

EXHIBIT 15-B

**A GLASS HALF FULL?
THE MONTEREY PENINSULA WATER MANAGEMENT
DISTRICT AND THE MARINA COAST WATER DISTRICT**



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And it never failed that during the dry years the people forgot about the rich years, and during the wet years they lost all memory of the dry years. It was always that way.

John Steinbeck—1952

SUMMARY/BACKGROUND

The need for an adequate water supply on the Monterey Peninsula has been a subject of public debate for more than sixty years. Dams have been proposed and voted down or failed due to lack of funding; desalination projects have been proposed—even approved—and never completed for a variety of reasons. Twelve different Monterey County Civil Grand Juries (MCCGJ) have investigated various water issues over the past 16 years. Meanwhile, the county has faced recurring droughts and now faces several pieces of legislation that will restrict water use even further. The State Water Control Board’s Order 95-10 calls for reducing the amount of water pumped from the Carmel River by 2017 and the state’s Sustainable Groundwater Act (passed in 2014) may lead to adjudication of the groundwater basins that supply much of the county’s water (meaning the courts would intervene to assign specific water rights to water users).

A number of public and private agencies are involved in the county’s water supply (see Table 1, next page). Four Community Services Districts are charged with supplying potable water to their covered areas (Castroville, Ocean View, Pajaro-Sunny Mesa, and Santa Lucia Community Services Districts). Six special water districts are charged with protecting and managing water resources for the benefit of the community and the environment. Two of these districts are led by counties other than Monterey: the Pajaro Valley Water Management Agency is led by Santa Cruz County and the Aromas Water District is led by San Benito County. Two of the remaining four districts (San Lucas and San Ardo) service relatively small populations in the southern part of Monterey County.¹

The 2014-2015 MCCGJ chose to investigate the final two water districts, which service the coastal area of the county: the Monterey Peninsula Water Management District (MPWMD) and the Marina Coast Water District (MCWD). These two districts are responsible for much of the residential and commercial water use in the county, given that approximately 25% of county residents reside within the boundaries of these two districts and much of the county’s tourism trade is focused along the coastal areas of the county. In past years there has been a significant amount of controversy, involving both districts, with regard to managing existing resources and generat-

¹ The City of Salinas’ potable water is provided by two public utilities within the City [Alco Water Service (Alco) and California Water Service Corporation (Cal Water)] and the Hitchcock Road Water Utility.

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ing new supplies of water. (For a brief history of water development on the Monterey coast, see the Appendix.)

The goal of this investigation was to evaluate the role and plans of the two coastal water districts in managing and providing water along the Monterey coast. As a result of this investigation, the MCCGJ concluded that while both districts have fulfilled their missions with regard to conserving the existing supply of water, the issue of sustaining and increasing that supply for the future benefit of the community is a lingering concern.

Table 1: Public Water Agencies.

A number of public and private agencies—in addition to the special water districts—are involved in the use and monitoring of water in Monterey County.

Monterey County Water Resources Agency (MCWRA) was formed in 1955 to manage, protect, and enhance the quality and quantity of water in the County and to provide flood control services.

Monterey Regional Water Pollution Control Agency (MRWPCA) was formed in 1979 as a Joint Powers Agency to manage the treatment of wastewater.

Monterey Peninsula Water Resources Authority (“Mayors Authority”) was formed in 2012 to take the lead on projects to increase the water supply.

Monterey County Groundwater Legislative Committee (name to be finalized) was created in January 2015 to address requirements of California’s new Sustainable Groundwater Management Act and implement a legislative platform to address the County’s water needs.

METHODOLOGY

In conducting this investigation, the MCCGJ employed the following methods:

- Interviews with staff and directors of the Monterey Peninsula Water Management District (MPWMD), the Marina Coast Water District (MCWD), and the Monterey County Water Resources Agency (MCWRA)
- Review and analysis of the published strategic plans of MPWMD and MCWD
- Review and analysis of the results of conservation programs run by both districts
- Research into the history and current status of water issues facing coastal Monterey, including but not limited to published articles, reports, and position papers by concerned community groups (see Bibliography).

