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Water Supply Planning Committee Members:

*Gary Hoffmann, Chair
Jeanne Byrne
George Riley*

Alternate:

Alvin Edwards

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, July 9, 2019, 10:00 am
MPWMD Conference Room, 5 Harris Court, Bldg. G, Monterey, CA

Director Gary Hoffmann will participate by telephone from Embassy Suites Napa Valley, 1075 California Blvd., Napa, CA 94559

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 March 28, 2019 Committee Meeting Minutes

Discussion Items – *Public comment will be received.*

2. Update on Status of Ryan Ranch Unit of California American Water and Use of Emergency Intertie between the Bishop and Ryan Ranch Units
3. Discussion of Pure Water Monterey Advanced Water Purification Electrical Facilities
4. Update on Pure Water Monterey Project; Discuss Pure Water Monterey Expansion's Role in Water Supply Portfolio
5. Update on Los Padres Dam Alternatives Analysis
6. Update on ASR Construction

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, July 5, 2019. 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.

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WATER SUPPLY PLANNING COMMITTEE

ITEM: ACTION ITEM

1. CONSIDER ADOPTION OF MARCH 28, 2019 COMMITTEE MEETING MINUTES

Meeting Date: July 9, 2019

**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 March 28, 2019 committee meeting.

RECOMMENDATION: The Committee should adopt the minutes by motion.

EXHIBIT

1-A Draft Minutes of the March 28, 2019 Committee Meeting



EXHIBIT 1-A

DRAFT MINUTES

**Water Supply Planning Committee of the
Monterey Peninsula Water Management District
March 28, 2019**

Call to Order: The meeting was called to order at 3:00 pm.

Committee members present: Gary Hoffmann, P.E. - Committee Chair
Jeanne Byrne
George Riley

Committee members absent: None

Staff members present: David J. Stoldt, General Manager
Larry Hampson, Water Resources & Engineering
Manager/District Engineer
Arlene Tavani, Executive Assistant
Stephanie Locke, Water Demand Manager
Beverly Chaney, Associate Fisheries Biologist
Maureen Hamilton, Water Resources Engineer

District Counsel present David Laredo

Comments from the Public: No comments.

Action Items

- 1. Consider Adoption of October 16, 2018 Committee Meeting Minutes**
Director Byrne moved approval and stated that she had no objections to the minutes. Director Riley seconded the motion and they were adopted on a vote of 3 – 0 by Byrne, Riley and Hoffmann. No comments were directed to the committee during the public comment period on this item.
- 2. Adopt 2019 Committee Meeting Schedule**
On a motion by Director Riley and second of Director Byrne, the proposed meeting schedule was approved with a change to the meeting start times from 10:30 am to 10:00 am. The motion was approved on a vote of 3 – 0 by Riley, Byrne and Hoffmann.

Discussion Items

- 3. Discuss Status of Ryan Ranch Unit of California American Water and Use of Emergency Intertie between the Bishop and Ryan Ranch Units**
Stephanie Locke briefly summarized information provided in the staff report. She

explained that the District has given California American Water (Cal-Am) thirty days to rehabilitate its Ryan Ranch wells in order to meet adequate production levels to serve the Ryan Ranch system. If Cal-Am cannot meet that requirement, the District will recommend that the Bishop and Ryan Ranch systems be combined. District Counsel Laredo stated that if Cal-Am does not solve this situation, the issue will be brought to the Board of Directors to determine what action should be taken.

Alissa Kispersky, Project Engineer for Cal-Am, addressed the committee. She distributed a schedule for completion of the Ryan Ranch Well #7 rehabilitation project. Ms. Kispersky explained that rehabilitation of Well No. 7 should be completed within two weeks. In addition, the water treatment plant should be fully functional within two weeks. She expected that Well No. 7 could produce 100 gallons per minute; however, 71 gallons per minute would be sufficient to meet the maximum daily system demand. Well No. 11 would be rehabilitated if Well No. 7 does not have adequate capacity to meet system demand.

4. Discuss Hastings Reservation Ford Removal from Finch Creek

Beverly Chaney summarized information provided in the staff note. She explained that nine of the twelve fish passage barriers identified by District staff were scheduled for removal. Staff proposed that the District should consider participation in funding the removal of the ford at U.C. Berkeley's Hastings Natural History Reservation on Finch Creek, although it is outside the District's boundaries.

