



**MONTEREY PENINSULA
WATER MANAGEMENT DISTRICT**

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March 25, 2010

The Honorable Adrienne M. Grover
Presiding Judge, Superior Court of California
County of Monterey
240 Church Street
Salinas, CA 93901

Subject: Final Report of the 2009 Monterey County Civil Grand Jury

Dear Judge Grover,

The Monterey Peninsula Water Management District (MPWMD or District) is pleased to have the opportunity to respond to the findings and recommendations in the Final Report of the 2009 Monterey County Civil Grand Jury concerning the water problems in Monterey County and the District. The District's response to each required finding and recommendation is provided below.

Findings of the Grand Jury

F6.1. An effective solution can be provided only through implementation of multiple, integrated projects. Monterey County water users, purveyors, and regulatory agencies need to cooperate in water supply projects, in water recycling efforts, and in water conservation programs to create and preserve a sufficient supply of water.

MPWMD agrees with Finding 6.1.

F6.2. Joint Powers Authorities have demonstrated effectiveness in solving regional problems.

MPWMD agrees with Finding 6.2. As an example, in the area of wastewater treatment and disposal, the Monterey Regional Water Pollution Control Agency (MRWPCA) has a demonstrated record of effectiveness. Joint Powers Authorities (JPAs), however, are not always the best solution for collaboration between government entities.

F6.4. Monterey County's water supply, derived exclusively from local sources, is completely independent from the California state water delivery system. Having a sufficient supply of local water available year-round is critical to the long-term economic viability of Monterey County's agriculture, tourism, industries, and the welfare of residents.

MPWMD agrees with Finding 6.4.

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F6.5. There is currently not enough water storage to allow the capture of excess winter flow for use during dry periods.

MPWMD agrees with Finding 6.5. More specifically, there is limited surface water storage capacity in the Carmel River Basin and underutilized groundwater storage capacity in the Seaside Groundwater Basin. MPWMD is working with California American Water (Cal-Am) to implement Phase 1 and 2 Aquifer Storage and Recovery (ASR) Projects to more fully utilize the subsurface storage capacity in the Seaside Groundwater Basin.

F6.6. Seawater intrusion threatens domestic and agricultural water supplies.

MPWMD agrees with Finding 6.6.

F6.7. There are three significant desalination proposals under consideration by the California Public Utilities Commission. The Regional Project can achieve the most benefit, at the lowest cost, with the fewest environmental impacts.

MPWMD agrees with Finding 6.7, based on information provided to date.

F6.8. Over pumping of the Carmel River must eventually cease in order to comply with State Water Resources Control Board Order 95-10.

MPWMD agrees with Finding 6.8.

F6.10. Citizens of Monterey County have expressed concerns that the water organizations continue to talk, analyze, and propose, but very little actually gets accomplished. "There's been too much talk and not enough action."

MPWMD agrees with Finding 6.10.

F6.11. Current rates of leakage from CalAm's distribution systems exceed State averages and contribute to the water shortage problem

MPWMD agrees with Finding 6.11.

Recommendations of the Grand Jury

R6.1. Water agencies must do all that they can to expedite a decision by the California Public Utilities Commission for implementation of the Regional Project to address water supply, storage, and seawater intrusion problems. [Related Findings: F6.1, F6.5 – F6.8, and F6.10]

MPWMD is implementing Recommendation 6.1. On February 25, 2010, the MPWMD Board adopted Resolution No. 2010-01 expressing support for the proposed Phase 1 Regional Project. A copy of this resolution is enclosed. In addition, MPWMD staff and counsel continue to participate in the California

Public Utilities Commission (CPUC) proceedings to select and implement a long-term water supply solution. In this context, the CPUC Administrative Law Judge (ALJ) has indicated that a proposed decision on Cal-Am's Coastal Water project or an alternative, such as the Regional Project, is scheduled to be made in the summer or fall of 2010, depending on whether a settlement is filed.

R6.2. *Form a Joint Powers Authority composed of appropriate Monterey County entities to manage the Regional Project. [Related Findings: F6.1 and F6.2]*

MPWMD believes that Recommendation 6.2 should not be implemented at this time because it is not warranted. Joint Powers Authorities (JPAs) are entities formed by two or more public organizations or government bodies that have determined to work collectively to provide public services. MPWMD believes that a less formal group consisting of the Monterey County Water Resources Agency, Marina Coast Water District, Monterey Regional Water Pollution Control Agency, Monterey Peninsula Water Management District, and California American Water would be a more efficient and effective means to manage the Regional Project.

R6.3. *Develop additional water storage capacity sufficient to provide a safe year-round supply of water for Monterey County. [Related Findings: F6.4, F6.5, and F6.8]*

As discussed above, MPWMD is working with Cal-Am to implement Recommendation 6.3 through its ASR Projects in the Seaside Groundwater Basin.

R6.4. *Implement the Regional Urban Wastewater Augmentation Project to provide additional recycled water for use on golf courses and public landscaping. [Related Findings: F6.1 and F6.3]*

MPWMD supports implementation of the Regional Urban Water Augmentation Project (RUWAP) as soon as funds are available. MPWMD is working with MCWD and MRWPCA to obtain state funding for the RUWAP through the *Monterey Peninsula, Carmel Bay, and South Monterey Bay Integrated Regional Water Management Plan*.

