

APPENDIX 4.10

Project Proposal for Middlefield Road

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Salinas Valley Disadvantaged Community Drinking Water and Wastewater Planning Project

Introduction

The Middlefield Road project area is in rural Monterey County north of Salinas. The original project area consisted of five homes along one side of Middlefield Road served by the Livingston Mutual Water System (WS #4) from a single well located at 742 Middlefield Road, Salinas. Reported water quality deficiencies include consistent nitrate concentrations over the MCL (since 2009). The area is across the street from homes served by Gabilan Water Company and a short distance from a connection for California Water Service (Cal Water), a California Utility Commission (CPUC) regulated utility. All of the residences have on-site septic systems.

The Community Engineering Corps (CECorps) selected the Middlefield Road project as a participating project for evaluation by an Engineers Without Borders Student Chapter from California State University, San Jose. Barton Ching was the Engineer of Record. A Design Report was submitted to the Environmental Justice Coalition for Water (EJCW) on March 9, 2017. The report was distributed to the Salinas Valley Disadvantaged Community Planning Project Team (Project Team) and Technical Advisory Committee (TAC) for review and comments. The CECorps Report was submitted as a deliverable for this grant. The Design Report was limited to Livingston Mutual Water System.

This update to the Project Proposal includes additional information regarding ongoing community engagement with property owners served by other small local systems and nearby water system managers. Lagunita Water Company (Middlefield Rd. WS#2), Tryhorn Mutual Water System (Middlefield Rd. WS # 3), Gabilan Water Company, Cal Water, Monterey County and other interested neighbors were consulted in development of this proposal.

The Project Team and an engineering consultant conducted additional analysis of water demand, capital and operations costs and other factors involved in providing services for the additional systems brought into the review process since completion of the initial CECorps Report. An addendum with this information is located in Appendix 4.11 Middlefield Road Design Report and Appendix 4.14 Engineer's Memorandum.

The consensus from Livingston Mutual community participants to date and the CECorps recommendation supports a plan for consolidation with either Gabilan Water Company or Cal Water for a new potable water supply. Due to a management transition and limited staff capacity, Gabilan Water Company has not been responsive to community requests for consolidation. Cal Water is supportive of this project and interested in participating. It should be noted that Cal Water is in the process of reviewing grant application requirements and may conclude that it is not prepared to apply for funding towards the cost of improvements for this project. Cal Water may also ultimately elect not to participate as a project sponsor or applicant.

Cal Water may be willing to design and manage construction of a consolidation project where another entity takes responsibility for financing. The Project Team has also contacted the County of Monterey and City of Salinas regarding their willingness to act as a project sponsor.

Project: Initial Middlefield Road Water Project

Geographic location:

Unincorporated North Monterey County near Salinas, between Hebert and Lagunita off San Juan Grade Road

Other:

Area Designation: Bolsa Knolls, Gabilan Acres

Zoning Designation: Low Density Residential- 1 unit/acre

Planning Area: Greater Salinas

Fire District: Monterey County Regional Fire District

Note: This information applies to all three mutual water systems

Location: Located on Middlefield Road in Monterey County

WS #4: Well, pump and storage building at 742 Middlefield Road, Salinas CA 93906

Water System Type: State small water system-5 connections

Water System Legal Name: Livingston Mutual Water System

Water System Identification Name, Number: Middlefield Rd #04, WS2700653 APN:
Multiple parcels- Well site: 211-131-024-000

Wastewater: On-site septic systems

Note: households served by all three mutual are on individual septic systems

Update: Additional Systems for Project Planning

Two adjacent water systems found to have drinking water violations were added to the scope of the project during the later stages of the Project Team work at Middlefield. The systems are similar in organizational structure (mutual water systems) and are categorized as state small drinking water systems under the County's Local Primacy jurisdiction. One system, Tryhorn, serves homes on Middlefield Road. The other system serves homes on Middlefield and Lagunita Roads.

Water System Name: Tryhorn Mutual Water System

Physical location: Middlefield Rd.

