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

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

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
******
Thursday, March 28, 2019, 3:00 pm
MPWMD Conference Room, 5 Harris Court, Bldg. G, Monterey, CA

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 October 16, 2018 Committee Meeting Minutes

2. Adopt 2019 Committee Meeting Schedule

Discussion Items – *Public comment will be received.*

3. Discuss Status of Ryan Ranch Unit of California American Water and Use of Emergency Intertie between the Bishop and Ryan Ranch Units
   The committee will discuss Cal-Am's use of the emergency intertie with Bishop and the Company's plan to refurbish its Ryan Ranch wells.

4. Discuss Hastings Reservation Ford Removal from Finch Creek

5. Update on Los Padres Dam Alternatives Analysis

6. Update on ASR Construction

7. Update on Pure Water Monterey Project

8. Update on Pure Water Monterey Water Purchase Agreement Requirements

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

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, March 22, 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 OCTOBER 16, 2018 COMMITTEE MEETING MINUTES

Meeting Date: March 28, 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 October 16, 2018 committee meeting.

RECOMMENDATION: The Committee should adopt the minutes by motion.

EXHIBIT
1-A Draft Minutes of the October 16, 2018 Committee Meeting

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EXHIBIT 1-A

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

DRAFT MINUTES

Water Supply Planning Committee of the
Monterey Peninsula Water Management District
October 16, 2018

Call to Order: The meeting was called to order at 10 am.

Committee members present: Robert S. Brower, Sr. - Committee Chair
Jeanne Byrne
Ralph Rubio

Committee members absent: None

Staff members present: David J. Stoldt, General Manager
Larry Hampson, Water Resources & Engineering Manager/District Engineer
Arlene Tavani, Executive Assistant

District Counsel present None

Comments from the Public: No comments.

Action Items

1. Consider Adoption of August 21, 2018 Committee Meeting Minutes
On a motion of Byrne and second by Rubio, the minutes were approved unanimously on a vote of 3 – 0 by Bryne, Rubio and Brower.

Discussion Items

2. Status of CEQA Challenges to Monterey Peninsula Water Supply Project FEIR/FEIS
General Manager Stoldt stated that he was aware of only two filings, one by the Marina Coast Water District and another by the City of Marina.

3. Status of Pure Water Monterey
General Manager Stoldt distributed a document titled "Status of Pure Water Monterey Project" and reviewed the expenditures listed on page 4. He expressed concern that pending change orders in the amount of $700,000 are expected for the Source Water Facilities category. The project should start up in August or September 2019. If project costs are higher than the soft-cap of $1,720 per acre-foot set by the California Public Utilities Commission, application may be made to the Commission for approval to collect the full cost. The date for water delivery to California American Water is January 1, 2020. If that deadline cannot be met, the water purchase

agreement will need to be modified. Stoldt noted that funds to cover the increased cost from change orders should be covered by reimbursements for pre-construction costs.

4. **Update on Los Padres Dam Alternatives Study**
District Engineer, Larry Hampson, reported that the National Marine Fisheries Service (NMFS) has expressed concern about use of the instream flow model (IFIM) to analyze alternatives. The NMFS has also identified additional analyses that should be included in the study. District staff has decided that the IFIM will be used because it is accepted across North America and is widely used in evaluating habitat for salmonids in California and the Northwest. The IFIM analysis will be provided to the Alternative Study reviewers as a separate report for their reference.

Set Next Meeting Date: No meeting date was set.

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

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WATER SUPPLY PLANNING COMMITTEE

ITEM: ACTION ITEM

2. ADOPT 2019 COMMITTEE MEETING SCHEDULE

Meeting Date: March 28, 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: Shown below is a proposed committee meeting schedule for the remainder of 2019. The committee could suggest alternate meeting dates. If there are no items for discussion on one of the scheduled dates, the meeting can be cancelled.

RECOMMENDATION: The Committee should review the schedule and request changes, or adopt as presented.

