

This meeting has been noticed according to the Brown Act rules. The Board of Directors meets regularly on the third Monday of each month, except in January, February. The meetings begin at 6:00 PM.



AGENDA
Special Meeting
Board of Directors
Monterey Peninsula Water Management District

Monday, May 18, 2020, 5:00 PM

Note: 5 pm start time

Pursuant to Governor Newsom's Executive Orders N-29-20 and N-33-20, and to do all we can to help slow the spread of COVID-19 (coronavirus), meetings of the Monterey Peninsula Water Management District Board of Directors and committees will be conducted with virtual (electronic) participation only using WebEx.

Join the meeting at this link:

<https://mpwmd.webex.com/mpwmd/onstage/g.php?MTID=e354870526aa3b9076d12d4e9857fe226>

Or join at mpwmd.webex.com.

Meeting number: 628 748 881

Meeting password: May182020

Participate by phone: 1-877-668-4493

For detailed instructions on how to connect to the meeting, please see page 5 of this agenda.

You may also view the live webcast on AMP <https://accessmediaproductions.org/> scroll down to the bottom of the page and select the Peninsula Channel

Staff notes will be available on the District web site at
<http://www.mpwmd.net/who-we-are/board-of-directors/bod-meeting-agendas-calendar/>
by 5 PM on Thursday, May 14, 2020

CALL TO ORDER/ROLL CALL

PLEDGE OF ALLEGIANCE

ADDITIONS AND CORRECTIONS TO AGENDA - The Clerk of the Board will announce agenda corrections and proposed additions, which may be acted on by the Board as provided in Sections 54954.2 of the California Government Code.

Board of Directors

Alvin Edwards, Chair – Division 1
Jeanne Byrne, Vice Chair - Division 4
George Riley – Division 2
Molly Evans – Division 3
Gary D. Hoffmann, P.E. – Division 5
Mary Adams, Monterey County Board of Supervisors Representative
David Potter – Mayoral Representative

General Manager

David J. Stoldt

This agenda was posted at the District office at 5 Harris Court, Bldg. G Monterey on Thursday, May 14, 2020. Staff reports regarding these agenda items will be available for public review on May 14 at the District office and at the Carmel, Carmel Valley, Monterey, Pacific Grove and Seaside libraries. After staff reports have been distributed, if additional documents are produced by the District and provided to a majority of the Board regarding any item on the agenda, they will be available at the District office during normal business hours, and posted on the District website at www.mpwmd.net/who-we-are/board-of-directors/bod-meeting-agendas-calendar/. Documents distributed at the meeting will be made available in the same manner. The Board of Directors will conduct a Strategic Planning Session June 10, 2020 at 9 am and a Regular meeting on June 15, 2020 at 6 pm.

ORAL COMMUNICATIONS - Anyone wishing to address the Board on Consent Calendar, Information Items, Closed Session items, or matters not listed on the agenda may do so only during Oral Communications. Please limit your comment to three (3) minutes. The public may comment on all other items at the time they are presented to the Board.

CONSENT CALENDAR - The Consent Calendar consists of routine items for which staff has prepared a recommendation. Approval of the Consent Calendar ratifies the staff recommendation. Consent Calendar items may be pulled for separate consideration at the request of a member of the public, or a member of the Board. Following adoption of the remaining Consent Calendar items, staff will give a brief presentation on the pulled item. Members of the public are requested to limit individual comment on pulled Consent Items to three (3) minutes. Unless noted with double asterisks "**", Consent Calendar items do not constitute a project as defined by CEQA Guidelines section 15378.

1. Consider Adoption of Minutes of the April 20, 2020 Regular Board Meeting and April 30, 2020 Special Meeting/Closed Session of the Board
2. Consider Adoption of Resolution No. 2020-04 - Amending Fees and Charges Table - Rule 60
3. Consider Adoption of Treasurer's Report for March 2020
4. Receive and File Third Quarter Financial Activity Report for Fiscal Year 2019-20
5. Consider Approval of Third Quarter Fiscal Year 2019-2020 Investment Report

GENERAL MANAGER'S REPORT

6. Status Report on California American Water Compliance with State Water Resources Control Board Order 2016-0016 and Seaside Groundwater Basin Adjudication Decision
7. Update on Development of Water Supply Projects

ATTORNEY'S REPORT

DIRECTORS' REPORTS (INCLUDING AB 1234 REPORTS ON TRIPS, CONFERENCE ATTENDANCE AND MEETINGS)

8. Oral Reports on Activities of County, Cities, Other Agencies/Committees/Associations

PUBLIC HEARINGS – Public comment will be received. Please limit your comment to three (3) minutes per item

9. **Consider Second Reading and Adoption of Ordinance No. 185 - Amending District Rule 24 to Allow Special Fixture Unit Accounting for Second Bathrooms in Existing Dwelling Units and to Permanently Adopt Sub-Metering Requirements and Exemptions for Accessory Dwelling Units**

Action: The Board will conduct the second reading and adoption of this ordinance and adoption of a CEQA Negative Declaration.

10. **Receive and Confirm Water Supply Forecast for Period of May 1, 2020 through September 30, 2021; Adopt Resolution 2020-05 to Amend Rationing Table (XV-4)**

Action: The Board will receive a report on the available water supply and determine whether water-rationing triggers have been met and consider adoption of Resolution 2020-05.

11. **Consider Adoption of Urgency Ordinance No. 186 - Temporarily Suspending a Portion of Rule 24-B-1-i Pertaining to Exterior Restaurant Seating in Response to COVID-19 Re-Opening Procedures**

Action: The Board will consider adoption of an ordinance that facilitates the relocation of restaurant seating to the outdoors to support social distancing guidance for re-opening during the pandemic.

ACTION ITEMS – Public comment will be received. Please limit your comment to three (3) minutes per item

12. **Consider Recommendation to the Board to Adopt Final Report "Supply and Demand for Water on the Monterey Peninsula"**

Action: The Board will discuss options it could take with regard to the Final Report such as Adopt, Accept or Receive, all of which have been defined by staff.

13. Consider Denial of Request from City of Monterey re Allocation for 2000 and 2600 Garden Road, Monterey

Action: The Board will consider a request from the City of Monterey for an allocation of water for construction of affordable housing projects on Garden Road.

14. Consider Disposition of District Reserve Allocation

Action: The Board will consider if any action should be taken to distribute the District's Reserve allocation or if the status quo should be preserved, which is to retain it for use at the Board's discretion.

15. Consider Pursuing Retrofits at Rippling River Center Followed by Release of Unused Grant Funding to City of Monterey's Franklin Street Stormwater Project

Action: The Board will consider authorizing staff to contract for a retrofit project at Rippling River Center in Carmel Valley using remaining IRWM grant funding. The Board will also consider distributing unused funds to the City of Monterey's project.

16. Consider Adoption of Policy on Smart Water Meter Installation

Action: The Board will consider direction to staff for testimony in support of Advanced Metering Infrastructure and/or adoption of a policy in support of an opt-out of smart meter installation and discuss who should bear the burden of the cost to opt-out.

17. Board Review and Action Related to Recent Correspondence Sent to Monterey One Water

Action: The Board will review its options and decide if any action should be taken regarding the May 1, 2020 correspondence to Monterey One Water.

INFORMATIONAL ITEMS/STAFF REPORTS - The public may address the Board on Information Items and Staff Reports during the Oral Communications portion of the meeting. Please limit your comments to three minutes.

18. Report on Activity/Progress on Contracts Over \$25,000
19. Status Report on Measure J/Rule 19.8 Phase II Spending
20. Monthly Progress Report – Santa Margarita Water Treatment Facility
21. Letters Received Supplemental Letter Packet
22. Committee Reports
23. Monthly Allocation Report
24. Water Conservation Program Report
25. Carmel River Fishery Report for May 2020
26. Monthly Water Supply and California American Water Production Report

ADJOURNMENT

Board Meeting Schedule			
Wednesday, June 10, 2020	Special Meeting/Strategic Planning Session	9:00 am	Location to be Determined
Monday, June 15, 2020	Regular Board Meeting	6:00 pm	Location to be Determined
Monday, July 20, 2020	Regular Board Meeting	6:00 pm	Location to be Determined

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 submit a written request, including your name, mailing address, phone number and brief description of the requested materials and preferred alternative format or auxiliary aid or service by noon on Friday, May 15, 2020. Requests should be sent to the Board Secretary, MPWMD, P.O. Box 85, Monterey CA, 93942, or email your request to arlene@mpwmd.net.

Board Meeting Television and On-Line Broadcast Schedule View Live Webcast at https://accessmediaproductions.org/ scroll to the bottom of the page and select the Peninsula Channel	
Television Broadcast	Viewing Area
Comcast Ch. 25 (Monterey Channel), Mondays view live broadcast on meeting dates, and replays on Mondays, 7 pm through midnight	City of Monterey
Comcast Ch. 28, Mondays, replays 7 pm and Saturdays 9 am	Throughout the Monterey County Government Television viewing area.
For Xfinity subscribers, go to https://www.xfinity.com/support/local-channel-lineup/ or https://www.xfinity.com/stream/listings - enter your address for the listings and channels specific to your city.	Pacific Grove, Pebble Beach, Sand City, Seaside, Monterey
Internet Broadcast	
Replays – Mondays, 4 pm to midnight at https://accessmediaproductions.org/ scroll to Peninsula Channel	
Replays – Mondays, 7 pm and Saturdays, 9 am www.mgtvonline.com	
On demand – three days following meeting date https://videoplayer.telvue.com/player/m_3HX6961GRMsvkqSCdwmGeJ8rwpRZrR/playlists/6023/media/514239?sequenceNumber=1&autostart=true&showtabssearch=true	
YouTube – available five days following meeting date - https://www.youtube.com/channel/UCg-2VgzLBmgV8AaSK67BBRg	

See next page of agenda for instructions on connecting to WebEx meeting

Instructions for Connecting to the WebEx Meeting

Note: If you have not used WebEx previously, when you begin connecting to the meeting you may be asked to download the app or join via the web. See the instructions below. If you do not have a computer, you can participate by phone only.

Begin: Within 10 minutes of the meeting start time from your computer click on this link:
<https://mpwmd.webex.com/mpwmd/onstage/g.php?MTID=e354870526aa3b9076d12d4e9857fe226>
Or go to: mpwmd.webex.com.

Under “Join a Meeting” enter the meeting number 628 748 881, hit the enter key and when prompted enter the meeting password May182020, click “Next” and see the dropdown menu at the bottom of the screen “Use computer for audio” and select the method you will use to hear the meeting – see below.

1) Audio and video connection from computer with WebEx app – view participants/materials on your screen

Click on the “Use computer for audio” drop down list
Click “Join Meeting”
Once in the meeting, mute your microphone.
Turn your microphone on when it is your turn to speak.

2) View material on your computer screen and listen to audio on your phone

From the “Use computer for Audio” drop down list select “Call In”
Click on “Join Meeting” / You will see a toll-free telephone number, access code, and attendee ID # -- enter these numbers on your phone.
Mute the microphone on your computer.
Disable computer speakers using the Settings menu.

3) Join by phone only (no computer) dial 1-877-668-4493 and use the meeting number above.

Protocol for Meetings Conducted by Teleconference

- 1) The Chair will call the meeting to order.
- 2) Receipt of Public Comment – the Chair will ask for comments from the public on all items. Limit your comment to 3 minutes.
 - (a) Computer Audio Connection: Select the “raised hand” icon. When you are called on to speak, please identify yourself.
 - (b) Phone audio connection: Press *9. Wait for the clerk to unmute your phone and then identify yourself and provide your comment. Press *9 to end the call.
- 3) For Action and Discussion Items the Chair will receive a presentation from staff and the Directors may ask questions. Following the question and answer period, the Chair will ask for comments from the public.

Submit Oral or Written Comments

If you are unable to participate via telephone or computer to present oral comments, you may also submit your comments by e-mailing them to comments@mpwmd.net with one of the following subject lines "PUBLIC COMMENT ITEM #" (insert the item number relevant to your comment) or "PUBLIC COMMENT – ORAL COMMUNICATIONS". Comments must be received by 12:00 p.m. on Monday, May 18, 2020. All submitted comments will be provided to the Board of Directors and may be read into the record and will be compiled as part of the record.

ITEM: CONSENT CALENDAR

1. CONSIDER ADOPTION OF MINUTES OF THE APRIL 20, 2020 REGULAR BOARD MEETING AND APRIL 30, 2020 SPECIAL MEETING/CLOSED SESSION OF THE BOARD

Meeting Date: May 18, 2020

Budgeted: N/A

From: David J. Stoldt,
General Manager

Program/ N/A
Line Item No.:

Prepared By: Arlene Tavani

Cost Estimate: N/A

General Counsel Review: N/A

Committee Recommendation: N/A

CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: Attached as **Exhibits 1-A and 1-B**, respectively, are draft minutes of the April 20, 2020 Regular Board meeting and the April 30, 2020 Special Meeting/Closed Session of the Board.

RECOMMENDATION: District staff recommends approval of the minutes with adoption of the Consent Calendar.

EXHIBITS

1-A Draft Minutes of the April 20, 2020 Regular Board meeting

1-B Draft Minutes of the April 30, 2020 Special Meeting/Closed Session



EXHIBIT 1-A
DRAFT MINUTES
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District
April 20, 2020

Board Vice Chair Byrne called the meeting to order at 7 pm. Pursuant to Governor Newsom's Executive Orders N-29-20 and N-33-20, the meeting was conducted with virtual (electronic) participation via WebEx.

CALL TO ORDER/ROLL CALL

Directors Present via WebEx:

Alvin Edwards, – Chair, Division 1 (joined at
 Jeanne Byrne – Vice Chair, Division 4
 George Riley, Division 2
 Molly Evans, Division 3
 Gary D. Hoffmann, P.E. – Division 5 (joined at
 Mary Adams – Monterey County Board of Supervisors Rep.
 David Potter – Mayoral Representative

Directors Absent: None

General Manager present: David J. Stoldt

District Counsel present: David Laredo

The assembly recited the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE

On a motion by Evans and second of Adams, agenda item 15 was continued to a future meeting of the Board. The motion was approved on a vote of 5 – 0 by Evans, Adams, Byrne, Riley and Potter. Directors Hoffmann and Edwards were absent.

ADDITIONS AND CORRECTIONS TO AGENDA

On a motion by Potter, the remainder of the agenda was approved for consideration by the Board as presented on a vote of 5 – 0 by Evans, Adams, Byrne, Riley and Potter. Directors Hoffmann and Edwards were absent.

Staff reviewed the protocol for the meeting.

OVERVIEW OF TELECONFERENCE PROTOCOLS

Directors Edwards and Hoffmann joined the meeting.

No comments were presented to the Board.

ORAL COMMUNICATIONS

On a motion by Evans and second of Riley, the Consent Calendar was approved with the exception of agenda items 2 and 3 that were pulled for separate consideration. The motion was approved on a vote of 6 – 0 by Evans, Riley, Byrne, Edwards, Adams and Potter. Hoffmann was absent for the vote as his internet access was interrupted.

CONSENT CALENDAR

Adopted.

On a motion by Evans and second of Potter, agenda items 2 and 3 were approved on a vote of 6 – 0 by Evans, Potter, Adams, Edwards, Evans and Riley. Hoffmann was absent.