Water System Type: State small water system-7 connections

Water System Name, Number: Middlefield Road #3

Water System Name: Lagunita Water Company

Physical location: Middlefield and Lagunita Roads

Water System Type: State small water system-14 connections

Water System Identification Name, Number: Middlefield Rd. WS #2

1. Project Summary

Ownership:

WS #4 Livingston Mutual Water System

WS #2 Lagunita Water Company

WS #3 Tryhorn Mutual Water System

Services:

Water and Wastewater (individual on-site septic systems)

Connections: Total of 26 connections

WS #4 Five residential connections

WS #2 Fourteen residential connections

WS #3 Seven residential connections

Known violations or restrictions:

Records available through the Monterey County Environmental Health Bureau (EHB) show nitrate concentration above the maximum MCL for WS #2 (Lagunita) and #4 (Livingston). The concentration for Livingston Mutual has exceeded the MCL since 2009. Tryhorn (WS #3) has experienced repeat bacteria contamination but is currently within the MCL for nitrate.

2. Project Background

The Middlefield Road Project Area was selected as a high priority project by the Project Team and the Technical Advisory Committee (TAC) due to water quality concerns. The primary water quality issue is nitrate contamination.

The Middlefield Road Project Area is a rural, low-density residential neighborhood located north of Salinas in unincorporated Monterey County. Adjoining land uses consist mainly of one-acre residential parcels in the immediate neighborhood and larger rural residential parcels on Hebert. The community boundary for the project includes at least the five households served by Livingston Mutual. EJCW is conducting community engagement work with residents served by the two other state small water systems along Middlefield Road referenced previously. The final project boundary will depend on the outcome of outreach and engagement efforts and the property owners' level of interest.

EJCW conducted a water and wastewater needs assessment in 2016, identifying water and wastewater concerns of residents in the initial five homes contacted in the Middlefield Road area (WS #4). Three residents rated “water quality” as being a “very severe” or “severe” problem in their community. All five households reported using bottled water for drinking and cooking.

The residents served by Livingston Mutual Water System and Tryhorn Mutual Water System qualify as a disadvantaged community according to a median household income (MHI) survey conducted by EJCW in 2016 and 2017. The MHI is \$38,200. Bottled water deliveries to Livingston Mutual Water System began in 2016 under the State Water Resources Control Board (SWRCB) Emergency Drinking Water Program. Bottled water delivery coordination and responsibility has been transferred to the Coalition for Urban/Rural Environmental Stewardship (CURES), a project funded by Monterey County agricultural interests as part of a Settlement Agreement with the SWRCB’s Office of Enforcement and the Central Coast Regional Water Resources Quality Control Board (CCRWQCB). Replacement water delivery began in 2017 via the Settlement Agreement funds to Tryhorn Mutual Water System. Lagunita Water Company is also eligible for replacement water under the Settlement Agreement.

Monterey County Public Works and Monterey One Water, formerly the Monterey Regional Water Pollution Control Agency, a joint powers wastewater treatment (JPA) provider, are undertaking a feasibility study for expansion of the service area for the JPA. The Middlefield Road neighborhood is listed as a priority focus for the study. The study will be completed in the 2017/2018 fiscal year.

EJCW is in discussions with Cal Water regarding consolidations for this project. Cal Water has not yet committed to a position sponsoring an application for funding towards the cost of improvements to connect to its systems. Gabilan Water Company has not responded to community and Project Team inquiries regarding consolidation.

3. CECorps Recommendations and Consulting Engineer’s Memorandum

CECorps Design Report

The CECorps team considered the feasibility of several alternatives to address water quality concerns for the Livingston Mutual System and completed cost estimates for two alternatives. The preferred alternative is to consolidate with either the Cal Water or Gabilan Water Company systems.

Cost estimates were prepared for each option, as the distances to the tie in point are not the same. The second alternative is to develop a new, deeper well to replace the well currently in use. The selections were based on feasibility and cost of development and annual operations and management expense.

Recommended alternatives are briefly summarized and CECorps report references are cited by page number. They are listed in a different order than the CECorps numbering due to the preference indicated by the community to date.

Alternative 1: Consolidation with Cal Water or Gabilan Water Company Systems

Consolidation is the preferred alternative. It would connect the Livingston Mutual Middlefield Road project area to either Cal Water at Hebert and San Juan Grade Road or Gabilan at a location on Middlefield. The proposed scope of work would include construction of an 8" water main, installation of service lines, fire hydrants, individual meters and appurtenances for the Cal Water approach. The CECorps team determined that a 4' main would be adequate for the Gabilan connection. In general, it could be assumed that the design of the Gabilan consolidation would be similar to Cal Water's with the exception of the diameter and length of the main.