Day of Week	Date	Time
Thursday	May 2	10:30 am
Tuesday	June 4	10:30 am
Tuesday	July 9	10:30 am
Tuesday	August 6	10:30 am
Tuesday	September 10	10:30 am
Tuesday	October 8	10:30 am
Tuesday	November 5	10:30 am
Tuesday	December 3	10:30 am

ITEM: DISCUSSION ITEM

3. DISCUSS STATUS OF RYAN RANCH UNIT OF CALIFORNIA AMERICAN WATER AND USE OF EMERGENCY INTERTIE BETWEEN THE BISHOP AND RYAN RANCH UNITS

Meeting Date:	**March 28, 2019**	**Budgeted:**	**N/A**
From:	**Dave Stoldt, General Manager**	**Program/ Line Item No.:**	**N/A**
Prepared By:	**Stephanie Locke**	**Cost Estimate:**	**N/A**

General Counsel Approval: N/A
Committee Recommendation: N/A
CEQA Compliance: N/A

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 is undertaking a rehabilitation of its Ryan Ranch Wells to try to bring production back to capacity. Cal-Am will present an update on these efforts to the Committee.

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, 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 has directed that Board review be postponed for 60 days to allow the refurbished Well(s) to be tested for capacity.

RECOMMENDATION: The Committee should receive a report on the Ryan Ranch Wells from Cal-Am. No further action is recommended at this time.

RYAN RANCH

1989

- CAW RR 1989 Connection Limit: 190 Production Limit: 175
- 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 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.
    a. Was that because well could not produce?
    b. What is the status of the treatment facility?
    c. Are the production numbers from the well head or from the treatment plant?
- **Must know combined capacity of rehabilitated well(s).**
    a. If 11 has been off line since WY 13, will need current pumping capacity.
    b. Is Well 11 going to be refurbished and restarted?
    c. Why was it shut off in WY 2014 and not used again?
    d. Can the well produce enough to run the treatment?
- Need to know which Well and daily production volumes and instantaneous pumping rate of the Well, by well
    a. How a well is performing, draw down, etc.
- TREATMENT PLANT:
- <u>Unsaid reason is that the treatment plant</u> does not function properly.
    a. Lose water to treatment – May be large amount.
    b. Are "Production numbers are out of treatment plant, not out of well heads, right?"
    c. Produced water
    d. Raw water
    e. Pre and post treatment plant efficiencies
    f. Will the rehabbed well(s) produce enough to run the treatment plant? Will the rehab help former problems?
- 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. On chart (Jon's), you can see intertie opening, and aggregate of RR is almost the same with Bishop, as Bishop was on its own several years ago.
    b. Conservation has mitigated damage. Extra savings in pumping from Conservation.
    c. Groundwater levels are dropping at 1-1 ½

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? Construction activity? Golf course well redrill?
- Must know combined capacity of rehabilitated well(s).
    a. If 11 has been off line since WY 13, need current pumping capacity.
    b. Is Well 11 going to be refurbished and restarted?
    c. Why was it shut off in WY 2014 and not used again?
- SUSTAINED YIELD OF WELL - "Sustained Yield of Well" means the continuous production capacity of a Well as determined from a Pumping Test.
- To assess production limit: Which Well and daily production volumes and instantaneous pumping rate of the Well, by well,
- How a well is performing, draw down, etc.
- Unsaid reason is that the treatment plant does not function properly. (break downs)
    a. Lose water to treatment
    b. Pre and post treatment plant efficiencies
    c. Produced water
    d. Raw water
    e. "Production numbers are out of treatment plant, not out of well heads, right?"
- 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. On chart (Jon's), you can see intertie opening, and aggregate of RR is almost the same with Bishop, as Bishop was on its own several years ago.
    b. Conservation has mitigated damage. Extra savings in pumping from Conservation.
    c. Groundwater levels are dropping at 1-1 ½
- 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)
    a. Which person regulates the Ryan Ranch System
    b. Quality problem?
    c. Secondary Title 22 requirements problem?

WATER SUPPLY PLANNING COMMITTEE

DISCUSSION ITEM

4. DISCUSS HASTINGS RESERVATION FORD REMOVAL FROM FINCH CREEK

Meeting Date:	**March 28, 2019**	**Budgeted:**	**2019/20?**
From:	**Beverly Chaney** **Associate Fisheries Biologist**	**Program/** **Line Item No.:**	**N/A**
Prepared By:	**Beverly Chaney**	**Cost Estimate:**	**N/A**

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

SUMMARY: Finch Creek, in upper Carmel Valley, is the primary tributary to Cachagua Creek, and is potentially one of the most productive, highest habitat value creeks downstream of Los Padres Dam. In normal and above water years, much of Finch Creek remains wetted, allowing steelhead to survive the summer and contribute to the overall success of the Carmel River watershed's steelhead population.