Approved. See action under item 2.

Received.

Adopted.

Director Hoffmann rejoined the meeting during the General Manager's Report.

General Manager Stoldt announced the death of William Gianelli, former MPWMD Director and the first Board Chair. He also worked as Director of the California Department of Water Resources from 1967 – 1973. The San Luis Powerplant has been named the William R. Gianelli Powerplant. Mr. Stoldt also reported the following. (a) Monterey One Water released the supplemental EIR on the Pure Water Monterey Expansion Project. (b) There will be no moratorium in the Bishop, Ryan Ranch and Hidden Hills areas according to an agreement approved by the California Public Utilities Commission. (c) Regarding Measure J, the District released the Notice of Preparation of an EIR on the boundary adjustment. A scoping session was scheduled for April 21, 2020. (d) Work on Aquifer Storage and Recovery and the Sleepy Hollow construction project had been managed during the shelter-in-place order. (e) Mr. Stoldt presented the Status Report on California-American Water Compliance. The presentation was available for review on the District's website.

No reports were presented by Directors.

1. **Consider Adoption of Minutes of the March 16, 2020 Regular Board Meeting and March 20, 2020 Special Board Meeting**
2. **Receive and File District-Wide Annual Water Distribution System Production Summary Report for Water Year 2019**
3. **Receive and File District-Wide Annual Water Production Summary Report for Water Year 2019**
4. **Receive Fiscal Year 2018-2019 Mitigation Program Annual Report**
5. **Consider Adoption of Treasurer's Report for February 2020**

GENERAL MANAGER'S REPORT

6. **Status Report on California-American Water Compliance with State Water Resources Control Board Order 2016-0016 and Seaside Groundwater Basin Adjudication Decision**

DIRECTORS REPORTS (INCLUDING ab 1234 REPORTS ON TRIPS, CONFERENCE ATTENDANCE AND MEETINGS)

7. **Oral Reports on Activities of County, Cities, Other Agencies/Committees/Associations**

On a motion by Byrne and second of Adams, the first reading of Ordinance No 185 was approved on a unanimous vote of 7 – 0 by Byrne, Adams, Edwards, Evans, Hoffmann, Riley and Potter.

Public Comment: John Tilley expressed support for adoption of the Ordinance.

Riley made a motion that was seconded by Evans to adopt the 2019 Annual Report with two amendments: (1) Under the heading “Proposition 1 Integrated Regional Water Management (IRWM) Program” add a sentence stating that membership in the Regional Water Management Group increased in 2019; and (2) Under the heading “Requirements for Future Capital Improvements” in the first line, replace the word “expected” with “planned.” The motion was approved on a unanimous vote of 7 – 0 by Riley, Evans, Adams, Byrne, Edwards, Hoffmann and Potter. No comments were directed to the Board during the public hearing on this item.

On a motion by Byrne and second by Evans, an amendment to the contract with Pueblo Water Resources in an amount not-to-exceed \$20,114 was approved on a unanimous vote of 7- 0 by Byrne, Evans, Adams, Edwards, Hoffmann, Potter and Riley. No comments were directed to the Board during the public comment period on this item.

Byrne offered a motion that was seconded by Potter to authorize the General Manager to enter into a reimbursement agreement in the amount of \$28,567. The motion was approved on a vote of 6 – 0 by Byrne, Potter, Adams, Edwards, Evans and Riley. Hoffmann’s internet connection was interrupted so he was absent for the vote. No comments were directed to the Board during the public hearing on this item.

On a motion by Potter and second of Evans, the 2020 Legislative Advocacy Plan was adopted on a vote of 6 – 0 by Potter, Evans, Adams, Byrne, Edwards and Riley. Hoffmann’s internet connection was interrupted so he was absent for the vote. No comments were directed to the Board during the public comment period on this item.

Evans offered a motion that was seconded by Riley to submit the letter of support presented as Exhibit A in the staff note. The motion was approved on a vote of 6 – 1 by Evans, Riley, Adams, Byrne, Edwards and Potter. Hoffmann was opposed.

PUBLIC HEARINGS

8. **Consider First Reading of Draft Ordinance No. 185 – Amending District Rule 24 to Allow Special Fixture Unit Accounting for Second Bathrooms in Existing Dwelling Units and to Permanently Adopt Sub-Metering Requirements and Exemptions for Accessory Dwelling Units**
9. **Consider Adoption of 2019 MPWMD Annual Report**

ACTION ITEMS

10. **Consider Amendment to Contract with Pueblo Water Resources to Comply with Regional Water Quality Control Board Direction to Move ASR to the State’s General Waiver**
11. **Consider Entering into a Reimbursement Agreement with California American Water and Act as Lead CEQA Agency for Construction of a Bypass Pipeline to Allow Simultaneous Pure Water Monterey Recovery and ASR Injection – Not a Project – Section 15378 of CEQA Guidelines**
12. **Consider Adoption of 2020 Legislative Advocacy Plan**
13. **Consider Letter of Support for Certification of Supplemental Environmental Impact Report for Pure Water Monterey Expansion Back-Up Project**

Public Comment: (a) The following persons spoke in support of the Board sending a letter endorsing certification of the Final EIR: Anna Thompson, Theresa Kollerer, Melodie Chrislock, Amy Anderson, Walt Notley- a Monterey Peninsula Ratepayer, Rafael Ramos - resident of Monterey, and Tammy Jennings. (b) John Tilley, Coalition of Peninsula Businesses, stated that it was borderline unethical for members of Public Water Now to provide public comment on this item as the group sought payment for its efforts as an intervenor in legal proceedings related to the project.

Byrne offered a motion that was seconded by Potter to approve the staff recommendation that a written response be sent to the State Water Resources Control Board that included the recommendations from the March 24, 2020 call with SWRCB staff. The motion was adopted on a unanimous vote of 7 – 0 by Byrne, Potter, Adams, Edwards, Evans, Potter and Riley. No public comment was directed to the Board.

Deferred to a future meeting of the Board. Refer to agenda item Additions and Corrections to Agenda.

No discussion of these items.

The meeting was adjourned at 9:17 pm.

14. Consider Written Response to State Regarding Water Right 20808 A, B and C

15. Consider Development of Policy on Option to Refuse Smart Water Meter Installation

INFORMATIONAL ITEMS/STAFF REPORTS

- 16. Report on Activity/Progress on Contracts Over \$25,000**
- 17. Status Report on Measure J/Rule 19.8 Phase II Spending**
- 18. Monthly Progress Report – Santa Margarita Water Treatment Facility**
- 19. Legislative Tracking Update**
- 20. Letters Received**
- 21. Committee Reports**
- 22. Monthly Allocation Report**
- 23. Water Conservation Program Report**
- 24. Carmel River Fishery Report for April 2020**
- 25. Quarterly Carmel River Riparian Corridor Management Program Report**
- 26. Monthly Water Supply and California American Water Production Report**

ADJOURNMENT



EXHIBIT 1-B

DRAFT

Minutes

April 30, 2020 Special Meeting/Closed Session
Board of Directors Monterey Peninsula
Water Management District

The meeting was called to order at 2 pm by Board Chair Edwards

Directors Present: Alvin Edwards, Jeanne Byrne, Molly Evans, David Potter, George Riley, May Adams (joined the meeting during the confidential closed session)

Directors Absent: Gary Hoffmann

1. Public Comment – John Tilley, representing the Coalition of Peninsula Businesses, addressed the Board. He stated that it was unfortunate that Director Hoffmann made the decision to forego attendance at the meeting.
2. Adjourn to Closed Session – The meeting was adjourned to closed session at 2:12 pm.

Director Adams joined the meeting during the Closed Session.

3. Closed Session - Anticipated initiation of litigation by MPWMD - CA Government Code Sec. 54956.9(g). The MPWMD Board will confer with legal counsel on whether to protect its rights and interests by initiating litigation against Monterey One Water related to actions taken on the Pure Water Monterey Expansion SEIR.

Action: The MPMWD Board determined in the closed session to contact Monterey One Water to attempt to resolve existing concerns related to (1) certification of the Pure Water Monterey Groundwater Replenishment Project SEIR, and (2) payment of the recent invoice tendered by Monterey One Water. The Board expressly decided to postpone providing direction on litigation to provide Monterey One Water an opportunity to provide its response to those concerns to the District.

4. Adjournment – The meeting was adjourned at approximately 2:25 pm.

Arlene M. Tavani
Deputy District Secretary

ITEM: CONSENT CALENDAR

2. CONSIDER ADOPTION OF RESOLUTION NO. 2020-04 - AMENDING FEES AND CHARGES TABLE – RULE 60

Meeting Date: May 18, 2020 **Budgeted:** N/A

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

Prepared By: Gabriela Ayala **Cost Estimate:** N/A

General Counsel Review: N/A

Committee Recommendation: The Administrative Committee reviewed this item on May 12, 2020 and recommended approval.

CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: Resolution 2020-04 (**Exhibit 2-A**) updates Rule 60, Fees and Charges Table, to reflect actual time incurred by the District to process amendments to Water Use Permits and to plan check projects for Water Permit waivers. Fees and charged by the District are intended to have a positive correlation to the actual time, effort, and cost of providing the services and taking the actions set forth in the Fees and Charges Table.

RECOMMENDATION: District staff recommends that the Administrative Committee recommend adoption of Resolution 2020-04, A Resolution of the Board of Directors of the Monterey Peninsula Water Management District Amending Rule 60, Fees and Charges Table. This item will be approved if adopted along with the Consent Calendar.

BACKGROUND: Ordinance No. 120, adopted March 21, 2005, allows changes to the Fees and Charges Table by resolution rather than by ordinance. The Fees and Charges Table was last updated on September 18, 2017, by adoption of Ordinance No. 177.

EXHIBIT

2-A Resolution No. 2020-04



EXHIBIT 2-A

DRAFT RESOLUTION 2020-04

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT AMENDING RULE 60, FEES AND CHARGES TABLE

WHEREAS: Fees and charges of the Monterey Peninsula Water Management District (MPWMD) are set forth in the MPWMD Rules and Regulations;

WHEREAS: The MPWMD Board of Directors created a new Fees and Charges Table in MPWMD Rule 60 pursuant to Ordinance No. 120, which became effective on April 20, 2005;

WHEREAS: Fees and Charges shall bear a positive correlation to the actual time, effort and cost of providing the services and actions set forth in the Fees and Charges Table;

NOW, THEREFORE, BE IT RESOLVED: That the Board of Directors of the Monterey Peninsula Water Management District hereby shall amend the Fees and Charges Table beginning at line 18 and continuing the renumbering through the table as set forth below (additions shown in ***bold italics*** and deletions shown in ~~strikeout~~); and that this change shall be effective immediately:

18	Plan Check for Non-Residential Waivers <i>(includes Site Inspection)</i>	\$225 per structure
<i>19</i>	<i>Plan Check for Non-Residential Waivers (No Site Inspection)</i>	<i>\$90 per structure</i>
19 <i>20</i>	Application for Residential Water Permit (Rule 23)	\$225 per Dwelling Unit plus \$90 per hour for more than 2.5 hours
20 <i>21</i>	Plan Check for Residential Waivers <i>(includes Site Inspection)</i>	\$225 per Dwelling Unit
<i>22</i>	<i>Plan Check for Residential Waivers (No Site Inspection)</i>	<i>\$90 per Dwelling Unit</i>

On motion by _____, and second by _____, the foregoing Resolution is adopted upon this 18th day of May 2020, by the following vote:

AYES:

NAYS:

ABSENT:

I, David J. Stoldt, Secretary to the Board of Directors of the Monterey Peninsula Water Management District, hereby certify the foregoing resolution was duly adopted on the 18th day of May 2020.

Witness my hand and seal of the Board of Directors this ____ day of May 2020.

David J. Stoldt, Secretary to the Board

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ITEM: CONSENT CALENDAR**3. CONSIDER ADOPTION OF TREASURER'S REPORT FOR MARCH 2020**

Meeting Date:	May 18, 2020	Budgeted:	N/A
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From:	David J. Stoldt, General Manager	Program/ Line Item No.:	N/A
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Prepared By:	Suresh Prasad	Cost Estimate:	N/A
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General Counsel Review: N/A**Committee Recommendation:** The Administrative Committee considered this item on May 12, 2020 and recommended approval.**CEQA Compliance:** This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: Exhibit 3-A comprises the Treasurer's Report for March 2020. Exhibit 3-B and Exhibit 3-C are listings of check disbursements for the period March 1-31, 2020. Check Nos. 36809 through 36927, the direct deposits of employee's paychecks, payroll tax deposits, and bank charges resulted in total disbursements for the period in the amount of \$642,214.77. There were no conservation rebates for this period. Exhibit 3-D reflects the unaudited version of the financial statements for the month ending March 31, 2020.

RECOMMENDATION: District staff recommends adoption of the March 2020 Treasurer's Report and financial statements, and ratification of the disbursements made during the month.