A representative from the Hastings Natural History Reservation, Jennifer S. Hunter, Resident Director, addressed the committee. She stated that U.C. Berkeley does not have sufficient funds to complete ford removal and suggested that a cooperative funding arrangement might be developed between the California State Coastal Conservancy, the MPWMD and the university. Surveying and other design work might be undertaken by Berkeley students.

There was consensus among the committee members that staff should bring a proposal to the committee for review with a budget and confirmation of project partners.

5. Update on Los Padres Dam Alternatives Study

Larry Hampson reviewed the current status of the Los Padres Dam Alternatives Study and reviewed the list of additional studies the National Marine Fisheries Service (NMFS) has proposed for completion at an estimated cost of approximately \$2 million. The NMFS would also like Cal-Am to complete other work regarding fish passage for a total of approximately \$5 million. Cal-Am could include funding for completion of these studies and fish passage work in its general rate case for 2021-2023. It is not yet clear if the District or Cal-Am would be responsible for completion of this work, if Cal-Am includes those costs in the rate case. Mr. Hampson noted that the State of California has not listed steelhead as endangered; however, the Federal government has and is therefore responsible for protection of the species.

6. Update on ASR Construction

Maureen Hamilton reported that expansion of the backflush basin at the Santa

Margarita ASR site is complete. Design of the new water treatment facility is underway, and CEQA review for that project should be considered by the Board of Directors in July 2019.

7. Update on Pure Water Monterey Project

No report.

8. Update on Pure Water Monterey Water Purchase Agreement Requirements

Mr. Stoldt reminded the committee that the first 1,000 acre-feet of water produced by the project must be purchased by the District as an Operating Reserve at a cost of \$2 million.

9. Water Supply Charge and User Fee – Citizen Oversight Panel Discussion

Mr. Stoldt reported that the Ordinance 152 Oversight Panel has recommended the following: (a) the Water Supply Charge should not fund Measure J/Rule 19.8 activities; (b) sunset the water supply charge and/or the user fee; and (c) prioritize payment of the Rabobank loan.

Adjournment: The meeting was adjourned at 4:40 pm.

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WATER SUPPLY PLANNING COMMITTEE

DISCUSSION ITEM

2. UPDATE ON STATUS OF RYAN RANCH UNIT OF CALIFORNIA AMERICAN WATER AND USE OF EMERGENCY INTERTIE BETWEEN THE BISHOP AND RYAN RANCH UNITS

Meeting Date: July 9, 2019 **Budgeted:** N/A

From: David J. Stoldt
General Manager **Program/
Line Item No.:** N/A

Prepared By: David J. Stoldt **Cost Estimate:** N/A

General Counsel Approval: N/A

Committee Recommendation: N/A

CEQA Compliance: Action does not constitute a project as defined by the California Environmental Quality Act Guidelines section 15378.

SUMMARY: California American Water (“Cal-Am”) has been relying on the emergency intertie to the Bishop Unit (also a Cal-Am system) to supply water to Ryan Ranch since February 2018. MPWMD has encouraged Cal-Am to amend its Water Distribution System (“WDS”) permits to add Bishop as a Source of Supply for Ryan Ranch. However, before Cal-Am amends its permits, it sought to undertake a rehabilitation of its Ryan Ranch Well to try to bring production back to capacity. In April, Cal-Am indicated the well was able to run at 90 gpm (gallons per minute) and that on a regular basis they would seek to run it in the 60-70 gpm range, which equates to 45-55 AF/year. This causes the District concern because (a) this is below the System Capacity limit of 72 AF/year set by the District in its moratorium order in 2009, which was based on a firm capacity of 101 gpm; (b) actual Ryan Ranch production for customer service has averaged 57 AF/year the past five years, so additional well capacity is limited; and (c) State Title 22 standards for public water systems with fewer than 1,000 service connections require an additional source of supply or an emergency connection that can meet maximum day demand.

