

VI. AUGMENT WATER SUPPLY

The Findings for Adoption of the Water Allocation Program EIR identified a set of general mitigation measures that relate to increasing the water supply. Finding No. 403-A states that the District shall pursue construction of a major, long-term water supply project to provide water for restoration of the environment and for public water supply. Finding No. 403-B states that the District should pursue a series of smaller "near-term" water supply projects to provide additional water for drought protection and some new growth until the long-term project is completed.

In 1996, District efforts related to both long-term and near-term projects were consolidated into the MPWMD Water Augmentation Plan (WAP). The first WAP report was received by the Board in December 1996, and specific goals were adopted in January 1997. Revised WAP objectives were set in January 1998, April 2000, and March 2001. In September 2001, the MPWMD Board set its top five strategic planning initiatives, three of which entailed augmenting the water supply. Periodic Board workshops were held to receive progress reports and provide policy guidance. For the past several years, the MPWMD Board has held either annual or semi-annual Strategic Planning Workshops to set goals and objectives to guide District activities. Objectives adopted in May 2007 and in February 2008 guided action in the July 2007 through June 2008 period.

To maintain consistency with the Water Allocation Program EIR, the following sections describe MPWMD efforts for long-term and near-term projects separately. In practice, District water augmentation efforts are integrated. For aquifer storage and recovery (ASR), the long-term MPWMD Phase 1 ASR Project and associated water rights will be described under Section VI-A; the annual ASR testing activities will be discussed under Section VI-B.

The following paragraphs provide a more detailed setting due to the complexity of the water supply situation. This background information is followed by a review of action in July 2007 through June 2008. Please refer to quarterly water supply project updates in the January, April, July and October Board agenda materials for additional information. District staff also makes monthly presentations to the Board on water augmentation activities. All this information is available on the District website at: <http://www.mpwmd.dst.ca.us/asd/board/meetings/meeting.htm>. Updated weekly information is also available in the General Manager's letter to the Board at: <http://www.mpwmd.dst.ca.us/gmletters/gmletters.htm>.

A. Long-Term Water Supply Project

Description and Purpose

Carmel River Basin Setting: In November 1995, the electorate did not approve the then-proposed 24,000 acre-foot (AF) New Los Padres Dam and Reservoir (NLP) Project, and did not authorize the District to issue revenue bonds for the project. Since then, the District has focused its efforts on non-dam alternatives through its Water Augmentation Plan and Strategic Planning Workshops. The District extensively participated in the 1999-2002 California Public Utilities Commission (CPUC) "Plan B" process to identify a non-dam alternative to the NLP; and the District continues to work with California American Water (CAW) and other local agencies on water supply solutions. The State Water Resources Control Board (SWRCB) decisions on Carmel River issues in July 1995

continued to influence water augmentation efforts through June 2008. The SWRCB Order WR 95-10 identified an estimated 10,730 acre-feet per year (AFY) of historical unpermitted CAW diversions from the Carmel River that must be replaced by another water project or projects. Order 95-10 includes a “one-for-one replacement” requirement, whereby any new water that is developed must first completely offset the 10,730 AFY unlawful diversions from the Carmel River before any water can be used for new construction or remodels that intensify water use in the CAW system. Thus, near-term projects could potentially serve as a source of “supplemental water” to provide for the needs of existing legal lots of record and other future needs only when Order 95-10 requirements have been fully satisfied by a larger project or series of projects.

Community water augmentation efforts have focused on compliance with Order 95-10 as a primary goal. Project proposals since 1996 have included: CAW Carmel River Dam and Reservoir Project (CRDRP), off-stream reservoir storage, ASR, local and regional desalination projects, reclamation for irrigation or groundwater recovery, and storm water reuse. Since 1996, MPWMD environmental review efforts as a lead agency under the California Environmental Quality Act (CEQA) have focused on CAW’s CRDRP (application was denied in August 2003); an MPWMD proposal to construct a local 8,400 AFY desalination project in Sand City; as well as the MPWMD Phase 1 ASR Project. MPWMD is also a responsible agency or active participant in other agencies’ environmental review of water supply proposals as described below.

Seaside Basin Setting: Though much attention is focused on the Carmel River Basin due to Order 95-10, management of the Seaside Basin also has important ramifications for long-term community water supply. SWRCB Order 95-10 directs CAW to maximize pumping in the Seaside Basin to the extent practicable in order to reduce diversions from the Carmel River. Thus, since 1995, the Seaside Basin has become an increasingly important source of water supply. Unfortunately, it has also exhibited signs of stress from over-pumping due to Order 95-10 as well as significant increases in non-CAW use. In December 2000, the MPWMD Board directed staff to begin planning activities to prepare a Seaside Basin Groundwater Management Plan (SBGMP) in compliance with protocols set by the State of California (AB 3030 as amended by SB 1938), in coordination with major well owners in the basin. In 2002, the District began evaluating two conceptual interim ordinances that would be in place until the long-term SBGMP is adopted, but this effort was terminated in 2004. Concurrently, staff continued public outreach on the SBGMP itself.

Complicating this task was litigation filed by CAW on August 14, 2003 requesting a Court adjudication of the Seaside Basin. The lawsuit involved issues such as: prioritization and quantification of water rights within the basin; rights to aquifer storage within the basin; rights to artificially introduce non-native water into the basin through direct injection or spreading grounds; a judicial determination that the basin is in overdraft; and the appointment of a Watermaster to manage the basin water rights and resources. The District was recognized as an interested party and participated in all proceedings, including a non-jury trial in December 2005. District staff served as expert witnesses in the hearing and helped prepare extensive pre-trial documentation.

Judge Robert Randall rendered a Final Decision on March 27, 2006. The complex and lengthy Decision determined that the Seaside Basin is in overdraft; quantified water rights for parties with overlying water rights; and set a reduced “natural safe yield” and a near-term “operating yield” allowed to be produced by certain parties as they work toward a “physical solution” (including ASR

and wastewater reclamation) to eliminate the overdraft. A nine-member Watermaster Board was created to implement the Decision with continued oversight by the Court. The MPWMD holds one seat on the Watermaster with two out of 13 votes. A MPWMD Board member serves as the MPWMD representative to the Watermaster Board. The Watermaster has held monthly meetings since its formal commencement on April 5, 2006.

District staff sits on the Watermaster Technical Committee and contributes data and analysis for several technical reports required by the Court. MPWMD staff and consultants, along with other partners, have been retained by the Watermaster to provide contract technical services, including project management, data collection, and preparation of documents required by the Court as part of the Seaside Basin Monitoring and Management Program.