DISCUSSION

Although both the Marina Coast Water Management District (MCWD) and the Monterey Peninsula Water Management District (MPWMD) are special districts under jurisdiction of the Local Agency Formation Commission, they are different in one very important way: MCWD manages,

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Table 2: Water Agency Acronyms.

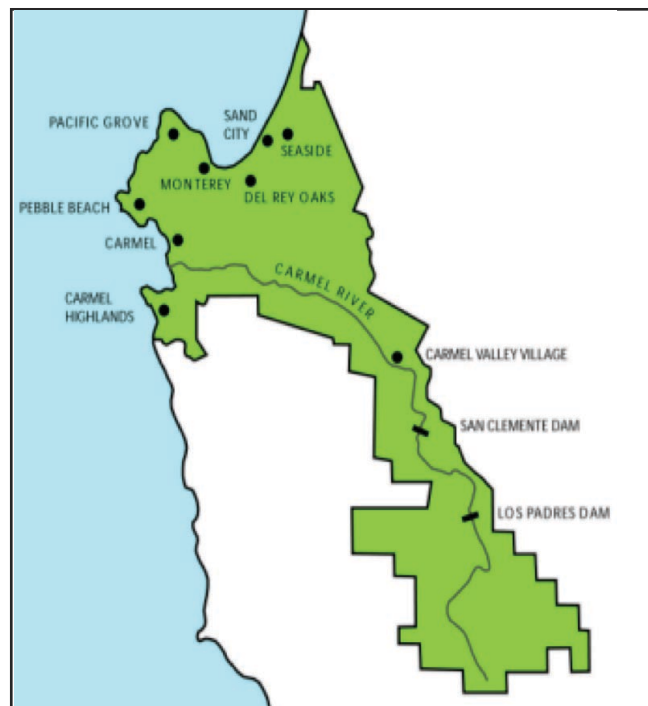
MCWD	—Marina Coast Water District (special district)
MPWMD	—Monterey Peninsula Water Management District (special district)
MRWPCA	—Monterey Regional Water Pollution Control Agency
MCWRA	—Monterey County Water Resources Agency (“The Mayors’ Authority”)
FORA	—Fort Ord Reuse Authority
CPUC	—California Public Utilities Commission
SWRCB	—State Water Resources Control Board
MPRWA	—Monterey Peninsula Regional Water Authority

controls and delivers water to its customers (the communities of Marina and Fort Ord) while the MPWMD manages and controls—but does not deliver—water to the residents and businesses of the Monterey Peninsula, Seaside, and portions of Carmel Valley. Most of the communities served by MPWMD receive their water through a system privately owned and operated by California American Water (Cal Am).² Those not served by California American Water are on private wells.

Both districts have signed a Memo of Understanding (MOU) with the Monterey County Water Resources Agency, the Monterey County Regional Water Pollution Control Agency, and the City of Salinas to work on more efficient and equitable uses of treated and reclaimed wastewater (including storm water and agricultural wash water). This MOU will support the Groundwater Replenishment Project.

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT (MPWMD)

The MPWMD was created under the Mello Bill in 1978 to solve the over-pumping of the Carmel River and—potentially—to have an agency in place in case the public decided to acquire the Cal Am water system. A seven-member Board of Directors governs the District. Five directors are elected from voter divisions; one is a member of the Monterey County Board of Supervisors; and one member represents mayors from jurisdictions within the District boundaries. Incoming directors receive basic orientation from departmental managers and are offered the opportunity to attend professional board training workshops. All directors attend mandatory ethics training every two years. A



² As a private utility subject to California Public Utilities Commission (CPUC) oversight, Cal Am is required to show a profit from its operations.

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general manager oversees a staff of twenty-five, plus interns. The District's annual budget for 2014/1015 was \$11.7 million. These monies are drawn from property taxes, a water supply charge, state grants, and payments from California American Water (Cal Am) for the District's rebate programs.

The MPWMD boundaries run north through Seaside to a portion of Marina, south to the Carmel Highlands, east into Carmel Valley to Cachagua, and back over the Laureles Grade to Laguna Seca. Within these boundaries, customers are split into two vocal camps: growth and no growth. These factions have influenced many decisions regarding water, defeating measures to build a desalination plant, to build a new dam on the Carmel River, and to explore the option of public ownership of the Peninsula's water delivery system.