Reference: CECorps Report pages 16-22

Alternative 2: New Well

Under Alternative 2, a new well would be constructed to replace the existing shallow well for the Livingston Mutual system. The new well location would depend on the availability of an appropriate site and its suitability based on currently available data such as land use and setbacks from other wells, septic systems and additional front and rear setbacks required by the Monterey County for this zoning designation. The probable depth for the well would be approximately 600 feet. The CECorps report proposes reuse of the distribution system, pump, controls, appurtenances, storage building and hydro-pneumatic surge tanks. The remaining effective life of system components would be evaluated should this alternative ultimately be selected.

Reference: CECorps Report pages 11-15

Other Options- Not Recommended

The CECorps team evaluated Point of Entry and Point of Use Treatment, Modification of the existing well and Blending as other options. For various reasons, none of the options were recommended.

Reference: CECorps Report pages 22-23

Consulting Engineer's Memoranda

The Consulting Engineer and Project Team evaluated the addition of Lagunita Water Company and Tryhorn Mutual Water Systems to the original Livingston Mutual recommendations. Certain cost assumptions were standardized. Capital cost and operating and maintenance expenses were reviewed and updated for the additional connection piping and standardized water demand calculations described in Appendix 4.11 Middlefield

Design Report and Appendix 4.14 Engineer's Memorandum. Two new alternatives build on the Cal Water Consolidation preliminary design work of the CECorps. The new alternatives are designated 1a-2 for the added line to incorporate Tryhorn Mutual's seven connections and 1a-3 for consolidation of all three systems, including Lagunita Mutual's 14 connections. The alternatives are briefly described below and in greater detail in Appendix 4.11.

Alternative 1a-2: Livingston Mutual and Tryhorn Mutual Consolidate with Cal Water
Under Alternative 1a-2, Cal Water would extend the piping along Middlefield Road by approximately 600 feet to reach the Tryhorn connections, resulting in a total of 2,200 linear feet to consolidate Livingston and Tryhorn with Cal Water at Hebert and San Juan Grade Roads.

Alternative 1a-3: All Three Small Systems Consolidate with Cal Water
Under Alternative 1a-3, Cal Water would create a loop connecting their existing system on San Juan Grade Road at both Lagunita and Hebert Roads and incorporating all 26 connections within the three mutuals to the larger utility. This alternative would require a total of 3,840 in new piping. An additional fire hydrant would be added under this option.

Reference: Appendix 4.11 Middlefield Road Design Report

4. Cost Estimates from CECorps Design Report with Project Team Updates

Livingston Mutual Water System (5 houses) only

An analysis of the CECorps team projections for capital costs and annual operations and maintenance expenses for each of the alternatives is included in Appendix G and summarized in Table 6 of the CECorps Report, page 24. Please note that the cost estimates do not include all costs and may have understated certain categories such as permits, administration, well abandonment, etc. Monthly expenses per household were updated based on standardized water demand and net present value calculations described in Appendix 4.11 Middlefield Design Report and in Appendix 4.14 Engineer's Memorandum.

Alternative 1a- Consolidation with Cal Water: \$291,000
Annual Operations and Maintenance included in utility rates
Monthly Cost per household estimated at \$69
Refer to CECorps Report Page 20 and Appendix G for detail

Alternative 1b- Consolidation with Gabilan: \$127,500
Annual Operations and Maintenance included in utility rates
Monthly Cost per household estimated at \$45
Refer to CECorps Report Page 20 and Appendix G for detail

Alternative 2: Development of a New Well: \$33,000
Annual Operations and Maintenance \$2,100
Monthly Cost per household estimated at \$59
Refer to CECorps Report Page 24 and Appendix G for detail

Alternative 3: Wellhead Treatment: \$35,500
Annual Operations and Maintenance \$17,400
Monthly Cost per household estimated at \$290
Refer to Appendix 4.11 Middlefield Rd. Design Report and Appendix 4.14 Engineer's Memorandum for detail

Updated Operations-Treatment Estimate

The Engineer's Operations-Treatment estimate under a standard nitrate treatment with haul away brine disposal was calculated at \$17,400 annually for Livingston Water Mutual System, including \$5,400 per year to haul and dispose of waste and \$12,000 for a contract treatment operator. The cost per household would be approximately \$290 per month and would not include capital or financing expenses nor operating and replacement reserves.

