

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT 2006 ANNUAL REPORT

District Drills New Aquifer Storage and Recovery (ASR) Well

The Monterey Peninsula's pressing water needs will find some relief by construction of a new well designed to extract excess winter flows from the Carmel River. The new well will operate in tandem with the Water District's existing ASR test well. Together, the two wells should divert a maximum of 2,400 acre-feet per year (AFY) from the Carmel River.* All diversions will occur only when baseline river flow requirements for fish are met, thus protecting the river resource. Based on the success of this program, additional wells are being considered for the future.

Aquifer Storage and Recovery is complementary to other water augmentation projects that have been proposed to address the Monterey Peninsula's long-term water supply needs. ASR entails diverting excess water flow from the Carmel River during high flow periods which typically occur during winter and spring. The water is treated and carried to the Seaside Groundwater Basin through California American Water's (CAW) pipelines. The water is then injected and stored in the Seaside Basin and later recovered, if demand requires, for use by CAW customers. The ASR water offsets a portion of CAW's need to pump from the Carmel River during drier times when threatened species and river habitat are at greater risk.

In 2006, the District obtained necessary federal and local permits, and in December 2006 began construction of this second ASR Well at its Santa Margarita Test Injection Site. In a cooperative effort with CAW, the District performed environmental review and helped CAW obtain permits for the temporary pipeline that will bring treated river water to the ASR well site and enable greater operational flexibility for the CAW system in the Seaside area. The reliability of our community supply is improved by using water from different sources when it is most plentiful and causes the least environmental harm. Since 1998, the District, in cooperation with CAW, has injected approximately 1,875 AF of excess winter flow from the Carmel River into the Seaside Basin.

* An acre-foot (AF) of water is enough to cover a football field with one foot of water or supply about four Monterey Peninsula homes with water for a year.



Drilling of the District's second ASR well in the Seaside Groundwater Basin began in December 2006.



Installation of stainless steel well casing to a depth of 770 feet.

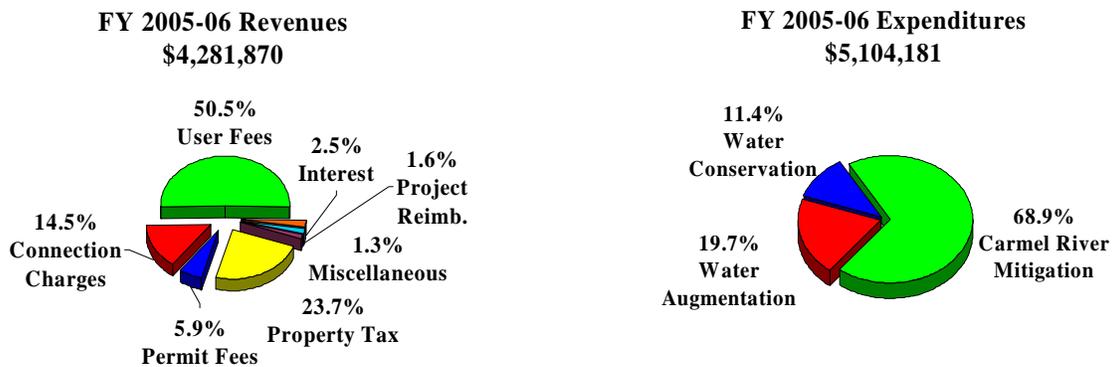


Financial Update

Total revenues received in Fiscal Year (FY) 2005-06 were \$4,281,870 while expenditures totaled \$5,104,181. The difference of \$822,311 was funded from general operating reserves set aside in previous years. The deficit was mostly attributable to one-time legal costs associated with an adjudication lawsuit involving the Seaside Groundwater Basin. As of June 30, 2006, a balance of \$1,399,680 remained in the general operating reserves account.

The adopted budget for FY 2006-07 anticipated revenues of \$8,288,900 and expenditures of \$8,143,600, with the difference of \$145,300 being used to replenish general operating reserves. The budget included approximately \$2,500,000 of one-time expenditures to fund work towards completion of the District’s Phase I Aquifer Storage and Recovery (ASR) Project. The budget anticipated that these ASR costs would be funded by a debt issuance, so the revenue portion of the budget contains an offsetting amount of anticipated bond proceeds.

The FY 2006-07 budget was prepared using a series of strategies developed by the staff and adopted by the Board in 2004 for balancing the budget and discontinuing the use of general operating reserves.



Existing and Future Water Supply Needs

At the request of the MPWMD Board, and working with the District’s Policy and Technical Advisory Committees, staff developed updated estimates of existing and future water needs in the District. These estimates will be used to size various water supply project alternatives that have been proposed. Existing water demand was calculated based on reported production over the last ten years. Future water demand was estimated based on General Plan “build-out” projections provided by each of the land use jurisdictions within the District. Specifically, staff determined that existing water demand in the District has averaged 19,200 acre-feet per year for the last ten years and estimated that future water demand in the District would total 4,500 acre-feet per year.

Based on existing demand, staff estimated that approximately 12,500 acre-feet of new supplies must be developed to replace existing supplies that are being produced in excess of currently and potentially recognized, and adjudicated, water rights. As a result, at its November 2006 regular meeting the Board tentatively determined that approximately 17,000 acre-feet per year of new supplies must be developed to reliably meet existing and future water demand within the District. The Board referred this target number to the jurisdictions for requested comment in early 2007.