Cal Am purchased the Monterey Peninsula's water delivery system—and historical rights to draw limited water from the Carmel River—in 1965. This purchase included the two dams then in existence on the Carmel River (San Clemente and Los Padres). In the ensuing 30 years, the company proposed various projects to increase the community's water supply, but none came to fruition. In 1995, the State Water Resources Control Board (SWRCB) issued Order 95-10, which determined that 69% of the community's water supply was being taken from the Carmel River without a valid right and ordered Cal Am to replace 10,730 acre-feet per year with an alternate water source.³ In 2009, the SWRCB issued a cease-and-desist order, demanding that Cal Am reduce pumping by December 31, 2016. The current plan for meeting this directive is to build a desalination plant, but such plant will not be operational until 2019.

The MPWMD advises Cal Am on rate policy, issues water permits for new construction and remodels, monitors water extraction, and attends the California Public Utilities Commission (CPUC) rate hearings, held every three years to approve rates charged to consumers and businesses. Cal Am reimburses the MPWMD for rebate programs aimed at conservation through a conservation fee billed to customers.

In 2014, Cal Am announced its Monterey Peninsula Water Project, which includes building a desalination plant capable of producing 9,750 acre-feet of water per year. The Monterey Peninsula Water Resources Authority and the MPWMD support this plan. The District has agreed to assist Cal Am in obtaining low-cost financing for the one quarter of the cost of this project (\$70-90 million) in return for Cal Am's promise to decrease its profit percentage.

While the need for a desalination plant on the Monterey Coast has been under discussion for more than twenty years, only one small plant (in Sand City) is currently in operation. The apparent inability to construct a desalination plant of significant size has less to do with a lack of technology and more to do with a lack of consensus.

MPWMD Conservation Efforts

While supporting the Cal Am plan to build a desalination plant—and working to develop a comprehensive strategy to address Order 95-10—the near-term goals of the District focus on the preservation and replenishment of the existing water supply, which is drawn from the Carmel

³ An acre-foot is the standard measure used defining the volume of water consumed. One acre-foot is equivalent to the volume of water that would cover one acre to a depth of one foot (approximately 326,000 gallons).

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Basin Aquifer (the Carmel River), and the Seaside Groundwater Basin. To this end, the District maintains an extensive conservation program that involves reducing the amount of water used, reclaiming and recycling wastewater, and recharging the aquifers.

Water Use Reduction: The MPWMD has one of the most stringent conservation programs in the state of California. MPWMD customers have reduced water use to an average of 55-60 gallons per person per day; the average across the state is 200 gallons per day. Conservation programs include the following:

- *Mandatory conservation/retrofit requirements:* when a residential property is transferred, remodeled or built, the MPWMD requires the installation of low-flow toilets and showerheads, instant hot water systems, and landscape restrictions aimed at conserving water (including rain sensors). As of 2013, all businesses within the District are mandated to go to high-efficiency toilets, install aerators on faucets, retrofit inefficient ice machines, and replace inefficient washing machines.
- *Voluntary conservation/retrofit requirements:* the District offers rebates to residential customers who voluntarily install water efficient devices, including low-flow toilets, washing machines, and dishwashers. A file of more than 30,000 properties on the Peninsula allows the District to check the validity of rebate claims. Rebates are funded through a charge billed to Cal Am customers. For the past three years, the budget for this program has been \$2.3 million; this is being reduced to \$1.6 million for the next three years.
- *Rationing and “best practice” rates:* since 1988, Cal Am has conducted an annual survey of households to determine the number of residents and estimate water usage. Residential rates are divided into five tiers to encourage customers to use less water (a practice that has raised some concerns). A “best practices” rate structure (with four different divisions of water charges) was put in place in 2013 to reward commercial users for conserving water and penalize those who are not in compliance.
- *Workshops and demonstrations:* the District regularly offers workshops on converting laundry water to landscape use, designing and installing irrigation systems, and building and installing cisterns.
- *Public awareness campaigns:* In October 2014, the District launched the “Save Water—Go Blue” initiative as a means of encouraging consumers to be more water conscious. The initiative includes free distribution of simple water-saving devices.