MPWMD Board Priorities in 2007-2008: At the Board's April 19, 2007 Strategic Planning Workshop, three-year goals were confirmed and six-month objectives for the April-September period were developed. These were formally adopted at the May 21, 2007 meeting. These goals and objectives remained in effect until late February 2008 because the normal fall Strategic Planning Workshop was delayed until February 13, 2008 to allow two new Board members elected in November 2007 to take office, receive committee assignments, and become more familiar with District programs. New goals and objectives were adopted at the February 28, 2008 meeting. The goals and objectives set in 2007, which were in effect through February 2008 are listed below (due dates shown in italics):

Goal: Determine and participate in long-term water supply solution(s)

- **LS1:** Continue participation in California Public Utilities Commission (CPUC) Coastal Water Project (CWP) process, including environmental review and Division of Ratepayer Advocates (DRA) processes (*ongoing*).
- **LS2:** Provide technical support or guidance to the Monterey Regional Water Pollution Control Agency (MRWPCA) for its Groundwater Replenishment Project in the Seaside Basin (*ongoing*).
- **LS3:** Present to the Board for consideration a Memorandum of Understanding (MOU) for participation in the Monterey Bay Regional Water Solutions Task Force to evaluate regional water supply solutions (*6/30/07*).
- **LS4:** Present to the Board the Community Advisory Committee (CAC) Report on projects listed in the matrix of water supply alternatives (*9/30/07*).
- **LS5:** Revise the matrix of water supply alternatives (using the quantified supply target) to incorporate results of the revised Bookman-Edmonston/GEI report evaluating desalination projects (*revised to 02/28/08*).

Goal: Complete Aquifer Storage and Recovery (ASR) Phase 1 and Expanded ASR Project(s)

- **ASR1:** Secure State Water Resources Control Board (SWRCB) water rights permit for Phase 1 ASR Project (if not, team will prepare for water rights hearing) (*completed 12/31/07*)
- **ASR2:** Complete Well #2 for Phase 1 ASR, including final facilities design and contractor selection (*revised to 3/31/08*).
- **ASR3:** Determine the feasibility of a dual-well injection test and report results to the General Manager (*feasibility assessment completed by 12/31/07*).
- **ASR4:** Facilitate determination and schedule for completion of necessary infrastructure

improvements to the California American Water (CAW) system to ensure they are in place to support Phase 1 ASR (1/31/08).

- **ASR5:** Confirm water storage rights with the Watermaster (01/24/08).
- **ASR-E1:** [Expanded Objective] Complete negotiations with CAW for joint ownership of water rights, to obtain future ASR and other water rights permits (*September 2008*).
- **ASR-E2:** [Expanded Objective] Develop a project description and yield estimate for expanded ASR, and present to the Board (03/31/08).

The six-month goals and objectives adopted on February 28, 2008 through July 2008 include (due dates shown in italics):

Goal: Determine and participate in long-term water supply solution(s)

- **LS1:** Present to the Legislative Committee a briefing paper on the draft Cease and Desist Order (CDO) [issued by SWRCB] (02/15/08)
- **LS2:** Recommend to the Board for action a MPWMD position on the Draft CDO (02/28/08).
- **LS3:** Lobby local, state and federal legislators and boards regarding the MPWMD position on the draft CDO (*prior to draft CDO hearing*).
- **LS4:** Prepare and coordinate testimony for the draft CDO hearing based on Board policy and direction (*prior to draft CDO hearing*).
- **LS5:** Refine and present to the Board the matrix of water supply alternatives (using the quantified supply target) (03/17/08).
- **LS6:** Ensure that CAW presents updated water supply proposals, alternatives and timeline (03/27/08).
- **LS7:** Prioritize water supply alternatives (04/21/08).
- **LS8:** Ensure the remaining entities adopt a Memorandum of Understanding (MOU) for participation in the Monterey Bay Regional Water Solutions Task Force to evaluate regional water supply solutions (4/21/08).
- **LS9:** Provide technical support or guidance to the Monterey Regional Water Pollution Control Agency (MRWPCA) for its Groundwater Replenishment Project in the Seaside Basin (*ongoing*).

Goal: Complete ASR Phase 1 and Expanded ASR Project(s)

- **ASR1:** Notify and make a presentation to the Watermaster, informing them of MPWMD's water storage rights (06/30/08).
- **ASR2:** Conduct a dual-well injection test and report results to the Board (06/30/08).
- **ASR3:** Achieve consensus with CAW on final MPWMD and CAW Phase 1 ASR facilities design, including a schedule (08/01/08).
- **ASR4:** Achieve consensus with CAW on the yield and schedule for the next phase of ASR expansion (08/01/08).
- **ASR5:** Complete negotiations with CAW for joint ownership of water rights to obtain future ASR and other water rights permit(s) (08/01/08).

Implementation and Activities During 2007-2008

Because this 2007-2008 report addresses two sets of objectives, certain objectives from 2007 and 2008 were merged to avoid redundancy, and the numbering system was changed to reflect the more recent February 2008 Strategic Plan. The following paragraphs are organized as follows:

Goal: Determine and participate in long-term water supply solution(s)

- Water Supply Alternatives
- Draft Cease and Desist Order by SWRCB

Goal: Complete ASR Phase 1 and Expanded ASR Project(s).

The following subsections first briefly highlight action on each water supply objective in the July 2007 through June 2008 period. Subsequent paragraphs provide background information to provide the context and setting for the action. An MPWMD Board Special Workshop on water supply alternatives was held on March 27, 2008, which summarized much of the work in the 2007-2008 reporting period. For detailed information, please refer to the District website at:

http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2008/20080327/0327agenda_rev.htm.

GOAL: DETERMINE AND PARTICIPATE IN LONG-TERM WATER SUPPLY SOLUTION(S)

Objectives for Water Supply Alternatives

Objective (2007 Plan): Continue Participation in CPUC Coastal Water Project Process, including Environmental Review and Division of Ratepayer Advocates Processes

2007-2008 Highlights: The General Manager or his designee participated in monthly stakeholder meetings to review alternatives to the CWP to serve as a regional water supply project (or combination of projects) for northern Monterey County, including the Monterey Peninsula. At its March 27, 2008 special workshop on water supply alternatives, the District Board heard a presentation on the “Sustainable Water Supply Program for Monterey County,” a conceptual regional plan that has been developed by the Regional Plenary Oversight Group (REPOG), sponsored by the CPUC/DRA.