R6.6. *The approved project should be constructed as rapidly as possible once the California Public Utilities Commission has made its decision. [Related Findings: F6.1, F6.8, and F6.10]*

MPWMD supports construction of the approved long-term project as rapidly as possible, once the CPUC has made its decision. In this regard, MPWMD plan to complete construction of the Phase 1 ASR Project in Fiscal Year 2011 and is working with Cal-Am to bring the Phase 2 ASR Project on line in Fiscal Year 2012. Both of these projects are components of the proposed Regional Project.

R6.7. *Monterey County water purveyors must inspect, maintain, and repair water pipeline distribution systems so that the rate of unaccounted water is brought down to or below the national average. [Related Findings: F6.11]*

MPWMD is working with Cal-Am and the CPUC to reduce the unaccounted-for-water use in all of Cal-Am's systems to below the national average of 10 percent of total system production. Based on improvements made by Cal-Am in the last six months, the unaccounted-for-water use in Cal-Am's main system has been reduced from 12.8 percent to 9.7 percent.

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Sincerely,

Darby Fuerst
General Manager

Enclosure

Cc: MPWMD District Board
MPWMD General Counsel
Keith Israel, MRWPCA General Manager
Jim Heitzman, MCWD General Manager
Curtis Weeks, MCWRA General Manager
Craig Anthony, CAW General Manager

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**MONTEREY PENINSULA
WATER MANAGEMENT DISTRICT**

RESOLUTION NO. 2010-01

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
EXPRESSING SUPPORT FOR THE PROPOSED
MONTEREY REGIONAL WATER SUPPLY PROGRAM**

WHEREAS, the Monterey Regional Water Supply Program (Regional Project) has been identified by California American Water (Cal-Am) as an alternative to its proposed Coastal Water Project (CWP) to benefit water users within the Monterey Peninsula Water Management District and Monterey County; and

WHEREAS, Phase 1 of the proposed Regional Project consists of a Desalination Facility in the North Marina area, the Seaside Basin Aquifer Storage and Recovery Project, the Regional Urban Water Augmentation Project, the Sand City Desalination Facility, and continued water conservation; and

WHEREAS, the purpose of the proposed Phase 1 Regional Project is to enable Cal-Am to fully comply with the requirements of State Water Resources Control Board Order Nos. WR 95-10 and 2009-0060 and the Seaside Basin Adjudication Decision (*California American Water v. City of Seaside, et al.*, Monterey County Superior Court Case No. M66343); and

WHEREAS, the Final Environmental Impact Report (EIR) for the CWP states that the proposed Phase 1 Regional Project is the environmentally-superior alternative, provided that the mitigation measures set forth in the Final EIR are imposed and fully implemented by all pertinent approval and participant agencies; and

WHEREAS, the Monterey Peninsula Water Management District is engaged in the regional water supply planning process, including development and operation of the Seaside Basin Aquifer Storage and Recovery Project, which is an integral part of the proposed Phase 1 Regional Project; and

WHEREAS, the Monterey Peninsula Water Management District is also charged with fostering the scenic values, environmental quality, and native vegetation, fish, and wildlife in the Carmel River Basin; and

WHEREAS, the Monterey Peninsula Water Management District is acknowledged as a state and national leader in low per capita water use and water conservation, which is also an integral part of the proposed Phase 1 Regional Project; and

WHEREAS, the Monterey Peninsula Water Management District staff is recognized for its experience and expertise in water supply planning, permitting, and environmental impact monitoring and mitigation; and

WHEREAS, the Monterey Peninsula Water Management District is governed by a Board of Directors whose members are elected to represent the interests of water users within the Water Management District boundaries and charged with providing integrated management of the ground and surface water supplies within the Water Management District boundaries; and

WHEREAS, the Monterey Peninsula Water Management District is the lead agency for the *Integrated Regional Water Management Plan for the Monterey Peninsula, Carmel Bay, and South Monterey Bay* area that is seeking state funding for several components of the proposed Phase 1 Regional Project; and

WHEREAS, the Monterey Peninsula Water Management District recognizes that there is an urgent need to identify, plan, and implement a water supply solution to comply with physical, regulatory, and judicial constraints on local water supplies; and

WHEREAS, the Monterey Peninsula Water Management District is authorized to adopt, by resolution or ordinance, reasonable rules to carry out its powers and duties, including regulation of water distribution systems within the Water Management District boundaries.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Monterey Peninsula Water Management District as follows:

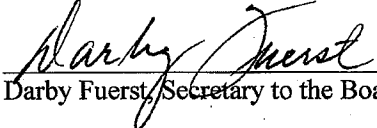
1. That, based on current analyses, the Monterey Peninsula Water Management District supports the proposed Phase 1 Regional Water Supply Project as a solution to the water supply challenges confronting existing water users within the District, and
2. That the Monterey Peninsula Water Management District is fully engaged in the regional water supply planning process to meet existing and future water needs within the District, and
3. That the Monterey Peninsula Water Management District's involvement in operational decision-making of the Regional Project is required to ensure that the water needs of the citizens and environmental resources within the District are reliably met in a cost-effective manner, and
4. That the water users in the Monterey Peninsula area are entitled to full and fair representation in all water supply planning efforts that affect their present and future water resources.

On a motion by Director Pendergrass and seconded by Director Edwards the foregoing resolution is duly adopted this 25th day of February 2010 by the following votes:

Ayes: Directors Pendergrass, Edwards, Brower, Doyle, Lehman, Markey and Potter
Nays: None
Absent: None

I, Darby Fuerst, Secretary to the Board of Directors of the Monterey Peninsula Water Management District, hereby certify that the foregoing is a resolution duly adopted on the 25th day of February 2010.

Witness my hand and seal of the Board of Directors this 3rd day of March 2010.



Darby Fuerst, Secretary to the Board