



This meeting is not subject to Brown Act noticing requirements. The agenda is subject to change.

Water Supply Planning Committee Members:

Robert S. Brower, Sr.
Chair
Jeanne Byrne
Vacant

Alternate:

Andrew Clarke

Staff Contact

David J. Stoldt,
General Manager

After staff reports have been distributed, if additional documents are produced by the District and provided to the Committee regarding any item on the agenda, they will be made available at 5 Harris Court, Building G, Monterey, CA during normal business hours. In addition, such documents may be posted on the District website at mpwmd.net. Documents distributed at the meeting will be made available in the same manner.

AGENDA

**Water Supply Planning Committee
Of the Monterey Peninsula Water Management District**

Tuesday, September 19, 2017, 8:00 am
MPWMD Conference Room, 5 Harris Court, Bldg. G, Monterey, CA

Director Brower will participate by telephone from 831-595-7414

Call to Order

Comments from Public - *The public may comment on any item within the District's jurisdiction. Please limit your comments to three minutes in length.*

Action Items – *Public comment will be received.*

1. Consider Adoption of Committee Meeting Minutes of August 8, 2017
2. Provide Direction re Testimony for Hearings before the California Public Utilities Commission re Application of California American Water to CPUC (No. 12-04-019) – Monterey Peninsula Water Supply Project

Discussion Items – *Public comment will be received.*

3. Update on Water Supply Projects
 - a. Pure Water Monterey
 - b. California American Water Desalination Project
 - c. Deep Water Desal
 - d. Local Water Projects
4. Update on Los Padres Dam Studies

Set Next Meeting Date

Adjournment

Upon request, MPWMD will make a reasonable effort to provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. MPWMD will also make a reasonable effort to provide translation services upon request. Please send a description of the requested materials and preferred alternative format or auxiliary aid or service by 5PM on Friday, September 15, 2017. Requests should be sent to the Board Secretary, MPWMD, P.O. Box 85, Monterey, CA, 93942. You may also fax your request to the Administrative Services Division at 831-644-9560, or call 831-658-5600.

U:\staff\Board_Committees\WSP\2017\20170919\WSP-Agenda-Sept-19-2017.docx

WATER SUPPLY PLANNING COMMITTEE

ITEM: ACTION ITEM

1. CONSIDER ADOPTION OF COMMITTEE MEETING MINUTES OF AUGUST 8, 2017

Meeting Date: September 19, 2017

**From: David J. Stoldt,
General Manager**

Prepared By: Arlene Tavani

CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: Attached as **Exhibit 1-A** are draft minutes of the August 8, 2017 Water Supply Planning Committee meeting.

RECOMMENDATION: The Committee should adopt the minutes by motion.

EXHIBIT

1-A Draft Minutes of the August 8, 2017 Water Supply Planning Committee Meeting



EXHIBIT 1-A

DRAFT MINUTES
Water Supply Planning Committee of the
Monterey Peninsula Water Management District
August 8, 2017

Call to Order The meeting was called to order at 9:20 am in the MPWMD conference room.

Committee members present: Robert S. Brower, Sr. - Committee Chair participated by telephone
Jeanne Byrne
Andrew Clarke

Committee members absent: None

Staff members present: David Stoldt, General Manager
Larry Hampson, Planning & Engineering Division Manager
Maureen Hamilton, Water Resources Engineer
Arlene Tavani, Executive Assistant

District Counsel present David Laredo

Comments from the Public: No comments were directed to the Board.

Action Items

- 1. Consider Adoption of Committee Meeting Minutes of March 13, 2017**
On a motion by Brower and second of Clarke, minutes of the March 13, 2017 meeting were adopted on a unanimous vote of 3 – 0 by Brower, Clarke and Byrne.

- 2. Consider Approval of Budget for Groundwater Models for Seaside Groundwater Basin**
Clarke offered a motion that was seconded by Brower, to recommend that the Administrative Committee approve a not-to-exceed expenditure of \$30,000 for the District's share of geochemical modeling and an amount not to exceed \$20,000 for the District's share of recalibration and updating the basin model. The motion was approved unanimously on a vote of 3 – 0 by Clarke, Brower and Byrne.