As of now, our view is this:

- The intertie was opened on an “emergency” basis for an extended period, without proper notification;
- A long-term solution should have been proposed during that time;
- We commend the company for finally addressing the problem with the rehab of the Ryan Ranch well;
- The newly revised capacity of the Ryan Ranch well is below the WDS System Capacity Limit the District established in conjunction with its Ryan Ranch moratorium in 2009. This

worries the District that there could be inadequate supply if all vacancies are filled and/or business increases at existing service connections, or if the well productivity declines;

- There is no redundancy, so the only source of back-up supply is either the Bishop interconnection or the Main System interconnection. These will likely need to be used multiple times and for multiple durations going forward, hence the Bishop and the Ryan Ranch systems should be combined unless the company has an alternative viable source. If the company does not want to amend their WDS for either system, the District would do it unilaterally unless there is an alternate solution; and
- Combining the Bishop and Ryan Ranch systems would result in the District's Ryan Ranch moratorium being lifted, which is counter to the company's stated desire for a moratorium in all three satellites Bishop, Ryan Ranch, and Hidden Hills.

Thus, if the company does not want the District to proceed with amending the company's Ryan Ranch and Bishop WDS's, Cal-Am must provide a clearly articulated plan to serve the Ryan Ranch satellite – design, permitting, construction, operation with a detailed schedule – as well as a description of how CEQA will be satisfied and how the requirements of the CDO will be satisfied in the process.

It is expected that Cal-Am will have a plan that will be made available to the District before the Water Supply Planning Committee meeting and presented to the Committee at its July 9th meeting.

RECOMMENDATION: Receive the Cal-Am information, discuss, and provide general direction to staff on next steps.

BACKGROUND: In November 1989, the District approved the annexation of the Ryan Ranch WDS into the Cal-Am Service Area, to be operated as a separate unit of the Cal-Am system. The Production Limit was set at 175 Acre-Feet Annually (“AFA”) based on production from five operating Wells. The permit also allowed an emergency intertie between the California American Water Main System and the Ryan Ranch Unit.

By Fall 2008, there had been repeated use of the emergency intertie and only two Wells were in service with a combined capacity of 101 gallons per minute (“gpm”), equivalent to 72 AFA. In September 2008, the District's General Manager formally advised Cal-Am that the Ryan Ranch water supplies were insufficient, which triggered a series of MPWMD public hearings. These efforts culminated in June 15, 2009, Board action that adopted *Findings, Conclusions and Decision of the Board, Hearing on Insufficient Physical Supplies in Accord with District Rule 40-B* and reduced the production limit to 72 AFA. Because the 2007 production was 82 AFA, a moratorium on new Connections was imposed. The MPWMD Board directed that no Water Permit applications for Intensifications in Use be received until CAW “develops additional Well capacity to sustain a higher System Capacity and has its System Capacity modified” in a future public hearing. A June 12, 2009, pre-application for the proposed merger of the Ryan Ranch and Bishop Units was later withdrawn after the District provided guidance on required information and action.

CAW has funded hydrogeologic studies and test Well explorations in Ryan Ranch, but no new

supplies have been developed to date. The moratorium persists with the exception that certain facilities have been built using water right transfers from private parties in the Seaside Basin, as approved by the Seaside Basin Watermaster and MPWMD (e.g., Montage's recently built Ryan Ranch building). For reference, total Ryan Ranch water production (Ryan Ranch Wells plus emergency intertie) for the five-year period WY 2014-2018 averaged 57.034 AF.

In June 2015, the District approved WDS Permit #M15-03-L3 for an emergency intertie pipeline from the Bishop Unit to serve the Ryan Ranch Unit due to a decade of use of the emergency intertie from the Main Cal-Am System. Water from the Bishop Unit for emergency supply to Ryan Ranch was viewed as preferable to the Main Cal-Am System given the SWRCB Cease and Desist Order ("CDO"). The Permit #M15-03-L3 Conditions of Approval prohibited use of the main CAW system for emergency use unless written permission was obtained from MPWMD.

Since 2015, the Ryan Ranch Unit has not been able to sustainably supply its service area, and the emergency supply from Bishop was used each year. Since March 2018 through earlier this year, the Bishop Wells have been the sole source of supply for the Ryan Ranch area, reflecting a failure of the Ryan Ranch Unit WDS. Condition #13 of Permit #M15-03-L3, requires Board review if the intertie is used more than 60 days, however the General Manager directed that Board review be postponed to allow the refurbished Well(s) to be tested for capacity. That testing is now complete.

