



At its September 24<sup>th</sup> meeting the Ordinance 152 Citizens Oversight Committee discussed the proposals and recommends the Water Supply Planning Committee recommend funding the Pebble Beach Company and the City of Seaside proposals. The recommendation is primarily due to the more immediate prospect of producing actual water supply from those two proposals versus the preliminary “study” aspect of the other two proposals.

The Water Supply Planning Committee at its October 8, 2015 recommended approval of the following two applications, defer further decision on Monterey subject to gathering more information, and to not fund the Pacific Grove request.

**RECOMMENDATION:** The Water Supply Planning Committee recommends that the Board consider a recommendation for a mid-year budget increase and grant approval as follows:

	Amount of Award
Pebble Beach Company	\$80,000
City of Seaside	\$106,900
<b>Total Requested</b>	<b>\$186,900</b>

Requiring an increase in the Local Water Project budget at mid-year equal to \$86,900.

**DISCUSSION:**

The rationale for the recommendation is as follows:

**Pebble Beach Company**

- May produce water directly offsetting Cal-Am main system use on a very near-term basis, benefitting the Cease and Desist Order situation and resulting in a District water entitlement that may be re-allocated to the jurisdictions.
- The Company is providing a dollar-to-dollar match.
- Amount is reduced to ½ the low end of the estimated cost provided.

**City of Monterey**

- A new statewide requirement for IRWM funding of any future water projects is that a Stormwater Reuse Plan must be adopted by the IRWM planning area. The City of Monterey application could result in useful information that could be incorporated into such a plan.
- The City is providing a dollar-to-dollar match.
- However, one aspect of the City’s plan does not meet District goals: “installation of small and inconspicuous sewage reclamation stations” is inconsistent with the goals of the Pure

Water Monterey project, and any funding should be conditioned on the removal of such features from the project evaluation.

- Further, the City states it “lacks funding to complete the CEQA process.” We believe that the water rights application will depend on a completed CEQA. Therefore we believe that Task D and Task E cannot be executed within the context of this proposal and recommend reducing their request by \$10,900 with these conditions.

The Water Supply Planning Committee requested more information as to how this application might satisfy both local matching moneys and data needs for a regional Stormwater Reuse Plan.

### **City of Seaside**

- This project would offset potable supply from the Seaside municipal water system, not the Cal-Am main system. However, to the extent mobile water users chose to utilize this source instead of hydrant meters within the Cal-Am system, there will be benefits with respect to the CDO and the Carmel River. Funding should be conditioned on developing a pricing structure that makes the water preferential over metered Cal-Am water.
- Seaside is not offering matching funds. Typically, the District has waived the matching criterion if an identified quantity of Cal-Am main system water would become available the District. This is not the case here. However, staff believes this funding request will benefit the partnership with the City of Seaside relative to the Santa Margarita ASR wells.
- The amount of contingency in their budget has been reduced in the proposed award by \$20,000. The City will be expected to accept the contingency risk in excess of \$10,000.

### **Pacific Grove**

- This project would capture and direct stormwater to the Regional Treatment Plant and the Pure Water Monterey project. However, the Pure Water Monterey project will not be able to accommodate the increase in flows during the wet winter months as presently designed.
- The District awarded \$100,000 to the City of Pacific Grove under last year’s Local Water Project program for stormwater purposes. To date they have not made any expenditures related to that grant.

### **Evaluation Criteria**

Project eligibility, requirements that staff and Water Supply Planning Committee considered are as follows:

Project Purpose: Direct water supply benefit includes the development of a new water supply that may be used to offset the existing unlawful diversions of the California American Water

Company from the Carmel River, as affected by the 2009 Cease and Desist Order imposed by the State Water Resources Control Board (“SWRCB”), or may result in a new additional supply of water that may serve future needs of the Monterey Peninsula.

Ancillary benefits may include, but are not limited to, the following:

- Water supply reliability, conservation, and efficiency of use;
- Water quality improvement – river, ocean, groundwater;
- Recycling or reuse of wastewater consistent with SWRCB Recycled Water Policy;
- Reduction of non-point source pollution, or point source discharge consistent with SWRCB Ocean Plan;
- Reduction of carbon-based emissions consistent with California AB32 goals;
- Storm Water capture and reuse consistent with California ASBS policy goals;
- Groundwater recharge;
- Flood management and protection of property; and
- Environmental mitigation, fisheries protection, or habitat restoration;

District Goals: Does the proposed project provide water to meet additional District goals? District goals include the following four goals:

- Can the Project provide water supply to the District for drought/rationing reserve (i.e. water that is not supplied to a beneficial use immediately upon project completion) and if so, how much?
- Can the Project provide water supply to the District for potential future reallocation to the jurisdictions (i.e. water that is not supplied to a beneficial use immediately upon project completion) and if so, how much?
- Can the project be run in a manner that would provide surplus production that could be “banked” into the Seaside Groundwater Basin utilizing the District’s Aquifer Storage and Recovery project?
- Are there multiple benefits to the region or the State as described above?

Evaluation: Projects are evaluated by staff and recommendations made to the Committee based upon the following “Merit Factors.”

- Application contains basic information requested
- Project produces new water supply
- Amount of new supply
- Ancillary benefits demonstrated and determined to be of value to community
- District goals identified above, are met by project.
- Feasibility of Project has been demonstrated.
- Project Schedule is well defined and feasible.
- Project Financing is well defined and contingencies examined and identified.
- Annual Cost of Water is well defined and determined by the District to be consistent with alternate water supply projects, with consideration for ancillary benefits.

- Project status with respect to permits, consultants, and land appear to be consistent with successful project completion.

## **EXHIBITS**

- 5-A** Pebble Beach Company Local Water Project Grant Application
- 5-B** City of Monterey Local Water Project Grant Application
- 5-C** City of Seaside Local Water Project Grant Application
- 5-D** City of Pacific Grove Local Water Project Grant Application

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