

Monterey Peninsula Water Management District

2014 Annual Report

Accomplishments

- **Monterey Peninsula Water Supply Project** – The District has made continued progress on the Monterey Peninsula Water Supply Project working jointly with California American Water (Cal-Am), the Monterey Peninsula Regional Water Authority, and other parties.
- **Funding for Desalination** – The District successfully passed SB 936 through the Legislature for financing the project in a manner to reduce impacts on ratepayers, working with Senator Bill Monning and Assembly member Mark Stone. Also provided funding for environmental and permitting work on an alternative desalination facility.
- **Pure Water Monterey Project** – The District took the lead in forming a coalition with Salinas Valley growers to expand the project potential in a multi-benefit, multi-regional manner. The District provided the majority of funding and provided services for environmental and permitting work on this innovative water recycling plant for serving a portion of the Peninsula’s potable supply, working in partnership with the Monterey Regional Water Pollution Control Agency,
- **Aquifer Storage and Recovery (ASR)** - MPWMD planned for expansion of the Phase 1 facility and completed construction activities at the Phase 2 facility during the year. Despite critically dry conditions, 113 acre feet (AF) was injected in December 2014. Since inception of the ASR program, a total of 4,884 AF has been diverted from the Carmel River for storage and subsequent recovery.
- **Water Rights** – In its lead role as local resource manager, the District reviewed water rights permits issued by the State Water Resources Control Board for Carmel River diversions. Also began work on an integrated ground water – surface water GSFLOW model to update instream flow needs for steelhead in the Carmel River, with a focus on model calibration, data review and input. The model is expected to be completed in fall 2015, and allow the District to model different water supply scenarios and their impacts on the Carmel River.
- **Well Permitting** – The District completely revised its well permit process for the ease of customers. After reviews for potential impacts to the water resource system and other water users, MPWMD issued 10 Water Distribution System Permits and 17 Confirmation of Exemptions for private properties that met the criteria established in District Rules and Regulations.
- **State Mandated Water Management Plans** - Completed and adopted an update of the Integrated Regional Water Management Plan for the Carmel Bay, Monterey Peninsula and Southern Monterey Bay. In addition, MPWMD solicited projects for inclusion in the Prop. 84 Drought Grant Round; however, the region was not awarded any funds from this round.
- **State-Mandated Carmel River Mitigation and Stewardship – Solicited** Proposals to design an upgrade for the Sleepy Hollow Steelhead Rearing Facility, which will undergo analysis and reconstruction of the intake and water supply system in order to protect the facility from changes in river flows due to the removal of San Clemente Dam and to allow the facility to continue to run during periods of extreme drought or high flows.

Successfully rescued 5,115 wild steelhead (including 1,295 collected during trapping operations) from over 10 miles of the Carmel River, and released them to upstream permanent habitats above Esquiline Road. The Sleepy Hollow Steelhead Rearing Facility could not be operated due to critically dry low flow conditions during this third drought year.



Water District's Aquifer Storage and Recovery project site.

Assisted the National Marine Fisheries Service (NMFS) to initiate field studies to: (a) evaluate the impact of removing San Clemente Dam, and (b) to develop a steelhead population life history model for the watershed, where staff helped tag fish from their two studies, as well as MPWMD's fall population survey sites. This effort included NMFS installation of a new tag detection array near the Carmel Area Wastewater District's treatment plant.

Placed 1,500 tons of new spawning gravel below Los Padres Dam (LPD), predominantly funded by a grant from the California Department of Fish and Wildlife (CDFW).

Completed a fish passage barrier survey in four tributaries plus one mainstem site to the Carmel River, funded by the State Integrated Water Resources Management Program.

Obtained a five-year Streambed Alteration permit from the CDFW to modify, when feasible, riffles at low flows to aide fish passage.

Planted native trees on the banks of the Carmel River to improve habitat value, reduce bank erosion, and mitigate for the District's Vegetation Management Program.

Obtained a 12-year Routine Maintenance Agreement from the California Department of Fish and Wildlife for restoration and erosion prevention projects along the Carmel River.

Removed trash and plastic below major bridges along the Carmel River before winter rains and high flows washed the debris onto the riverbanks or into the ocean.