In 2014, as part of the large regional IRWM grant, District staff surveyed four Carmel River tributaries for potential steelhead passage barriers, ranking the 12 worst sites based on the severity of the barrier, the length of additional stream that would become accessible if the barrier were removed, and the general "value" of the creek for steelhead spawning and rearing.

The wet stream crossing (ford) at UC Berkeley's Hastings Natural History Reservation on Finch Creek was identified as a "yellow/red" barrier with "inadequate passage", a likely steelhead barrier to some life stages at some flows, and was ranked #6 in the District's barrier assessment report (see **Exhibit 4-A**, attached). Removal of this barrier would allow unrestricted passage to an additional 3.5 miles of quality stream habitat in more years. Work to remove other barriers further downstream is currently being undertaken by Trout Unlimited and their partners.

The Resident Director of Hastings Reserve, Dr. Jennifer Hunter, has expressed an interest in forming a partnership to fund the removal of the ford and replace it with a small bridge. Likely funding sources are UC Berkeley, the California Coastal Conservancy, and possibly other groups. Financial support by the District would not only help with the overall cost of the project (estimated at $300,000 - $650,000) but would help secure the support of the other partners. Positive public relations and supporting the District's mission of benefiting the environment are additional benefits of the project.

EXHIBIT
4-A Hastings Reserve Ford: map, photo, and rankings table

EXHIBIT 4-A

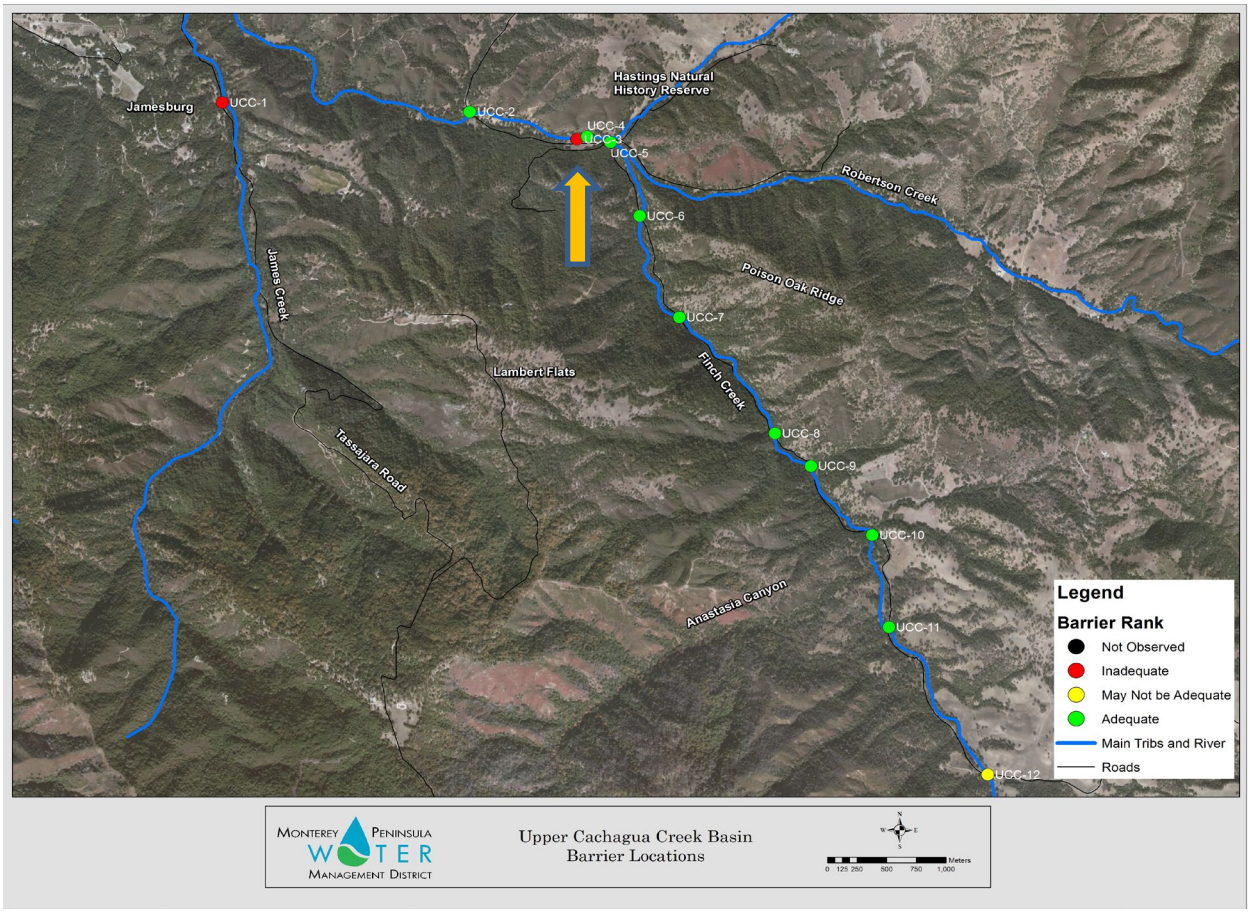
Jamesburg
UCC-1
UCC-2
Hastings Natural History Reserve
UCC-4
UCC-3
UCC-5
Robertson Creek
UCC-6
James Creek
Poison Oak Ridge
UCC-7
Lambert Flats
Finch Creek
Tassajara Road
UCC-8
UCC-9
UCC-10
Anastasia Canyon
UCC-11
UCC-12
Legend
Barrier Rank
Not Observed
Inadequate
May Not be Adequate
Adequate
Main Tribs and River
Roads
Monterey Peninsula Water Management District
Upper Cachagua Creek Basin
Barrier Locations
Meters
0 125 250 500 750 1,000