Middlefield Road Options for Consolidation

Costs for the additional connection piping to add Tryhorn and Lagunita systems to the original configuration were calculated and monthly expenses per household were calculated based on standardized water demand calculations described in Appendix 4.11 Middlefield Design Report and in Appendix 4.14 Engineer's Memorandum.

1a-1 Consolidation of Livingston Mutual with Gabilan Water Company-
Development and monthly costs unchanged

1a-2 Consolidate Livingston and Tryhorn with Cal Water
Development cost increases to \$464,000
Monthly Cost per household estimated at \$69

1a-3 Consolidate Livingston, Tryhorn, Lagunita with Cal Water
Development cost increases to \$825,000
Monthly Cost per household estimated at \$69

Information regarding Net Present Values for economic evaluation of the alternatives and individual wellhead treatment costs for the three mutual water systems can be found in Appendix 4.11.

5. Community Involvement

Approval of Alternative

All five Livingston Water Mutual households are interested in connecting to a larger system for water service rather than continuing as a mutual water company. EJCW is conducting additional outreach to Lagunita and Tryhorn Mutuels to determine their interest in joining a consolidation project.

Willingness to Proceed

The residents of the Livingston Mutual system are interested in proceeding with consolidation. EJCW will continue a dialogue with the families and complete outreach to the larger community concerning opportunities and development constraints for the consolidation alternatives.

Financing options will need particular attention as the cost to individual owners could affect their willingness to proceed.

Financial Participation

It is unclear whether any financial contribution would be available from the property owners towards the cost of a potential project. The owners' ability and willingness to apply for conventional or below market rate financing will need to be explored further. USDA and other grant programs may be available to defray the cost of connecting to new services. Participants would need to be provided with well abandonment, backflow prevention device installation and any other capital or ongoing operations cost estimates that may not be fully funded by grants or loans in sufficient detail for them to make informed decisions.

Livingston Mutual Water Company is responsible for costs of operations and maintenance for the well and related equipment. Households are charged a monthly fee for water service. Similar arrangements are in place for the Lagunitas and Tryhorn systems though neither of these systems has written bylaws.

The residents would be charged the CPUC-approved water service rates in effect at the time of connection if the Cal Water consolidation alternative were selected. Cal Water has a Low Income Ratepayer Assistance Program available to income eligible customers. If the project does not qualify for 100% grant funding, some percentage of the development costs could be passed on to community members in the form of a surcharge to be added to individual bills. Interest and interim financing costs are examples of expenses that are not typically eligible under state or federally funded programs.

Operations and maintenance costs, in addition to capital costs, would be expected to determine the rate structure for any other alternative. Post development rates would depend upon the cost to finance the project, reserve allocations, and operating and maintenance expenses for the option chosen. A rate study may be necessary to establish a

reasonable rate to cover debt service and expenses for any alternative to the Cal Water consolidation.

The County of Monterey has not been approached about financial participation in this project. The County may be able to assist with the development of replacement water infrastructure through facilitation of funding applications. Initial conversations between County staff and individual members of the Board of Supervisors have been generally positive regarding the need to address water quality deficiencies. However, it will be necessary to work through a number of issues prior to formulating a request for a specific project such as Middlefield Road. Should the community decide to proceed with the Cal Water consolidation plan, it will be necessary to have a project sponsor or fiscal agent for the state and federal programs that offer favorable terms. The County of Monterey and other qualifying entities should be contacted at that juncture to determine potential participation.

6. Capacity

A state certified operator is not required with the current number of connections for these systems. Since 2009, Livingston Mutual has had nitrate levels in excess of the maximum MCL. The operator has been unable to resolve barriers to consolidation with the adjacent system and is not interested in continuing to operate the existing water supply system. Tryhorn Mutual has experienced repeat bacteria contamination incidents and Lagunita Mutual has nitrate levels exceeding the MCL. Small systems typically face challenges addressing these issues due to the costs involved for treatment or new well development. Consolidation, where indicated by proximity and interest on the part of the larger system, often presents the best opportunity for long-term solutions.