EXHIBITS

- 3-A** Treasurer's Report
- 3-B** Listing of Cash Disbursements-Regular
- 3-C** Listing of Cash Disbursements-Payroll
- 3-D** Financial Statements

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
TREASURER'S REPORT FOR MARCH 2020**

<u>Description</u>							PB
	<u>Checking</u>	<u>MPWMD Money Market</u>	<u>L.A.I.F.</u>	<u>Wells Fargo Investments</u>	<u>Multi-Bank Securities</u>	<u>MPWMD Total</u>	<u>Reclamation Money Market</u>
Beginning Balance	\$107,856.05	\$1,101,508.08	\$13,650,944.72	\$1,007,612.41	\$2,321,821.41	\$18,189,742.67	\$702,461.63
Fee Deposits		405,151.60				405,151.60	235,223.58
MoCo Tax & WS Chg Installment Pymt						0.00	
Interest Received				3,934.61	3,473.11	7,407.72	
Transfer - Money Market/LAIF						0.00	
Transfer - Money Market/Checking	600,000.00	(600,000.00)				0.00	
Transfer - Money Market/Multi-Bank		(497,000.00)			497,000.00	0.00	
Transfer - Money Market/Wells Fargo						0.00	
Transfer to CAWD						0.00	(690,000.00)
Voided Checks						0.00	
Bank Corrections/Reversals/Errors						0.00	
Bank Charges/Other	(423.07)					(423.07)	
Credit Card Fees	(446.29)					(446.29)	
Returned Deposits	-					0.00	
Payroll Tax/Benefit Deposits	(96,708.96)					(96,708.96)	
Payroll Checks/Direct Deposits	(131,810.98)					(131,810.98)	
General Checks	(411,087.47)					(411,087.47)	
Bank Draft Payments	(1,738.00)					(1,738.00)	
Ending Balance	\$65,641.28	\$409,659.68	\$13,650,944.72	\$1,011,547.02	\$2,822,294.52	\$17,960,087.22	\$247,685.21

Check Report

By Check Number

Date Range: 03/01/2020 - 03/31/2020



Monterey Peninsula Water Management Dist

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: APBNK	-Bank of America Checking					
Payment Type: Regular						
04045	California Society of Municipal Finance Officers	03/16/2020	Regular	0.00	-300.00	35827
00249	A.G. Davi, LTD	03/06/2020	Regular	0.00	395.00	36809
00760	Andy Bell	03/06/2020	Regular	0.00	711.00	36810
11220	Craig Evans	03/06/2020	Regular	0.00	325.00	36811
01352	Dave Stoldt	03/06/2020	Regular	0.00	2,538.24	36812
18734	DeVeera Inc.	03/06/2020	Regular	0.00	6,808.00	36813
00758	FedEx	03/06/2020	Regular	0.00	32.44	36814
00993	Harris Court Business Park	03/06/2020	Regular	0.00	721.26	36815
00986	Henrietta Stern	03/06/2020	Regular	0.00	1,255.54	36816
00277	Home Depot Credit Services	03/06/2020	Regular	0.00	232.35	36817
04717	Inder Osahan	03/06/2020	Regular	0.00	1,255.54	36818
03857	Joe Oliver	03/06/2020	Regular	0.00	1,255.54	36819
05829	Mark Bekker	03/06/2020	Regular	0.00	1,255.54	36820
01012	Mark Dudley	03/06/2020	Regular	0.00	540.00	36821
19505	Mastermark	03/06/2020	Regular	0.00	107.30	36822
00282	PG&E	03/06/2020	Regular	0.00	441.45	36823
00282	PG&E	03/06/2020	Regular	0.00	2,040.55	36824
00159	Pueblo Water Resources, Inc.	03/06/2020	Regular	0.00	2,940.00	36825
00262	Pure H2O	03/06/2020	Regular	0.00	65.24	36826
00251	Rick Dickhaut	03/06/2020	Regular	0.00	569.20	36827
04719	Telit lo T Platforms, LLC	03/06/2020	Regular	0.00	231.00	36828
09351	Tetra Tech, Inc.	03/06/2020	Regular	0.00	114.00	36829
09425	The Ferguson Group LLC	03/06/2020	Regular	0.00	8,071.99	36830
00207	Universal Staffing Inc.	03/06/2020	Regular	0.00	851.20	36831
00221	Verizon Wireless	03/06/2020	Regular	0.00	883.09	36832
08105	Yolanda Munoz	03/06/2020	Regular	0.00	540.00	36833
06009	yourservicesolution.com	03/06/2020	Regular	0.00	9,645.00	36834
00763	ACWA-JPIA	03/13/2020	Regular	0.00	358.54	36839
00767	AFLAC	03/13/2020	Regular	0.00	907.16	36840
00252	Cal-Am Water	03/13/2020	Regular	0.00	78.39	36841
00252	Cal-Am Water	03/13/2020	Regular	0.00	141.69	36842
04045	California Society of Municipal Finance Officers	03/13/2020	Regular	0.00	110.00	36843
04043	Campbell Scientific, Inc.	03/13/2020	Regular	0.00	412.09	36844
01001	CDW Government	03/13/2020	Regular	0.00	311.88	36845
06001	Cypress Coast Ford	03/13/2020	Regular	0.00	183.00	36846
12655	Graphicsmiths	03/13/2020	Regular	0.00	188.40	36847
00986	Henrietta Stern	03/13/2020	Regular	0.00	1,255.54	36848
00277	Home Depot Credit Services	03/13/2020	Regular	0.00	251.81	36849
00768	ICMA	03/13/2020	Regular	0.00	2,520.09	36850
05371	June Silva	03/13/2020	Regular	0.00	519.90	36851
00222	M.J. Murphy	03/13/2020	Regular	0.00	95.40	36852
00259	Marina Coast Water District	03/13/2020	Regular	0.00	91.87	36853
00259	Marina Coast Water District	03/13/2020	Regular	0.00	91.87	36854
00242	MBAS	03/13/2020	Regular	0.00	1,856.25	36855
00118	Monterey Bay Carpet & Janitorial Svc	03/13/2020	Regular	0.00	1,260.00	36856
16182	Monterey County Weekly	03/13/2020	Regular	0.00	1,015.00	36857
13396	Navia Benefit Solutions, Inc.	03/13/2020	Regular	0.00	909.42	36858
00036	Parham Living Trust	03/13/2020	Regular	0.00	850.00	36859
00154	Peninsula Messenger Service	03/13/2020	Regular	0.00	394.00	36860
00755	Peninsula Welding Supply, Inc.	03/13/2020	Regular	0.00	64.50	36861
00282	PG&E	03/13/2020	Regular	0.00	27.06	36862
04736	Pitney Bowes Global Financial Svc, LLC	03/13/2020	Regular	0.00	26.99	36863
06746	POSTMASTER	03/13/2020	Regular	0.00	106.00	36864

EXHIBIT 3-B

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Check Report**Date Range: 03/01/2020 - 03/31/2020**

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
13430	Premiere Global Services	03/13/2020	Regular	0.00	179.70	36865
04709	Sherron Forsgren	03/13/2020	Regular	0.00	869.02	36866
19098	Specialty Construction, Inc.	03/13/2020	Regular	0.00	168,896.70	36867
09989	Star Sanitation Services	03/13/2020	Regular	0.00	90.86	36868
17965	The Maynard Group	03/13/2020	Regular	0.00	1,516.34	36869
00225	Trowbridge Enterprises Inc.	03/13/2020	Regular	0.00	295.96	36870
00207	Universal Staffing Inc.	03/13/2020	Regular	0.00	851.20	36871
18163	Wex Bank	03/13/2020	Regular	0.00	721.13	36872
01015	American Lock & Key	03/17/2020	Regular	0.00	16.39	36873
00252	Cal-Am Water	03/17/2020	Regular	0.00	152.82	36874
04045	California Society of Municipal Finance Officers	03/17/2020	Regular	0.00	300.00	36875
12601	Carmel Valley Ace Hardware	03/17/2020	Regular	0.00	29.06	36876
00224	City of Monterey	03/17/2020	Regular	0.00	1,307.46	36877
06268	Comcast	03/17/2020	Regular	0.00	195.20	36878
00281	CoreLogic Information Solutions, Inc.	03/17/2020	Regular	0.00	1,240.12	36879
18734	DeVeera Inc.	03/17/2020	Regular	0.00	2,420.78	36880
18225	DUDEK	03/17/2020	Regular	0.00	2,280.00	36881
00192	Extra Space Storage	03/17/2020	Regular	0.00	885.00	36882
05164	GardenSoft	03/17/2020	Regular	0.00	5,000.00	36883
00277	Home Depot Credit Services	03/17/2020	Regular	0.00	43.93	36884
04367	Jeanne Byrne	03/17/2020	Regular	0.00	2,085.42	36885
03857	Joe Oliver	03/17/2020	Regular	0.00	1,255.54	36886
05830	Larry Hampson	03/17/2020	Regular	0.00	1,255.54	36887
00282	PG&E	03/17/2020	Regular	0.00	50.69	36888
00282	PG&E	03/17/2020	Regular	0.00	10.52	36889
00282	PG&E	03/17/2020	Regular	0.00	14.37	36890
18544	Psomas	03/17/2020	Regular	0.00	17,385.50	36891
00159	Pueblo Water Resources, Inc.	03/17/2020	Regular	0.00	46,034.73	36892
13394	Regional Government Services	03/17/2020	Regular	0.00	2,396.55	36893
00176	Sentry Alarm Systems	03/17/2020	Regular	0.00	283.38	36894
00269	U.S. Bank	03/17/2020	Regular	0.00	9,809.40	36895
	Void	03/17/2020	Regular	0.00	0.00	36896
00207	Universal Staffing Inc.	03/17/2020	Regular	0.00	851.20	36897
00994	Whitson Engineers	03/17/2020	Regular	0.00	2,215.00	36898
01188	Alhambra	03/27/2020	Regular	0.00	155.55	36899
04732	AM Conservation Group, Inc.	03/27/2020	Regular	0.00	25,374.45	36900
01015	American Lock & Key	03/27/2020	Regular	0.00	104.88	36901
16237	California Water Efficiency Partnership	03/27/2020	Regular	0.00	875.00	36902
00230	Cisco Systems, Inc.	03/27/2020	Regular	0.00	134.20	36903
04041	Cynthia Schmidlin	03/27/2020	Regular	0.00	868.03	36904
19448	David Frank Stone	03/27/2020	Regular	0.00	40.36	36905
00046	De Lay & Laredo	03/27/2020	Regular	0.00	25,985.00	36906
00758	FedEx	03/27/2020	Regular	0.00	106.35	36907
00768	ICMA	03/27/2020	Regular	0.00	2,520.09	36908
00117	Marina Backflow Company	03/27/2020	Regular	0.00	75.00	36909
05829	Mark Bekker	03/27/2020	Regular	0.00	1,255.54	36910
01012	Mark Dudley	03/27/2020	Regular	0.00	540.00	36911
01002	Monterey County Clerk	03/27/2020	Regular	0.00	50.00	36912
04034	Monterey County Tax Collector	03/27/2020	Regular	0.00	34.00	36913
16182	Monterey County Weekly	03/27/2020	Regular	0.00	1,015.00	36914
13396	Navia Benefit Solutions, Inc.	03/27/2020	Regular	0.00	808.32	36915
00257	Pacific Grove Chamber of Commerce	03/27/2020	Regular	0.00	590.00	36916
00036	Parham Living Trust	03/27/2020	Regular	0.00	850.00	36917
00282	PG&E	03/27/2020	Regular	0.00	7,218.33	36918
00282	PG&E	03/27/2020	Regular	0.00	1,899.81	36919
00282	PG&E	03/27/2020	Regular	0.00	258.86	36920
00251	Rick Dickhaut	03/27/2020	Regular	0.00	543.40	36921
00766	Standard Insurance Company	03/27/2020	Regular	0.00	1,419.65	36922
18737	U.S. Bank Equipment Finance	03/27/2020	Regular	0.00	867.83	36923
00207	Universal Staffing Inc.	03/27/2020	Regular	0.00	340.48	36924
18163	Wex Bank	03/27/2020	Regular	0.00	238.51	36925

EXHIBIT 3-B

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Check Report**Date Range: 03/01/2020 - 03/31/2020**

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
08105	Yolanda Munoz	03/27/2020	Regular	0.00	540.00	36926
06009	yourservicesolution.com	03/27/2020	Regular	0.00	7,887.00	36927
Total Regular:				0.00	411,087.47	

EXHIBIT 3-B

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Check Report**Date Range: 03/01/2020 - 03/31/2020**

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payment Type: Bank Draft						
00266	I.R.S.	03/09/2020	Bank Draft	0.00	143.13	DFT0001585
00266	I.R.S.	03/09/2020	Bank Draft	0.00	113.56	DFT0001586
00267	Employment Development Dept.	03/09/2020	Bank Draft	0.00	20.31	DFT0001587
00266	I.R.S.	03/09/2020	Bank Draft	0.00	485.46	DFT0001588
00266	I.R.S.	03/13/2020	Bank Draft	0.00	11,636.52	DFT0001590
00266	I.R.S.	03/13/2020	Bank Draft	0.00	2,534.50	DFT0001591
00267	Employment Development Dept.	03/13/2020	Bank Draft	0.00	4,336.74	DFT0001592
00266	I.R.S.	03/13/2020	Bank Draft	0.00	618.80	DFT0001593
00769	Laborers Trust Fund of Northern CA	03/11/2020	Bank Draft	0.00	28,094.00	DFT0001595
00266	I.R.S.	03/27/2020	Bank Draft	0.00	11,804.49	DFT0001598
00266	I.R.S.	03/27/2020	Bank Draft	0.00	2,553.20	DFT0001599
00267	Employment Development Dept.	03/27/2020	Bank Draft	0.00	4,415.13	DFT0001600
00266	I.R.S.	03/27/2020	Bank Draft	0.00	698.78	DFT0001601
00256	PERS Retirement	03/13/2020	Bank Draft	0.00	14,627.17	DFT0001602
16235	California Department of Tax and Fee Administrat	03/30/2020	Bank Draft	0.00	1,738.00	DFT0001603
00256	PERS Retirement	03/27/2020	Bank Draft	0.00	14,627.17	DFT0001604
Total Bank Draft:				0.00	98,446.96	

	Bank Code APBNK	Summary		
Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	154	114	0.00	411,387.47
Manual Checks	0	0	0.00	0.00
Voided Checks	0	2	0.00	-300.00
Bank Drafts	24	16	0.00	98,446.96
EFT's	0	0	0.00	0.00
	178	132	0.00	509,534.43

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	154	114	0.00	411,387.47
Manual Checks	0	0	0.00	0.00
Voided Checks	0	2	0.00	-300.00
Bank Drafts	24	16	0.00	98,446.96
EFT's	0	0	0.00	0.00
	178	132	0.00	509,534.43

