



County of Monterey Planning Commission

Item No.3

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Agenda Item No.3

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REF250037 - WATER ALLOCATION POLICY

Consider and provide input on a draft Water Allocation Policy for areas of unincorporated Monterey County served by the Monterey Peninsula Water Management District (MPWMD)

Project Location: Unincorporated Monterey County MPWMD Water Service Area

Proposed CEQA action: The proposed County of Monterey Water Allocation Policy (Policy) is not a project under the California Environmental Quality Act (CEQA) pursuant to Public Resources Code section 21065 and CEQA Guideline section 15378 because the Policy is an administrative activity that will not result in direct or indirect physical changes in the environment. Any future discretionary development that obtains a water allotment pursuant to the Policy will undergo the necessary environmental review pursuant to CEQA when the project is considered. Additionally, the Monterey Peninsula Water Management District (MPWMD) analyzed the potential effects of water allocation made available through the Pure Water Monterey Expansion project via Environmental Impact Report Addendum (dated January 2024, State Clearinghouse #2013051094).

RECOMMENDATION:

It is recommended that the Planning Commission:

Consider and provide input on a draft Water Allocation Policy (**Exhibit A**) for areas in unincorporated Monterey County served by the Monterey Peninsula Water Management District (MPWMD).

PROJECT INFORMATION:

Planning File Number: REF250037

Project Location: MPWMD Water Service Area

Plan Area: Carmel Valley Master Plan, Greater Monterey Peninsula, Del Monte Forest, and Carmel Area

SUMMARY:

On November 12, 2025, staff conducted a workshop with the Planning Commission to receive input on development of a Water Allocation Policy and/or Ordinance in the MPWMD Service Area (staff report and exhibits are available at this link:

[https://monterey.legistar.com/LegislationDetail.aspx?](https://monterey.legistar.com/LegislationDetail.aspx?ID=7727450&GUID=14D92DA5-D5EA-4B73-A6BB-751CC37D9F22&Options=&Search=)

[ID=7727450&GUID=14D92DA5-D5EA-4B73-A6BB-751CC37D9F22&Options=&Search=\)](https://monterey.legistar.com/LegislationDetail.aspx?ID=7727450&GUID=14D92DA5-D5EA-4B73-A6BB-751CC37D9F22&Options=&Search=)

At the November 2025 workshop staff presented background on water allocation and past practice at the County regarding allocation of water, provide a preliminary draft water allocation policy, and solicited input from the Planning Commission and public on various policy topic areas including: water

allocation process/procedures; purpose and goals of the policy; potential use categories for water allocation; and key definitions and clarifications for the policy.

The Planning Commission provided direction to continue developing a Policy and/or Ordinance given changes in state housing law and the finite nature of water resources currently available in the MPWMD service area. The Planning Commission also requested additional information and context on the policy topic areas discussed, how the policy would be implemented, as well as directed staff to conduct additional community outreach.

In response to the discussion and feedback provided during the Planning Commission workshop as well as outreach conducted since then, staff refined the draft Water Allocation Policy to simplify and clarify process, procedures, and definitions. A revised draft policy was made available for public review and comment starting April 8, 2026 through April 22, 2026 (see **Exhibit A**). Staff is reviewing public comment and will make responsive edits to the draft Water Allocation Policy, as appropriate. A revised, redlined version will be distributed to the Planning Commission and interested parties prior to the April 29, 2026 Planning Commission hearing.

Staff requests that the Planning Commission consider and provide input on the draft Water Allocation Policy. Staff will transmit the Planning Commission recommendation to the Board of Supervisors for the Board's consideration of the policy. No formal recommendation from the Planning Commission is required for this administrative policy, however, the Planning Commission will be integral to the implementation of the policy and its feedback is valuable.

DISCUSSION:

Water Allocation Policy - Process and Procedures

A Board Policy is adopted via resolution and can be amended from time to time by the Board of Supervisors without the required two readings of an ordinance. As drafted, this proposed Board Water Allocation Policy would establish the process, procedures, and management of water allocations in the MPWMD service area in unincorporated Monterey County. If the Board were to adopt the proposed Water Allocation Policy, the policy would be adopted via resolution and could be subsequently amended via resolution should Board priorities for water allocation change or additional water resources be allocated to the County from MPWMD.

The draft Water Allocation Policy is structured in the following manner, as required by the Board Policy Manual Policy and Procedure (Policy number i-2):

- Purpose;
- Background;
- Policy;
- Procedure;
- Review Date; and
- Board Action.