Participated in a workshop and follow-up Carmel River field inspection with local, State, and Federal scientists interested in setting up a plan for long-term monitoring of the effects to the Carmel River from removal of the San Clemente Dam.

Began a survey of the lower 15 miles of the Carmel River to document changes in the profile of the channel bottom since 2007.

- **Los Padres Dam Improvements** – Completed the “Los Padres Dam and Reservoir Long-Term Strategic and Short-Term Tactical Plan.” Entered into a Settlement Agreement with Cal-Am as part of the 2015-17 General Rate Case to plan for the long-term future of the dam and associated reservoir. Areas of study will include: sediment management, improving upstream fish passage, mitigating for downstream habitat impacts, and an evaluation of alternatives ranging from complete dam removal to increasing storage at the reservoir.
- **Conservation** – Administered a successful “SAVE WATER—GO BLUE” outreach campaign. The campaign included radio, television and print ads; free public workshops; “Drive Thru Drought Days” conservation equipment distributions; rebate program outreach, etc.



Approved 2,377 rebate applications totaling \$1,259,250.70 for annual savings of 75.882 acre-feet of water

Hosted greywater and rainwater seminars and “Laundry to Landscape” programs, including hands-on demonstration installations at three publicly-accessible locations.

- **Financial Performance** - MPWMD received a clean financial audit report with no material weakness or deficiencies. The audit for fiscal year 2013-2014 was conducted by an independent auditing firm.
- **Community Outreach** - Continued outreach with presentations to fifth graders from the International School of Monterey and Pacific Grove, freshman biology classes from Carmel High School, seniors of Environmental Science



MPWMD staff rescued 5,115 wild steelhead in 2014.

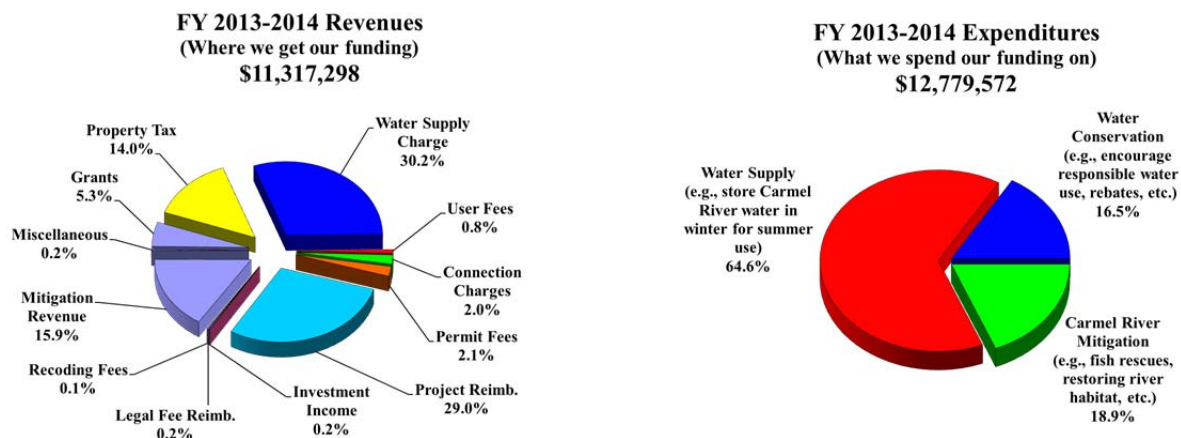
classes from Robert Louis Stevenson School, graduate school classes at CSUMB in Watershed Science and Policy, the California Naturalist program, and to residents at the Carmel Valley Manor.

Jointly developed an interpretive sign detailing history and river mitigation activities installed near the Schulte Road bridge. Participated in developing “Steelhead Crossing” signs installed at various bridges along the river. Executed two newsletters on District activities, over 30 presentations to community groups and City Councils, several guest opinions in local media, sponsored and developed a presence on Facebook.

Financial Analysis

Total revenues received in Fiscal Year 2013-2014 were \$11,317,298, while expenditures totaled \$12,779,572, generating a decrease in fund balance of \$1,462,274. As of June 30, 2014, the District’s total fund balance was \$5,310,783.