Fund Summary

Fund	Name	Period	Amount
99	POOL CASH FUND	3/2020	509,534.43
			509,534.43

EXHIBIT 3-C

Monterey Peninsula Water Management Dist

Payroll Bank Transaction Report

By Payment Number

Date: 3/1/2020 - 3/31/2020

Payroll Set: 01 - Monterey Peninsula Water Management District

Payment Number	Payment Date	Payment Type	Employee Number	Employee Name	Check Amount	Direct Deposit Amount	Total Payment
4969	03/09/2020	Regular	7015	Adams, Mary L	0.00	665.71	665.71
4970	03/09/2020	Regular	7014	Evans, Molly F	0.00	814.48	814.48
4971	03/09/2020	Regular	7017	Hoffmann, Gary D	0.00	249.34	249.34
4972	03/09/2020	Regular	7018	Riley, George T	0.00	498.69	498.69
4973	03/13/2020	Regular	1024	Stoldt, David J	0.00	5,742.47	5,742.47
4974	03/13/2020	Regular	1025	Tavani, Arlene M	0.00	2,170.62	2,170.62
4975	03/13/2020	Regular	1044	Bennett, Corryn D	0.00	2,070.80	2,070.80
4976	03/13/2020	Regular	1018	Prasad, Suresh	0.00	4,019.48	4,019.48
4977	03/13/2020	Regular	1019	Reyes, Sara C	0.00	1,832.10	1,832.10
4978	03/13/2020	Regular	1075	Valencia, Mariel C	0.00	1,540.71	1,540.71
4979	03/13/2020	Regular	1042	Hamilton, Maureen C.	0.00	3,375.03	3,375.03
4980	03/13/2020	Regular	6063	Hampson, Larry M	0.00	2,120.26	2,120.26
4981	03/13/2020	Regular	1009	James, Gregory W	0.00	3,189.33	3,189.33
4982	03/13/2020	Regular	1011	Lear, Jonathan P	0.00	3,948.35	3,948.35
4983	03/13/2020	Regular	1012	Lindberg, Thomas L	0.00	2,605.04	2,605.04
4984	03/13/2020	Regular	1043	Suwada, Joseph	0.00	1,961.38	1,961.38
4985	03/13/2020	Regular	1045	Atkins, Daniel N	0.00	1,917.30	1,917.30
4986	03/13/2020	Regular	1004	Chaney, Beverly M	0.00	2,621.32	2,621.32
4987	03/13/2020	Regular	1005	Christensen, Thomas T	0.00	3,440.39	3,440.39
4988	03/13/2020	Regular	1007	Hamilton, Cory R	0.00	2,306.53	2,306.53
4989	03/13/2020	Regular	6064	Li, Trevin	0.00	389.48	389.48
4990	03/13/2020	Regular	1048	Lumas, Eric M	0.00	1,765.97	1,765.97
4991	03/13/2020	Regular	1001	Bravo, Gabriela D	0.00	2,528.84	2,528.84
4992	03/13/2020	Regular	1076	Jakic, Tricia	0.00	2,288.30	2,288.30
4993	03/13/2020	Regular	1010	Kister, Stephanie L	0.00	2,621.28	2,621.28
4994	03/13/2020	Regular	1017	Locke, Stephanie L	0.00	3,568.58	3,568.58
4995	03/13/2020	Regular	1040	Smith, Kyle	0.00	2,231.12	2,231.12
4996	03/13/2020	Regular	1047	Timmer, Christopher	0.00	2,135.22	2,135.22
4997	03/27/2020	Regular	1024	Stoldt, David J	0.00	5,742.48	5,742.48
4998	03/27/2020	Regular	1025	Tavani, Arlene M	0.00	2,170.60	2,170.60
4999	03/27/2020	Regular	1044	Bennett, Corryn D	0.00	2,070.82	2,070.82
5000	03/27/2020	Regular	1018	Prasad, Suresh	0.00	4,019.49	4,019.49
5001	03/27/2020	Regular	1019	Reyes, Sara C	0.00	1,832.11	1,832.11
5002	03/27/2020	Regular	1075	Valencia, Mariel C	0.00	1,540.71	1,540.71
5003	03/27/2020	Regular	1042	Hamilton, Maureen C.	0.00	3,375.04	3,375.04
5004	03/27/2020	Regular	6063	Hampson, Larry M	0.00	2,495.56	2,495.56
5005	03/27/2020	Regular	1009	James, Gregory W	0.00	3,189.33	3,189.33
5006	03/27/2020	Regular	1011	Lear, Jonathan P	0.00	3,948.36	3,948.36
5007	03/27/2020	Regular	1012	Lindberg, Thomas L	0.00	2,605.05	2,605.05
5008	03/27/2020	Regular	1043	Suwada, Joseph	0.00	1,961.39	1,961.39
5009	03/27/2020	Regular	1045	Atkins, Daniel N	0.00	1,917.30	1,917.30
5010	03/27/2020	Regular	1004	Chaney, Beverly M	0.00	2,621.32	2,621.32
5011	03/27/2020	Regular	1005	Christensen, Thomas T	0.00	3,440.39	3,440.39
5012	03/27/2020	Regular	1007	Hamilton, Cory R	0.00	2,306.55	2,306.55
5013	03/27/2020	Regular	1048	Lumas, Eric M	0.00	1,765.98	1,765.98
5014	03/27/2020	Regular	6068	Marvin, Richard B	0.00	988.32	988.32
5015	03/27/2020	Regular	6047	Rodriguez, Isaac	0.00	990.11	990.11
5016	03/27/2020	Regular	1001	Bravo, Gabriela D	0.00	2,528.85	2,528.85
5017	03/27/2020	Regular	1076	Jakic, Tricia	0.00	2,288.31	2,288.31
5018	03/27/2020	Regular	1010	Kister, Stephanie L	0.00	2,621.29	2,621.29
5019	03/27/2020	Regular	1017	Locke, Stephanie L	0.00	3,568.58	3,568.58
5020	03/27/2020	Regular	1040	Smith, Kyle	0.00	2,231.13	2,231.13
5021	03/27/2020	Regular	1047	Timmer, Christopher	0.00	2,135.22	2,135.22
36835	03/09/2020	Regular	7007	Byrne, Jeanne	747.47	0.00	747.47
36836	03/09/2020	Regular	7009	Edwards, Alvin	476.36	0.00	476.36
36837	03/13/2020	Regular	6068	Marvin, Richard B	804.61	0.00	804.61

Payment		EXHIBIT 3-C		Employee		Direct Deposit		24	Total Payment
Number	Payment Date	Payment Type	Number	Employee Name	Check Amount	Amount	Amount		
36838	03/13/2020	Regular	6047	Rodriguez, Isaac	810.13	0.00			810.13
Total:					2,838.57	128,972.41			131,810.98



MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE MONTH MARCH 31, 2020

	Mitigation	Conservation	Water Supply	Current Period Activity	FY 2019/2020 Year-to-Date Actual	FY 2019/2020 Annual Budget	Prior FY Year-to-Date Actual
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,139,505	\$ 2,050,000	\$ 1,062,370
Water supply charge	-	-	-	-	1,951,463	3,400,000	1,930,663
User fees	201,401	77,525	46,042	324,968	3,371,226	5,000,000	3,117,128
Mitigation revenue	-	-	-	-	-	-	-
Capacity fees	-	-	48,712	48,712	468,681	400,000	496,776
Permit fees	-	12,084	-	12,084	158,196	231,000	204,484
Investment income	4,097	1,073	2,238	7,408	159,651	180,000	151,175
Miscellaneous	107	68	110	284	6,221	15,000	1,666
Sub-total district revenues	205,604	90,749	97,102	393,455	7,254,944	11,276,000	6,964,261
Project reimbursements	-	11,325	11,748	23,073	1,558,179	1,411,000	290,152
Legal fee reimbursements	-	-	-	-	1,350	16,000	2,850
Grants	-	-	-	-	260,078	468,000	693,990
Recording fees	-	2,970	-	2,970	28,330	6,000	3,011
Sub-total reimbursements	-	14,295	11,748	26,043	1,847,937	1,901,000	990,004
Reserves	-	-	-	-	-	4,862,350	-
Total revenues	205,604	105,044	108,850	419,498	9,102,881	18,039,350	7,954,265
EXPENDITURES							
Personnel:							
Salaries	64,653	40,311	76,501	181,465	1,893,627	2,754,600	1,891,392
Retirement	5,602	3,527	6,752	15,882	508,883	593,500	453,639
Unemployment Compensation	-	-	-	-	3,417	3,000	2,649
Auto Allowance	92	92	277	462	4,385	6,000	4,385
Deferred Compensation	143	143	429	714	6,785	9,400	6,725
Temporary Personnel	1,187	752	955	2,894	58,961	55,100	51,742
Workers Comp. Ins.	1,917	156	1,305	3,379	36,369	71,300	38,548
Employee Insurance	14,925	9,537	14,264	38,726	333,892	479,100	318,199
Medicare & FICA Taxes	1,560	672	1,281	3,512	35,940	49,100	32,137
Personnel Recruitment	-	-	-	-	649	3,000	679
Other benefits	-	-	-	-	1,277	1,500	906
Staff Development	-	-	-	-	8,536	28,500	10,200
Sub-total personnel costs	90,078	55,191	101,764	247,033	2,892,722	4,054,100	2,811,203
Services & Supplies:							
Board Member Comp	1,373	1,312	1,365	4,050	25,920	33,900	21,465
Board Expenses	855	542	688	2,085	9,150	5,100	2,818
Rent	1,410	230	1,340	2,980	19,420	23,200	16,259
Utilities	1,053	646	854	2,553	23,477	33,200	22,691
Telephone	1,288	738	837	2,863	29,418	50,700	52,133
Facility Maintenance	1,788	1,134	1,439	4,361	57,898	41,200	27,080
Bank Charges	356	226	287	869	13,049	3,900	4,377
Office Supplies	721	457	580	1,758	11,291	17,400	9,289
Courier Expense	195	124	157	476	4,711	6,100	2,844
Postage & Shipping	81	51	65	197	3,228	6,800	3,199
Equipment Lease	519	329	418	1,266	9,564	13,900	10,065
Equip. Repairs & Maintenance	-	-	-	-	5,824	7,000	3,361
Photocopy Expense	-	-	-	-	-	-	-
Printing/Duplicating/Binding	-	-	-	-	-	500	32
IT Supplies/Services	3,809	2,415	3,065	9,289	172,732	150,000	124,930
Operating Supplies	205	1,649	265	2,118	11,546	16,900	11,305
Legal Services	-	-	468	468	155,660	400,000	232,450
Professional Fees	3,280	2,080	2,640	8,000	234,687	360,600	247,854



MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE MONTH MARCH 31, 2020

	<u>Mitigation</u>	<u>Conservation</u>	<u>Water Supply</u>	<u>Current Period Activity</u>	<u>FY 2019/2020 Year-to-Date Actual</u>	<u>FY 2019/2020 Annual Budget</u>	<u>Prior FY Year-to-Date Actual</u>
Transportation	797	48	133	977	24,248	35,000	19,913
Travel	340	566	1,359	2,264	12,340	31,100	19,980
Meeting Expenses	-	-	-	-	8,696	6,100	2,642
Insurance	2,397	1,520	1,930	5,847	52,723	65,100	44,952
Legal Notices	-	-	-	-	-	3,100	-
Membership Dues	242	226	232	700	32,794	33,400	31,161
Public Outreach	14	9	11	33	3,040	2,500	1,721
Assessors Administration Fee	-	-	-	-	-	20,000	-
Miscellaneous	-	-	-	-	379	3,000	17,071
Sub-total services & supplies costs	20,722	14,302	18,132	53,156	921,795	1,369,700	929,589
Project expenditures	206,118	74,819	276,346	557,283	3,899,125	11,550,000	3,857,249
Fixed assets	-	-	-	-	30,653	213,900	294,226
Contingencies	-	-	-	-	-	70,000	-
Election costs	-	-	-	-	-	-	-
Debt service: Principal	-	-	-	-	-	-	-
Debt service: Interest	-	-	-	-	63,748	230,000	65,400
Flood drought reserve	-	-	-	-	-	-	-
Capital equipment reserve	-	-	-	-	-	49,500	-
General fund balance	-	-	-	-	-	302,150	-
Pension reserve	-	-	-	-	-	100,000	-
OPEB reserve	-	-	-	-	-	100,000	-
Other	-	-	-	-	-	-	-
Total expenditures	316,918	144,312	396,242	857,472	7,808,043	18,039,350	7,957,667
Excess (Deficiency) of revenues over expenditures	\$ (111,314)	\$ (39,267)	\$ (287,392)	\$ (437,974)	\$ 1,294,838	\$ -	\$ (3,403)

ITEM: CONSENT CALENDAR**4. RECEIVE AND FILE THIRD QUARTER FINANCIAL ACTIVITY REPORT FOR FISCAL YEAR 2019-2020****Meeting Date:** May 18, 2020 **Budgeted:** N/A**From:** David J. Stoldt,
General Manager **Program/** N/A
Line Item No.:**Prepared By:** Suresh Prasad **Cost Estimate:** N/A**General Counsel Review:** N/A**Committee Recommendation:** The Administrative Committee reviewed this item on May 12, 2020 and recommended approval.**CEQA Compliance:** This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: The third quarter of Fiscal Year (FY) 2019-2020 concluded on March 31, 2020. Table comparing budgeted and actual year-to-date revenues and expenditures for the period are included as **Exhibit 4-A**. **Exhibits 4-B and 4-C** presents the same information in bar graph format. The following comments summarize District staff's observations:

REVENUES

The revenue table compares amounts received through the third quarter to the amounts budgeted for that same time period. Total revenues collected were \$9,102,880, or 67.3% of the budgeted amount of \$13,529,513. Variances within the individual revenue categories are described below:

- Water Supply Charge revenues were \$1,951,463, or 76.5% of the budget for the period. The first installment of this revenue was received in December 2019. The second installment will be received in April 2020.
- Property tax revenues were \$1,139,505, or 74.1% of the budget for the period. The first installment of this revenue was received in December 2019. The second installment will be received in April 2020.
- User Fee revenues were \$3,371,226, or about 89.9% of the amount budgeted. This is lower than budgeted since the actual collections are 2 months behind.
- Connection Charge revenues were \$468,681, or 156.2% of the budget for the period. Actual collection was higher than anticipated budgeted figure as the forecasted figures are based on estimated number of customers pulling permits. There was more connection charge received than budgeted for the first nine months.
- Permit Fees revenues were \$158,196, or 91.3% of the budget for the period. The actual was in line with the budgeted figure.
- Interest revenues were 159,651, or 118.3% of the budget for the period. Actual interest received was significantly higher than budgeted for the first nine months due to higher interest rates on Certificate of Deposits and higher cash balance.
- Reimbursements of \$1,587,859, or 147.7% of the budget. This is based on actual spending and collection of reimbursement project funds. This is considerably higher than

the budgeted amount due to the Pure Water Monterey reimbursement from State Revolving Fund which was received in first half of the fiscal and not reflected in the budget. This reimbursement amount was \$698,416.

- Grant revenue of \$260,078, or 74.1% of the budget. The actual collection was lower than the budgeted amount due to deferral in grant billing.
- The Other revenue category totaled \$6,221 or about 55.3% of the budgeted amount. This category includes other miscellaneous services.
- The Reserves category totaled \$0 or about 0.00% of the budgeted amount. This category includes potential use of reserves and the water supply carry forward balance during the fiscal year for which adjustments will be made at the conclusion of the fiscal year.

EXPENDITURES

Expenditure activity as depicted on the expenditure table is similar to patterns seen in past fiscal years. Total expenditures of \$7,808,043 were about 57.7% of the budgeted amount of \$13,529,513 for the period. Variances within the individual expenditure categories are described below:

- Personnel costs of \$2,892,722 were about 95.1% of the budget. This was slightly lower than the anticipated budget due to unfilled positions vacated during the year.
- Expenditures for supplies and services were \$921,795, or about 89.7% of the budgeted amount. This was lower than the anticipated budget due to the consulting services and legal expenses coming in lower than the expected budgeted numbers.
- Fixed assets purchase of \$30,653 represented around 19.1% of the budgeted amount. This was slightly lower than the anticipated budget due to deferral of fixed asset purchases into the second half of the fiscal year.
- Funds spent for project expenditures were \$3,899,125, or approximately 45.0% of the amount budgeted for the period. This is due to most project spending being deferred to next quarter.
- Debt Service included costs of \$63,748, or 37.0% of the budget for the period. Debt service is paid semi-annually, in December and June.
- Contingencies/Other expenditures \$0, or 0% of the budgeted amount. This was due to the contingency budget not spent during this fiscal year.
- Reserve expenditures of \$0, or 0% of the budgeted amount. This category includes potential use of reserves during the fiscal year for which adjustments will be made at the conclusion of the fiscal year.