Accomplishments and Milestones



Water Supply

- Updated comprehensive matrix on water supply concepts that could meet community needs. Seven concepts include land-based and offshore (ship-based) desalination, aquifer storage and recovery in the Seaside Basin, and purified recycled water.
- Certified Environmental Impact Report/Assessment for proposed Phase 1 ASR Project and CAW temporary pipeline.
- Obtained temporary water right and diverted 411 AF of Carmel River water for injection into the Seaside Basin through the ASR test program.
- Finalized cooperative Management and Operations Agreement with CAW for existing and future ASR facilities.



Environmental Protection

- Led interagency technical advisory committee to develop interim actions and study plan for long-term management of the Carmel River Lagoon and Barrier Beach.
- Conducted emergency bank stabilization work along a portion of the Carmel River.
- Monitored use of Carmel River habitat by indicator bird species at 10 locations; assessed wildlife habitat availability trends in streamside vegetation areas.
- Maintained streamflow gaging stations at four sites on the Carmel River and 11 sites on tributary creeks to better assess surface water resources within the District.
- Rescued over 16,000 juvenile steelhead from a five-mile long section of the lower Carmel River between July and September 2006.
- Conducted steelhead juvenile population surveys throughout the length of the Carmel River and coordinated interagency and volunteer effort to sample the Carmel River Lagoon to determine the number of juvenile steelhead present.
- Collected surface water quality data from three Carmel River sites and water temperature data from eight locations to assess steelhead rearing habitat conditions.
- Collected groundwater level data at 70 wells and groundwater quality data at 25 wells as part of the District's monitoring program the Carmel River and Seaside Groundwater Basins.



Conservation/Permitting

- Approved 544 rebate applications for a total of \$69,550 resulting in annual water savings of 10.54 acre-feet.
- Issued 1,410 water permits and performed 1,694 inspections resulting in annual water savings of 33 acre-feet.
- Joined the California Urban Water Conservation Council as a signatory to the Memorandum of Understanding Regarding Water Conservation in California.
- Initiated and led the regional collaboration on the Water-wise Landscaping for Monterey County water conservation software effort and co-sponsored the highly successful Water-wise Landscape Symposium and Vendor Expo held in Carmel Valley.
- Judged the garden displays in the horticultural center for promotion of the Water Awareness Committee's *Retire Your Turf* campaign at the Monterey County Fair.

Revisions to Water Permit and Water Credit Rules

A comprehensive revision to the District's Rules and Regulations was completed in September 2006 when the Board adopted Ordinance No. 125. Extensive revisions included updates to water permit and water credit rules. The permit and credit rules were simplified and reorganized, definitions were updated and outdated and unnecessary text was deleted. The rules were also amended to include adopted policies and administrative practices. The goal was to make the rules understandable to the public. The amended rules, effective January 1, 2007, can be found on the District's website.

Integrated Regional Water Management Plan

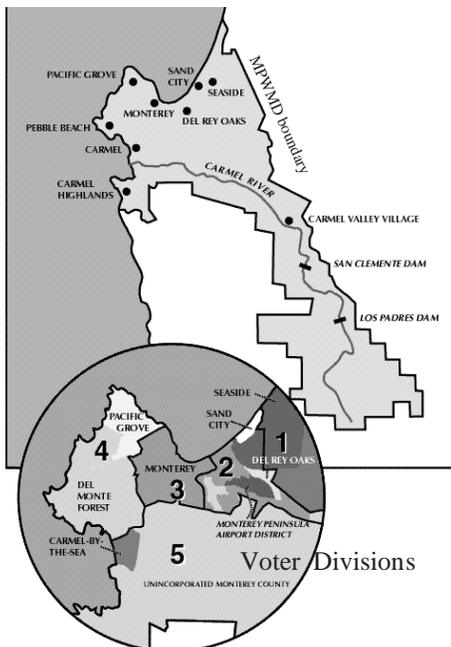
District staff led the effort to obtain \$497,000 of Proposition 50 grant funds to prepare an Integrated Regional Water Management Plan (IRWMP) for the Monterey Bay Area. Final written approval of State Department of Water Resources funding was issued in early January 2006. Since then, District staff has worked closely with its local public and non-profit partners to complete the IRWMP, including retaining specialized consultants for this type of work. A Draft Plan was completed in October 2006, and a Final Plan is anticipated in March 2007. Completion of the IRWMP will position the Monterey Bay Area to receive implementation funds for specific projects, such as the MPWMD Phase 1 ASR Project.

2006 Board of Directors

Michelle Knight, Chair	Division 4
Judi Lehman, Vice-Chair	Division 2
Alvin Edwards	Division 1
Kristy Markey	Division 3
Larry Foy	Division 5
David Pendergrass	Mayoral Representative
David Potter	Monterey County Board of Supervisors Representative

Staff Contact Information

General Information	658-5600
Water Permit Office	658-5601
David A. Berger	General Manager/Board Secretary 658-5650
Andrew Bell	Planning & Engineering Manager/District Engineer 658-5620
Rick Dickhaut	Administrative Services Manager/CFO/Treasurer 658-5614
David Laredo	General Counsel 658-5652
Darby Fuerst	Water Resources Manager 658-5651
Stephanie Pintar	Water Demand Manager 658-5630
Henrietta Stern	Project Manger 658-5621
Web address:	www.mpwmd.dst.ca.us



We Want To Hear From You

If you found the information in this report useful or have questions about water supply, conservation or other topics in this report, please contact Henrietta Stern at henri@mpwmd.dst.ca.us or at 658-5621.



Monterey Peninsula Water Management District
5 Harris Court, Building G
P.O. Box 85
Monterey, CA 93942-0085

Presort Std.
U. S. Postage
PAID
All American
Mailing
93940

POSTAL CUSTOMER