The following comments were received during the public comment period on this item. **(1) David Chardavoyne**, General Manager of the Monterey County Water Resources Agency, explained that recalibration of the groundwater basin model will provide a means to determine how closely the model predicts actual measurements from monitoring and production wells. The geochemical modeling is important to ensure that when water is pumped out of the ground, it can be treated so that it is chemically identical to the existing supply that it will be added to. **(2) Luke Coletti** asked what the cost to treat the water would be. Stoldt responded that the estimated cost per acre-foot of the water is \$1,700, and that water treatment is an operation and maintenance component of that estimate.

Discussion Items

3. Update on Water Supply Projects

- a. Pure Water Monterey – Hamilton reported that the deep monitoring well was completed in June and the shallow monitoring well was completed in July 2017. Delivery of the 24 inch conductor casing for the first large injection well was delayed. When installed, it should extend 830 feet. Regarding Phase 2 design, the 60 percent review was complete. The 90 percent design was underway and should be complete by the end of 2017. Solicitation for construction bids should begin in early 2018.

Stoldt reported on the status of the water conveyance pipeline to be constructed by Marina Coast Water District (MCWD). The successful construction bid was for \$22.6 million. Amendments to the agreement between the project partners; MCWD, Monterey One Water and the Water Management District, are under development. The firm of Anderson Pacific will construct the pipeline needed to bring source waters to the advanced water treatment facility, and the firm has already begun construction of the advanced water treatment facility. Projected date for delivery of project water to California American Water (Cal Am) is May 2019.

- b. California American Water Desalination Project – Stoldt advised the committee that representatives from MCWD, City of Marina, Monterey Peninsula Regional Water Authority, and recently California American Water (Cal-Am) met together with Water Management District staff to assess the possibility that a CEQA based lawsuit might be filed that would delay the project, and discuss how to address issues in order to avoid a lawsuit. The California Public Utilities Commission (CPUC) scheduled a pre-hearing conference for August 18, 2017 on Cal-Am's application 12-04-019, to address CEQA and other issues raised in response to comments on the project draft EIR. The Water Management District's Board of Directors will meet in closed session on August 21, 2017 to discuss the policy issues. Testimony will be due in September and hearings are likely to be conducted in October 2017.

Stoldt advised the committee that results of aerial electromagnetic resistivity tomography conducted by MCWD indicate that fresh water sources are present in the Marina Sand Dunes area. Those findings coincide with existing well monitoring data. There is a possibility that MCWD could utilize this data as the basis for a CEQA lawsuit alleging harm to its water supply. Stoldt noted that the lack of consensus among hydrogeologists as to the effect that operation of Cal-Am's proposed slant wells could have on MCWD wells, may result in a CEQA lawsuit.

Stoldt stated that completion of the project EIR has been delayed to March 2018. The next project milestone to be met by September 30, 2018 is issuance of the Certificate of Public Convenience and Necessity. The CPUC could certify the EIR and at the same time issue the CPCN. Or, issuance of the CPCN could be delayed 30 days to determine if objections to certification of the EIR will be filed. If the September 30, 2018 milestone was not met, an argument could be made that the delay was the fault of the CPUC, not the local community.

- c. DeepWater Desal – The project proponents have signed an agreement with a Spanish firm that would design, build, finance and operate the desalination project. The agreement would be effective in October or November 2017.
- d. Local Water Projects – **City of Monterey** - In November 2015, the Board of Directors approved distribution of an \$85,000 grant to the City of Monterey towards development of

the Monterey Regional Stormwater Management Program. The City should begin drawing from the grant funds soon. **Monterey Peninsula Airport District**- no progress has been made on utilizing subpotable water from MPAD wells that were funded from a grant approved in 2013. **City of Pacific Grove** – In February 2015, the Board of Directors approved distribution of a \$100,000 grant to the City of Pacific Grove for its Stormwater Dry Weather Flow Reuse Project. The project should be on line by the Fall of 2017. Stoldt stated that he had not yet solicited grant applications for 2017. The committee members suggested that if a jurisdiction indicates interest, the grant application could be distributed.

Public comment: **(a) Luke Coletti** asked if the Del Monte Golf Course well generates 37 acre-feet of water. Stoldt responded that it does not because storage has not been developed. Coletti also stated that an RFP was distributed for the City of Pacific Grove project and based on the successful bid, the operation and maintenance costs of the project should be known soon. **(b) David Chardavoine** asked if DeepWater Desal had released the name of the Spanish firm it had contracted with. Stoldt responded that the name of the firm had not been made public.