EXHIBITS

4-A Revenue and Expenditure Table

4-B Revenue Graph

4-C Expenditure Graph

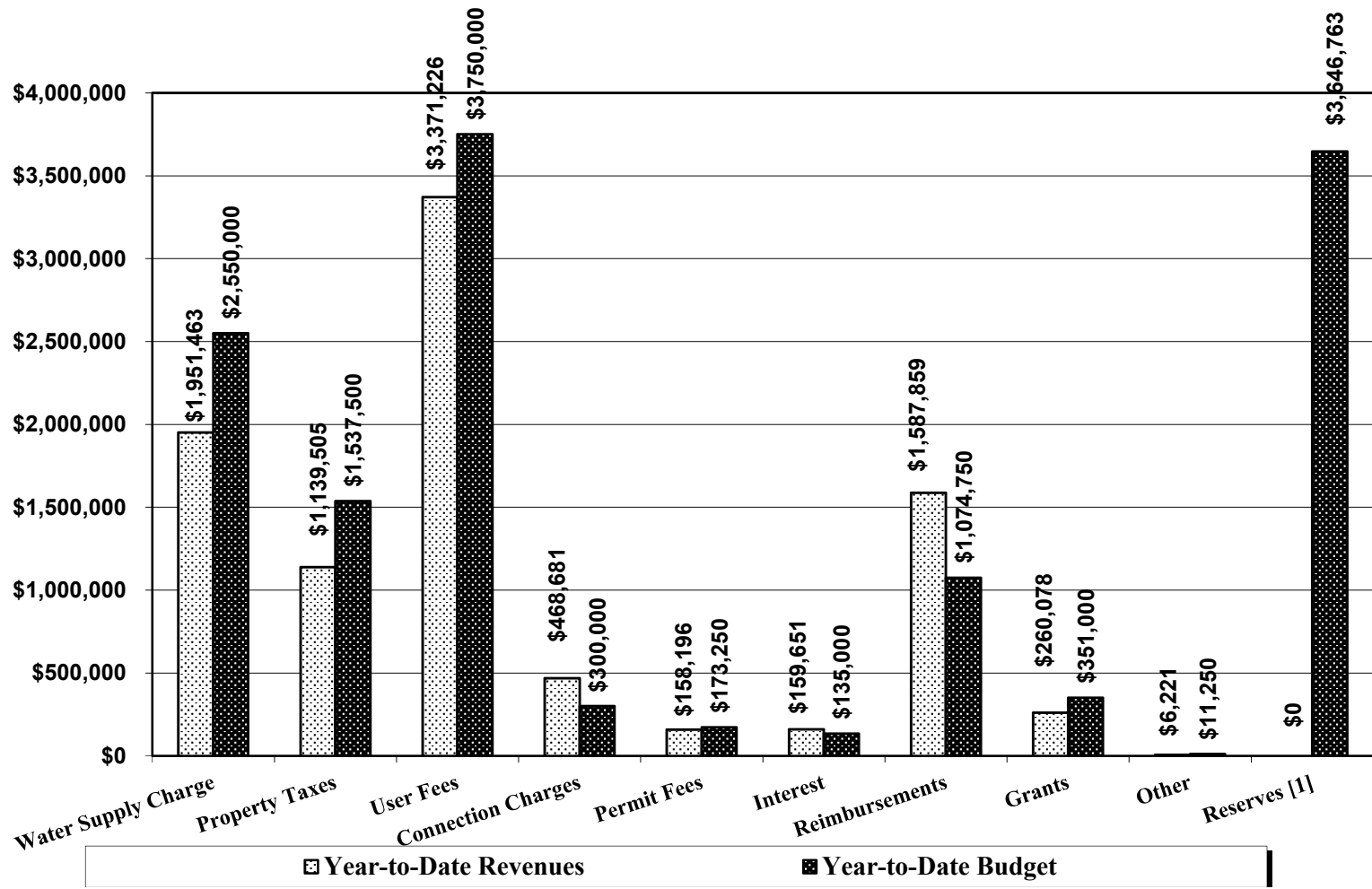
**Monterey Peninsula Water Management District
Financial Activity as of March 31, 2020
Fiscal Year 2019-2020**

	Year-to-Date <u>Revenues</u>	Year-to-Date <u>Budget</u>	<u>Variance</u>	Percent of <u>Budget</u>
Water Supply Charge	\$1,951,463	\$2,550,000	\$598,537	76.5%
Property Taxes	\$1,139,505	\$1,537,500	\$397,995	74.1%
User Fees	\$3,371,226	\$3,750,000	\$378,774	89.9%
Connection Charges	\$468,681	\$300,000	(\$168,681)	156.2%
Permit Fees	\$158,196	\$173,250	\$15,054	91.3%
Interest	\$159,651	\$135,000	(\$24,651)	118.3%
Reimbursements	\$1,587,859	\$1,074,750	(\$513,109)	147.7%
Grants	\$260,078	\$351,000	\$90,922	74.1%
Other	\$6,221	\$11,250	\$5,029	55.3%
Reserves [1]	\$0	\$3,646,763	\$3,646,763	0.0%
Total Revenues	<u>\$9,102,880</u>	<u>\$13,529,513</u>	<u>\$4,426,633</u>	<u>67.3%</u>

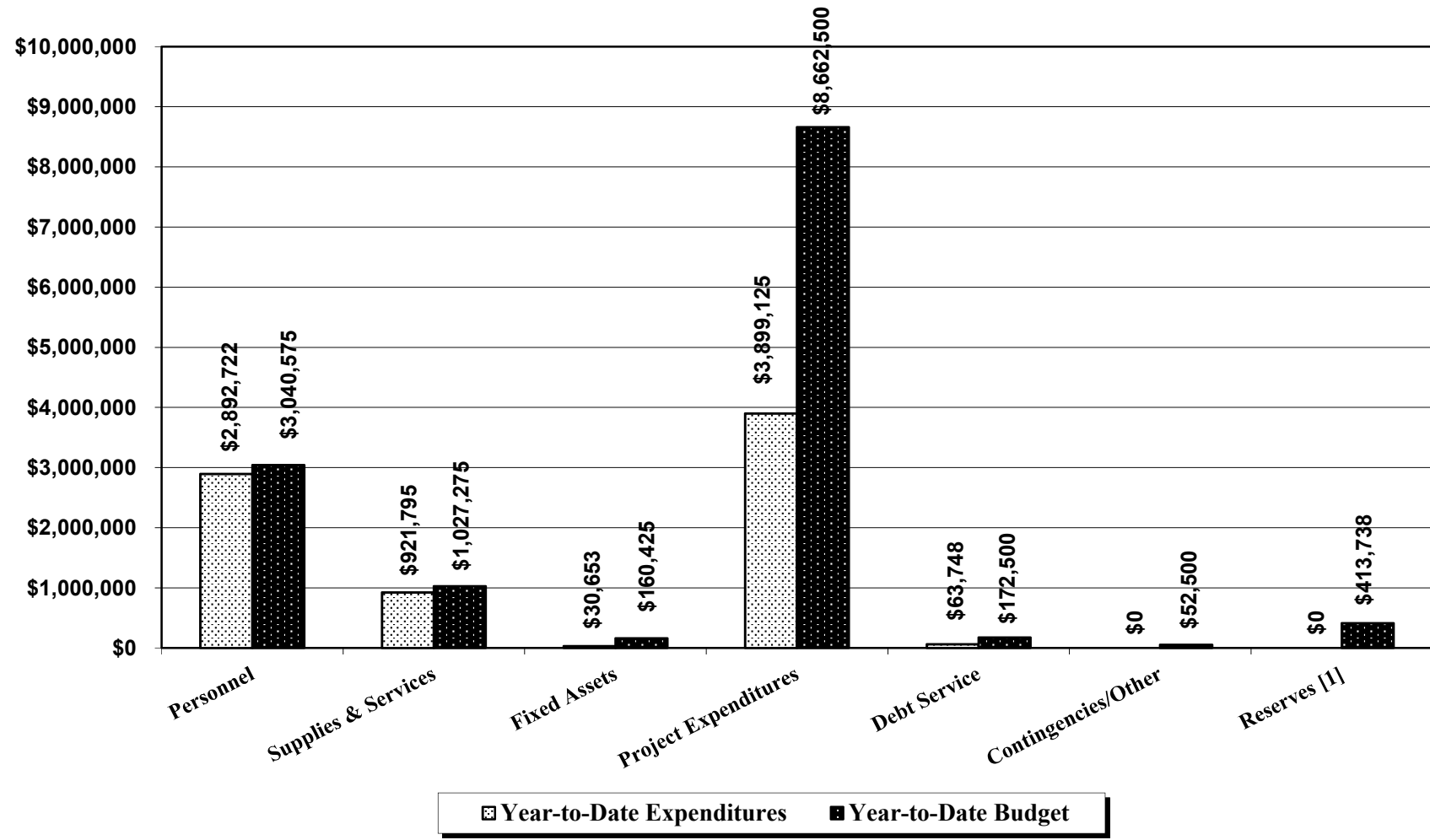
	Year-to-Date <u>Expenditures</u>	Year-to-Date <u>Budget</u>	<u>Variance</u>	Percent of <u>Budget</u>
Personnel	\$2,892,722	\$3,040,575	\$147,853	95.1%
Supplies & Services	\$921,795	\$1,027,275	\$105,480	89.7%
Fixed Assets	\$30,653	\$160,425	\$129,772	19.1%
Project Expenditures	\$3,899,125	\$8,662,500	\$4,763,375	45.0%
Debt Service	\$63,748	\$172,500	\$108,752	37.0%
Contingencies/Other	\$0	\$52,500	\$52,500	0.0%
Reserves [1]	\$0	\$413,738	\$413,738	0.0%
Total Expenditures	<u>\$7,808,043</u>	<u>\$13,529,513</u>	<u>\$5,721,470</u>	<u>57.7%</u>

[1] Budget column includes fund balance, water supply carry forward,
and reserve fund

REVENUES
Fiscal Year Ended March 31, 2020
 Year-to-Date Actual Revenues \$9,102,881
 Year-to-Date Budgeted Revenues \$13,529,513



EXPENDITURES
Fiscal Year Ended March 31, 2020
 Year-to-Date Actual Exenditures \$7,808,043
 Year-to-Date Budgeted Expenditures \$13,529,513



ITEM: CONSENT CALENDAR

5. CONSIDER APPROVAL OF THIRD QUARTER FISCAL YEAR 2019-2020 INVESTMENT REPORT

Meeting Date: May 18, 2020 **Budgeted:** N/A

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

Prepared By: Suresh Prasad **Cost Estimate:** N/A

General Counsel Review: N/A

Committee Recommendation: The Administrative Committee considered this item on May 12, 2020 and recommended approval.

CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: The District’s investment policy requires that each quarter the Board of Directors receive and approve a report on investments held by the District. **Exhibit 5-A** is the report for the quarter ending March 31, 2020. District staff has determined that these investments do include sufficient liquid funds to meet anticipated expenditures for the next six months and as a result this portfolio is in compliance with the current District investment policy. This portfolio is in compliance with the California Government Code, and the permitted investments of Monterey County.

RECOMMENDATION: District staff recommends the Board receive and approve the Third Quarter Fiscal Year 2019-2020 Investment Report.

EXHIBIT

5-A Investment Report as of March 31, 2020

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
INVESTMENT REPORT AS OF MARCH 31, 2020**

MPWMD

Issuing Institution Security Description	Purchase Date	Maturity Date	Cost Basis	Par Value	Market Value	Annual Rate of Return	Portfolio Distribution
Local Agency Investment Fund	03/31/20	04/01/20	\$13,650,945	\$13,650,945	\$13,650,945	2.030%	76.01%
Bank of America:							
Money Market	03/31/20	04/01/20	409,660	409,660	409,660	0.000%	
Checking	03/31/20	04/01/20	65,641	65,641	65,641	0.000%	
			\$475,301	\$475,301	\$475,301		2.65%
Wells Fargo Money Market	03/31/20	04/01/20	511,547	511,547	511,547	0.010%	
Wells Fargo Institutional Securities:							
Interest Bearing Certificate of Deposit	06/13/18	06/15/20	\$250,000	\$250,000	\$250,931	2.750%	
Interest Bearing Certificate of Deposit	06/28/18	06/29/20	\$250,000	\$250,000	\$251,060	2.750%	
			\$1,011,547	\$1,011,547	\$1,013,538	2.750%	5.63%
Multi-Bank Securities Cash Account	03/31/20	04/01/20	94,295	94,295	94,295	0.000%	
Multi-Securities Bank Securities:							
Interest Bearing Certificate of Deposit	07/03/18	07/06/21	\$246,000	\$246,000	\$250,819	3.000%	
Interest Bearing Certificate of Deposit	06/29/18	06/29/20	\$249,000	\$249,000	\$250,407	2.800%	
Interest Bearing Certificate of Deposit	07/03/18	07/06/21	\$246,000	\$246,000	\$250,819	3.000%	
Interest Bearing Certificate of Deposit	07/06/18	07/06/20	\$249,000	\$249,000	\$250,397	2.750%	
Interest Bearing Certificate of Deposit	08/17/18	02/17/21	\$249,000	\$249,000	\$252,155	2.800%	
Interest Bearing Certificate of Deposit	10/05/18	10/05/21	\$249,000	\$249,000	\$255,058	3.100%	
Interest Bearing Certificate of Deposit	11/21/18	11/22/21	\$246,000	\$246,000	\$253,060	3.250%	
Interest Bearing Certificate of Deposit	01/09/19	01/10/22	\$250,000	\$250,000	\$256,900	3.100%	
Interest Bearing Certificate of Deposit	02/06/20	02/06/23	\$247,000	\$247,000	\$249,510	1.800%	
Interest Bearing Certificate of Deposit	03/13/20	03/13/25	\$249,000	\$249,000	\$245,469	1.250%	
Interest Bearing Certificate of Deposit	03/30/20	03/31/25	\$248,000	\$248,000	\$248,595	1.600%	
			\$2,822,295	\$2,822,295	\$2,857,484	2.586%	15.71%
TOTAL MPWMD			\$17,960,087	\$17,960,087	\$17,997,267	2.104%	

CAWD/PBCSD WASTEWATER RECLAMATION PROJECT

Issuing Institution Security Description	Purchase Date	Maturity Date	Cost Basis	Par Value	Market Value	Annual Rate of Return	Portfolio Distribution
US Bank Corp Trust Services:							0.47%
Certificate Payment Fund	03/31/20	04/01/20	818	818	818	0.000%	
Interest Fund	03/31/20	04/01/20	338	338	338	0.000%	
Rebate Fund	03/31/20	04/01/20	19	19	19	0.000%	
			\$1,176	\$1,176	\$1,176	0.000%	
Bank of America:							99.53%
Money Market Fund	03/31/20	04/01/20	247,685	247,685	\$247,685	0.000%	
TOTAL WASTEWATER RECLAMATION PROJECT			\$248,861	\$248,861	\$248,861	0.000%	

These investments do include sufficient liquid funds to meet anticipated expenditures for the next six months as reflected in the FY 2019-2020 annual budget adopted on June 17, 2019.

ITEM: PUBLIC HEARING**9. CONSIDER SECOND READING AND ADOPTION OF ORDINANCE NO. 185 - AMENDING DISTRICT RULE 24 TO ALLOW SPECIAL FIXTURE UNIT ACCOUNTING FOR SECOND BATHROOMS IN EXISTING DWELLING UNITS AND TO PERMANENTLY ADOPT SUB-METERING REQUIREMENTS AND EXEMPTIONS FOR ACCESSORY DWELLING UNITS****Meeting Date: May 18, 2020 Budgeted: N/A****From: David J. Stoldt, General Manager Program/ Line Item No.: N/A****Prepared By: Stephanie Locke Cost Estimate: N/A****General Counsel Review: Completed.****CEQA Compliance: An Initial Study and proposed Negative Declaration were circulated for comment. A Negative Declaration is proposed for consideration as part of this staff report.**

SUMMARY: Rule 24-A-3, Second Bathroom Addition, was adopted to facilitate a full second Bathroom in a Single-Family Residence that has less than two full Bathrooms without requiring a debit to an Allocation, Entitlement, or credit. The protocol was predicated on the CEQA finding that the second Bathroom does not increase water use. As stated in the Ordinance No. 98 findings: “The addition of a second Bathroom to an existing residence is primarily for the purpose of convenience.”

