

Exhibit 4

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9 CALIFORNIA STATE WATER RESOURCES CONTROL BOARD

10 IN THE MATTER OF WHETHER THE
11 DRAFT CEASE AND DESIST ORDER
12 CONCERNING CALIFORNIA AMERICAN
13 WATER'S DIVERSION FROM THE CARMEL
14 RIVER SHOULD BE ISSUED
15

DECLARATION OF RAY CORPUZ
(CITY MANAGER OF THE CITY OF
SEASIDE)

16 I, Ray Corpuz declare as follows:

17 1. I am the City Manager of the City of Seaside. I have served the City of Seaside
18 ("City") as City Manager for the past three years. I have personal knowledge of the following, and,
19 if called as a witness, I would and could testify competently to the following:

20 2. As the City Manager, I am responsible for daily management of the City. In that
21 role, I am responsible for overseeing the work of City staff with respect to development projects,
22 and the compilation of City budgets and budget projections.

23 3. Roughly percent of the potable water service within the City is served by
24 California American Water ("Cal Am").

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1 **A. MPWMD Water Allocation Program**

2 4. In my capacity as City Manager, I am familiar with the Monterey Peninsula Water
3 Management District's ("MPWMD") water allocation program pursuant to its authority to regulate
4 the distribution of water within its jurisdictional boundaries, which includes all of the Cal Am
5 service area on the Monterey Peninsula.
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7 5. MPWMD's Ordinance No. 52, adopted on December 13, 1990 established a water
8 allocation program, which limits the quantity of water that can be allocated by Cal Am for new
9 water service connections within Cal Am's service area.

10 6. MPWMD Ordinance No. 70 was adopted on June 21, 1993. Ordinance No. 70
11 allocated 308 acre-feet of water to the jurisdictions as part of the MPWMD's water allocation
12 program based upon development of the Paralta Well in the Seaside Groundwater Basin.

13 7. Under the MPWMD's water allocation program, each land use jurisdiction was
14 granted a certain water supply allocation based upon water supplies that were developed prior to the
15 issuance of SWRCB WR-Order 95-10 (adopted on June 5, 1995), or as a result of conservation or
16 water exchanges within the land use jurisdiction.
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18 8. Determinations concerning assignment of each land use jurisdiction's water
19 allocation are made by the respective land use jurisdiction. Thus, pursuant to the current MPWMD
20 ordinances and regulations, Cal Am may not initiate a new water service connection unless the land
21 use jurisdiction in which the proposed connection is located possesses sufficient remaining
22 allocation and the land use jurisdiction assigns to the development receiving the new water service
23 connection that portion of the land use jurisdiction's remaining allocation that is equivalent to the
24 anticipated annual water demand of the development.
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1 9. At present, there is a cumulative remaining allocation of 119.328 acre-feet held
2 among all land use jurisdictions within Cal Am's service area, as shown in the table attached as
3 Seaside Exhibit "5."

4 10. The largest portion of the remaining allocation is held by the City in the amount of
5 56.514 acre-feet. The City currently possesses more remaining allocation than any other land use
6 jurisdiction within the Cal Am's service area because it has been the most restrained in allocating its
7 allocation for new development. Therefore, if a cease and desist order were issued in this hearing
8 that resulted in a moratorium on new or expanded water service connections within the pre-existing
9 MPWMD water allocation program, the City would bear a disproportionate share of the burden in
10 terms of lost development opportunity in relation to the historical allocations of water under the
11 program.
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13 11. The City's wellbeing is dependent on being able to allocate this 56.514 acre-feet for
14 infill development projects within the portion of the City served by Cal Am. As discussed next, a
15 moratorium on new water service connections within this remaining allocation would cause
16 significant adverse impacts on the City's revenue, job base, and redevelopment and other
17 community goals.
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19 **B. Impacts of a Moratorium on New Water Service Connections within the Cal Am**
20 **Service Area on the City**
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22 12. Attached hereto as Seaside Exhibit "6" is a spreadsheet summarizing fifteen infill
23 development projects within that portion of the City served by Cal Am for which construction dates
24 have been planned within the next two years.

25 13. At my direction, the City's legal counsel retained David Zehnder, a managing
26 principal with Economic & Planning Systems ("EPS"), to determine the impact of the developments
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1 described in Seaside Exhibit "6" to the City, including the future anticipated tax revenue and job
2 growth within the City resulting from these developments.

3 14. As set forth in the concurrently filed declaration of David Zehnder, and his
4 accompanying report, if this development is delayed as a result of a moratorium on new water
5 service connections, the lost anticipated annual tax revenue to the City's General Fund would be
6 approximately \$2.7. Moreover, approximately 900 new long-term anticipated jobs and
7 approximately 1,620 new one-time jobs would not be established.

8 15. The loss of the anticipated tax revenue would place a substantial hardship on the
9 City, as the City has developed long-term (10 year) financial projections that include the anticipated
10 tax revenue from these developments. Annual operating and capital budgets are based upon these
11 long-term financial projections.

12 16. City services supported by this revenue include police and fire services, code
13 enforcement and inspections, recreation programs for youth and senior citizens, and street and park
14 maintenance, among others.

15 **C. A Water Moratorium Would Cause an Inequitable and Disproportionate Adverse**
16 **Impact on the City**

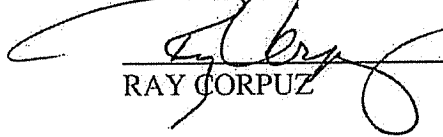
17 19. The City is the largest city on the Monterey Peninsula, and is the primary home to
18 the area's working population. The City is also the Monterey Peninsula's only minority community
19 (50.8 percent non-white). Median household income is 16 percent less than that of the City of
20 Monterey and 29 percent less than that of Carmel-by-the-Sea. Households living in poverty amount
21 to 12.1 percent of the City's total households, which is almost twice that of Monterey (7.8%) and
22 Carmel-by-the-Sea (6.6%). Consequently, the fiscal impacts of SWRCB sanctions against the
23 community's primary water provider would cause an inequitable and disproportionate adverse
24 impact on the City compared to its neighboring communities.
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20. The City's current limited water allocation of 56.5 acre-feet within the MPWMD's water allocation program is critical to its social and economic well-being. Approximately 85% of the community is within its two major redevelopment project areas. These areas are characterized by extensive blight, economic distress and related problems. The community has long struggled to secure economic development in these areas to alleviate these conditions. Recent water shortages in conjunction with the closure of the former Fort Ord Army Base have further exacerbated these challenges. Thus, in addition to the direct financial impacts discussed in the Impact Analysis prepared by EPS, a moratorium on new water service connections would impede the City's goals of rehabilitating those portions of the City for which this infill development is planned as a means of revitalizing the City's economic and community attributes.

I declare under a penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration is executed this 9th day of July, 2008 at Seaside, California.

Dated: July 9, 2008


RAY CORPUZ