Background: District staff has met with and assisted CPUC staff and consultants since mid-2006 to help the CPUC better understand existing and future community needs, and how those needs may relate to the Coastal Water Project (CWP) proposed by CAW as well as various potential alternatives. The CPUC issued a Notice of Preparation (NOP) of a Draft EIR for the CWP on September 29, 2006, and the District submitted comments in November 2006. The primary components of the CWP are a 10 million-gallon-per-day (mgd) desalination project at Moss Landing, a conveyance pipeline to the Peninsula (with associated structures), and ASR producing a minimum of 1,300 AFY. The NOP identified alternative desalination site locations, intake and discharge operations, desalinated water conveyance systems, and project sizes.

Beginning in January 2007, the DRA hosted monthly meetings with a variety of agencies and public interest groups to review alternatives to the CWP to serve as a regional water supply project (or combination of projects) for northern Monterey County, including the Monterey Peninsula. The MPWMD Board at its January 25, 2007 meeting directed District staff to participate in this process.

The General Manager or his designee has participated since that time.

At its March 27, 2008 special workshop on water supply alternatives, the District Board heard a presentation on the “Sustainable Water Supply Program for Monterey County,” a conceptual regional plan that has been developed by the Regional Plenary Oversight Group (REPOG), sponsored by the CPUC/DRA. This regional plan is also expected to be evaluated in the Draft EIR, anticipated for release in first quarter 2009. The concept is evolving, and consists of incremental, multiple components, including: conservation, stormwater reuse, ASR, recycled water from the MRWPCA regional treatment plant for non-potable uses (agricultural and urban) and groundwater injection for potable use, brackish-water desalination project in North Marina area, diversion from the lower Salinas River ("rubber dam"), and pumping water from the Salinas Groundwater Basin.

Objective (2007 Plan): Present to the Board the Community Advisory Committee Report on Projects Listed in the Matrix of Water Supply Alternatives

2007-2008 Highlights: With assistance from District staff, the Community Advisory Committee reviewed the seven water supply projects in the MPWMD Comparative Matrix from February through July 2007, and provided comments on merits or drawbacks of each alternative. The CAC then consolidated the information, and issued a report on its findings, which was accepted by the Board at its September 17, 2007 meeting.

Background: The Community Advisory Committee was envisioned as a means to expand public input on the decision-making process regarding proposed water supply projects. The CAC structure and charge were approved by the Board at its December 11, 2006 meeting. In brief, the 14-member ad hoc CAC was comprised of two representatives appointed by each Board member – one individual and one community group representative. The CAC reviewed the seven water supply projects in the MPWMD Comparative Matrix and provided comments on merits or drawbacks of each. Notably, the Board did not seek CAC consensus on a preferred project. The CAC reviewed projects from February through July 2007, consolidated information, and issued a report, which was accepted by the Board at its September 17, 2007 meeting. The CAC received presentations on the following projects (sponsor in italics): Aquifer Storage and Recovery (*MPWMD*); Regional Urban Water Augmentation Project (*Marina Coast Water District*); Groundwater Replenishment Project (*MRWPCA*); 8,400 AFY Desalination Project near Sand City (*MPWMD*); Coastal Water Project (*CAW*); North Monterey County Desalination Project (*Pajaro/Sunny Mesa Community Services District*); and Seawater Desalination Vessels (*Water Standard Company*). Materials associated with each CAC meeting may be found at the District website at:

<http://www.mpwmd.dst.ca.us/asd/board/committees/cac/2007/2007.htm> .

For more information on the CAC itself, refer to the District website at:

<http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2006/20061211/16/item16.htm> .

Because the CAC is an ad hoc committee and completed its assigned duties, it did not meet after September 2007.

Objective LS5 (continued in 2008): Refine and Present to the Board the Matrix of Water Supply Alternatives, using the Quantified Supply Target

2007-2008 Highlights: The 2008 updated matrix was received by the Board at its March 17,

2008 meeting, as scheduled. It incorporated the consultant information received in February 2008 and suggestions from the Community Advisory Committee received in September 2007. Minor refinements were made to the matrix for the March 27, 2008 special workshop on water supply alternatives. The current matrix includes three shore-based desalination projects as well as preliminary information on the ship-based Seawater Conversion Vessels (SCV) technology, now known as the “Offshore Desalination Project” (ODP). The matrix also includes information on the MPWMD ASR Project and two projects featuring purified recycled water, one combined with desalination.

Background: Since Fall 2004, the District has prepared an annual Comparative Matrix of Water Supply Alternatives spreadsheet to compare various projects for subjects such as cost and financing, implementation timeline, water yield, environmental review, and others. For background information on the 2004 and 2005 matrices, please refer to the District website at: <http://www.mpwmd.dst.ca.us/pae/matrix/matrix.htm>. For the October 2006 matrix, visit: <http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2006/20061016/13/item13.htm>.

As part of development of the October 2006 matrix, in February 2006 the District Board approved retaining a team of water supply engineering design experts led by Bookman-Edmonston/GEI Consultants to conduct an independent technical evaluation of three proposed desalination projects previously reviewed in the 2004 and 2005 matrices: (1) Coastal Water Project at Moss Landing proposed by CAW; (2) the Monterey Bay Regional Desalination Project at Moss Landing proposed by Pajaro/Sunny Mesa Community Services District; and (3) MPWMD 8,400 AFY desalination project proposed in the Sand City area. This effort culminated in a report presented to the Board at its June 29, 2006 special workshop. Copies of the full report are available at the District office, and presentation materials may be viewed at the District website at: <http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2006/20060629/0629agenda.htm> .

At the June 2006 workshop, a number of questions and comments were posed by the Board and public. At its July 17, 2006 meeting, the Board determined it would defer action on amending the B-E/GEI contract and preparing a final report until after the September 25, 2006 Board Strategic Planning Workshop. A summary of comments by the Board, the public, and project proponents, including copies of written comments received was provided to the Board in a memorandum from the District Engineer dated September 12, 2006. At its October 16, 2006 meeting, the Board determined that it wished to add review of the ODP technology to the scope of work. The Board approved a B-E/GEI contract amendment at its February 22, 2007 Board meeting to include formal responses to questions and more detailed information about the ODP technology. For more information about the B/E-GEI contract review in January 2007, please refer to the District website at: <http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2007/20070222/17/item17.htm> .