The Gabilan system, adjacent to Middlefield Road, currently serves 162 connections with two operating wells and combined water storage capacity of 70,000 gallons in two tanks. Gabilan contracts with a certified water system operator for ongoing operation of the system. There are no known water quality violations. Monterey County EHB would likely require a source capacity assessment and the Fire District would re-evaluate storage capacity and fire flows under a consolidation plan.

Cal Water is a public utility regulated by the CPUC and the State. It has extensive experience managing water and wastewater systems in Monterey County and throughout the state. An assessment of the production and storage capacity may be required in order for the three mutual water systems to connect to the Cal Water system. The expansion plan and capacity assessment would be subject to approval. The CPUC reviews the financial stability of regulated utilities and establishes a rate structure that is adequate for operations, capital improvements, projected repair costs and emergency reserves.

7. TAC Recommendation

The Technical Advisory Committee reviewed and approved the recommendation to designate the Middlefield Road Project Area as a high priority community. At its October 2017 meeting, the TAC reviewed the draft Salinas Valley Disadvantaged Community Water and Wastewater Plan. TAC suggestions will be addressed in the final plan to be adopted by the Greater Monterey County Regional Water Management Group.

8. Institutional Barriers

Local Agency Formation Commission (LAFCO)

There are no known LAFCO barriers to the preferred alternative. According to LAFCO staff, approval will not be required for a consolidation with Cal Water or Gabilan Water Company. Consultation with LAFCO would be necessary under certain other connection categories, such as incorporation into the service area expansion under study by Monterey One Water and the County for wastewater services.

California Public Utilities Commission (CPUC)

Consolidation with Cal Water would require approval of the CPUC. This matter has been discussed with Cal Water staff and it has not been determined to be a significant barrier to consolidation. According to Cal Water staff, it is a fairly routine process to connect with another system. The fact that another system is in closer proximity may require consultation with Gabilan Water Company and its concurrence with the planned expansion.

Sponsorship

There are limited choices for sponsorship of funding applications. The County of Monterey has applied for funding as the applicant for Community Development Block Grant and SRF funds to assist public water systems as noted in other Salinas Valley Disadvantaged Community Project Proposals. However, County staff has indicated that a similar level of support would require consultation with the County Administrator's Office and approval by the Board of Supervisors. Securing an appropriate sponsor, applicant, and fiscal agent is a major barrier for disadvantaged communities such as Middlefield Road.

Monterey County Environmental Health Bureau (EHB)

The County EHB Drinking Water Program regulates the state small water systems at Middlefield and Lagunita Roads. EHB policy is to support consolidation with larger municipal and public water systems, discouraging formation of new mutual water systems. As such, it is anticipated that consolidation with either Cal Water or Gabilan would be the most acceptable alternatives to the County.

It should be noted that EHB is the permitting entity for new well construction, plan review and approval for water system expansions or consolidations for systems with less than 200

connections, such as Gabilan. In addition, EHB oversees transfers of smaller systems and any well abandonments. Proposed modification or amendment of a state small system permit would also require EHB approval. Should the option of consolidation with Cal Water move forward with an application for Prop1/SRF funding, certain responsibilities for approvals would transfer to the District Engineer's Office of the SWRCB. EHB staff would take the lead in preparing environmental documentation and review for an exemption from Public Health for some small water system projects. A non-exempt determination would result in a referral to RMA-Planning.

County Resource Management Agency (RMA)-Planning Department and Public Works

The County of Monterey would typically act as lead agency for NEPA and CEQA determinations for Middlefield Road due to its location in the unincorporated area of the County. Environmental Health Bureau staff has been supportive of an early determination of categorical exemption under CEQA based on Public Health and could, potentially, take responsibility for preparing or facilitating the necessary environmental determination documents as noted above. Planning Department staff would be responsible for circulating documents, notifying the State Clearinghouse and working with the Recorder's Office to record the Notice of Determination. If an application for USDA, CDBG or SRF funding is considered, preparation of documentation and studies in accordance with NEPA will be incorporated in the project schedule and budget. Should the project move forward as a consolidation with Cal Water in conjunction with an application for Prop1/SRF funding, the SWRCB environmental review staff would act as the Lead Agency for environmental determinations. Each funder is likely to have unique requirements for environmental compliance and most will require studies to be completed by an environmental consulting firm.