4. Update on Los Padres Dam Studies

Hampson reported on workshops conducted to review progress fish passage and dam alternatives studies under review by two Technical Advisory Committees which consist of representatives from the Department of Fish and Wildlife, National Marine Fisheries Service, Cal-Am, Water Management District, and consultants AECOM, HDR and FISHBIO .

Fish Passage: The initial alternatives identified for fish passage are: (a) traditional fish ladder for adult migration with step pools at the side of the existing spillway at a cost of \$30 to \$61 million; (b) a similar ladder that would also pass juvenile fish at a cost of \$47 to \$88 million; (c) a fish ladder that would be designed to operate only when the reservoir is spilling, which reduces the cost by \$4 to \$11 million; and (d) the Whooshh transport system - in which fish enter a tube at the bottom of the spillway and slide through into the reservoir, at a cost of \$8 to \$10 million.

To address predation by brown trout in the reservoir, one solution would be to install a large floating surface collector to catch downstream migrants as they come into the reservoir and then transport the fish to the dam where they would enter an existing facility that allows the fish to go through the dam and into the plunge pool. Another proposal is to place a trap further upstream and collect the fish as they come into the reservoir, and then transport them to the spillway. The TAC will meet in September to narrow down the alternatives.

Dredging: One concept discussed was to place all dredged materials at locations below the dam. Another concept is to build a tunnel under the dam to pass sediment through the reservoir. In some years, the reservoir could be drawn down and sediment coming through the reservoir would flow through the tunnel. Hampson noted that the sediment transport model should be completed in September 2017, and up to 100 hydrologic and sediment transport scenarios could be analyzed.

Los Padres Dam Alternatives: One alternative is to construct a new dam downstream at the height of the existing Los Padres Dam. This alternative will be analyzed, even though NMFS does not currently support the expansion of a main stem dam on the Carmel River. Hampson stated that the estimated volume would be about 8,700 acre-feet.

Another alternative under consideration is to raise the existing dam 12.5 feet either through a permanent raise or with rubber gates. However, dam modification would likely trigger improvements to the dam and spillway that would significantly raise the cost of obtaining an

additional 600 to 700 acre-feet of storage. In response to a request from the committee, Hampson will distribute a summary of the workshop discussions to the Water Supply Committee members.

During the public comment period on this item, **Luke Coletti** asked when water rights being used for the Aquifer Storage and Recovery project will expire. Stoldt responded that those water rights would not expire, but there are 18,675 acre-feet of water rights that could expire if they are not utilized. Coletti asked if staff conducts water quality testing, and if so did they test for hydrogen sulfide. Hampson responded that water quality testing of reservoir water is conducted. He did not know if hydrogen sulfide was measured. [Subsequently, it was determined that MPWMD staff do take periodic measurements of hydrogen sulfide.]

5. Update on CDO Condition No. 2 Discussions

Stoldt referred to the July 17, 2017, letter to the SWRCB that was presented in the committee packet. He stated that the Water Management District would like this issue settled because Cal-Am and the SWRCB have inconsistently applied Condition No. 2. The Water Management District disagrees with the SWRCB assertion that baseline water use for a project should be based on previous water use at the site.

Luke Coletti addressed the committee on this topic. He expressed agreement with the SWRCB's position on baseline water use, and noted that his opinion is documented in letters to the SWRCB.

Set Next Meeting Date: No meeting date was set.

Adjournment: The meeting was adjourned at 10:50 am.

WATER SUPPLY PLANNING COMMITTEE

ITEM: ACTION ITEM

2. PROVIDE DIRECTION RE TESTIMONY FOR HEARINGS BEFORE THE CALIFORNIA PUBLIC UTILITIES COMMISSION RE APPLICATION OF CALIFORNIA AMERICAN WATER TO CPUC (NO. 12-04-019) – MONTEREY PENINSULA WATER SUPPLY PROJECT

Meeting Date: September 19, 2017

From: Dave Stoldt,
General Manager

Prepared By: Dave Stoldt

SUMMARY: The Administrative Law Judge in the CPUC application A.12-04-019 has asked for testimony on 9 specific issues as shown in **Exhibit 2-A** attached hereto. Items 1 and 2 speak directly to the sizing of the desalination plant and the capability of expansion of Pure Water Monterey to meet demands. It is expected that the District will provide data on Item 1 and testimony in support of Monterey One Water's testimony on item 2. An example of demand-related data is attached as **Exhibit 2-B** and will be discussed at the meeting.