B/E-GEI prepared a draft report evaluating four desalination projects in the matrix, which was received by the Board on July 16, 2007. Three sets of comments were received by the August 17, 2007 deadline. The consultant scope of work was amended by the Board on September 17, 2007 to address these comments, which included substantial new data from the ODP proponents. The B/E-GEI final report was received at the Board’s February 28, 2008 meeting. Consult the District website at: <http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2008/20080228/20/item20.htm>.

The 2008 updated matrix was received by the Board at its March 17, 2008 meeting, as scheduled. It incorporated the consultant information received in February 2008 and suggestions from the Community Advisory Committee received in September 2007. Minor refinements were made to the matrix for the March 27, 2008 special workshop on water supply alternatives. Refer to the District website at: <http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2008/20080317/15/item15.htm> and http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2008/20080327/0327agenda_rev.htm.

Water Supply Target: One Matrix component addresses how well various projects meet the water supply targets adopted by the Board in 2007, based on a series of meetings in 2006 and 2007. A staff-recommended value of 12,500 AFY for existing needs was presented to the Board for its consideration at the November 20, 2006 meeting. For more information, refer to the District website at: <http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2006/20061120/12/item12.htm>.

A special workshop was held on May 18, 2006 to address future water needs, based primarily on projections made by the Technical Advisory Committee (TAC), comprised of jurisdiction planning staff. The TAC evaluated water needs associated with various types of uses anticipated at “build-out,” based on current General Plans. The TAC estimated that 4,545 AFY above existing needs would be required, as described in the District website at:

<http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2006/20060518/01/item1.htm>.

No changes to the May 2006 estimate were proposed in November 2006.

The staff recommendation of 12,500 AFY for existing needs and 4,545 AFY for future needs was accepted by the Board in November 2006 to submit to the jurisdictions for comment with requested written comment by March 15, 2007. A special workshop of the jurisdictions’ TAC and Policy Advisory Committee (PAC) was held on January 9, 2007, where District staff reviewed the development of its assumptions in detail, with emphasis on existing needs. The TAC at its January 23, 2007 meeting accepted the information on existing needs. The jurisdictions provided feedback in February and March 2007. Jurisdiction comments were reviewed and the Board approved the 12,500 AFY and 4,545 AFY yield targets at its meeting of April 16, 2007. Refer to the District website at:

<http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2007/20070416/14/item14.htm>.

Objective LS6 (new in 2008): Ensure That CAW Presents Updated Water Supply Proposals, Alternatives and Timeline

2007-2008 Highlights: As scheduled, CAW Vice President Tom Bunosky made a presentation about the Coastal Water Project to the MPWMD Board at its March 27, 2008 Special Workshop. He described the regulatory situation, CAW efforts on the Project, and updated timelines. Project completion is not envisioned until late 2015 or early 2016, based on current progress on the EIR.

The CAW presentation is on the MPWMD website at:

http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2008/20080327/ppt/1_files/frame.htm.

Objective LS7 (new in 2008): Prioritize Water Supply Alternatives

2007-2008 Highlights: At its March 27, 2008 Special Workshop, The Board directed staff to revive pursuit of the 8,400 AFY MPWMD desalination project, and identify it as the “MPWMD 95-10 Project.” On April 21, 2008, the Board directed staff and consultants to prepare a Constraints Analysis report before committing significant funds and resources towards evaluation of the desalination project in an EIR.

Background: At its March 27, 2008 Special Workshop on water supply alternatives, the Board received: (1) an update from CAW on its Coastal Water Project (see Objective LS6 above); (2) information on the cost and timeline associated with completing a Final EIR on the 8,400 AFY MPWMD Seawater Desalination Project in the Sand City area; (3) a brief presentation by Water Standard Company on offshore ship-based desalination facilities; and (4) an overview by MPWMD staff on the major water supply alternatives evaluated to date. The Board began initial discussions on which water supply alternatives should be pursued by the District in the near-term. The Board directed staff to revive pursuit of the MPWMD desalination project, which had been tabled in 2004. A new name, the “MPWMD 95-10 Project,” was suggested, as a key goal is compliance with SWRCB Order WR 95-10.

The Board also directed staff to develop a scope of work and cost estimate for engineering and environmental consultant contracts associated with the certifying a Final EIR for the Project, to be considered at the April 21, 2008 Board meeting. Given uncertainties and disagreement about the feasibility of the project, the Board, on April 21, 2008, directed staff and consultants to prepare a Constraints Analysis report before committing significant funds and resources towards evaluation of the project in an EIR. This effort was given a mid-August 2008 completion goal, and will be addressed in the 2008-2009 Mitigation Program Annual Report.

The overview of the MPWMD 95-10 Project (8,400 AFY desalination), initial discussion of setting priorities, and information for the April 21, 2008 meeting may be viewed at the MPWMD website at:

<http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2008/20080327/02/item2.htm>;

<http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2008/20080327/03/item3.htm>; and

<http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2008/20080421/23/item23.htm>.

Objective LS8 (continued in 2008): Ensure the Remaining Entities Adopt an MOU for Participation in the Monterey Bay Regional Water Solutions Task Force to Evaluate Regional Water Supply Solutions

2007-2008 Highlights: The District General Manager regularly met with other water agency managers (Managers Working Group) regarding interagency cooperation and regional water supply planning. In July 2007, the District Board endorsed a Final Draft Memorandum of Understanding (MOU) to Form the Monterey Bay Regional Water Solutions Task Force, which was distributed to all member entities for final approval in Summer/Fall 2007. However, in May 2008, the Board was advised by Supervisor Dave Potter that Monterey County had identified concerns with the MOU as crafted, and a renewed effort is needed to develop a new mutually acceptable agreement.

Background: District staff has coordinated with MRWPCA, Monterey County Water Resources Agency (MCWRA), Marina Coast Water District (MCWD) and other entities on regional water supply solution opportunities. Throughout the year, the General Manager participates in Monterey County-led meetings of a Managers Working Group comprised of water/wastewater districts and cities from the Monterey Peninsula and north Monterey County, including the northern Salinas Valley, regarding a potential governance structure for a regional water supply planning entity currently known as the Monterey Bay Regional Water Authority (MBRWA). At its March 22, 2007 meeting, the District Board approved in concept a draft Memorandum of Understanding to Form the Monterey Bay Regional Water Solutions Task Force, and urged other entities to consider it as well and/or offer suggested changes. The MOU proposed to form a committee comprised of a representative from the County Board of Supervisors, affected water district/agency governing boards, and city councils. At its meeting of June 18, 2007, the MPWMD Board approved a revised Draft MOU to form the Task Force and a contribution of \$5,000 towards technical analyses that the Task Force will require. Entities involved in the MBRWA met on July 23, 2007 and endorsed the Final Draft MOU, which was distributed to all member entities for final approval in Summer/Fall 2007. Additional information may be found at the MPWMD website at:

<http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2007/20070618/25/item25.htm>.