Future MPWMD plans for conservation may be able to conserve an additional 500 acre-feet per year and could include:

- Direct installation of water saving devices in low-income housing;
- Increased outreach to high-use commercial water customers (medical sector, food service and restaurants);
- Retrofitting of washing machines in multi-family laundry facilities;
- Installation of pressure reducers on all water supply lines.

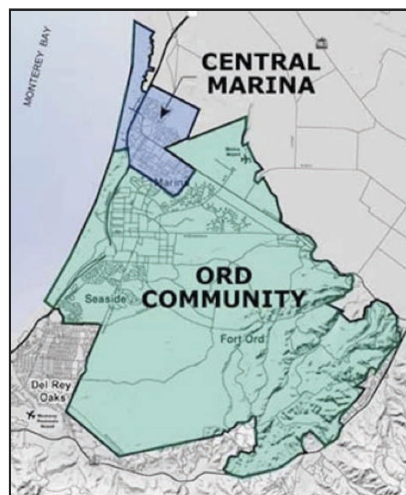
Reclamation, Recycling, and Aquifer Replenishment: A number of recycling and reclamation programs are currently in place.

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- The Carmel area plant provides treated wastewater to irrigate golf courses in Pebble Beach.⁴
- The Aquifer Storage and Recovery (ASR) program uses excess surface water from the Carmel River (when it reaches a specified level) to recharge the Seaside Basin.
- Beginning in 2016, the Monterey Pure Water Groundwater Replenishment Project (GWR Project) proposes to recharge the Seaside Groundwater Basin with treated wastewater through injection wells. Recharging the aquifers serves two purposes: (1) it supplements the water supply for the community and (2) decreases the impact of groundwater over-draft and the associated risks of seawater intrusion. It is predicted that this project will produce 3,500 acre-feet per year of potable water drawn from the aquifers and decrease the amount of water needed from the proposed desalination plant.

MARINA COAST WATER DISTRICT (MCWD)

The Marina Coast Water District (MCWD) was formed in 1960 to provide water to the residents of Marina, California. A board of five elected directors oversees the District. According to our investigation, these directors are not required to undergo formal training upon taking office although they are offered the opportunity to attend training provided by the League of California Cities. A general manager is in charge of operations with a staff of 36. The district's budget (\$10 million in 2014) allows for a staff of 42. According to the bylaws of the district, all interaction between staff and directors goes through the general manager, a position that has been held by an interim general manager for the past two years. This, and the fact that no one is currently serving as District Engineer, has led to instability within the organization.



MCWD is primarily a fee-for-service government agency that charges customers based on consumption. The District owns and maintains the water system for the City of Marina and, since 2001, has contracted to manage water delivery for the former Fort Ord (Ft. Ord). Services provided in Marina and Ft. Ord include the provision of potable water, collection of wastewater, conservation services, and creation of new infrastructure (primarily through new developments). In total, the District serves approximately 30,000 residents through 8,000 connections in central Marina and Ft. Ord (including California State University of Monterey Bay).

The main source of water for the District is the Salinas Valley Groundwater Basin known as Basin #1. Salt-water intrusion is a concern in the sustainability of this basin, which supplies Marina, Ft. Ord, the City of Salinas, and agriculture in the Salinas Valley. Three deep-water groundwater wells drawing on this basin are owned and managed by the District. Water for Ft. Ord is

⁴ The CAWD/PBCSD Reclamation Project, a cooperative effort involving the Carmel Area Wastewater District (CAWD), the Pebble Beach Community Services District (PBCSD), the Monterey Peninsula Water Management District (MPWMD), and the Pebble Beach Company (PBCo), is a proprietary (enterprise) fund of Monterey Peninsula Water Management District, the issuer of the Certificates of Participation which financed the Project's first construction project.

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drawn from additional wells installed by the U.S. Army. Current water allocations for Marina and Ft. Ord appear to be sufficient for existing customers. The District has not experienced difficulties in supply due to the current drought but does maintain a Level 3 Water Rationing Plan, which places restrictions on outdoor watering.