EXHIBIT

2-A Background on Ryan Ranch and Bishop Systems

EXHIBIT 2-A

Background on Ryan Ranch and Bishop Systems

RYAN RANCH

1989

- California American Water (CAW) Ryan Ranch (RR) 1989 Connection Limit: 190 Production Limit: 175 AF
- Approval of CAW annexation included previous conditions, including five production Wells and the system operator agree to maintain a leak detection and correction system to ensure that unaccounted-for-water use in the system is limited to five percent of annual production, and implement a comprehensive water production, deliver, and hydrologic monitoring program.
- 30 lots
- Five wells: 20-100 gpm; 300 gpm treatment plant for iron and manganese treatment;
- Previous approval of 100.5 AFA or 62 gpm with peak of 86 gpm; designed to deliver 250 gpm with a filter capacity of 300 gpm and storage of 0.5 mg
- CAW asked to have the connection raised to 200 connections

2009

- Ryan Ranch 2009 Connection Limit: 190 Production Limit: 72 AF
- Added arsenic plant
- Added aeration and storage to get rid of problem.

2019

- Well 7 was only producer for over 4 years
- Well 11 hasn't produced since it did 1 AF in WY14
- Intermittent pumping noted.
- Treatment plant function has not been ascertained.
- Emergency
 - a. Report within 6 days.
 - b. Report on a monthly basis of production on a daily time-step for each well.
- Trends in groundwater levels for Bishop
 - a. Groundwater levels are dropping at 1-1 ½
- County's Drinking Water Protection Services (DWPS) regulates domestic water systems that serve 2-199 connections or systems that serve at least 25 people at least 60 days a year. – Roger Van Horn (Drinking water program)

BISHOP

- WY 18 = 387 Connections
- Produced 166.22 AF, transferred 39.22 to RR
- Consumption at Bishop has dropped significantly from 157 AF in WY14 to 108 AF in WY18. Why?
- Must know combined capacity of rehabilitated well(s).
- Emergency
 - a. Report within 6 days.
 - b. Report on a monthly basis of production on a daily time-step for each well.
- Trends in groundwater levels for Bishop
 - a. Groundwater levels are dropping at 1-1 ½

WATER SUPPLY PLANNING COMMITTEE

DISCUSSION ITEM

3. DISCUSSION OF PURE WATER MONTEREY ADVANCED WATER PURIFICATION ELECTRICAL FACILITIES

Meeting Date:	July 9, 2019	Budgeted:	N/A
From:	David J. Stoldt General Manager	Program/ Line Item No.:	N/A
Prepared By:	David J. Stoldt	Cost Estimate:	N/A

General Counsel Approval: N/A
Committee Recommendation: N/A
CEQA Compliance: Action does not constitute a project as defined by the California Environmental Quality Act Guidelines section 15378.

SUMMARY: In October 2016 the Monterey One Water (M1W) Board approved an Energy Supply Option Analysis for the Advanced Water Purification Facilities (AWPF.) Based on the results of that analysis, the AWPF will be served by both PG&E and the biogas electrical generation plant at the Monterey Regional Waste Management District (MRWMD).

In August 2018, MRWMD informed M1W that they were not ready to expand the co-generation system and the proposed PG&E Meter and Switchgear would not be able to be constructed as part of MRWMD’s current PG&E application. The designers worked with MRWMD and M1W staff to come up with an alternative approach to provide power from MRWMD to the AWPF without the need to change the existing PG&E Meter and Switchgear.

The power supply for the AWPF Project is envisioned to come from two sources:

1. **PG&E Power.** Medium voltage (21kV) power from a new PG&E primary service connection to the AWPF (AWPF MV Switchgear). This would be the initial power for the AWPF to meet the program schedule for producing purified water.
2. **MPRWD-to-AWPF Power.** Medium voltage (21kV) power from the adjacent MPRWD co-generation facilities. A new MPRWD MV Switchgear would deliver cogeneration power to both PG&E and to the AWPF. The MPRWD-to-AWPF power would be delivered over MPRWD-owned power lines.

Option 2, which is the preferred long-term permanent solution, is not expected to be available for 9-12 months and will cost \$300,000 - \$400,000. It is likely to undergo bidding and construction after facility operations begin, the Anderson Pacific AWPF construction contract is closed out, and the State Revolving Fund (SRF) loan is finalized and closed. While an attempt will be made to include Option 2 in the SRF loan, early feedback from State staff is that is unlikely to be approved.