At the February 13, 2008 Strategic Planning Session, Director Potter volunteered to ensure that all participating entities adopt the MOU by April 21, 2008. However, he reported to the Board in May 2008 that Monterey County had identified concerns with the MOU as crafted, and a renewed effort in is progress to develop a new mutually acceptable agreement. No timeline was identified for this County effort.

Objective LS9 (continued in 2008): Provide Technical Support or Guidance to MRWPCA for its Groundwater Replenishment Project in the Seaside Basin

2007-2008 Highlights: MPWMD staff participated in technical coordination meetings for the Groundwater Replenishment Project (GRP), and provided technical assistance to the GRP consultant team, as requested, including review of technical and planning documents.

Background: The Groundwater Replenishment Project (GRP) entails potential injection or percolation of highly purified recycled water in to the Seaside Groundwater Basin. It is modeled after a successful replenishment project in Orange County, California. Studies are underway to determine whether a similar type of project is feasible in the Seaside Basin east of General Jim Moore Boulevard. At its November 20, 2006 meeting, the MPWMD Board adopted Resolution No. 2006-05 expressing support for the MRWPCA replenishment efforts. The resolution text may be viewed at: <http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2006/20061120/04/item4.htm>. Subsequently, MPWMD staff has participated in many GRP technical coordination meetings, and has provided technical assistance to the GRP consultant team, as requested, including review of technical and planning documents.

Objectives for Draft Cease and Desist Order

On January 15, 2008, the SWRCB issued a draft Cease and Desist Order (CDO) against CAW. The draft states that compliance with Order 95-10 – specifically, the requirement to find a replacement

water supply to offset unlawful diversions from the Carmel River Basin – has not yet been achieved after 12 years. The draft CDO states that water diversions to serve the community continue to have adverse impacts to fish, wildlife and their habitat, with particular reference to federally protected species such as the Carmel River steelhead run. The draft CDO proposed a cutback in CAW water diversions that would be equivalent to another 15% reduction from current community use beginning October 1, 2008 to a 50% reduction in community water use by the year 2014. Extensive fines could be levied against CAW, which potentially could pass them on to the community, if compliance was not achieved. Given that the Monterey Peninsula already has one of the lowest water use rates in the state, concerns were expressed about the feasibility of the prescribed cutbacks in the CDO, and/or the economic and quality of life impacts to the community.

CAW protested the draft CDO and was granted a formal hearing before the SWRCB. The District and several other parties filed the requisite paperwork to be parties in this proceeding. The hearing in Sacramento was split into two parts:

- Part 1: June 19 and 20, 2008; CAW compliance with Order 95-10 and state water code.
- Part 2: July 23-25 and August 7-8, 2008; recommended content of final CDO, and rationale for any suggested changes from the draft CDO.

The District staff and legal counsel fully participated in all hearings, as well as follow-up briefs through Fall 2008. To date, no action has been taken by the SWRCB on this matter. In addition, the SWRCB held a public hearing to take policy statements in Monterey on April 1, 2008. The District's Public Outreach Committee also prepared an informational flier about the CDO that was mailed to all District households prior to the April 1, 2008 hearing. A total of 35 people made presentations to the SWRCB officials present on April 1, with many more in attendance.

The following four objectives were developed at the District Board's February 13, 2008 Strategic Planning Session and adopted by the Board on February 28, 2008, to address the CDO:

Objective LS1: Present to the Legislative Committee a Briefing Paper on the Draft CDO

Highlights in 2007-2008: The Legislative Advocacy Committee was formed in February 2008; members are Directors Dave Potter, Bob Brower and Judi Lehman. Staff prepared a briefing paper on the contents of the CDO and ramifications to the community on February 15, 2008, as scheduled. The paper also reviewed various policy issues for discussion.

Background: Information on the Legislative Advocacy Committee may be viewed on the District website at: <http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2008/20080228/03/item3.htm>.

Objective LS2: Legislative Committee Recommend to the Board a MPWMD Position on the Draft CDO

Highlights in 2007-2008: The Legislative Advocacy Committee met throughout the spring of 2008 to address a policy recommendation regarding the CDO. The committee recommended that the Board adopt Resolution No. 2008-08 in opposition to the Draft CDO, which was approved at the May 19, 2008 Board meeting.

Background: Information about the adopted resolution opposed to the CDO may be viewed at: <http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2008/20080519/16/item16.htm>.

Objective LS3: Lobby Local, State and Federal Legislators and Boards Regarding the MPWMD Position on the Draft CDO

Highlights in 2007-2008: Legislative Advocacy Committee members contacted elected representatives and SWRCB Board members, as allowed. Notably, then-Assemblymember John Laird wrote the SWRCB on March 25, 2008 to request that the SWRCB defer action on the CDO until after the CPUC issues the EIR on the Coastal Water Project and evaluates alternatives to the Moss Landing desalination site. The Board approved a contract with a government relations consultant, JEA and Associates, at its April 19, 2008 meeting. District staff and the consultant met with elected officials in Sacramento on May 14, 2008.

Background: Information on the consultant contract with JEA and Associates may be viewed at: <http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2008/20080421/03/item3.htm>.

Objective LS4: Prepare and Coordinate Testimony for the Draft CDO Hearing Based on Board Policy and Direction

Highlights in 2007-2008: At the direction of the Board and led by General Counsel, several members of District technical staff fully participated in all phases of the CDO hearing process, including prepared written testimony, oral testimony, cross examination and post-hearing briefs.

Background: Participation in the SWRCB hearing process is an intensive effort led by District Counsel. The District submitted a witness list to the SWRCB on March 14, 2008. Counsel attended the March 19, 2008 Pre-Hearing Conference in Sacramento, where the SWRCB identified the key issues, testimony deadlines and other hearing logistics. As directed by the Board, General Manager Darby Fuerst prepared written testimony for the June 19-20, 2008 Part 1 hearings; Fuerst also testified orally at the hearings, accompanied by the District Engineer and District Counsel. A major effort by staff and General Counsel in June through early July 2008 was preparation of written testimony and many exhibits for the July 23-25 hearing, which must be distributed to all parties. A related task is review of all written testimony and exhibits received from other parties.

