeals on ministerial projects go?

Is there a list for projects that have requested water but are not on "the list."

**Commented [DE7]:** Cite?

MPWMD allocation in January 2025 of limited water resources in the MPWMD area  
and in the following order of priority:

Notes submitted by Lombardo and Associates April 22, 2026

1. ~~Honor past commitments to the Projects allocation allocated of water established in as shown on~~ the “HCD Approved Water Waitlist”<sup>1</sup> ~~and complete applications for projects in the MPWMD.~~
2. Development of Planned Housing Growth.<sup>2</sup>
3. First Come First Served.<sup>3</sup>
4. Strategic Reserve.<sup>4</sup>

In accordance with the above listed priorities, the Director of Housing and Community Development, or their designee (collectively, “HCD Director”) shall be charged with tracking water allocations provided to the County and reserving ~~portions water of each new allocation~~ as follows:

Prior commitments established in the “HCD Approved Water Waitlist” for the allocation of water shall be accounted for and deducted from the total credits available. ~~Complete applications for development shall be included and water reserved accordingly. Should a complete project not be approved, the allocation shall be returned.~~

After accounting for prior commitments, all remaining water credits and any future allocations shall be reserved as follows:

- 80% of allocations shall be reserved for Planned Housing Growth;
- 15% First-come, First-Served Basis; and
- 5% of allocations shall be retained as a strategic reserve.
  - o \*The Monterey County Board of Supervisors shall retain the authority to approve allocations from the Strategic Reserve category pursuant to a resolution.

#### IV. Procedure

An application for development requesting an allocation of water shall be submitted with an MPWMD water permit application and a written request from the applicant for an allocation of water from the County specifying the amount of water requested and identifying the suballocation area the water is proposing to come from (i.e. Planned Housing Growth, First Come First Served, or Strategic Reserve). The County shall review all relevant land use entitlement permit and construction permit applications pursuant to this Policy. The County shall notify the applicant during the completeness review of the construction permit or the land use entitlement if the

<sup>1</sup> Past commitments include water allocated by the Board of Supervisors, Planning Commission or Zoning Administrator and those properties or projects that have been on the County’s “water waiting list” ~~as modified to exclude properties and projects that were on the list but have subsequently secured water from other sources prior to receiving an allocation from the County.~~ The “water waiting list” is available at the Housing and Community Development Department.

<sup>2</sup> Planned Housing Growth as defined this policy in Section IV.1.I.

**Commented [DE8]:** How were these percentages determined?

**Commented [DE9]:** category

**Commented [DE10]:** what would constitute relevant. How is that determined and who make the decision?

**Commented [DE11]:** What is an entitlement permit? Design Approval, variance, height?

<sup>3</sup> All remaining development projects that do not meet the definition of Planned Housing Growth would fall under this category. Residential development shall comply with fixture limitations as defined in Section IV.2.I.

<sup>4</sup> This category can be allocated to other uses that are not covered under other categories, at the discretion of the Board of Supervisors as defined in Section IV.3.

project is eligible for water. The County will maintain a list of projects that have been provided notice of eligibility, including the amount of water requested and the category or suballocation area the water is proposed to come from. Such list will be available on the County's website.

**Commented [DE12]:** eligible and allocation are two different things

To request water credits, applicants shall demonstrate that they have a right to receive water or have an existing meter while the CDO is in effect.

**Commented [DE13]:** Credits are the purview of the District. See my earlier comment.

### 1 Planned Housing Growth:

#### I. Projects that qualify under this category include the following:

- a. A housing project that:
  - i. Is located in an Affordable Housing Overlay as defined in the 2010 General Plan, or is listed as a Housing Element Opportunity Site in the 6<sup>th</sup> Cycle Housing Element Update; and
  - ii. Provides no fewer than the minimum percentage of total units deed restricted to lower-income and moderate income households as required by Monterey County Code Chapter 18.40 or provides more than 50 percent of the units at levels affordable to moderate income, workforce I, and/or workforce II households; and
  - iii. Meets a minimum density of 10 dwelling units/per 1 acre.
- b. An accessory dwelling unit or junior accessory dwelling unit that does not exceed 12 fixture units (0.12 afy).
- c. A single-family dwelling on a vacant lot of record that does not exceed 18 fixture units (0.18 afy).
- d. Portions of housing projects that are deed-restricted to low-income households as required by Monterey County Code Chapter 18.40 or as required by State Housing Law (i.e. State Density Bonus Law and/or Builders Remedy Law).