EXHIBIT 4-A

Fish Passage Barrier Removal/Improvement Rankings - Four Carmel River Tributaries

Ranking #*	Location	Site	# Miles Additional Stream Access	Recommendation	Notes
1	San Clemente Cr.	Trout Lake Dam, Ladder, and Spillway	6.8	At minimum, ladder and spillway must be brought up to modern standards.	Largest manmade fish barrier on tribs. Blocks or delays access to two productive upper tributaries. Unclear how structure operates in the winter.
2	Cachagua Cr.	Ford near Boronda Cr.	8.3	Replace with small bridge	Depth and velocity barrier. Has caused a large scour hole d/s and sediment trap upstream
3	Cachagua Cr.	Ringer's Ford	8.1	Replace with small bridge	Depth and velocity barrier. Has caused a large scour hole d/s and sediment trap upstream
4	San Clemente Cr.	No Name Rd. Ford	3.0	Replace with small bridge	Ford is in very poor condition. Complete barrier at low flows.
5	San Clemente Cr.	Summer Dam near clubhouse	6.3	Remove	This structure is a total fish barrier at low flows and a sediment trap.
6	Cachagua Cr. (Finch)	Hastings Reserve Ford	3.8	Replace with small bridge	Depth and velocity barrier. Has caused a large scour hole d/s and sediment trap upstream
7	Potrero Cr.	CVAC parking lot Culvert	2.8	Replace with small bridge	Complete velocity and depth barrier. Very poor design.
8	Potrero Cr.	CVAC access road Culverts	2.7	Replace with small bridge	Double culverts in poor condition. Velocity barriers.
9	Potrero Cr.	Quail Lodge Golf Course	3.2	Reconfigure reach between confluence and VG Rd.	Too steep for fish passage and no has habitat value.
10	Cachagua Cr.	Jensen's Camp Ford and Culverts	10.4	Replace with small bridge or larger culverts	Likely velocity barriers in high flows.
11	Mainstem C.R.	Flavin's Crossing (Ford)	9	Remove	Low flow fish passage barrier and sediment trap.
12	San Clemente Cr.	Summer Dam on Dormody Rd.	3.2	Remove	This structure is a fish barrier and sediment trap.

* Rankings are based on a combination of the severity of the barrier, the length of additional stream that would become assessable if the barrier were removed, and the general "value" of the creek for steelhead spawning and rearing.

WATER SUPPLY PLANNING COMMITTEE

DISCUSSION ITEM

5. UPDATE ON LOS PADRES DAM ALTERNATIVES ANALYSIS

Meeting Date:	**March 28, 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:
CEQA Compliance: Action does not constitute a project as defined by the California Environmental Quality Act Guidelines section 15378.

