

**ITEM: PUBLIC HEARING**

**14. CONSIDER ADOPTION OF JANUARY THROUGH MARCH 2017  
QUARTERLY WATER SUPPLY STRATEGY AND BUDGET**

**Revised Submitted at 12/12/16 Board Meeting**

<b>Meeting Date:</b>	<b>December 12, 2016</b>	<b>Budgeted:</b>	<b>N/A</b>
<b>From:</b>	<b>Dave Stoldt, General Manager</b>	<b>Program/ Line Item No.:</b>	<b>N/A</b>
<b>Prepared By:</b>	<b>Kevan Urquhart &amp; Jonathan Lear</b>	<b>Cost Estimate:</b>	<b>N/A</b>

**General Counsel Review:** N/A

**Committee Recommendation:** N/A

**CEQA Compliance:** Notice of Exemption, CEQA, Article 19, Section 15301 (Class 1)

**ESA Compliance:** Consistent with the September 2001 and February 2009 Conservation Agreements between the National Marine Fisheries Service and California American Water to minimize take of listed steelhead in the Carmel River and Consistent with SWRCB WR Order Nos. 95-10, 98-04, 2002-0002, and 2016-0016.

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**SUMMARY:** The Board will accept public comment and take action on the January through March 2017 Quarterly Water Supply Strategy and Budget for California American Water's (Cal-Am's) Main and Laguna Seca Subarea Water Distribution Systems (WDS), which are within the Monterey Peninsula Water Resources System (MPWRS). The proposed budget, which is included as **Exhibits 13-A and 13-B**, shows monthly production by source of supply that is required to meet projected customer demand in Cal-Am's Main and Laguna Seca Subarea systems, i.e., Ryan Ranch, Bishop, and Hidden Hills, during the January through March 2017 period. The proposed strategy and budget is designed to maximize the long-term production potential and protect the environmental quality of the Seaside Groundwater and Carmel River Basins.

**Exhibit 13-A** shows the anticipated production by Cal-Am's Main system for each production source and the actual production values for the water year to date through the end of November 2016. Please note that the anticipated production values assume that Cal-Am's annual Main system production for Water Year (WY) 2017 will not exceed 10,561 acre-feet (AF), including 2,251 AF from the Coastal Subareas of the Seaside Groundwater Basin, 0 AF from ASR Phase 1 and 2 recovery, 300 AF from the Sand City Desalination Plant, and 8,010 AF from the Carmel River Basin. The total from the Carmel River Basin is consistent with State Water Resources Control Board (SWRCB) Order Nos. 95-10, 98-04, 2002-0002, and 2016-0016, and the total from the Seaside Groundwater Basin is consistent with the Seaside Basin adjudication decision. Both of these limits are subject to change, pending future regulatory actions. Cal-Am is allowed to produce water for in-basin use under its "Table 13 Water Rights", when bypass flows are adequate to do so. These production amounts may be up to 38, 52, and 56 AF, respectively in each of the three consecutive months of this quarter. In compliance with WRO 2016-0016, any

water diverted under these rights must be used to reduce unlawful diversion from the Carmel River Basin.

**Exhibit 13-B** shows the anticipated production by Cal-Am's Laguna Seca Subarea systems for each production source, and the actual production values for WY 2017 to date through the end of November 2016. Please note that the anticipated production values assume that Cal-Am's annual Laguna Seca Subarea systems' production will not exceed 48 AF. This total is consistent with the Seaside Basin adjudication decision.

**RECOMMENDATION:** The Board should receive public input, close the Public Hearing, and discuss the proposed quarterly water supply budget. District staff recommends adoption of the proposed budget. The budget is described in greater detail in **Exhibit 13-C**, Quarterly Water Supply Strategy Report: January – March 2017.

**BACKGROUND:** The Quarterly Water Supply Strategy and Budget pertains to production within Cal-Am's Main and Laguna Seca Subarea systems for the three-month period of January, February, and March 2017. Staff from the District, Cal-Am, the National Marine Fisheries Services (NMFS), and the California Department of Fish and Wildlife (CDFW) cooperatively developed this strategy on December 8, 2016. The State Water Resources Control Board's Division of Water Rights (SWRCB-DWR) and United States Fish and Wildlife Service (USFWS) were unable to attend, but received the briefing materials for the meeting.

To meet customer demand in its main system, Cal-Am will target production of approximately 130 AF per month of groundwater from its wells in the Upper Carmel Valley during January, February, and March 2017. Similarly, Cal-Am will target production of approximately 280, 61, and 140 AF of groundwater from its wells in the Lower Carmel Valley during January, February, and March 2017, respectively. The permitted diversion season for ASR began again on December 1, which is during this first quarter of WY 2017. Diversions to storage for ASR Phase 1 and 2 have not yet begun, but will be initiated whenever flows in the river are legally adequate to do so. For planning purposes, staff have scheduled diversions to ASR storage based on the long-term average diversion rate predicted by the Carmel Valley Simulation Model (CVSIM) for each month, and so have scheduled 230, 320, and 345 AF for the three months of the second quarter, respectively. Cal-Am may also produce 38, 52, and 56 AF in each of the consecutive three months of this quarter, respectively, under Table 13 Water Rights for in-basin use within Carmel Valley.

It was also agreed that, subject to rainfall and runoff conditions in the Carmel River Basin, Cal-Am may continue to produce water from the Coastal Subareas of the Seaside Basin during this period, if necessary to meet system demand and facilitate ASR diversions to storage. Cal-Am projected production of native groundwater from the Seaside Basin of 100 AF in each of the months of January, February, and March 2017, respectively. There was also a projected goal of producing an additional 25 AF of treated brackish groundwater from the Sand City Desalination Plant in each of these three months.

In addition, it was also agreed that Cal-Am's projected production of groundwater from its wells in the Laguna Seca Subarea for its customers in the Ryan Ranch, Bishop, and Hidden Hills

systems would be 3, 3, and 3 AF during January, February, and March 2016, respectively. Lastly, it was agreed that Cal-Am will operate its wells in the Lower Carmel Valley in a downstream-to-upstream order.

Rule 101, Section B of the District Rules and Regulations requires that a Public Hearing be held at the time of determination of the District water supply management strategy. Adoption of the quarterly water supply strategy and budget is categorically exempt from the California Environmental Quality Act (CEQA) requirements as per Article 19, Section 15301 (Class 1). A Notice of Exemption will be filed with the Monterey County Clerk's office, pending Board action on this item.

#### **EXHIBITS**

- 13-A** Quarterly Water Supply Strategy and Budget for Cal-Am Main System: January – March 2017
- 13-B** Quarterly Water Supply Strategy and Budget for Cal-Am Subsystems: January – March 2017
- 13-C** Quarterly Water Supply Strategy and Budget Report: January – March 2017