The following discussion provides a summary of the various sections of the draft Water Allocation Policy, recommendations and rationale on specific policy direction, public outreach to date, and next

steps.

Purpose/Background

The purpose of the proposed Water Allocation Policy is to “Establish a uniform policy for the allocation of limited water resources within the unincorporated areas of Monterey County within the MPWMD service area”.

The background section provides a figure demarcating the boundary of the MPWMD service area and CalAm service area and describes historical past practice on how the County has allocated water. In some cases, the County has provided water on a “first-come, first-served” basis or considered the allocation of water alongside a discretionary application, with water being reserve after the discretionary decision and until a construction permit was ready to issue. Additionally, the section also acknowledges the water waiting list (**Exhibit A**) and the processing requirements for projects that have requested water after the closure of the water waiting list and prior to the adoption of the Water Allocation Policy. Ultimately, the Policy serves to update this past practice given changes in California housing law requiring municipalities to prioritize utility services for housing development planned for in the Housing Element, the finite allocation of water provide to the County by MPWMD and provide a framework to prioritize development that furthers County goals and interests.

Policy

The policy section provides a framework for prioritizing the allocation of water resources:

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

Once water has been allocated to projects on the HCD Approved Water Waitlist, the remaining water allocation would be reserved as a percentage of the remaining water allocation as follows:

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

Procedure

The procedure section outlines the types of projects that fall into each specific category and the procedure for allocation of water. The procedures for each category include a ministerial permit pathway (i.e. construction permit) or discretionary permit pathway (i.e. Use Permit, Coastal Development Permit, etc.) depending on what permits are required.

To provide earlier notification of water availability, the draft policy proposes that applicants would be informed during the completeness review of a project application if the project is eligible for water. The County would then maintain a list of projects that have requested water including the amount of water that is available by category or suballocation area where the water is proposed to come from.

Planned Housing Growth

Qualifying Projects

The Planned Housing Growth category includes the following types of projects:

- A housing project that:
 - 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 6th Cycle Housing Element Update; and
 - 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
 - Meets a minimum density of 10 dwelling units/per 1 acre.

Other projects that qualify under this category include ADUs and JADUs that do not exceed 12 fixture units, single family dwelling (SFDs) units on vacant lots of record that do not exceed 18 fixture units, and portions of housing projects that are deed-restricted affordable to low-income households as required by County Code or State Housing Law.

Procedure

The proposed Procedure allows for certain projects (ministerial approvals) to be approved by the HCD Director, and other projects (discretionary approvals) be approved by the Appropriate Authority for the discretionary permit (i.e. Zoning Administrator, Planning Commission or Board of Supervisors).

For ministerial projects (no land use entitlement required), the HCD director can allocate up to 15 acre-feet of water to projects that meet the “Planned Housing Growth” criteria. Projects requesting over 15 acre-feet of water require approval at a public hearing.

For discretionary projects (land use entitlement required), the Appropriate Authority will approve water allocations at the time of the discretionary permit decision. Decisions on discretionary permits are appealable as outlined in the Monterey County Code (MCC).

In response to Planning Commission and public feedback on the preliminary draft policy, staff expanded the definition of what qualifies as Planned Housing Growth to include ADUs/JADUs, and SFDs on vacant lots of record. Staff also clarified the allocation procedure based on permit requirements. Fixture unit maximums were also revised and clarified to better align with housing development and fixture trends for unincorporated Monterey County.

First Come First Served

Qualifying Projects

All other development projects that do not qualify under the “Planned Housing Growth” category in the proposed policy could apply for water under the “First Come First Served” category. The purpose of this First Come First Served category is to allow for a process for certain projects to

obtain water allocations on a first-come, first-served basis similar to past County practice. Water fixture maximums apply to residential development projects. Water fixture maximums do not apply to non-residential uses except as noted in the Procedures section, which is discussed below.

Procedures

The Procedure allows for certain projects (ministerial approvals) to be approved by the HCD Director, and other projects (discretionary approvals) be approved by the Appropriate Authority for the discretionary permit (i.e. Zoning Administrator, Planning Commission or Board of Supervisors).

For ministerial projects (no land use entitlement required), the HCD director can approve the water allocation for projects less than 1 acre-feet of water or less. Projects requesting over 1 acre-foot of water require approval at a public hearing. Decisions on ministerial projects are not appealable.

For discretionary projects (land use entitlement required), the Appropriate Authority will approve water allocations at the time of the discretionary permit decision. Decisions on discretionary permits are appealable as outlined in the Monterey County Code (MCC).