SUMMARY: Staff will provide updated information at the meeting to discuss progress on the Los Padres Dam Alternatives Analysis. However, in the course of its participation in the Technical Review Committee the National Marine Fisheries Service (NMFS) has suggested and prioritized additional future studies, attached as **Exhibit 5-A**, which will be discussed.

EXHIBIT
5-A NMFS Priority Actions and Suggested Future Studies

EXHIBIT 5-A

Los Padres Dam Alternative Analysis
NMFS priority actions and suggested future studies (2021-2023 timeline)
March 4, 2019

GOAL 1: Expand & Refine Hydrologic Modeling

Study 1: Carmel River Basin Hydrologic Model

Fund additional calibration and validation of the Carmel River Basin Hydrologic Model to address NMFS and other agencies' comments.

Study 2: Comprehensive water quality monitoring and modeling

Examine and model seasonal and longitudinal temperature patterns in the mainstem corridor at hourly frequencies. Temperature monitoring may include existing monitoring sites (approximately 9 sites) located on the mainstem. Expand Los Padres Reservoir water quality monitoring to include more frequent tracking of water temperature and dissolved oxygen vertical/longitudinal profiles throughout the reservoir (this may be a separate study). Incorporate this information into basin modeling.

Study 3: Additional hydrologic simulations (e.g., historical simulations).

Conduct historic (pre-development) vs. proposed Hydrological Passage Opportunity Analysis to quantify the amount of time steelhead had (and will have) access to key habitats (upper watershed, estuary, passable conditions over critical riffle, etc).

GOAL 2: Address Data Gaps

Study 1: Fisheries Monitoring & Life Cycle Model Development

Continue existing steelhead monitoring program beyond current funding (through 2021). Continue monitoring to track the population across a larger set of hydrologic conditions. Use fisheries and hydrologic data to develop a population life cycle model. Use fisheries data with other modeling and habitat assessments (historic and current) to identify limiting factors for steelhead. Assess role and impact of predators - Striped Bass (downstream of LPD) and Brown Trout (upstream of LPD) as both are potential limiting factors for steelhead. It would also be beneficial to evaluate brown trout population dynamics.

Study 2: Historical Ecology & Hydrology Assessment

Assess and quantify historical (pre-development) geomorphologic, hydrologic, and ecological conditions of steelhead habitat throughout the watershed to establish a baseline condition which can be used to identify current limiting factors, restoration opportunities, and degree to which ecological functions can be recovered. At a minimum, conduct a reconnaissance-level historical assessment of

the hydrology and channel morphology in the Carmel River downstream of Cachagua Creek. SFEI should be contacted for an estimate of assessment costs.

Study 3: Upper Carmel River Habitat Assessment

Conduct a contemporary assessment of steelhead habitat conditions (e.g., pool-riffle ratios, substrate quality/quantity, LWD inventory, etc.) in the watershed upstream of Los Padres Dam. The objectives of this study would be to evaluate spawning and rearing habitat capacity. Assessment protocols should be developed with agency input. The output would inform the relative habitat carrying capacity and productivity compared with reaches downstream of the dam. This study may be conducted in partnership with MPWMD as part of their ongoing or planned monitoring.

GOAL 3: Flood Risk Analysis & Planning

Study 1: Conduct a Carmel River Flood Risk Assessment

Per the BESMO recommendations conduct a HEC-RAS assessment. Outcomes from this assessment could be used to identify areas where sediment management opportunities could provide multi-functional benefits for the riparian ecosystem (e.g., floodplain connectivity, riparian forest expansion, parks and recreation, strategic retreat opportunities).

Notes on Interim Passage Improvements at LP dam and reservoir

- Current budget allocated ~200k for ladder/plunge pool improvements.
- Downstream passage at floating weir improved due to fyke modifications
- Additional improvements at floating weir and spillway depends on monitoring (video/pit-tag) data collected this year and next. If improvements are needed they would entail: Pumps, power, modification of the spillway, and/or modification of flotation, etc.
- Improvements could range from 0.5 - 4 million
- Improvements would be a capital project which requires more detail than a study in a rate package. Aman proposed to scope out a design proposal for this rate package.