**Commented [DE14]:** Requires sewer

**Commented [DE15]:** Gross or net acre?

**Commented [DE16]:** An ADU with 2 BR, 2 Bath, kitchen and laundry is 13.1 FU

**Commented [DE17]:** What is the basis of the .12 and .18 limit? How is water for landscaping allocated?

#### II. Procedure for Planned Housing Growth:

- a. Ministerial Process (if no discretionary land use entitlement is required under the MCC): The HCD Director may approve a water allocation at the time a construction permit is ready to issue provided the project conforms with this Policy. In order to provide for a reasonable distribution of limited water allocations, the HCD Director can approve developments less than 15 acre-feet.

**Commented [DE18]:** The surety of water should be early in the process. An applicant will spend tens, if not hundreds, of thousands of dollars to get to the point of having construction permits ready to issue. I cannot see an applicant or an investor spending that much money or time on a project with no surety of water.

**Commented [DE19]:** 15 AFY is 18+% of the total allocation. Does that equate to a reasonable distribution.

The water allocation will be held for the period of time that the construction period remains active as noted in the "Time Limits" discussion.

- b. Discretionary Process (if a land use entitlement is required under the MCC): The Appropriate Authority, as defined in Title 20 or Title 21, may approve a water allocation with the land use entitlement. The Appropriate Authority shall consider whether the project conforms

**Commented [DE20]:** Or may not?

with all the necessary criteria indicated in this Policy. This section shall also apply to ministerial permits requesting 15 or more acre-feet of water.

The water allocation will be held by the project for the period that the entitlement remains active as noted in the “Time Limits” discussion.

The decision of the Appropriate Authority is appealable as outlined in the Monterey County Code Chapters 20.86 and 21.80.

2 First Come First Served: For projects that do not qualify for Planned Housing Growth as described in this Policy, the following requirements apply:

I. Residential Unit Fixture Maximums – the following fixture unit maximums apply for residential projects to be considered for water credits under this category.

- a. Single Family Residential Dwellings (SFDs) per unit – 18 fixture unit maximum (0.18-acre feet per year of water).
  - i. Water may be allocated for expansions, remodels, or replacement of existing SFDs, provided that the total amount of water for which an SFD is eligible is 18 fixture units.

- b. Multifamily Residential Dwellings (MFDs) per unit – 18 fixture unit maximum (0.18-acre feet per year of water).
  - i. Expansions, remodels or replacement of existing MFDs will not be eligible to receive additional water, except that units which do not have an existing clothes washer may receive one fixture unit (0.01 AFY) in order to install a clothes washer.

II. Non-Residential Uses - No fixture maximums apply except as described in the procedures section that follows.

III. Procedure for First Come First Served

- a. Ministerial Process (if no land use entitlement is required under the MCC): The HCD Director, may approve a water allocation at the time a construction permit is ready to issue, provided that the project complies with this Policy. In order to provide for a reasonable distribution of limited water allocations, the HCD Director can approve developments of 1 acre-feet/acre-foot or less.

The water allocation will be held for the period of time that the construction period remains active as noted in the “Time Limits” discussion. The decision of the HCD Director is not appealable.

- b. Discretionary Process (If a land use entitlement is required under the MCC): The Appropriate Authority may approve a water allocation with the land use entitlement. The Appropriate Authority shall consider whether the project conforms with all the necessary criteria indicated in

**Commented [DE21]:** Internally inconsistent. The Codes establish discretionary and ministerial. Will this require amendments to the codes?

**Commented [DE22]:** This is highly restrictive considering many of the FC/FS units are likely to be larger, ranch style ...

**Commented [DE23]:** Does this mean if the house already has more than 18 FUs, no FUs can be added??

**Commented [DE24]:** This would be a high efficiency washer

**Commented [DE25]:** Does this include a DA, Variance, Addition to height?

**Commented [DE26]:** 100 fixture units @ 18 per unit = 5.5 units

**Commented [DE27]:** ?

this Policy. This section shall also apply to ministerial permits requesting more than 1-acre feet.

The water allocation will be held by the project for the period that the entitlement remains active as noted in the “Time Limits” discussion.

The decision of the Appropriate Authority is appealable as outlined in the MCC Chapters 20.86 and 21.80.

**Commented [DE28]:** Discretionary and ministerial are set by code. Will Code amendments be required to implement the policy?

### 3 Strategic Reserve:

#### I. Procedure

a. The Board of Supervisors may authorize the allocation of water or authorize the HCD Director to approve the allocation of water, for those projects or properties that do not conform to these criteria from the Strategic Reserve allocation category. The Board shall consider the following findings when authorizing water allocation:

- i. The project has been designed to minimize the amount of water needed; and
- ii. The project complies with the County’s adopted policies and regulations; and
- iii. The project will provide affordable housing, create new jobs, or has a public benefit.

The water allocation will be active as discussed in the “Time Limits” section below. The Board of Supervisor’s decision is not appealable.

