

RESOLUTION NO. 2014-009

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE IN
SUPPORT OF WATER RATE RELIEF BONDS
FOR THE MONTEREY PENINSULA WATER SUPPLY PROJECT**

WHEREAS, the Monterey Peninsula receives its water supply from surface and sub-surface water in the Carmel River and water in the Seaside Groundwater Basin; and

WHEREAS, by State Water Resources Control Board (SWRCB) Order No. WR 95-10 dated July 6, 1995, the SWRCB determined that California American Water (Cal-Am) did not possess the right to divert from the Carmel River system the amount of water historically (and presently) being diverted and ordered Cal-Am to terminate its unpermitted diversions from the Carmel River, to maximize its production from the Seaside Groundwater Basin, and to diligently pursue a substitute water supply; and

WHEREAS the SWRCB issued a Cease and Desist Order (CDO) WR 2009-0060 in October 2009 which prescribes a series of significant cutbacks to Cal-Am's production from the Carmel River through December 2016 and subjects Cal-Am's customers to a moratorium on water permits for new construction and remodels, and may subject customers to water rationing and/or fines if Cal-Am production limits are exceeded; and

WHEREAS, Cal-Am's ability to produce water from the Seaside Groundwater Basin has also been limited by the adjudication of the Monterey County Superior Court which, in a final judgment in 2006, imposed a series of pumping reductions designed to limit production of natural basin water; and

WHEREAS, In order to meet the mandated reductions in water supply, Cal-Am has submitted an application to the California Public Utilities Commission (CPUC) to build a desalination plant plus conveyance and storage facilities that are estimated to cost \$277 to \$320 million; and

WHEREAS, SB 936 authorizes the California Public Utilities Commission to allow Cal-Am to collaborate with the Monterey Peninsula Water Management District on the issuance of Water Rate Relief Bonds to the public for the purpose of financing a portion of the Cal-Am Monterey Peninsula Water Supply Project; and

WHEREAS, the use of Water Rate Relief Bonds will result in lower costs to customers of Cal-Am as compared to traditional utility financing mechanisms;

NOW, THEREFORE, BE IT RESOLVED, that the City Council of Pacific Grove hereby supports SB-936 and encourages its adoption by the California Legislature and Governor.

On a motion by Councilmember Cuneo and second by Councilmember Cohen the foregoing resolution is duly adopted this 5th day of March, 2014 by the following votes.

AYES: Mayor Kampe, Councilmembers Cohen, Cuneo, Fischer, Huitt, Lucius and Miller

NAYS: None.

ABSENT: None.

APPROVED:

BILL KAMPE, Mayor

ATTEST:

DEBORA THOMSEN, Interim City Clerk

APPROVED AS TO FORM:

DAVID C. LAREDO, City Attorney