Ordinance No. 185 (**Exhibit 9-A**) expands the second Bathroom protocol to Sites that have less than four Dwelling Units and codifies an urgency ordinance adopted in August 2019 related to submetering of Accessory Dwelling Units (ADU). To prevent the second bathroom from being added in a new ADU, the rule specifies that the second Bathroom must be added within an existing Dwelling Unit (including additions, remodels and rebuilds of an existing Dwelling Unit) that was constructed before May 2001 (the date the protocol was adopted). The definition of “Dwelling Unit” is amended by this ordinance to reflect the California Building Code definition.

The following is a summary of Draft Ordinance No. 185:

1. The ordinance expands the second Bathroom protocol to all Dwelling Units with less than two full Bathrooms that existed when the protocol was adopted in May 2001. It is, however, limited to Sites that have less than four Dwelling Units to avoid apartments from using the protocol.
2. The second Bathroom must be added to an existing Dwelling Unit. The second Bathroom cannot be installed to create a new Accessory Dwelling Unit. If the protocol is used, the Dwelling Unit is restricted to no more than two Bathrooms unless the second Bathroom is permitted by a debit to an Allocation, Entitlement, or offset by a credit.

3. The rule currently restricts the Site (the entire property) to no more than two Bathrooms. The amendment allows additional Bathrooms to be added elsewhere on the Site (e.g. in a new ADU) when water from a Jurisdiction's Allocation or Entitlement (or on-Site credit) is available for those fixtures.
4. The ordinance permanently codifies two Rule 23 amendments made by Urgency Ordinance No. 184 in August 2019: (1) ADUs in existing structures are exempt from the requirement to sub-meter; and (2) permanent sub-metering is allowed for one newly constructed detached ADU. Sub-meters are meters in the water line between the main house and the ADU, and they are not monitored by the water supplier. In-line metering is encouraged to provide accountability for individual water use.

California Environmental Quality Act (CEQA) Review

An Initial Study and proposed Negative Declaration were filed with the County and circulated among interested parties on March 16, 2020, for a period of 20 days. No comments were received.

Based on the Initial Study (**Exhibit 9-B**), there is an absence of substantial evidence from which a fair argument can be made that adoption of Ordinance No. 185 has measurable and meaningful actual or potential adverse environmental consequences. Prior to adoption of Ordinance No. 185, the Board should adopt the following finding supporting the negative declaration:

Based upon completion of an initial study, MPWMD finds that there is no substantial evidence that the project may have a significant effect on the environment.

RECOMMENDATION: Staff recommends the Board adopt the finding supporting the Negative Declaration for Ordinance No. 185 and adopt Ordinance No. 185 on second reading. Staff will file the appropriate CEQA paperwork with the County following adoption.

EXHIBIT

9-A Ordinance No. 185

9-B Notice of Intent to Adopt a Negative Declaration and Initial Study

EXHIBIT 9-A**SECOND READING
ORDINANCE NO. 185****AN ORDINANCE OF THE
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
AMENDING DISTRICT RULE 24 TO ALLOW SPECIAL FIXTURE UNIT
ACCOUNTING FOR SECOND BATHROOMS IN EXISTING DWELLING UNITS
AND TO AMEND RULE 23 TO PERMANENTLY ADOPT SUB-METERING
REQUIREMENTS AND EXEMPTIONS FOR ACCESSORY DWELLING UNITS****FINDINGS**

1. The Water Management District is charged under the Monterey Peninsula Water Management District Law with the integrated management of the ground and surface water resources in the Monterey Peninsula area.
2. The Water Management District has general and specific power to cause and implement water conservation activities as set forth in Sections 325 and 328 of the Monterey Peninsula Water Management District Law.
3. This ordinance refines the definition of Dwelling Unit to more closely match the California Building Code.
4. This ordinance expands the second bathroom eligibility to Dwelling Units that were built before May 16, 2001, the effective date of Ordinance No. 98 and the second Bathroom protocol.
5. This ordinance allows a second Bathroom for convenience on Sites with less than four Dwelling Units. It does not allow second Bathrooms in apartment buildings.
6. This ordinance continues to recognize the findings adopted in Ordinance No. 98 and Ordinance No. 114 that the addition of a second Bathroom in a Dwelling Unit is for convenience and has a de minimis increase in water use.
7. By eliminating the limitation that a second Bathroom addition under Rule 24-A-3 is available only to Single Family Residences on Single Family Residential Sites (as defined by MPWMD

Rule 11), this ordinance will facilitate new ADUs on Sites where the second Bathroom protocol has been used. Presently, the Site is restricted to no more than two Bathrooms. The second Bathroom must be permitted by a debit to an Allocation or Entitlement before an ADU can be built.

8. The change to “Dwelling Unit” from “Single Family Dwelling Unit on a Single Family Residential Site” facilitates the ADU by allowing the second Bathroom in the original Dwelling Unit to remain without an additional permit requirement.
9. Removal or retrofitting of the any fixture added pursuant to the second Bathroom protocol does not result in a Water Credit.
10. The District requires separate Water Meters for each User to promote accountability for water use and to enforce water rationing when needed.
11. The Board has previously adopted by urgency ordinance Rule 23-A-1-i-(6) that allows permanent sub-metering of one ADU on a Site, rather than requiring a separate Water Meter by the Water Distribution System Operator. Because this Rule was adopted with urgency in Ordinance No. 184, it will expire after one year unless it is codified through a non-urgency ordinance adopted by the Board of Directors.
12. The requirement for sub-metering an ADU becomes a hardship when an ADU is created within an existing structure where plumbing is not designed to sub-meter hot and cold water. A hardship occurs when the ADU is contained within the existing space of a single-family residence or accessory structure, including, but not limited to, a studio, pool house, or other similar structure. (Finding from Urgency Ordinance No. 184)
13. Allowing a limited exemption from the sub-metering requirements for ADUs would not have an adverse effect on enforcement of water rationing. Rule 165 states: “Where two or more Households are served by a Master Meter, it shall be the responsibility of the Water Users to divide the Water Rations among the Water Users.” (Finding from Urgency Ordinance No. 184)
14. Allowing this exemption from the metering requirements encourages additional affordable rental housing stock, a priority of the State of California. (Finding from Urgency Ordinance No. 184)
15. This ordinance shall be reviewed and approved under CEQA (California Environmental Quality Act) based upon a Negative Declaration.

NOW THEREFORE be it ordained as follows:

ORDINANCE

Section One: **Short Title**

This ordinance shall be known as the “MPWMD 2020 Second Bathroom and Accessory Dwelling Unit Sub-Metering Clarification Ordinance.”

Section Two: **Purpose**

This ordinance amends the provisions of Rule 24 to allow a second Bathroom for convenience in any Dwelling Unit on Sites with less than four Dwelling Units that existed as of the date the protocol was effective in 2001. The ordinance clarifies that the second Bathroom protocol is not allowed to be used by a new Accessory Dwelling Unit. Ordinance No. 185 also codifies the Board’s adoption of Ordinance No. 184 with urgency in August 2019. The codified action clarifies Rule 23 water submetering requirements for Accessory Dwelling Units (“ADUs”). The ordinance allows permanent submetering of one detached ADU on a Site and exempts from submetering ADUs located within an existing structure.

Section Three: **Amendment of Rule 24: Water Permit Process**

Rule 11 shall be revised as shown in bold italics (***bold italics***) and strikeout (~~strike through~~):

DWELLING UNIT - “Dwelling Unit” shall mean a ***single unit providing complete, independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking and sanitation,*** ~~single or multiple residences suitable for single household occupancy~~ but shall not refer to non-permanent student or transient housing, the occupancy of which is projected to average 24 months or less.

Section Four: **Amendment of Rule 24-A-3, Second Bathroom Addition**

Rule 24-A-3 shall be revised as shown in bold italics (***bold italics***) and strikeout (~~strike through~~):

3. **Second Bathroom Addition**

A distinctive Water Permit protocol shall apply to any Residential application that proposes to add a second Bathroom to ~~an existing Single Family~~ ***a Dwelling Unit***

*built before May 16, 2001, on a single-family Residential Site that, prior to the application, has less than two **full** Bathrooms.*

- a. The second Bathroom protocol shall be limited, and shall apply only to the following water appliances if they are installed in a ~~new~~ second Bathroom as an expansion ***or remodel*** of an existing ~~Single-Family Dwelling Unit~~: (a) a single toilet, and (b) a single Standard Bathtub, or single Shower Stall, or a single standard tub-shower combination, and (c) one or two Washbasins.
- b. The second Bathroom protocol shall further apply ~~on a pro-rata basis~~ to any Residential application that proposes to add one or more of the ~~referenced~~ water ***fixtures*** ~~appliances~~ ***referenced above*** to ~~a an existing~~ second Bathroom which lacks ~~that same appliance~~ ***a fixture(s)*** within ~~a an existing single-family Residential Site Dwelling Unit that~~ and, prior to the application, has less than two full Bathrooms.
- c. The second Bathroom protocol shall apply only to a ~~Single-Family Dwelling Unit that has less than two full Bathrooms on a single-family Residential Site that had a final building permit as of May 16, 2001.~~
- d. The second Bathroom protocol shall not apply to any Multi-Family Dwelling or Multi-Family Residential Site ***with four or more units*** as ~~defined by these Rules and Regulations.~~
- e. ~~A valid Water Use Credit for the permanent abandonment of a one Bathroom Single-Family Dwelling on a single-family Residential Site issued prior to May 16, 2001 shall be regarded as an existing Single-Family Dwelling for 120 months following demolition and shall allow the reconstruction of a single-family Dwelling with the addition of the water fixtures allowed by this provision as long as the credit is valid.~~
- fe. Water fixtures installed pursuant to this provision shall be installed within the ~~existing Single-Family Dwelling Unit~~. ***The second Bathroom protocol shall not be used to create a new Accessory Dwelling Unit. This includes the addition of a second Bathroom elsewhere in the Dwelling Unit that would allow the first Bathroom to be used by an Accessory Dwelling Unit. The protocol was adopted to recognize that a second Bathroom is for convenience. It is not intended to support a new User.***

- ~~gf.~~ Under this second Bathroom protocol, the General Manager shall not debit the Jurisdiction's Allocation for the installation of ~~select~~ **the** water fixtures in the second Bathroom.
- ~~hg.~~ Capacity Fees shall nonetheless be collected for the addition of fixture units in the second Bathroom.
- ~~ih.~~ No ~~on-site, off-site or transfer of~~ credit shall be granted for removal or retrofit of any fixture added pursuant to this second Bathroom protocol.
- ~~ji.~~ Use of the second Bathroom protocol is voluntary. Any ~~property~~ **Dwelling Unit** installing a second Bathroom pursuant to this provision shall be limited to two Bathrooms unless the second Bathroom is permitted by debit to a Jurisdiction's Allocation, ***an Entitlement, or offset by a credit.*** A Notice ***and Deed Restriction Regarding The Limitation Of*** Use ~~Of~~ Water ~~On~~ Aa Property shall be recorded on the real property as a condition of the Water Permit.
- ~~kj.~~ All Water Permits issued pursuant to this Rule shall include a Notice and Deed Restriction titled "Provide Public Access to Water Use Data" pursuant to Rule 23. In addition, permits utilizing the second Bathroom protocol shall authorize access to water records for the sixty (60) months prior to the date the Water Permit is issued. There shall be no additional charge for this deed restriction.
- ~~hk.~~ The provisions of this second Bathroom protocol shall take precedence and supersede any contrary provision of the Water Management District Rules and Regulations.

Section Five: **Amendment of Rule 23-A-1-i-(6)**

Rule 23-A-1-(i)-(6) shall be amended as shown below, with added language as shown in ***bold italic*** type face, and deleted language shown in ~~strikeout~~ type face. The remaining provisions of Rule 23 shall remain unchanged by this ordinance. This amendment was temporarily approved by adoption of Urgency Ordinance No. 184, the 2019 Accessory Dwelling Unit Ordinance. Adoption of this ordinance will make the changes permanent.

- (6) The General Manager shall allow permanent sub-metering of all water use into one

~~Accessory Dwelling Unit, including hot and cold water supply. The application for sub-metering an~~ *An Accessory Dwelling Unit contained within the existing space of a single-family residence or accessory structure (e.g., studio, pool house, or other similar structure) shall be exempt from the sub-metering requirement. Sub-metering is, however, encouraged as a conservation tool that promotes the efficient use of water. The sub-metering requirement or sub-metering exemption* will be considered by the General Manager when the Jurisdiction confirms there is no potential that the sub-metered User could be located on a separate Site through subdivision or transfer of ownership of a portion of the Site.

Section Six: **Accessory Dwelling Units Under Construction**

Active Water Permits that require sub-metering of ADUs in existing structures shall be eligible for the exemption adopted by this ordinance. An amended Water Permit shall not be required; however, an amendment is required to remove the requirement from any Limitation on Use (Form 1.1) deed restriction.

Section Seven: **Publication and Application**

The provisions of this ordinance shall cause the republication and amendment of the permanent Rules and Regulations of the Monterey Peninsula Water Management District.

Section Eight: **Effective Date and Sunset**

This ordinance shall take effect at 12:01 a.m. thirty days after adoption.

This Ordinance shall not have a sunset date.

Section Nine: **Severability**

If any subdivision, paragraph, sentence, clause or phrase of this ordinance is, for any reason, held to be invalid or unenforceable by a court of competent jurisdiction, such invalidity shall not affect the validity or enforcement of the remaining portions of this ordinance, or of any other provisions of the Monterey Peninsula Water Management District Rules and Regulations. It is the District's express intent that each remaining portion would have been adopted irrespective of the fact that one or more subdivisions, paragraphs, sentences, clauses, or phrases be declared invalid or unenforceable.

On motion by Director _____, and second by Director _____, the foregoing ordinance is adopted upon this 18th day of May 2020, by the following vote:

AYES:

NAYS:

ABSENT:

I, David J. Stoldt, Secretary to the Board of Directors of the Monterey Peninsula Water Management District, hereby certify the foregoing is a full, true and correct copy of an ordinance duly adopted on the 18th day of May 2020.

Witness my hand and seal of the Board of Directors this _____ day of _____ 2020.

David J. Stoldt, Secretary to the Board



**NOTICE OF INTENT TO ADOPT AN INITIAL STUDY
AND
PROPOSED NEGATIVE DECLARATION**

1. **PROJECT TITLE:** Adoption of Ordinance No. 185: "MPWMD Second Bathroom and Accessory Dwelling Unit Sub-Metering Clarification Ordinance"
2. **DESCRIPTION AND LOCATION OF PROJECT:** Ordinance No. 185 (**Attachment 2**) amends the provisions of Rule 24 to allow a second Bathroom for convenience in any Dwelling Unit on Sites with less than four Dwelling Units that existed as of the date the protocol was adopted in 2001. The ordinance clarifies that the second Bathroom protocol is not allowed to be used by a new Accessory Dwelling Unit. This ordinance also permanently amends Rule 23 as adopted by Urgency Ordinance No. 184 to exempt existing Residential space or structures that can be converted to Accessory Dwelling Units from the requirement for permanent sub-metering and grandfathers existing active construction of ADUs from the requirement.