### 4 HCD Director – Additional Review Procedure:

If, in the opinion of the HCD Director, additional review is required prior to approving a water allocation for a project that does not require land use entitlements, the HCD Director may refer the matter to the Planning Commission for a decision. The HCD Director can refer to a decision to the Planning Commission if any of the following would occur through the granting of a water allocation:

- i. Significant public policy issues;
- ii. Significant, unmitigable, and adverse environmental impacts;
- iii. Significant changes in the nature of a community; or
- iv. Establishment of precedents or standards by which other projects will be measured.

**Commented [DE29]:** Are these meant to be the same thing. Conflicts with County Code.

Once the MPWMD application has been reviewed and approved by the County, the applicant will be responsible for submitting the application to the MPWMD to obtain a water permit. A construction permit will be released to the applicant once the MPWMD water permit has been issued and the applicant has provided proof of the approved permit to HCD.

5 Time Limits on County Water Allocations

The County's water allocations may be held by a project applicant for the time limits set by the MCC for approved construction permits and approved land use entitlements as applicable. If a project's water allocation lapses, the allocation will be made available to other projects per this Policy.

Commented [DE30]: Waiting list?

6 Annual Review of Allocation Policy

The HCD Director, or designee, shall regularly review this Policy to assess the need for changes. The review should include:

Commented [DE31]: Should/shall?

- The remaining balance of water allocations within each of the categories defined in this policy;
- The general magnitude of demand for water within each category;
- Any future water supplies that are anticipated; and
- Any changes to this policy that may be warranted to better facilitate the allocation of water. This includes, for instance, the ability to modify policies, criteria, and procedures to better align with the intended purpose or the ability to shift the total amount of water reserved for each category given supply and demand.

7 **Review Date**

- a. This Policy will be reviewed as needed to better align with the ability to shift the total amount of water reserved for each category given supply and demand or as directed by the Board.

Commented [DE32]: Part of the annual review?

8 **Board Action**

- a. Legistar File Number \_\_\_\_\_



April 22, 2026

Monterey County Housing and Community Development Department  
Attn: Sarah Wikle, Principal Planner  
1441 Schilling Place, South 2nd Floor  
Salinas, CA 93901  
Email: [wikles@countyofmonterey.gov](mailto:wikles@countyofmonterey.gov)  
Tel: (831) 784-5700

Re: Public Comment – Water Allocation Policy

Dear Monterey County

We appreciate the opportunity to provide comments on Monterey County's April 8, 2026, Draft Water Allocation Policy for the Monterey Peninsula Water Management District (MPWMD) service area. As a real estate development company actively working on multiple housing projects within the County, we support the County's effort to establish a clear and structured framework for allocating limited water resources, particularly the prioritization of housing production that qualifies under the Planned Housing Growth category.

While the overall direction of the policy is sound, there are several conflicts in its methodology that will materially impair the policy's goal of stimulating affordable and market rate housing development. Most notably, applicants must be able to reserve a water allocation for a proposed development a great deal earlier in the process than is being proposed. While we agree that the process should prioritize projects that are eligible for ministerial review and approval, the proposed process does the opposite. Projects that require discretionary approvals are allocated water at the planning stage while projects that are eligible for ministerial approval must wait until award of building permits.

For the policy to be effective, both categories of projects (ministerial and discretionary) must be able to reserve water well before either planning or building approvals are granted in order that applicants be compelled to put considerable time and money at risk. We propose that water allocations be reserved by qualified applicants at the time that any application is deemed complete (irrespective of the ministerial or discretionary process thereafter). Satisfaction of County standards to deem a project complete requires control of a subject project, months of work, including coordination with all county departments, and what is typically hundreds of thousands of dollars. This milestone represents a reasonable risk for the project applicant; any other milestone does not.

The timing of the planning approval process is largely out of an applicant's influence or control, as is the building permit process. Each can take months, if not years to complete. Qualifying projects should not be put at risk for circumstances beyond their control if they are demonstrating diligence in working through the process. It is not reasonable to expect that applicants would wager hundreds of thousands, sometimes millions of dollars if the possibly exists that a project that was applied for at a later date advances more quickly than the project in question, effectively jumping ahead in priority and putting the project at risk due to no fault of the applicant. Similarly, challenges to approvals are both outside of applicants and County control and need not have merit or substance in order to derail a project under the currently proposed policy wording. The determination of any project challenge should be rendered before a project loses any water allocation that it has relied upon.

Absent this change, there exists a fundamental disconnect between the County’s approval process and the realities of project financing. Lenders and equity partners require certainty that essential utilities, including water, are secured well in advance of construction. This level of uncertainty introduces unacceptable risk, delays project timelines, increases costs, and will ultimately discourage housing production.