WATER SUPPLY PLANNING COMMITTEE

ITEM: DISCUSSION ITEM

6. UPDATE ON ASR CONSTRUCTION

Meeting Date: March 28, 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: Staff will lead the discussion. No documents were submitted for review in advance of the meeting.

WATER SUPPLY PLANNING COMMITTEE

ITEM: DISCUSSION ITEM

7. UPDATE ON PURE WATER MONTEREY PROJECT

Meeting Date: **March 28, 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: Staff will lead the discussion. No documents were submitted for review in advance of the meeting.

WATER SUPPLY PLANNING COMMITTEE

DISCUSSION ITEM

8. UPDATE ON PURE WATER MONTEREY WATER PURCHASE AGREEMENT REQUIREMENTS

Meeting Date:	**March 28, 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.

DISCUSSION: As construction on the Pure Water Monterey facilities nears completion, it is important to re-focus on the requirements of the District within the parameters of the Water Purchase Agreement. The District will own the water at the point it leaves the Advanced Water Purification Facility. At the Delivery Point (the injection wells) after injection Company Water be owned by Cal-Am, subject to invoicing, and Excess Water will remain under District ownership.

Operating Reserve: Before sales to Cal-Am the District is to establish an Operating Reserve of 1,000 AF. During the next 3 years, an additional 750 AF is to be added, for a total of 1,750 AF. The District will pay Monterey One Water (M1W) for the cost of that water, without the immediate promise of payment from Cal-Am. At an assumed cost of water of $1,900/AF this equates to $1.900 million in FY 2019-20 and an additional $1.425 million in the three years following start-up. That results in $3.325 million tied up in water stored in the ground.

Drought Reserve: Each year for up to 5 years, 200 AF is to be set aside to develop a Drought Reserve. This is water the District can call on for delivery to Cal-Am in the event M1W desires to reduce production at the facility and direct increased source waters to tertiary treatment for delivery to the growers during a drought. The District will pay Monterey One Water (M1W) for the cost of that water, without the immediate promise of payment from Cal-Am. At an assumed cost of water of $1,900/AF this becomes a $380,000 annual requirement for five years. That results in $1.9 million tied up in water stored in the ground.

Reserve Reporting: Every 3 months the District must report the balances and activity in the Reserves.

Budget and Pricing: By May 1 of every year M1W and the District shall agree upon the estimated fixed costs and O&M expenses for the following fiscal year and shall be adopted by both agency's boards. The Water Rate for the ensuing fiscal shall be set.

Payment: M1W will send a statement of charges due for the previous month. The District must pay M1W within 45 days. The District will bill Cal-Am monthly the Water Rate multiplied by the quantity of water delivered the previous month. Cal-Am has 45 days to pay. This is likely to result in a timing differential between the respective billings that the District will have to absorb.

Meters: M1W is responsible for installation of meters at all points of delivery. However, the District (and Cal-Am) must approve them in writing. All installation, maintenance, repairs, and replacement is done by M1W. M1W will provide annual calibration results done by an outside contractor to the District (and Cal-Am).

Other: A summary of risks is attached as **Exhibit 8-A**.

EXHIBIT
8-A Risks Under the Water Purchase Agreement

EXHIBIT 8-A

Risks under the Water Purchase Agreement

Who Pays?

Exposure	Protection
Construction Risk	Contractor Insurance; In case of major delay District pays fixed loan costs
Construction Overruns	Exposed? Apply to CPUC to be included in purchase water cost. If denied, District pays.
Interruption	Operating Reserve, until depleted. Cal-Am does not have to pay for water not delivered
Water Quality Remediation	Insurance
Inflation & Repairs	Ratepayers though Tier 1 Advice Letter
Large Capital Fix	Exposed? Apply to CPUC to be included in purchase water cost. If denied, District pays.
Damages	Insurance or District Pays
Cal-Am Failure or Bankruptcy	District pays fixed loan costs
Water Delivered into the Reserve and held until future delivery to Cal-Am	District Pays

WATER SUPPLY PLANNING COMMITTEE

ITEM: DISCUSSION ITEM

9. WATER SUPPLY CHARGE AND USER FEE – CITIZEN OVERSIGHT PANEL DISCUSSION

Meeting Date: March 28, 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: Staff will lead the discussion. No documents were submitted for review in advance of the meeting.