Ordinance No. 185 applies to Sites within the boundaries of the Monterey Peninsula Water Management District (MPWMD), including the cities of Carmel-by-the-Sea, Del Rey Oaks, Monterey, Pacific Grove, Sand City, Seaside, portions of Monterey County (primarily Carmel Valley, Pebble Beach and the Carmel Highlands), and the Monterey Peninsula Airport District. Each of these Jurisdictions regulates land use within its individual boundaries and is responsible for CEQA review of individual projects that are proposed. The District does not regulate land use.

3. **REVIEW PERIOD:** The Review Period is March 16, 2020, through April 4, 2020.
4. **PUBLIC MEETINGS:** The first reading of the Ordinance is scheduled for public hearing on April 20, 2020. The first reading will be held at 6:00 PM at the MPWMD offices at 5 Harris Court, Bldg G (Ryan Ranch), Monterey, California.
5. **LOCATION OF DOCUMENTS:** The proposed Negative Declaration and Initial Study and copies of proposed Ordinance No. 185, are available for review at the Monterey Peninsula Water Management District office located at 5 Harris Court, Bldg. G, Monterey, CA 93940 (Ryan Ranch) and on the District's website at www.mpwmd.net under "Important

Announcements -- CEQA Notices.” **The staff contact is Stephanie Locke at 831/658-5630 or Locke@mpwmd.net.**

- 6. PROPOSED FINDING SUPPORTING NEGATIVE DECLARATION:** Based upon completion of an initial study, MPWMD finds that there is no substantial evidence that the project may have a significant effect on the environment.

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**CEQA Environmental Checklist
MPWMD ORDINANCE NO. 185**

PROJECT DESCRIPTION AND BACKGROUND

Project Title:	Adoption of Ordinance No. 185: "MPWMD 2020 Second Bathroom and Accessory Dwelling Unit Sub-Metering Clarification Ordinance."
Lead agency name and address:	Monterey Peninsula Water Management District (MPWMD), P.O. Box 85, Monterey, CA 93942-0085 [Street Address: 5 Harris Court, Bldg. G, Monterey, CA 93940]
Contact person and phone number:	Stephanie Locke, 831/658-5601 or SPintar@mpwmd.net
Project Location:	Monterey Peninsula Water Management District (see Attachment 1 map)
Project sponsor's name and address:	Monterey Peninsula Water Management District, P.O. Box 85, Monterey, CA 93942-0085 (Street address: 5 Harris Court, Bldg. G, Monterey, CA 93940)
General plan description:	Varies throughout MPWMD
Zoning:	Varies throughout MPWMD
Description of project: (Describe the whole action involved, including but not limited to later phases of the project, and any secondary, support, or off-site features necessary for its implementation.)	Proposed Ordinance No. 185 (Attachment 2) This ordinance amends the provisions of MPWMD Rule 24 to allow a second Bathroom for convenience in any Dwelling Unit on Sites with less than four Dwelling Units that existed as of the date the protocol was adopted in 2001. The ordinance clarifies that the second Bathroom protocol is not allowed to be used by a new Accessory Dwelling Unit. This ordinance also permanently amends Rule 23 as adopted by Urgency Ordinance No. 184 to exempt existing Residential space or structures that can be converted to Accessory Dwelling Units from the requirement for permanent sub-metering and grandfathers existing active construction of ADUs from the requirement.
Surrounding land uses and setting; briefly describe the project's surroundings:	<p>Land uses within the MPWMD range from urban and suburban residential and commercial areas to open space/wilderness. The MPWMD encompasses the cities of Carmel-by-the-Sea, Del Rey Oaks, Monterey, Pacific Grove, Sand City, Seaside, portions of Monterey County (primarily Carmel Valley, Pebble Beach and the Highway 68 corridor), and the Monterey Peninsula Airport District. Each of these jurisdictions regulates land uses within its boundaries. The MPWMD does not regulate land uses.</p> <p>The Monterey Peninsula is dependent on local sources of water supply, which (directly or indirectly) are dependent on local rainfall and runoff. The primary sources of supply include surface and groundwater in the Carmel River basin, and groundwater in the Seaside Basin (Attachment 3).</p> <p>Vegetation communities on the Monterey Peninsula include marine, estuarine, and riverine habitats; fresh emergent and saline emergent (coastal salt marsh) wetland communities; riparian communities, particularly along the Carmel River; a wetland community at the Carmel River lagoon; and upland</p>

	vegetation communities such as coastal scrub, mixed chaparral, mixed hardwood forest, valley oak woodland, and annual grassland. These communities provide habitat for a diverse group of wildlife. The Carmel River supports various fish resources, including federally threatened steelhead fish and California red-legged frog.
Other public agencies whose approval is required (e.g. permits, financial approval, or participation agreements):	None
Have California Native American tribes traditionally and culturally affiliated with the project area requested consultation pursuant to public Resources Code section 21080.3.1? If so, is there a plan for consultation that includes, for example, the determination of significance of impacts to tribal cultural resources, procedures regarding confidentiality, etc.?	No.

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:


The environmental factors checked below would be potentially affected by this project. Please see the checklist beginning on page 3 for additional information.

<input type="checkbox"/> Aesthetics	<input type="checkbox"/> Agriculture and Forestry	<input type="checkbox"/> Air Quality
<input type="checkbox"/> Biological Resources	<input type="checkbox"/> Cultural Resources	<input type="checkbox"/> Geology/Soils
<input type="checkbox"/> Greenhouse Gas Emissions	<input type="checkbox"/> Hazards and Hazardous Materials	<input type="checkbox"/> Hydrology/Water Quality
<input type="checkbox"/> Land Use/Planning	<input type="checkbox"/> Mineral Resources	<input type="checkbox"/> Noise
<input type="checkbox"/> Population/Housing	<input type="checkbox"/> Public Services	<input type="checkbox"/> Recreation
<input type="checkbox"/> Transportation/Traffic	<input type="checkbox"/> Utilities/Service Systems	<input type="checkbox"/> Mandatory Findings of Significance
<input type="checkbox"/> Wildfire	<input type="checkbox"/> Energy	<input type="checkbox"/> Tribal Cultural Resources

DETERMINATION:

On the basis of this initial evaluation:

<input checked="" type="checkbox"/>	I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.
<input type="checkbox"/>	I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.
<input type="checkbox"/>	I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.
<input type="checkbox"/>	I find that the proposed project MAY have a "potentially significant impact" or "potentially significant unless mitigated" impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.
<input type="checkbox"/>	I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required

Signature: 	Date: 3.16.20
Printed Name: David J. Stoldt, General Manager	

CEQA Environmental Checklist

This checklist identifies physical, biological, social and economic factors that might be affected by the proposed project. In many cases, background studies performed in connection with the projects indicate no impacts. A NO IMPACT answer in the last column reflects this determination. Where there is a need for clarifying discussion, the discussion is included either following the applicable section of the checklist or is within the body of the environmental document itself. The words "significant" and "significance" used throughout the following checklist are related to CEQA, not NEPA, impacts. The questions in this form are intended to encourage the thoughtful assessment of impacts and do not represent thresholds of significance.

	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Imp act
I. AESTHETICS. Would the project:				
a) Have a substantial adverse effect on a scenic vista	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) In nonurbanized areas, substantially degrade the existing visual character or quality of public views of the site and its surroundings? (Public views are those that are experienced from publicly accessible vantage point). If the project is in an urbanized area, would the project conflict with applicable zoning and other regulations governing scenic quality?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

II. AGRICULTURE AND FOREST RESOURCES. In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Dept. of Conservation as an optional model to use in assessing impacts on agriculture and farmland. In determining whether impacts to forest resources, including timberland, are significant environmental effects, lead agencies may refer to information compiled by the California Department of Forestry and Fire Protection regarding the state's inventory of forest land, including the Forest and Range Assessment Project and the Forest Legacy Assessment Project; and the forest carbon measurement methodology provided in Forest Protocols adopted by the California Air Resources Board.

Would the project:

a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
c) Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code section 12220(g)), timberland (as defined by Public Resources Code section 4526), or timberland zoned Timberland Production (as defined by Government Code section 51104(g))?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Result in the loss of forest land or conversion of forest land to non-forest use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use or conversion of forest land to non-forest use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

III. AIR QUALITY. Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations.

Would the project:

a) Conflict with or obstruct implementation of the applicable air quality plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Expose sensitive receptors to substantial pollutant concentrations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Result in other emissions (such as those leading to odors) adversely affecting a substantial number of people?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

IV. BIOLOGICAL RESOURCES. Would the project:

a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Wildlife or U.S. Fish and Wildlife Service?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Wildlife or US Fish and Wildlife Service?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

V. CULTURAL RESOURCES. Would the project:

a) Cause a substantial adverse change in the significance of a historical resource as defined in §15064.5?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to §15064.5?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Disturb any human remains, including those interred outside of formal cemeteries?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

VI. ENERGY. Would the project:

a) Result in potentially significant environmental impact due to wasteful, inefficient, or unnecessary consumption of energy resources, during project construction or operation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Conflict with or obstruct a state or local plan for renewable energy or energy efficiency?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

VII. GEOLOGY AND SOILS. Would the project:

a) Directly or indirectly cause potential substantial adverse effects, including the risk of loss, injury, or death involving:				
i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
ii) Strong seismic ground shaking?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
iii) Seismic-related ground failure, including liquefaction?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
iv) Landslides?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
b) Result in substantial soil erosion or the loss of topsoil?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

VII. GREENHOUSE GAS EMISSIONS. Would the project:

a) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

VIII. HAZARDS AND HAZARDOUS MATERIALS. Would the project:

a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
h) Expose people or structures, either directly or indirectly, to a significant risk of loss, injury or death involving wildland fires?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

IX. HYDROLOGY AND WATER QUALITY. Would the project:

a) Violate any water quality standards or waste discharge requirements or otherwise substantially degrade surface or ground water quality?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Substantially decrease groundwater supplies or interfere substantially with groundwater recharge such that the project may impede sustainable groundwater management of the basin?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river or through the addition of impervious surfaces, in a manner which would:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
i) result in substantial erosion or siltation on- or off-site;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
ii) substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
iii) create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff; or	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
iv) impede or redirect flood flows?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) In flood hazard, tsunami, or seiche zones, risk release of pollutants due to project inundation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Conflict with or obstruct implementation of a water quality control plan or sustainable groundwater management plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

X. LAND USE AND PLANNING. Would the project:

a) Physically divide an established community?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Cause a significant environmental impact due to a conflict with any land use plan, policy, or regulation adopted for the purpose of avoiding or mitigating an environmental effect?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
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XI. MINERAL RESOURCES. Would the project:

- | | | | | |
|---|--------------------------|--------------------------|--------------------------|-------------------------------------|
| a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b) Result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

XII. NOISE. Would the project result in:

- | | | | | |
|---|--------------------------|--------------------------|--------------------------|-------------------------------------|
| a) Generation of a substantial temporary or permanent increase in ambient noise levels in the vicinity of the project in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b) Generation of excessive groundborne vibration or groundborne noise levels? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c) For a project located within the vicinity of a private airstrip or an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

XIII. POPULATION AND HOUSING. Would the project:

- | | | | | |
|---|--------------------------|--------------------------|--------------------------|-------------------------------------|
| a) Induce substantial unplanned population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b) Displace substantial numbers of existing people or housing, necessitating the construction of replacement housing elsewhere? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

XIV. PUBLIC SERVICES. Would the project:

- | | | | | |
|--|--------------------------|--------------------------|--------------------------|-------------------------------------|
| a) Result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times, or other performance objectives for any of the public services: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Fire protection? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Police protection? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
Schools?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Parks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other public facilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

XV. RECREATION.

- | | | | | |
|--|--------------------------|--------------------------|--------------------------|-------------------------------------|
| a) Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b) Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

XVI. TRANSPORTATION. Would the project:

- | | | | | |
|---|--------------------------|--------------------------|--------------------------|-------------------------------------|
| a) Conflict with a program, plan, ordinance or policy addressing the circulation system, including transit, roadway, bicycle and pedestrian facilities? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b) Conflict or be inconsistent with CEQA Guidelines §15064.3, subdivision (b)? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c) Substantially increase hazards due to a geometric design feature (e.g. sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| d) Result in inadequate emergency access? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
--------------------------------------	--	------------------------------------	--------------

XVII. TRIBAL CULTURAL RESOURCES.

a) Would the project cause a substantial adverse change in the significance of a tribal cultural resource, defined in Public Resources Code § 21074 as either a site, feature, place, cultural landscape that is geographically defined in terms of the size and scope of the landscape, sacred place, or object with cultural value to a California Native American tribe, and that is:

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
--------------------------	--------------------------	--------------------------	-------------------------------------

i) Listed or eligible for listing in the California Register of Historical Resources, or in a local register of historical resources as defined in Public Resources Code § 5020.1(k), or

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
--------------------------	--------------------------	--------------------------	-------------------------------------

ii) A resource determined by the lead agency, in its discretion and supported by substantial evidence, to be significant pursuant to criteria set forth in subdivision (c) of Public Resources Code § 5024.1. In applying the criteria set forth in subdivision (c) of Public Resources Code § 5024.1, the lead agency shall consider the significance of the resource to a California Native American tribe.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
--------------------------	--------------------------	--------------------------	-------------------------------------

XVII. UTILITIES AND SERVICE SYSTEMS. Would the project:

a) Require or result in the relocation or construction of new or expanded water, wastewater treatment or storm water drainage, electric power, natural gas, or telecommunications facilities, the construction or relocation of which could cause significant environmental effects?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
--------------------------	--------------------------	--------------------------	-------------------------------------

b) Have sufficient water supplies available to serve the project and reasonably future development during normal, dry and multiple dry years?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
--------------------------	--------------------------	--------------------------	-------------------------------------

c) Result in a determination by the waste water treatment provider, which serves or may serve the project, that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
--------------------------	--------------------------	--------------------------	-------------------------------------

d) Generate solid waste in excess of state or local standards, or in excess of the capacity of local infrastructure, or otherwise impair the attainment of solid waste reduction goals?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
--------------------------	--------------------------	--------------------------	-------------------------------------

g) Comply with federal, state, and local statutes and regulations related to solid waste?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
--------------------------	--------------------------	--------------------------	-------------------------------------

Potentially
Significant
ImpactLess Than
Significant
with
MitigationLess Than
Significant
ImpactNo
Impact**XVIII. MANDATORY FINDINGS OF SIGNIFICANCE**

a) Does the project have the potential to substantially degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, substantially reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?

☐☐☐☒

b) Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)?

☐☐☐☒

c) Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?

☐☐☐☒

DISCUSSION OF CHECKLIST ITEMS:

For all categories, "No Impact" was checked. Adoption of Ordinance No. 185 has no measurable physical impact on the environment, as the second Bathroom protocol applies only to existing Dwelling Units built before 2001 that have less than two Bathrooms. The previous CEQA findings noted that the second Bathroom protocol responds to modern quality-of-life standards and recognized that a second Bathroom in a home is primarily for convenience and would not result in significant water use. The addition of a second Bathroom for convenience has been allowed in the Monterey Peninsula Water Management District ("MPWMD") since 2001 and was adopted by Ordinance No. 98 on March 19, 2001.