Hence, the cost of the MV Switchgear is likely to be an unreimbursed construction period cost. Amendment 3 of the MPWMD-M1W Cost Sharing Agreement says:

1.(d) Unreimbursed Construction Period Costs Defined

From March 1, 2017 through December 31, 2020, there may occur project related costs that are not allowed to be capitalized to the project and paid or reimbursed by State Revolving Fund Loans. Examples of those costs include, among others:

1. Public Outreach
2. Geochemical Water Quality Modeling
3. Groundwater Basin Modeling
4. Facility Expansion Design and Engineering
5. Regulatory Proceedings
6. Expansion Environmental Scoping and Review
7. Expansion Permitting

1.(e) Financing of GWR Unreimbursed Construction Period Costs

MPWMD shall pay seventy-five percent (75%) of such costs, and M1W shall pay twenty-five percent (25%) of such costs.

It is unclear if M1W will be in a position to pay its 25%, due to incomplete reimbursement to date of the wastewater revenues expended for the project and Proposition 218 limitations on additional expenditures for water supply purposes.

RECOMMENDATION: The Committee should discuss funding options available for the MV Switchgear.

BACKGROUND: The MPRWD cogeneration facility, located adjacent to the AWPf site, produces power that is presently sold to PG&E. Monterey One Water (M1W) negotiated with the MPRWD to provide some of the cogeneration power directly to M1W for the AWPf project.

Because the MPRWD MV Switchgear would be changed to permit providing power to both PG&E and the AWPf, it was the team's (MPRWD, M1W and Kennedy Jenks) understanding that PG&E consultation and approval would be needed for constructing and implementing the MPRWD-to-AWPf power supply. The MPRWD had already submitted an application in 2015 to the PG&E Generation-Distribution Planning/Interconnection Group for changes to the MPRWD's service connection.

From discussions with PG&E Service Planning Group, it was the team's understanding that a new MPRWD MV Switchgear to provide power to both PG&E and the AWPf would need review by the Distribution Planning/Interconnection Group and could be a part of the MPRWD's 2015 service application change.

M1W submitted a separate application to PG&E Service Planning Group in November 2016, for a new primary service to the AWPf Project. The team's approach was to focus on getting the

relatively straight-forward new primary service to the AWPf, in parallel with working with PG&E for the consultation and approvals that would be needed for constructing and implementing the MPRWD-to-AWPf power supply system.

A summary of the timelines for the PG&E Power and the MPRWD-to-AWPf Power for the AWPf Project are provided below:

AWPF Power and MPRWD-to-AWPf Power Timeline

- MPRWD submitted service change application to PG&E Generation/Interconnection Group – 2015.
- M1W submitted application for AWPf MV service to PG&E Service Planning Group – Nov. 2016 along with 60% design drawings.
- Discussed MPRWD-to-AWPf power concepts with PG&E Service Planning Group – March 2017.
- Completed AWPf MV Switchgear design. Bid with overall AWPf project – May 2017. Submitted final AWPf MV service design drawings to PG&E.
- Completed 90% MPRWD-to-AWPf Design – submitted to MPRWD for Review – Sept. 2017
- Completed 100% MPRWD-to-AWPf Design – submitted to MPRWD for Review – Jan. 2018
- Discussed MPRWD-to-AWPf power concepts with PG&E Service Planning Group – Feb 2018. Was told to contact the Generation/Interconnection Group for this coordination.
- Received preliminary PG&E Service drawings for the AWPf MV Switchgear in March 2018. Met with PG&E at AWPf site.
- MPRWD communicated with PG&E Generation/Interconnection Group about the MPRWD-to-AWPf power concepts – August 2018. Was told to contact the PG&E Service Planning Group for this coordination.
- MPRWD requested a meeting with both PG&E Generation/Interconnection Group and Service Planning Groups to correct mis-understandings and conflicting information from PG&E regarding consultation and approval for the MPRWD-to-AWPf power supply – August 2018.
- AWPf Power: PG&E Conduit installed to AWPf MV Switchgear location. Installed switchgear in Sep 2018.

- Requested PG&E install meter and power conductors in October 2018.
- PG&E Power available late 2018.
- Authorized re-design of new MPRWD MV switchgear based on MPRWD and PG&E comments to the MPRWD-to-AWPF Design.

EXHIBIT

None