RMA-Planning would also be the lead agency for any proposed amendments to existing permits for affected properties or systems.

An application to Public Works for an Encroachment Permit would be necessary to install the connecting pipelines and other improvements in the County's Road Rights of Way to facilitate the consolidation or for distribution pipelines. Plans with proposed trenching details would be needed. Typically, right-of-way easements would be in place prior to final approval of plans to install a pipeline extension and a connection to services.

The Planning and Building Departments would need to review and approve any grading, new or revised water efficiency improvement plans, electrical, plumbing and structural modifications or new construction permit requests. Sign-offs from other County departments, including the Water Resource Agency are coordinated by the RMA.

Monterey County Regional Fire District

Fire protection services for the Middlefield Road project area are provided by the Monterey County Regional Fire District. Compliance with the District's specific fire protection

requirements will be a condition of consolidation approval. The CECorps team consulted the Fire District regarding fire flow, hydrant and water storage needs. Consolidation plans with either water supplier would need to include at least one hydrant. Consolidation alternative 2.a-3 for all three mutual water systems to be added to the Cal Water system would require a second fire hydrant. The specific fire flow and water storage requirements would depend upon the supplier. Due to the number of households served, fire flow and storage standards may not be as stringent for Gabilan as would be likely for a connection to the larger Cal Water system.

9. Other Barriers

Language / Cultural

Some residents have limited English language skills and are primary Spanish language speakers. Outreach and needs assessment efforts to date have been conducted by bi-lingual staff with EJCW. Consumer health advisories relating to drinking water are provided in English and Spanish.

Technical, Managerial and Financial Issues

The state small water systems have been operated by under permits from Monterey County EHB. The current managers of the Livingston Mutual Water System and the Tryhorn Mutual Water System are not interested in continuing to be responsible for the system. The manager of Livingston Mutual has unsuccessfully sought to consolidate with Gabilan Water Company in the past. For Livingston, water users are billed at a flat monthly rate, adjusted by household size, to cover ongoing costs. The County does not require a certified water or wastewater operator under current permitting for these systems.

With Alternatives 1, 2.a-2 and 2.a-3 Consolidation, Cal Water or Gabilan would assume responsibility for operating and maintaining the new system upon completion.

Cal Water is regulated by the CPUC and the State. The CPUC monitors the financial health of the utility and sets rates. Compliance with California Public Health, Fire and Water Codes, other regulations and the provisions of the federal Safe Drinking Water Act are monitored through regulatory agencies at the state level. Consolidation with Cal Water would potentially offer the best opportunity to meet TMF of the alternatives considered, due to its extensive regional presence and significant financial and management oversight by the CPUC.

Gabilan, as a much smaller system, would have to respond to community requests and also demonstrate its TMF qualifications. EHB has not expressed a preference between the two consolidations choices. Since either option is likely to be dependent upon grant funding where TMF qualifications are a key factor, this area warrants further exploration at the earliest opportunity. A capital improvement and replacement reserve plan would need to

be in place and approved. It would be appropriate to request Prop 1 TA for assistance in developing a rate and reserve study and preparing TMF documents should this option be the preference of the community.

10. Potential Funding Sources

The Middlefield Road project would be considered potentially eligible as a consolidation under State Revolving Fund/Proposition 1 Guidelines as it meets disadvantaged community criteria, would result in safe drinking water and potentially resolve incipient wastewater system deficiencies through a second Clean Water SRF application. The project would be assigned to Category A-Immediate Health Risk for nitrate in excess of MCL. The project would likely meet two other factors for priority over other projects in the same category: disadvantaged community status and as a project resulting in consolidation or extension of service to a disadvantaged community not served by a public water system.

This project is a potential candidate for Prop 1 Technical Assistance funding for pre-development activities including environmental studies, engineering, surveying and other pre-development costs. Should the community decide in favor of an option, rather than preferred Alternative 2 – Consolidation, then TMF assistance should be pursued to evaluate rates, and develop a long term capital improvement plan. Implementation funding and funding for connecting to main supply lines could be eligible for CDBG or USDA grants or loans. These options will be as project planning proceeds, subject to continued funding for these activities.