This approach creates a high level of risk and uncertainty that is not consistent with industry practice or financing requirements. The development process requires substantial upfront investment well before building permit issuance. The preparation of an initial planning submittal and subsequent full planning application alone often involves extensive architectural design, civil engineering, landscape architecture, and a range of technical studies and consultant coordination. These efforts routinely require significant financial commitment at early stages of the process.

Under the County’s current draft framework, applicants are effectively required to proceed through entitlement, complete construction documents, and prepare for permit issuance incurring substantial costs without any assurance that water will ultimately be allocated. This creates a material risk exposure that lenders and equity partners are unlikely to accept. In practical terms, this uncertainty will delay or prevent projects from moving forward, increase the cost of capital, and ultimately reduce housing production within the County. The policy, as currently structured, shifts a disproportionate level of risk onto applicants without providing a reliable mechanism to manage or mitigate that risk.

To address this fundamental issue, the policy should be revised to establish water allocation at the time a project application is deemed complete by the County, coupled with a series of incremental milestones that function as checks and balances to ensure projects continue to advance in a timely and reasonable manner consistent with standard industry durations. Specific changes we propose are as follows:

- The HCD Director should be authorized to approve and reserve (guarantee) water allocations of up to 15 acre-feet at the time that a project application is deemed complete, provided the project complies with the Policy.
- The water reservation should remain valid through the planning process for a period of up to two years so long as the project applicant is diligently pursuing project approvals.
- If project approvals are challenged in court, the two-year deadline should be stayed until such legal challenge is resolved either against or in favor of the project. (Additionally, Section 4.iii of the policy should be stricken from the policy.)
- If planning approvals and resolution of any court challenge is obtained, the water reservation should remain valid so long as the project applies for a building permit within 6 months of the planning approval.
- The water reservation should thereafter remain valid for up to 1 year after application for a building permit so long as the applicant is diligently pursuing said building permitting.
- Water should be vested at the time that a project receives a building permit.
- If commencement of construction does not occur within 6 months, which deadline may be extended at the discretion of the HCD director for an additional 6 months, then the water allocation should be forfeited.

This approach aligns with industry-standard financing requirements, predictable entitlement processes, and with the County’s broader housing production goals. Without this change, the policy will continue to create risk to developers and lenders in addition to unintentionally favoring discretionary projects (which can secure allocation earlier) over ministerial projects creating an inconsistent and inequitable framework.

Related to this issue is an inconsistency in how the policy treats different types of projects. Discretionary projects are allowed to secure water allocation at the time of land use entitlement, while ministerial projects must wait until building permit issuance. This creates an unintended incentive for applicants to pursue discretionary approvals, even when projects are otherwise eligible for ministerial processing. Such an outcome would increase processing time, introduce unnecessary public hearings, and add to the workload of County staff and decision-makers, while undermining the intent of streamlined ministerial approvals under State housing laws. Ministerial projects that comply with all applicable standards should not be placed at a disadvantage relative to discretionary projects.

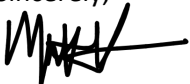
The First-Come, First-Served category, which is limited to 15 percent of remaining water, presents additional challenges. This category includes non-residential development and housing projects that do not meet the Planned Housing Growth criteria, yet it is constrained by both limited allocation and the same timing uncertainty associated with ministerial approvals. These factors may hinder economic development, limit adaptive reuse opportunities, and reduce overall investment in the County. Expanding flexibility within this category and providing earlier allocation would improve its functionality.

The policy’s safeguard measures, which allow for additional review based on broadly defined considerations such as significant public policy issues or changes in community character, also introduce a level of subjectivity that may create uncertainty in application. While such safeguards are understandable, clearer criteria or thresholds would improve predictability and ensure more consistent implementation. Finally, while the policy includes provisions for identifying projects that are “eligible” for water, eligibility alone does not provide sufficient certainty for project advancement. A clearer distinction between eligibility, allocation approval, and allocation reservation would be beneficial, along with a more transparent system for tracking available water by allocation category. This would improve clarity for applicants and support more informed decision-making.

In conclusion, the County’s effort to create a structured and equitable approach to water allocation is both necessary and commendable. However, the current draft policy, particularly the deferral of water allocation to the building permit stage for ministerial projects creates a significant barrier to implementation. Without early and reliable allocation certainty, many housing projects will not be able to proceed. Revising the policy to allow for allocation approval and reservation at the ministerial approval stage will better align with financing requirements, reduce risk, and support the County’s housing production objectives.

Thank you for your consideration of these comments. I would welcome the opportunity to discuss this further.

Sincerely,



Matt Nohr

Director of Development, Orosco Group

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