The CDO hearings straddled two reporting periods for the Mitigation Program Annual Report. Briefly, the July 2008 hearings were extended to August 8 and 9, 2008. Several District staff members provided direct testimony and were cross examined at length at these hearings. As directed by the Board, General Counsel and the General Manager participated in initial settlement negotiations, and prepared final and response briefs in Fall 2008. The SWRCB did not act on the CDO in 2008.

GOAL: COMPLETE ASR PHASE 1 AND EXPANDED ASR PROJECT(S)

ASR entails diverting excess water flows (typically in Winter/Spring) from the Carmel Valley

Alluvial Aquifer through existing CAW facilities and injecting the water into the Seaside Groundwater Basin for later recovery in dry periods. The ASR water supply efforts in 2007-2008 were: (1) pursue the permanent Phase 1 ASR Project at the Santa Margarita test site as well as future expanded ASR projects; and (2) continue testing of the existing full-scale Santa Margarita Test Injection Well (see Section VI-B below). The primary goal of the MPWMD Phase 1 ASR Project is better management of existing water resources to help reduce current impacts to the Carmel River, especially during the dry season. The project is viewed as being complementary to other larger, long-term water augmentation projects that are currently being explored by various entities. The project entails a maximum diversion of 2,426 AFY from the Carmel River for injection, a maximum extraction of 1,500 AFY from the ASR wells in the Seaside Basin, and an average yield of about 920 AFY. The proposed operation of the Phase 1 ASR Project would result in reduced pumping of the Carmel River in Summer/Fall and increased storage in the Seaside Basin, which are both considered to be environmentally beneficial.

On March 23, 2006, the District issued the Draft Environmental Impact Report and Environmental Assessment (EIR/EA) on the MPWMD Phase 1 ASR Project, including information on a CAW temporary pipeline associated with the ASR Project. On August 21, 2006, the MPWMD Board certified the Final EIR/EA, including responses to comments, adoption of formal Findings of Approval, and adoption of a Mitigation Monitoring Plan to address project impacts, with emphasis on comments submitted by California Department of Fish and Game (CDFG), and National Marine Fisheries Service (NMFS, also known as NOAA Fisheries). Notably, both CDFG and NMFS had previously filed water rights protests (see ASR1 below), so the EIR/EA responses and refinements were made with the intent to also resolve water rights concerns. Additional information on the Final EIR/EA is available on the District website at:

<http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2006/20060821/10/item10.htm>

In Fall 2006, the certified EIR/EA was used a primary decision-making tool by several permitting entities. On September 19, 2006, the U.S. Army transmitted a signed Right-of-Entry permit, a key approval needed to construct the Phase 1 ASR Project. The City of Seaside Planning Commission approved a Conditional Use Permit for the Phase 1 ASR well on October 11, 2006. The Monterey County Health Department issued a well construction permit on December 13, 2006. Construction on Well #2 began in December 2006 and the well itself was completed in February 2007. However, a few set-backs were encountered and several ancillary facilities are needed to enable production at maximum capacity, as described below in Objective ASR3.

Objective ASR (2007): Secure SWRCB Water Rights Permit for Phase 1 ASR Project

2007-2008 Highlights: An extensive multi-year water rights effort resulted in the SWRCB issuing Orders WR 2007-0041-DWR and WR 2007-0042-DWR and Amended Permits 20808A and 20808B on November 30, 2007. These Orders approve, in part, the District's Petitions for Change to allow some of the water rights from the New Los Padres Dam and Reservoir Project in 1995 to be applied to the ASR Project. District staff performed follow-up activities for various permit conditions, including Condition #28 of Amended Permit 20808A relating to the need for a CDFG stream alteration agreement or waiver equivalent.

This effort continued into early January 2008. Please see Objective ASR5 below for related information on water rights.

Background: Water rights for the Phase 1 ASR Project are based on two Petitions for Change, originally submitted by the District to the SWRCB in October 2001 and revised in September 2003. The SWRCB noticed the District's Petitions on April 15, 2005. The District prepared formal responses to NMFS and CDFG protests in mid-June and July 2005, respectively. The District worked extensively with NOAA and CDFG through September 2007 to resolve water rights issues and also address CAW concerns (CAW and MPWMD had previously agreed to share water rights for the Phase 1 ASR Project). These efforts included extensive meetings, telephone conferences, computer modeling and formal correspondence. The SWRCB also hosted several meetings of all water rights participants. A mutually satisfactory resolution of agency and CAW concerns finally occurred in mid-September 2007, just before the scheduled September 24, 2007 SWRCB hearing, which was cancelled when the protests by CDFG and NMFS were withdrawn. This delay did not affect ASR water diversions in Spring 2007 due to the limited opportunity to use the water rights permit, had it been issued. Except for a few days, Carmel River flow did not meet minimum flow rates needed to divert water to the existing ASR well. Approximately 12 AF were diverted in 2007 under a temporary urgency permit

In related action, District staff continues to coordinate with SWRCB staff regarding water rights associated with the New Los Padres Reservoir Project (issued in 1995). The reservoir water rights are relevant as they are the basis for the Petitions for Change described in Objective ASR1 above. The District transmitted a July 2006 letter requesting an extension of time for the reservoir permits to maintain the water rights associated with them. Five objections were filed from entities including: CAW, CDFG, Carmel River Steelhead Association, Esselen Tribe of Monterey County and NMFS. Copies of the objections were provided to the District in December 2006, and responses were provided. The parties have not yet met to come to agreement on terms and conditions for approval to extend the permit; outstanding issues would become the subject of SWRCB decisions.

Objective ASR1 (continued in 2008): Notify and Make a Presentation to the Watermaster, Informing Them of MPWMD's Water Storage Rights

2007-2008 Highlights: This objective relates to the fact that the Seaside Basin Watermaster is the Court-appointed entity with authority over storage and extraction rights of water in the Seaside Basin. District General Counsel prepared a legal opinion on MPWMD and CAW's right to store water injected into the Seaside Basin via the Phase 1 ASR Project and potential future projects in 2007. This information was provided to Watermaster staff and the Technical Committee, but was not scheduled as a Watermaster Board agenda item.