The Greater Monterey County Regional Water Management Group is applying for Disadvantaged Community Involvement Funding in conjunction with the Central Coast IRWM Region. The Greater Monterey Regional Water Management Group portion of the application includes project development assistance for a limited number of disadvantaged community projects that are not receiving or are not eligible for Prop 1 Technical Assistance. If the application is successful, the Regional Water Management Group and, depending on timing, the Project Team will evaluate and select individual projects for participation. The Middlefield Road project is not currently included in the Integrated Regional Water Management (IRWM) Plan. However, the Regional Water Management Group has adopted a process for adding projects to the plan. Future IRWM project review would occur during each application cycle using the rating and ranking criteria established by the Regional Water Management Group for the next IRWM Implementation grant. As the project area is and the adjacent systems are not currently owned by a qualifying applicant under IRWM guidelines, an agency sponsor and program proponent would likely be needed in order for a consolidation or upgrade project to qualify. The County of Monterey would meet the sponsorship criteria.

Other potential resources for Middlefield Road and the three mutual water systems will be considered as the project is continued during Prop 1 TA or disadvantaged community grant periods.

11. Project Team Recommendations

The Project Team considered Middlefield Road to be a high priority project and selected it for referral to the CECorps for an engineering evaluation. The Project Team supports the CECorps recommendation consolidation with Cal Water as the preferred alternative with Gabilan as a second choice.

12. Action Plan

As described previously, EJCW will expand community engagement efforts with the goal of reaching more property owners in the Middlefield Road project area as the first step in the Action Plan. The Project Team will engage County officials, Gabilan Water Company, potential funding organizations, and community members with the goal of identifying a funding source for planning activities.

Engineering - The next step for engineering will take place after community boundary has been determined. Funding may be available through Prop 1TA, IRWM Disadvantaged Community Involvement or, if Cal Water proceeds with an application, from Prop1/SRF reimbursements.

LAFCO - No action required at present.

CPUC - If Cal Water is selected as the provider, then an application should be submitted by Cal Water to the CPUC for the expanded service area.

Consolidation - Maintain contact with Cal Water and Gabilan Water Companies and Livingston, Tryhorn and Lagunita Water Systems.

Permitting - On hold

Referral to Potential Partners - Continue discussions with County, the Regional Water Management Group, and Monterey One Water to determine financial and managerial participation and project prioritization.

Other:

EJCW will continue a dialogue with the property owners, Cal Water, and the County EHB regarding water system options over the next few months. EJCW will continue to contact

Gabilan Water Company. Based on the outcome of discussions, the project will be considered for referral for additional Prop 1 TA activities, a potential Prop 1/SRF application and/or IRWM Disadvantaged Community Involvement Program funding. Should the adjacent water system members decline to participate, the project area boundary will remain as described in the initial CECorps Report.

13. Schedule:

Continue outreach to community, Cal Water, Gabilan Water Company, and County officials subject to funding	Oct -Dec 2017
Determine community boundary based on response from community engagement. Identify project sponsor	Nov -Dec 2017
Community, water system owners, and/or funding agency selects preferred alternative	Feb 2018
Prop 1/SRF, Disadvantaged Community Involvement Program application prepared	Nov 2017 – Jan 2018
Work with Cal Water or Monterey County to submit FFAST application or planning grant application	TBD (depends on project sponsor)

14. Budget

Consolidation, the recommended alternative, if selected by the Middlefield Road residents was estimated by the CECorps team and the Consulting Engineer to be in the range of \$127,500 to \$825,000 depending on the provider and number of connections.

The CECorps Team estimated costs of approximately \$33,300 for Alternative 2- Development of a new well for Livingston Mutual. Wellhead treatment costs are not included in this summary but can be found in Appendix 4.11.

At such time as a potential solution is chosen by the community and additional engineering design is completed, the budget projection should be refined. Consolidation cost estimates will depend upon a number of factors that have not been fully defined at this time. For the technical application for SRF and other programs, it will be necessary to engage a design engineer. Other professional consultants such as an environmental planning consultant, hydrologist, soils engineer, and surveyor might form the planning and design team depending on the complexity of the project.