MCWD Conservation Efforts

Under its Regional Urban Water Augmentation Project (RUWAP), initiated in 2005, the District is currently pursuing a mixture of approaches to ensure an adequate supply of water for current and future uses. These include water use reduction, reclamation and recycling, and desalination.

Water Use Reduction: MCWD maintains a conservation specialist on staff who works with residential and business customers in its service areas to implement the following conservation efforts:

- Incentive and rebate programs including landscape incentives (to encourage residents and businesses to switch from high to low water use by installing drip irrigation systems and timers) and rebates for installation of low-flow toilets;
- Monitoring of water use through a leak-detection program;
- Tracking water use through “smart” meters;
- Educational program in schools to teach children about water science and conservation;
- Public education program dispersing informational flyers.

Reclamation and Recycling: The MCWD is currently negotiating with the Monterey County Pollution Control Agency (MCPCA) to return treated wastewater from Marina to the District. This will involve the construction of a pipeline to deliver the treated water. The MCWD is also a signatory on the Memorandum of Understanding (MOU) regarding use of treated wastewater to recharge the aquifers. This MOU basically identifies conditions for a future agreement between the signatories.

Desalination

In 1996, MCWD built a desalination plant at Marina Coast beach. This plant was built to (a) have a backup for the wells drawing water from the basin and (b) test the technology. The plant was in operation for three years and decommissioned in 1999 due to mechanical failures, high operating costs, and because additional water was not needed at that time.

In 2006, MCWD took the lead in developing the Regional Desalination Project in collaboration with Cal Am and the Monterey County Water Resources Agency (MCWRA). The Environmental Impact Report (EIR) for this project was approved in December 2009, but the project fell apart in 2011 amid conflict of interest claims that resulted in litigation.

In January 2015, the Board of Directors of MCWD announced plans to construct a desalination plant to provide 2,700 acre-feet per year of water for future development in Ft. Ord.

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FINDINGS

- F1.** The MPWMD has effectively communicated the need for consumers to conserve water.
- F2.** Reduced funding for the MPWMD rebate program may impact participation in the voluntary retrofit of home appliances.
- F3.** Water conservation efforts for the MPWMD are nearly maximized; further efforts may conserve an additional 500-1,000 acre-feet per year.
- F4.** Although water sources are sufficient for existing MPWMD communities and customers, this will change with the execution of Order 95-10 and enforcement of the State's Cease-and-Desist Order Cal Am to decrease pumping from the Carmel River.
- F5.** Although current water sources are sufficient to serve existing MPWMD customers, these sources are not sufficient to allow for growth.
- F6.** The MPWMD supports the current Cal Am proposal to construct (and so own) a desalination facility and has agreed to access low-cost funding for this project on behalf of Cal Am.
- F7.** The MCWD has sufficient water to serve existing customers but will need reliable sources of additional water if proposed developments in Ft. Ord are to move forward.
- F8.** 2014 groundwater legislation could affect the MCWD's current allocation of water from the Salinas Valley Basin.
- F9.** A lack of permanent senior management at MCWD has led to instability within the organization.
- F10.** Individuals elected to the MCWD Board of Directors are not required to undergo formal training in governance, procedure, and chain of command.
- F11.** The technology exists to track water use in real time, alerting technicians to serious water leaks; however, MCWD does not have this technology in place.
- F12.** Excess surface water from the Carmel and Salinas Rivers could be used to recharge the aquifers, providing a method for "storing" water that would otherwise flow to the ocean. MPWMD is currently capturing water from the Carmel River.
- F13.** The MOU signed by both districts and the Monterey County Water Resources Agency, the Monterey County Regional Water Pollution Control Agency, and the City of Salinas may lead to a more efficient use of reclaimed and treated wastewater across the county, provided the MOU results in a signed agreement.
- F14.** Conservation offset programs that involve conservation agreements between developers, water districts, and cities have significant potential to benefit both conservation efforts and city planning.

RECOMMENDATIONS

- R1.** Monterey Peninsula Water Management District (MPWMD) continue conservation efforts to achieve additional water savings, with the goal of conserving an additional 500 acre-feet per year by the end of 2016.