Cal-Am testimony is due September 15th and not available at the time of this staff note. However, District staff will summarize the Cal-Am testimony at the Water Supply Planning Committee meeting. The District is expected to submit its testimony on these issues on September 29th.

STAFF RECOMMENDATION: The Committee should provide guidance to staff on the direction of its testimony.

EXHIBITS

- 2-A** Excerpts from Administrative Law Judge's Ruling Setting issues and Schedule for Further Evidentiary Hearings
- 2-B** Monthly Production for Customer Service

EXHIBIT 2-A

Excerpts from Administrative Law Judge' Ruling Setting Issues and Schedule for Further Evidentiary Hearings

2. Discussion

We now address issues, schedule, consideration of settlements, and electronic submission of supporting documents.

2.1 Issues

Testimony will be heard on the nine issues stated below. These include the eight identified in the August 7, 2017 ruling and one raised at the PHC.

EXHIBIT 2-A

A.12-04-019 LR1/GW2/vm1

The ninth issue pertains to four factors required by Pub. Util. Code Section 1002 to be addressed, among others, as bases for granting a CPCN. The four factors are: community values, recreational and park areas, historical and aesthetic values, and influence on the environment. Testimony on these factors has been heard but parties should be permitted to update their position and new parties should be heard. Parties have addressed “influence on the environment” in comments on the draft EIR/EIS, and will address it again in briefs after publication of the FEIR/FEIS. The Commission will consider the environmental factor when it considers the FEIR/FEIS. Therefore, testimony should be on the remaining three issues: community values, recreational and park areas, and historical and aesthetic values.

The issues below are not stated with specificity. Testimony can expand their parameters but testimony outside those parameters will not be heard. The issues are:

1. Demand: updated estimates and analysis of demand including but not limited to:
 - a. use by existing customers
 - b. status with respect to legal lots of record
 - c. status with respect to Pebble Beach
 - d. status with respect to economic recovery of hospitality industry
2. Supply: updated estimates and analysis of supply including but not limited to:
 - a. Plans for expansion of the Pure Water Monterey (PWM) project, if any
 - b. Can expansion of the PWM project provide water to applicant in excess of 3,500 acre-feet per year, in what amounts, and at what cost

EXHIBIT 2-A

A.12-04-019 LR1/GW2/vm1

- c. Is water available for purchase by applicant from Marina Coast Water District, in what amounts, and at what cost
3. Costs: updated estimates and analysis of costs for the Monterey Peninsula Water Supply Project (MPWSP)
4. Project Financing: updated information and analysis of project financing
5. Downsizing: feasibility and costs of MPWSP being downsized including but not limited to:
 - a. Postponement of one or more wells
 - b. Operation of plant at lower rate until demand materializes
 - c. Construction in modular increments including but not limited to whether the MPWSP can be authorized at a level smaller than 6.4 million gallons per day with the option for applicant to later request authority to add increments if and as demand increases
6. Solar and Renewables: Feasibility and desirability of a desalination project configuration that includes the plant being energized by a combination of purchased electricity (including some or all renewables) and on site solar panels
7. CEMEX Site: status of applicant's access to land at the CEMEX site if CEMEX ends operation and the land is transferred to another entity
8. Settlement Agreements: Are modifications needed, if any, to any pending Settlement Agreement?
9. Section 1002 Factors: In determining whether or not to grant the CPCN (in whole, in part, or not at all) what consideration should the Commission give to:
 - a. Community values
 - b. Recreational and park areas
 - c. Historical and aesthetic values

EXHIBIT 2-A

A.12-04-019 LR1/GW2/vm1

2.2 Schedule

The adopted schedule is:

ITEM	DATE
Service of proposed direct testimony by applicant	September 15, 2017
Service of proposed testimony by intervenors	September 29, 2017
Service of proposed rebuttal testimony by applicant	October 13, 2017
Evidentiary Hearing (EH)	9:30 a.m. on October 25, 2017, continuing October 26 and October 30 through November 3, 2017, if needed
Parties agree to outline for briefs on CPCN issues	No later than the last day of EH
File and serve opening briefs on CPCN issues	Three weeks after the close of EH
File and serve reply briefs on CPCN issues	Two weeks after opening briefs
Parties agree on outline for briefs on FEIR/FEIS or submit disputes to Administrative Law Judge	March 1, 2018
Publication of FEIR/FEIS	About March 16, 2018
File and serve opening briefs on FEIR/FEIS issues	Ten days after publication of FEIR/FEIS
File and serve closing briefs on FEIR/FEIS issues	Seven days after filing of opening briefs on FEIR/FEIS issues

Parties shall note that the adopted dates for service of proposed testimony are the last dates for that service. A party may serve its proposed testimony before the last date for that service, particularly if the party faces other constraints.