The budget for Fiscal Year 2014-2015 anticipates revenues of \$11,693,000 and expenditures of \$11,693,000, which is a balanced budget. The total amount budgeted for completion of ASR 1 is \$814,500; ASR 2 work is budgeted at \$265,700; Ground Water Replenishment work is budgeted at \$2,494,000; local water project is budgeted at \$150,000; and alternate desalination project is budgeted at \$225,000. The budget also includes \$300,000 in funding for preliminary work on various other water projects. ASR Projects 1 & 2 are wells and appurtenances for underground water storage and recovery.



Future Financing Methods

The District has historically paid for costs associated with water supply projects on a pay-as-you-go basis with the majority of the funding coming from user fees, which was the District’s largest and most fluid revenue source. The User Fee revenue from Cal-Am customers is currently not available to the District. With the establishment of the Water Supply Charge, the District now funds its water supply projects from this funding source. The District also uses a line of credit to provide additional funding for preliminary costs of current and future potential water supply projects. Possible sources of funds to pay for actual construction of future water supply projects include ongoing revenue increases, water supply charge, new revenue categories, grants, and bond financing. Actual funding sources would be dependent on the type of project, the amount of funding needed and other variables.

Groundwater Charge

Groundwater Zone: In June 1980, the District Board approved formation of a groundwater charge zone including all District territory, except portions of the District lying within the City of Sand City. The District-wide groundwater zone was formed to provide the legal basis for a comprehensive well-monitoring program consisting of well registration, well metering, and water production reporting.

Formation of the groundwater charge zone was not intended to generate revenues and it was acknowledged that no groundwater charge would be levied for the production of any naturally occurring groundwater. Accordingly, it is recommended that no groundwater charge be levied in any zone of the District during Water Year 2014.

Available Water Supplies: In Water Year 2014, 12,244 AF of water were legally available in the Carmel River and Seaside Groundwater Basins to serve Cal-Am customers within the District. Similarly, approximately 4,710 AF of water were assumed to be available to serve non-Cal-Am users extracting water from the Carmel Valley Aquifer and the Seaside Basin.

However, because of legal and regulatory constraints, MPWMD estimates that the long-term water supplies available to Cal-Am's customers in the future will be reduced to approximately 6,750 acre-feet per year (AFY) and the amount of water available from the Seaside Basin to non-Cal-Am users will be reduced by approximately 122 AFY. This assumes that Cal-Am will retain rights to produce 774 AFY from Seaside Groundwater sources (restored to 1,474 in 25 years), 94 AFY from the Sand City Desalination Facility, 2,000 AFY from Aquifer Storage and Recovery, and 3,376 AFY from Carmel River sources. In 2013, the State granted Cal-Am an additional 1,488 AFY of Carmel River diversions, subject to meeting instream flow requirements. MPWMD estimates a long-term yield of about 500 AFY from this diversion right.

In its application to the California Public Utilities Commission for the Monterey Peninsula Water Supply Project, Cal-Am has sought to incorporate replenishment of the Seaside Basin, as well as potential demand for build-out in Pebble Beach, the potential "bounce back" in tourism resulting from economic recovery and utilizing existing visitor-serving capacity, and legal lots of record. Therefore, there is a required demand of 15,296 acre-feet.

Requirements for Future Capital Improvements: Based on the stated future demands discussed above, the resulting desalination facility size is 6,252 AF with Pure Water Monterey Groundwater Replenishment (GWR), or 9,752 AF without GWR. The groundwater replenishment project expected to create 3,500 AFY of new supply is being cosponsored by the Monterey Regional Water Pollution Control Agency and the District, which funds 75% of that project from its Water Supply Charge. Product water will be stored in the ground for 6 months and recovered for sale to Cal-Am.

Aquifer Storage and Recovery is expected to be doubled in capacity by 2019, to almost 3,000 AFY and is being developed jointly by the District and Cal-Am. However, until permit conditions are modified subsequent to the future lifting of the Cease and Desist Order, not all ASR capacity is reliably available in dry years, hence cannot all be counted upon to offset unlawful diversions. The District continues to develop plans for additional ASR opportunities for future water supply.



Rainwater cistern installed at MPWMD office. The public is invited to offer locations for cistern installations that the public could attend as an educational opportunity.