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- R2.** MPWMD seek additional funding to offset reduction in rebate program budget by the end of 2015.
- R3.** MPWMD offer incentives for retrofitting multi-family laundry facilities by the end of 2016.
- R4.** MPWMD mandate installation of pressure reducers on all water supply lines by the end of 2016.
- R5.** MPWMD institute offset programs for new residential and commercial developments that offer incentives for builders to pay for conservation efforts in other structures as part of permit approval beginning in January 2016.
- R6.** MPWMD install water saving devices (low-flow toilets, water-efficient washers and dishwashers, aerators) in low-income housing units in conjunction with offset programs.
- R7.** The Marina Coast Water District (MCWD) continue conservation efforts to achieve additional water savings.
- R8.** MCWD install technology to track water use in real time by the end of 2016.
- R9.** MCWD hire additional personnel to expand current conservation efforts by September 2015.
- R10.** MCWD institute offset programs for new residential and commercial developments that offer incentives for builders to pay for conservation efforts in other structures as part of permit approval beginning in January 2016.
- R11.** MCWD hire permanent General Manager and District Engineer as soon as possible to stabilize operations.
- R12.** MCWD provide mandatory and ongoing training for all board members, effective immediately.
- R13.** MPWMD and MCWD keep abreast of new technology for conservation and desalination and utilize such technology when economically feasible.
- R14.** MCWD and MPWMD make all possible efforts to form an agreement with the signers of the wastewater MOU with the goal of having such an agreement in place by the end of 2015.

RESPONSES REQUIRED

Pursuant to Penal Code Section 933.05, the Grand Jury requests a response as indicated below from the following governing bodies:

Monterey Peninsula Water Management District Board of Directors:

- Findings F1 thru F6, F13, F14; Recommendations R1 thru 6, R13, R14

Marina Coast Water District Board of Directors:

- Findings F7 thru F14; Recommendations R7 thru R14.

INVITED RESPONSES

California American Water Co.

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APPENDIX

Monterey Coast Water Timeline

Agency Acronyms (in order of appearance)

MCWD—Marina Coast Water District (special district)
MPWMD—Monterey Peninsula Water Management District (special district)
MRWPCA—Monterey Regional Water Pollution Control Agency
MCWRA—Monterey County Water Resources Agency (“s Authority”)
FORA—Fort Ord Reuse Authority
CPUC—California Public Utilities Commission
SWRCB—State Water Resources Control Board
MPRWA—Monterey Peninsula Regional Water Authority

- 1881:** Charles Crocker (the Pacific Improvement Company) obtains easement to “lay down and maintain a line of water pipes from the Carmel River to the Hotel Del Monte,” establishing a private water distribution system using water from the river that eventually becomes the Monterey County Water Works
- 1883:** First dam is built on the Carmel River (the “Chinese Dam”)
- 1919 - 1965:** Monterey County Water Works changes hands (and names) several times but remains a private for-profit company controlling water delivery on the Monterey Peninsula
- 1921:** Second dam is built on the Carmel River (the San Clemente Dam)
- 1948:** Los Padres Dam is built with 20-year life expectancy
- 1960:** Formation of Marina Coast Water District (MCWD) to provide water to residents of Marina
- 1965:** American Water Works Company (Cal Am) purchases Peninsula’s water delivery system and rights to Carmel River water from California Water and Telephone Company
- 1972:** Formation of Monterey Regional Water Pollution Control Agency (MRWPCA) under the Clean Water Act, by the Monterey, Pacific Grove, and Seaside Sanitation Districts. In subsequent years, other north Monterey County communities joined to create what became a Joint Powers Authority in 1979 overseeing a regional plant for wastewater treatment
- 1978:** Formation of Monterey Peninsula Water Management District (MPWMD) by State Legislature as a local agency with regional responsibilities. Stated mission (per website): “to promote or provide for long-term sustainable water supply, and to manage and protect water sources for the benefit of the community and the environment”
- 1990:** MRWPCA Regional Plant goes on line, serving 13 communities
- 1993:** U.S. Army and MCWRA sign an agreement annexing Ft. Ord to the MCWRA for the purpose of developing a regional water support system. Agreement extended to the Army’s successor agency, Fort Ord Reuse Authority (FORA)
- 1995:** Monterey County Water Resources Agency (MCWRA) replaces the Monterey County Flood Control and Water Conservation District as a flood control and water agency for the county
- 1995:** Voters defeat ballot measure to build a new dam on the Carmel River