In this updated draft policy, staff refined the prior use category options to simplify the implementation process and recognize that the current water allocation for UMC is finite. Staff recommend a first come, first served category for uses that do not qualify for Planned Housing Growth. This ensures that other residential and non-residential projects have a pathway to request and be eligible to obtain a water allocation. Fixture maximums are proposed to apply to residential uses in this category to provide for a reasonable distribution of limited water resources.

Strategic Reserve

Qualifying Projects

For projects that do not conform to the above-mentioned categories, the Board of Supervisors may authorize the allocation of water or authorize the HCD Director to approve the allocation of water from the Strategic Reserve category. This category is intended to reserve water for County facility needs or for future (currently unknown) project(s) that are supported by the Board and/or have some public benefit.

Procedure

The Board of Supervisors would retain the authority to allocate water from the strategic reserve.

HCD Director - Additional Review Procedure

For projects that qualify for ministerial approval, the HCD Director can refer the matter to the Planning Commission if the granting of a water allocation could result in significant public policy issues, significant/adverse environmental impacts, significant changes in the nature of a community, or would establish precedents.

This provides an avenue for the HCD Director to refer water allocation determinations to the Planning Commission in instances where the ministerial approval of a project combined with the administrative approval of a water allocation could result in undesirable outcomes.

Time Limits

Water allocations would continue to be held by a project applicant for the term limits set by the MCC for approved construction permits and approved land use entitlements as applicable.

For example, if an Administrative Permit for a project includes a water allocation as part of the approval, that water allocation is held by that project and deducted from the County's overall water allocation for the life of the Administrative Permit. If that Administrative permit were allowed to expire expiration of the Administrative Permit (2 years from the date of granting the permit unless otherwise stated) and no action was taken to extend the life of the permit, then the project would no longer have a water credit, and that water credit would be made available to other projects requesting/need water.

As discussed in the Planning Commission Workshop, staff continues to recommend that time limits apply to water allocations to ensure that projects requesting water are meaningfully advancing towards and through construction.

Review of Allocation Policy

Staff will monitor the remaining balance of water allocation within each of the categories as defined in the Policy, magnitude of demand for water within each category, and anticipated future water supplies. Staff will periodically review this Policy and recommend amendments as may be needed to ensure on-going alignment with Board priorities and water supply and demand.

Developer Stakeholder Meeting

Staff held a stakeholder meeting with the development community in late March to discuss the draft Water Allocation Policy and received feedback on the policy. This feedback was incorporated into the draft Water Allocation Policy that was made available for public review in mid-April. Comments leading to revisions included:

- Clarifying that applicants demonstrate they have the right to receive water in light of the Cal-Am Cease and Desist Order (CDO);
- Ensure availability and certainty of water availability earlier in the development process;
- Updated fixture maximums to be in better alignment with bedroom and bathroom counts for units in unincorporated Monterey County; and
- Including that affordable portions of housing projects can qualify for water allocation under the Planned Housing Growth category

Public Comment Period

Staff released the draft Water Allocation Policy for public review starting April 8, 2026 through April 22, 2026. **Exhibit C** includes public comment received through April 22, 2026. In response to public comment, staff anticipates incorporating some changes to the draft Water Allocation Policy. A revised, red-lined draft Water Allocation Policy will be provided to the Planning Commission and interested parties list prior to the hearing date for review.

Timing and Next Steps

Staff anticipates bringing the draft Water Allocation Policy to the Board of Supervisors for

consideration and adoption in early June 2026. Additionally, staff continues to develop guidance documents and implementing procedures for the Water Allocation Policy.

OTHER AGENCY INVOLVEMENT

Housing and Community Development Department staff are working in collaboration with the Office of County Counsel to review the proposed policy and ordinance.

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Approved by: Melanie Beretti, AICP, Chief of Planning, 831-755-5285

The following Exhibits are on file with HCD:

Exhibit A - Draft Water Allocation Policy (released for public review April 8, 2026)

Exhibit B - Water Waiting List (dated April 16, 2026)

Exhibit C - Public Correspondence (received through April 22, 2026)

Cc: Elizabeth Gonzales, Permit Center Manager; Joshua Bowling, HCD Assistant Director; Craig Spencer, HCD Director; Edgar Sanchez, Associate Planner; The Open Monterey Project (Molly Erickson); Keep Big Sur Wild; Landwatch; Water Allocation Policy Distribution List; Project File REF250037.