Objective ASR2 (continued in 2008): Conduct a Dual-Well Injection Test and Report Results to the Board

2007-2008 Highlights: MPWMD staff continued to work with MCWD and MCWRA to facilitate use of water from the MCWD system for roughly two weeks to test the ASR project, particularly the use of Well #1 and the new Well #2 together, if sources from the Carmel River and/or main CAW system are not available. A three-party agreement was

finalized and approved by the respective agencies. Engineering work continued to tie the MCWD and ASR pipelines to enable the two wells to function at full capacity. The completion date was revised to October 31, 2008 due to additional review requested by the Regional Water Quality Control Board and a materials shortage associated with the motor for Well #2. Additional delays in conducting the injection test will likely occur due to MCWD information requests and service interruptions associated with planned road grading and water pipeline installation for the General Jim Moore Boulevard realignment in the area of the test site.

Background: Typically, the Phase 1 ASR well testing would be based on waters from the Carmel River, as allowed by the water rights permits issued by the SWRCB, which consider the needs of the Carmel River steelhead. Lack of flow in the Carmel River or access to flow during certain periods, combined with the current operational constraints in the CAW system, has resulted in loss of the ability to test the Phase 1 ASR project at full capacity to date (i.e., Well #1 and #2 operating together). Thus, District staff has been working with MCWD and MCWRA since 2007 to potentially use treated water from the MCWD distribution system to support a “dual-well” injection test for roughly two weeks at the ASR site. District Counsel drafted an agreement for consideration by participating entities in order to enable this proposal to proceed, which would define objectives and responsibilities regarding the planned injection testing using MCWD system water. The MCWD Board approved this agreement at its November 14, 2007 meeting, and the MPWMD Board approved the agreement at its December 10, 2007 meeting. A revised version of a three-party agreement was submitted to MCWRA on March 10, 2008, and was signed by MCWRA on March 14, 2008.

The actual dual-well test is subject to completion of several required actions. If water from MCWD is to be used, prior to initiating the dual-well injection test (assuming 3,000 gallons per minute for up to three weeks), the following tasks must be completed: (1) make a temporary physical connection between the MCWD system and the ASR site; (2) complete the ASR Well #1 rehabilitation work and Well #2 development work that are underway; and (3) provide geochemical modeling results for review and approval by the RWQCB.

Objective ASR3 (continued in 2008): Achieve Consensus with CAW on Final MPWMD and CAW Phase 1 ASR Facilities Design, Including a Schedule

2007-2008 Highlights: District staff and consultants continued to meet with CAW representatives to coordinate on future ASR well sites, and to continue design work on CAW infrastructure to ensure delivery of adequate water volume to the Phase 1 ASR site. Design and construction tasks were completed or are underway for ASR Wells #1 and #2. MPWMD continued geochemical analyses of injected and native aquifer waters to satisfy concerns expressed by the Regional Water Quality Control Board (RWQCB). The MPWMD Board approved a funding mechanism for new components of the Phase 1 ASR Project.

Background: The Phase 1 ASR Project is comprised of the existing full-scale test well at the Santa Margarita site in addition to a new, second ASR well immediately adjacent to the site. The two wells would be operated in tandem during the injection season. The District began construction

mobilization for the second well the week of December 4, 2006, as scheduled. A temporary sound wall was constructed and drilling began in early January 2007. The well was completed in early February 2007 and formal production testing subsequently occurred. In early April, while preparations were being made for the final well inspection video, it was discovered that rock formation materials from the aquifer system had entered the well, indicating a continuing problem with the integrity of the well casing, apparently due to failure of pipe threads on the contractor's drill bit that allowed the well development pump to drop to the bottom of the well. Repair of the casing was completed in early May, and included a new bottom "swage" plate for the well, plus a concrete plug to ensure that the plate remains in place for the life of the well. The District was not charged for the repair, which was conducted by the well drilling contractor, under supervision from the District's construction management consultant. A final acceptance video of the well construction was conducted in mid-May 2007. The U.S. Army executed a *Supplemental Agreement No. 1 to Department of Army Easement for Injection Test Well* to enable the long-term Phase 1 ASR Project on September 21, 2007.

In related action, beginning in October 2007, ASR Well #1 underwent planned remediation, and repair of the well components are more extensive than originally anticipated. Also, unforeseen regulatory issues related to water quality and investigation of possible unexploded ordnance in the former Fort Ord Military Reservation have posed challenges that have delayed progress.

In coordination with CAW, District staff and consultants continued design of Phase 1 ASR support facilities such as a new well pump and motor in addition to electrical conduits, percolation basin, pipes and valving. Bids for initial facilities construction were received on November 13, 2007 to install permanent underground plumbing and electrical piping for ASR Well #2. The goal date for installation of these ASR well facilities was delayed to March 31, 2008, due in part to delays stemming from ordnance removal requirements and water quality concerns conveyed in Fall 2007. District staff coordinated with the Fort Ord Reuse Authority (FORA), U.S. Army and RWQCB to help address these issues. As of April 15, 2008, all of the underground utilities to the second ASR well have been installed.

Regarding water quality issues, in late November 2007, MPWMD and CAW staff met with RWQCB Executive Officer Roger Briggs to discuss questions about disinfection byproducts in CAW treated potable water, the injection source water for the Phase 1 ASR Project. These questions were raised due to concerns about ASR projects in other regions of the state, which triggered the Central Coast RWQCB's need for consistent review of such projects. During the meeting, District technical staff presented the results of rigorous and detailed ASR water quality testing analyses we have conducted over the past several years. The consensus conclusion among representatives of all three entities present in the meeting was that the District's ASR project source water conditions, Seaside Basin water use considerations, and aquifer characteristics are significantly different, and in large part not directly comparable, to the other ASR projects that raised the issue. It is anticipated that RWQCB staff will consider the Phase 1 Seaside Basin ASR project separately, and not require additional permit-related requirements that would adversely affect the project's viability.

During the meeting, Mr. Briggs assured District staff that their written waiver of discharge requirements, which was issued for the MPWMD Phase 1 Project in 2007, enables commencement of ASR operations in 2008. RWQCB staff also indicated that they would be developing formal

criteria and guidelines to ensure that all ASR and similar projects in the Central Coast Region are reviewed for consistency with RWQCB policy. District staff intends to closely monitor this process to assist the RWQCB, and in order to ensure the long-term nature of RWQCB's authorization or exemption determination for the Seaside Basin ASR operations.

Regarding unexploded ordnance, in late 2007, the District was advised by FORA that there are additional required ordnance investigation activities that affect the Phase 1 ASR Project site that must be completed prior to property transfer to the City of Seaside. In December 2007, the U.S. Army indicated it would assist with these activities, which commenced in January 2008. Accordingly, the underground facilities installation work was conducted with this support being provided by the U.S. Army.