EXHIBIT 2-B

Monthly Production for Customer Service

Acre - Feet

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	Last 3 <u>Years</u>	Last 5 <u>Years</u>	10-Year <u>Average</u>
Oct	1,308	1,214	1,299	1,092	1,111	1,026	1,018	1,044	942	867	951	979	1,092
Nov	1,049	1,095	998	999	908	874	856	887	752	666	768	807	908
Dec	952	941	888	854	760	913	731	829	657	644	710	755	817
Jan	955	902	900	800	855	892	778	941	763	627	777	800	841
Feb	847	865	746	738	822	833	751	692	692	664	683	726	765
Mar	1,056	1,081	859	869	895	856	902	786	796	662	748	800	876
Apr	1,143	1,194	1,121	883	967	849	1,001	829	841	783	818	861	961
May	1,354	1,375	1,211	1,095	1,171	1,104	1,110	1,019	842	881	914	991	1,116
Jun	1,397	1,449	1,242	1,236	1,107	1,161	1,089	1,026	878	948	951	1,020	1,153
Jul	1,527	1,496	1,411	1,328	1,250	1,232	1,161	1,070	958	986	1,005	1,081	1,242
Aug	1,506	1,464	1,429	1,302	1,234	1,218	1,161	1,073	985	987	1,015	1,085	1,236
Sep	<u>1,409</u>	<u>1,446</u>	<u>1,328</u>	<u>1,237</u>	<u>1,163</u>	<u>1,096</u>	<u>1,065</u>	<u>958</u>	<u>918</u>	<u>938</u>	<u>938</u>	<u>995</u>	<u>1,156</u>
Annual	14,503	14,522	13,432	12,433	12,243	12,054	11,623	11,154	10,024	9,653	10,277	10,902	12,164

Market Absorption Assumptions

	<u>Year 1</u>	<u>Year 5</u>	<u>Year 10</u>	<u>Year 15</u>	
All Cities	10	60	110	160	Assumes 10 AFA per year (almost twice historical rate)
Unincorporated County	2	7	12	17	Assumes 1 AFA per year; Rancho Canada Villages uses own water right
Pebble Beach	10	20	30	40	Assumes no market value after year 1; But includes build-out of some EIR elements
Sand City Entitlement	Assume 40 AF gets used in first 15 years; Assume 230 AF remains available to general Cal-Am use.				
Malpaso Water	Their own water right for which demand is met				
Seaside Pumpers	Their own water right for which demand is met				
Total Added Demand	22	87	152	217	

Projected Supply

	Last 5 <u>Years</u>	Projected Demand				Carmel River	Seaside	Sand City	<u>ASR</u>	Pure Water	<u>Shortfall</u>
		<u>Year 1</u>	<u>Year 5</u>	<u>Year 10</u>	<u>Year 15</u>	<u>Right</u>	<u>Basin</u>	<u>Desal</u>		<u>Monterey</u>	
Oct	979	981	987	993	998	403	65	18	297	-215	
Nov	807	809	813	818	823	237	64	18	288	-216	
Dec	755	757	761	766	770	184	55	19	297	-215	
Jan	800	802	806	811	816	229	45	19	297	-226	
Feb	726	727	732	736	740	194	43	19	269	-215	
Mar	800	802	806	811	816	238	45	20	297	-216	
Apr	861	863	868	873	878	311	44	20	288	-215	
May	991	993	999	1,005	1,011	358	120	20	297	-216	
Jun	1,020	1,022	1,028	1,034	1,040	291	64	20	162	288	-215
Jul	1,081	1,083	1,090	1,096	1,103	333	75	19	163	297	-216
Aug	1,085	1,087	1,094	1,100	1,107	333	90	19	162	297	-206
Sep	<u>995</u>	<u>997</u>	<u>1,003</u>	<u>1,009</u>	<u>1,015</u>	<u>265</u>	<u>64</u>	<u>19</u>	<u>163</u>	<u>288</u>	<u>-216</u>
Annual	10,902	10,923	10,987	11,052	11,117	3,376	774	230	650	3,500	-2,587