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- 1995:** State Water Resources Control Board (SWRCB) issues order to limit pumping of the Carmel River (Order WR 95-10)
- 2001:** FORA and MCWD implement agreement transferring responsibility of the operation, maintenance, and ownership of existing water systems (including wastewater collection) to MCWD; specifies that FORA will retain extraction and discharge rights
- 2002:** Assembly Bill 1182 mandates that the California Public Utilities Commission (CPUC) conduct a study to review water supply alternatives to the Monterey Peninsula. In response, study is completed that became known as “Plan B”—provided foundation and point of departure for **Coastal Water Project (CWP)** and eventually led to the development of the Regional Desalination Project
- 2003:** CPUC dismisses Cal Am Carmel River Dam and Reservoir Project application; Cal Am proposes the Coastal Water Project (CWP)
- 2006:** CPUC begins preparing EIR for CWP. Proposed CWP includes the Moss Landing desalination plant and an Aquifer Storage and Recovery (ASR) project in the Seaside Groundwater Basin. In response, Marina Coast Water District takes the lead in developing the Regional Desalination Project in collaboration with a number of other agencies and interests
- 2007:** Sand City accepts \$2.9 million in Prop 50 grant funding to build desal plant; signs agreement with Cal Am to lease and manage the facility
- 2009:** SWRCB issues a draft cease-and-desist order to Cal Am to accelerate the reduction of pumping from the Carmel River, with goal of limiting pumping to 3,376 acre-feet per year by 2016 (a two-thirds reduction)

At this point, three projects are in the planning stage: two private desalination projects and one project (combining desalination, aquifer storage and recovery, new publicly-owned expandable desal plant, regional wastewater augmentation) by a coalition of local cities and agencies known as the Regional Water Project. (2008-2009 MCCGJ investigates water situation and issues a lengthy report)

Draft EIR for Coastal Water Project (CWP) released for public review in January. Final EIR certified by the CPUC in December. On December 3, CPUC issued a decision approving the Regional Desalination Project (RDP) to be implemented through a 3-way partnership of Marina Coast Water District (MCWD), Monterey County Water Resources Agency (MCWR) and Cal Am

- 2010:** Sand City desal plant begins operation in April 2010, with the ability to produce 300 acre-feet of potable water per year
- 2011:** RDP falls apart after conflict of interest claims are laid against Steve Collins
- 2012:** January: Cal Am pulls out of CWP and partners (Cal Am, MCWD, MCRWA) go to court
February: Monterey Peninsula Regional Water Authority (MPRWA) is created. Mayors of each Peninsula city served by Cal Am comprise the MPRWA board of directors (known as the Mayors Authority). Purpose is take lead in new water-supply plan to replace Regional Desalination Project
April: Cal Am files application in for Monterey Peninsula Water Supply Project (slant wells for desal plant in Marina). Goal of project is to build a desalination plant that will produce 9,730 acre-feet per year (6,250 acre-feet per year if Groundwater Replenishment Project goes forward)

EXHIBIT 15-B

December: Board of Supervisors agrees to make an exception to the County ordinance that all desalination plants must be owned by a public agency, allowing Cal Am to own and operate a desalination plant on the Monterey coast

2013: MPRWA declares support for the Cal-Am project

2014: Measure O (re public ownership of water) on June ballot; MPRWA comes out against, as do local media and the Board of Supervisors. Measure is defeated

Cal Am moves forward with plans to build a test slant well in preparation for constructing a desalination plant north of Marina, capable of producing 9,750 acre-feet per year

Memo of Understanding is signed in October, between MRWPCA, MCWRA, MCWD, MPWMD, and the City of Salinas to address the use of recycled water

2015: MCWD announces plan to build a 2,700 acre-feet per year desalination plant to supply water for Ft. Ord development

Cal Am submits a draft Cease-and Desist Order (CDO) modification plan to the SWRCB moving overall cutbacks on Carmel River pumping from 2016 to 2020

Cal Am test slant well for desalination plant drilled and pumping as of March 2015