Regarding ASR Project financing, on June 18, 2007, the Board adopted the required resolutions for participation in the California Statewide Communities Development Authority (CSCDA) Water/Wastewater pooled bond program to finance the District's Phase 1 ASR Project. Subsequently, a tax law attorney with the bond counsel firm that represents the CSCDA program determined that the ASR project is not eligible for regular tax-exempt financing because CAW, which is a private for-profit entity, will use water injected and recovered by the District-owned ASR wells in CAW's distribution system. With the assistance of a financial advisor, District staff also pursued a financing alternative that would involve issuance of tax-exempt "private activity" bonds. However, due to two additional time-consuming and costly processes the District would have to complete in order to issue this type of debt, other alternatives were re-evaluated. Staff determined that delays in completing the ASR project in 2007 meant that a significant portion of the required funding would not be required until Fiscal Year 2008-09, and that the project could be funded on a pay-as-you-go basis. That alternative was approved by the Board at its November 19, 2007 meeting.

Regarding CAW infrastructure, in 2006, District staff worked closely with CAW to help obtain permits and other approvals to construct a temporary pipeline along the west side of General Jim Moore Boulevard. This pipeline is needed for existing CAW system operational flexibility as well as to provide water to enable full capacity of the Phase 1 ASR Project. CAW mobilized the temporary pipeline segments in December 2006, and the pipeline assembly was completed as of late March 2007. However, the District was advised by CAW consultants on April 18, 2007 that additional CAW distribution facilities are needed to support water diversion to both Phase 1 ASR wells in addition to existing CAW wells. Since then, District and CAW staff and consultants continue to meet to address current and future demands on the CAW system from a hydraulic and engineering perspective. A related task is to balance near-term operations and ASR needs with longer-term plans by CAW to construct the Coastal Water Project. CAW submitted a basis-of-design report for needed facilities to the CPUC on November 30, 2007, but additional work is needed.

Objective ASR4 (continued in 2008): Achieve Consensus with CAW on the Yield and Schedule for the Next Phase of ASR Expansion

2007-2008 Highlights: District staff continued to coordinate with CAW staff and consultants on necessary action and facilities to enable expanded ASR.

Background: As described above, efforts to date have focused on the Phase 1 ASR Project. However, meetings continue between District and CAW staff/consultants regarding future ASR phases. District staff has provided computer simulations for CAW consultant, ASR Systems, for their investigation of the ASR element of the proposed Coastal Water Project and potential expanded ASR projects. In mid-2007, District staff reviewed a CAW Technical Memorandum on a conceptual plan for expanded ASR.

Objective ASR5 (continued in 2008): Complete Negotiations with CAW for Joint Ownership of Water Rights to Obtain Future ASR and Other Water Rights Permits

2007-2008 Highlights: Initial discussions with CAW took place, but were second priority to ASR Phase 1 issues and the follow-up tasks associated with the SWRCB hearings on the draft CDO. District and CAW counsel were tasked with assessing the ability of using existing permits associated with the formerly proposed New Los Padres Dam as the basis for future ASR water rights filings. On June 30, 2008, the District submitted a petition to change its existing Permit #20808B to serve Phase 2 of the ASR Project.

Background: In late March 2006, the District and CAW finalized a Management and Operations Agreement (MOA) regarding ASR testing, mutual aid, cost-sharing, water rights and other issues. This agreement satisfied the State Department of Health Services requirement that the entities enter into a minimum 10-year agreement to operate the ASR facilities. It also includes provisions for sharing rights for the Phase 1 ASR project and to negotiate additional agreements for acquiring and sharing ownership of water rights for present and future potable water supplies for the Monterey Peninsula area. In 2007, efforts focused on securing water rights for the Phase 1 ASR Project. Efforts in 2008 were intended to focus on potential future expansion of ASR, but tasks associated with the draft CDO were of higher priority.

Water rights for ASR are based on two Petitions for Change, originally submitted by the District to the SWRCB in October 2001 and revised in September 2003. The SWRCB approved Amended Permits 20808A and 20808B on November 30, 2007 as described in Objective “ASR (2007)” above.

District staff continued to coordinate with CAW and SWRCB staff regarding water rights associated with the New Los Padres Reservoir Project (issued in 1995). The reservoir water rights are relevant as they are the basis for the Petitions for Change described above. The District transmitted a July 2006 letter requesting an extension of time for the reservoir permits to maintain the water rights associated with them. Five objections were filed from entities including: CAW, CDFG, Carmel River Steelhead Association, Esselen Tribe of Monterey County and NMFS. Copies of the objections were provided to the District in December 2006, and responses were provided. The parties have not yet come to agreement on terms and conditions for approval to extend the permit; outstanding issues would become the subject of future SWRCB decisions.

B. Near-Term Water Supply Projects

Description and Purpose

Section VI-A above describes long-term water supply alternatives, including the MPWMD Phase 1

ASR Project. This section focuses on annual ASR testing. Since 1996, the District has evaluated the feasibility of ASR at greater levels of detail, including obtaining annual temporary water right permits from the SWRCB to divert excess water from the Carmel River Basin through existing CAW facilities and inject it into the Seaside Basin for later recovery in dry periods. To date, the District has constructed two test wells in the Seaside Basin: (1) a shallower ASR pilot test well into the Paso Robles Formation (located at Mission Memorial Park in Seaside) in 1998; and (2) a 720-foot deep, full-scale test well into the Santa Margarita Formation in March 2001. Injection now primarily occurs at the MPWMD Santa Margarita Test Injection Well (now called ASR Well #1) located on the former Fort Ord military base, just east of General Jim Moore Boulevard near Eucalyptus Avenue. MPWMD submits detailed annual reports to the SWRCB after each testing season.

Implementation and Activities During 2007-2008

2007-2008 Highlights: Just over 60 AF were diverted and injected at the MPWMD ASR Well #1 test site in 2007- 2008 (i.e., permitted diversion season of December 1, 2007 through May 31, 2008). Diversion and injection did not begin until February 5, 2008 and continued intermittently until March 19, 2008 due to lack of streamflow. It is notable that Water Year 2008 was the first year where Carmel River diversions were based on a long-term water rights permit rather than a temporary urgency permit. With the 2008 diversions, a total of 1,936 AF have been diverted and injected into the Seaside Basin since Water Year 1998.

Background: Between Water Years 1998 and 2007, the District injected approximately 1,875 AF of excess winter flow from the Carmel River Basin into the Seaside Basin via the two wells described above. During this period, 1,139 AF was recovered and delivered to the community via the CAW system as part of the test program.