The second Bathroom protocol has been restricted to Single Family Residences on Single Family Residential Sites. This ordinance expands the protocol to Sites with less than four Dwelling Units. At the request of the District's Water Demand Committee at its January 16, 2020 meeting, the ordinance does not allow the second Bathroom to be added in an apartment situation where there are four or more Dwelling Units. Use of the protocol is voluntary: Any Dwelling Unit installing a second Bathroom pursuant to this provision is limited to two Bathrooms unless the second Bathroom is permitted by debit to a Jurisdiction's Allocation.

This ordinance clarifies the second Bathroom allowed by this special fixture protocol is to be used only for convenience within the existing Dwelling Unit and cannot be used to support a new Accessory Dwelling Unit. Removal or retrofitting of any fixture added pursuant to the second Bathroom protocol does not result in a Water Credit.

Residential water use within the MPWMD has been continuously declining since Ordinance No. 98 (the initial second Bathroom protocol ordinance) was adopted in 2001. In Water Year 2001, average residential water use by separately metered customers in the incorporated areas was 0.17 Acre-Foot per Connection ("AFC") and unincorporated areas averaged 0.281 AFC. By Water Year 2019, consumption had declined to 0.109 AFC (incorporated areas) and 0.167 AFC (unincorporated areas). Reductions can be attributed to numerous water efficiency programs, changes in technology, and expensive water.

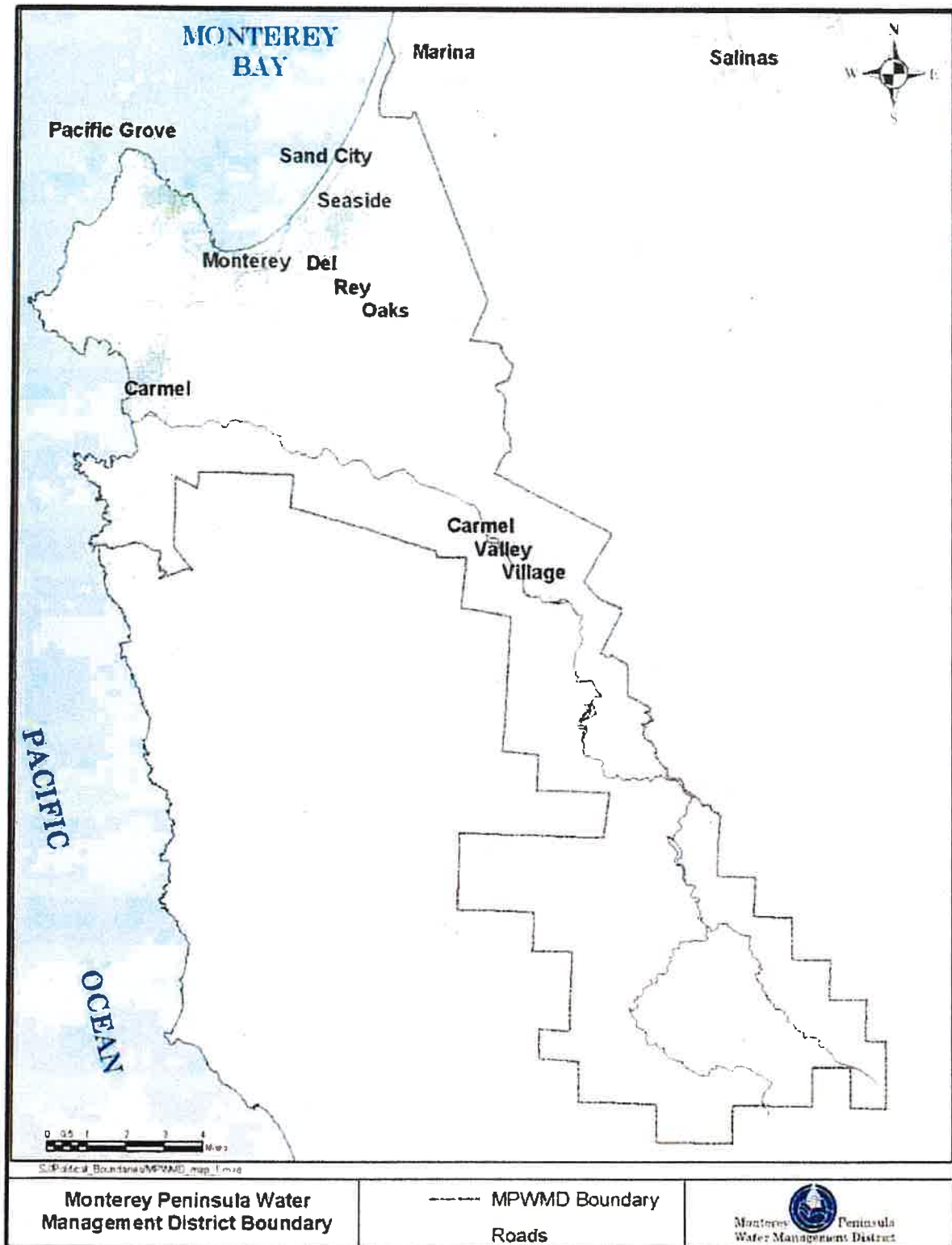
Ordinance No. 185 also codifies the Board's adoption of Ordinance No. 184 by urgency in August 2019. The codified action clarifies water submetering requirements for Accessory Dwelling Units ("ADUs"). The ordinance allows permanent submetering of one detached ADU on a Site and exempts from submetering ADUs located within an existing structure.

Ordinance No. 185, as well as supporting materials and documents, may be reviewed at the MPWMD offices, at the address and phone number listed above. These materials include (a) MPWMD Rules and Regulations, (b) MPWMD Ordinance No. 98, and (c) Board agenda information supporting development and adoption of Ordinance No. 98, (d) Ordinance No. 114 including CEQA evaluation. Initial Study conclusions are also based on District staffs' professional assessments, knowledge and experiences, based on data on file at the District office.

Conclusion

Based on this Initial Study, the MPWMD believes that there is an absence of substantial evidence from which a fair argument can be made that adoption of Ordinance No. 185 has measurable and meaningful actual or potential adverse environmental consequences. MPWMD believes that adoption of Ordinance No. 185 would have less than significant environmental impacts. MPWMD is aware that CEQA requires preparation of a negative declaration if there is no substantial evidence that the project may cause a significant effect on the environment (CEQA Guidelines §15063(b)(2).) For these reasons, MPWMD intends to adopt a negative declaration regarding adoption of Ordinance No. 185.

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ATTACHMENT 2**DRAFT
ORDINANCE NO. 185****AN ORDINANCE OF THE
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
AMENDING DISTRICT RULE 24 TO ALLOW SPECIAL FIXTURE UNIT
ACCOUNTING FOR SECOND BATHROOMS IN EXISTING DWELLING UNITS
AND TO AMEND RULE 23 TO PERMANENTLY ADOPT SUB-METERING
REQUIREMENTS AND EXEMPTIONS FOR ACCESSORY DWELLING UNITS****FINDINGS**

1. The Water Management District is charged under the Monterey Peninsula Water Management District Law with the integrated management of the ground and surface water resources in the Monterey Peninsula area.
2. The Water Management District has general and specific power to cause and implement water conservation activities as set forth in Sections 325 and 328 of the Monterey Peninsula Water Management District Law.
3. This ordinance refines the definition of Dwelling Unit to more closely match the California Building Code.
4. This ordinance expands the second bathroom eligibility to Dwelling Units that existed on May 2001, the date of adoption of the second Bathroom addition.
5. This ordinance allows a second Bathroom for convenience on Sites with less than four Dwelling Units. It does not allow second Bathrooms in apartment buildings.
6. This ordinance continues to recognize the findings adopted in Ordinance No. 98 and Ordinance No. 114 that the addition of a second Bathroom within a Dwelling Unit is for convenience and has a de minimis increase in water use.
7. By eliminating the limitation that a second Bathroom addition under Rule 24-A-3 is available only to Single Family Residences on Single Family Residential Sites (as defined by MPWMD Rule 11), this ordinance will facilitate new ADUs on Sites where the second Bathroom protocol has been used. Presently, the Site is restricted to no more than two Bathrooms. The second Bathroom must be permitted by a debit to an Allocation or Entitlement before an ADU can be built.

Bathroom must be permitted by a debit to an Allocation or Entitlement before an ADU can be built.

8. The change to "Dwelling Unit" from "Single Family Dwelling Unit on a Single Family Residential Site" facilitates the ADU by allowing the second Bathroom in the original Dwelling Unit to remain without an additional permit requirement.
9. Removal or retrofitting of the any fixture added pursuant to the second Bathroom protocol does not result in a Water Credit.
10. The District requires separate Water Meters for each User to promote accountability for water use and to enforce water rationing when needed.
11. The Board has previously adopted by urgency ordinance Rule 23-A-1-i-(6) that allows permanent sub-metering of one ADU on a Site, rather than requiring a separate Water Meter by the Water Distribution System Operator. Because this Rule was adopted with urgency in Ordinance No. 184, it will expire after one year unless it is codified through a non-urgency ordinance adopted by the Board of Directors.
12. The requirement for sub-metering an ADU becomes a hardship when an ADU is created within an existing structure where plumbing is not designed to sub-meter hot and cold water. A hardship occurs when the ADU is contained within the existing space of a single-family residence or accessory structure, including, but not limited to, a studio, pool house, or other similar structure. (Finding from Urgency Ordinance No. 184)
13. Allowing a limited exemption from the sub-metering requirements for ADUs would not have an adverse effect on enforcement of water rationing. Rule 165 states: "Where two or more Households are served by a Master Meter, it shall be the responsibility of the Water Users to divide the Water Rations among the Water Users." (Finding from Urgency Ordinance No. 184)
14. Allowing this exemption from the metering requirements encourages additional affordable rental housing stock, a priority of the State of California. (Finding from Urgency Ordinance No. 184)
15. This ordinance shall be reviewed and approved under CEQA (California Environmental Quality Act) based upon a Negative Declaration.

NOW THEREFORE be it ordained as follows:

ORDINANCE

Section One: Short Title

This ordinance shall be known as the “MPWMD 2020 Second Bathroom and Accessory Dwelling Unit Sub-Metering Clarification Ordinance.”

Section Two: Purpose

This ordinance amends the provisions of Rule 24 to allow a second Bathroom for convenience in any Dwelling Unit on Sites with less than four Dwelling Units that existed as of the date the protocol was adopted in 2001. The ordinance clarifies that the second Bathroom protocol is not allowed to be used by a new Accessory Dwelling Unit. This ordinance also permanently amends Rule 23 as adopted by Urgency Ordinance No. 184 to exempt existing Residential space or structures that can be converted to Accessory Dwelling Units from the requirement for permanent sub-metering and grandfathers existing active construction of ADUs from the requirement.

Ordinance No. 185 also codifies the Board’s adoption of Ordinance No. 184 by urgency in August 2019. The codified action clarifies water submetering requirements for Accessory Dwelling Units (“ADUs”). The ordinance allows permanent submetering of one detached ADU on a Site and exempts from submetering ADUs located within an existing structure.

Section Three: Amendment of Rule 24: Water Permit Process

Rule 11 shall be revised as shown in bold italics (***bold italics***) and strikeout (~~strike through~~):

DWELLING UNIT - “Dwelling Unit” shall mean a ***single unit providing complete, independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking and sanitation,*** ~~single or multiple residences suitable for single household occupancy~~ but shall not refer to non-permanent student or transient housing, the occupancy of which is projected to average 24 months or less.

Section Four: Amendment of Rule 24-A-3, Second Bathroom Addition

Rule 24-A-3 shall be revised as shown in bold italics (***bold italics***) and strikeout (~~strike through~~):

3. Second Bathroom Addition

A distinctive Water Permit protocol shall apply to any Residential application that proposes to add a second Bathroom to ~~an existing Single Family~~ **a Dwelling Unit built before May 2001** ~~on a single family Residential Site~~ that, prior to the application, has less than two Bathrooms.

- a. The second Bathroom protocol shall be limited, and shall apply only to the following water appliances if they are installed in a new second Bathroom as an expansion of an existing ~~Single Family Dwelling Unit~~: (a) a single toilet, and (b) a single Standard Bathtub, or single Shower Stall, or a single standard tub-shower combination, and (c) one or two Washbasins.
- b. The second Bathroom protocol shall further apply ~~on a pro-rata basis to any Residential application that proposes to add one or more of the referenced water fixtures appliances referenced above~~ to an existing second Bathroom which lacks ~~that same appliance~~ **a fixture** within an existing ~~single family Residential Site Dwelling Unit~~ and, prior to the application, has less than two full Bathrooms.
- c. The second Bathroom protocol shall apply only to a ~~Single Family Dwelling Unit that has less than two Bathrooms and on a single family Residential Site that had a final building permit as of May 16, 2001.~~
- d. The second Bathroom protocol shall not apply to any Multi-Family Dwelling or Multi-Family Residential Site **with four or more units** as defined by these Rules and Regulations.
- ~~e. A valid Water Use Credit for the permanent abandonment of a one Bathroom Single Family Dwelling on a single family Residential Site issued prior to May 16, 2001 shall be regarded as an existing Single Family Dwelling for 120 months following demolition and shall allow the reconstruction of a single family Dwelling with the addition of the water fixtures allowed by this provision as long as the credit is valid.~~
- fe. Water fixtures installed pursuant to this provision shall be installed within the existing ~~Single Family Dwelling Unit~~. **The second Bathroom protocol shall not be used to create anew Accessory Dwelling Unit. This includes the addition of a second Bathroom elsewhere in the Dwelling Unit that**

would allow the first Bathroom to be used by an Accessory Dwelling Unit. The protocol was adopted to recognize that a second Bathroom is for convenience. It is not intended to support a new User.

- gf. Under this second Bathroom protocol, the General Manager shall not debit the Jurisdiction's Allocation for the installation of ~~select~~ **the** water fixtures in the second Bathroom.
- hg. Capacity Fees shall nonetheless be collected for the addition of fixture units in the second Bathroom.
- ih. No ~~on-site, off-site or transfer of~~ credit shall be granted for removal or retrofit of any fixture added pursuant to this second Bathroom protocol.
- ji. Use of the second Bathroom protocol is voluntary. Any ~~property~~ **Dwelling Unit** installing a second Bathroom pursuant to this provision shall be limited to two Bathrooms unless the second Bathroom is permitted by debit to a Jurisdiction's Allocation, **an Entitlement, or offset by a credit**. A Notice **and Deed Restriction Regarding The Limitation Of** ~~on~~ Use ~~Of~~ Water ~~On~~ Aa Property shall be recorded on the real property as a condition of the Water Permit.
- ki. All Water Permits issued pursuant to this Rule shall include a Notice and Deed Restriction titled "Provide Public Access to Water Use Data" pursuant to Rule 23. In addition, permits utilizing the second Bathroom protocol shall authorize access to water records for the sixty (60) months prior to the date the Water Permit is issued. There shall be no additional charge for this deed restriction.
- lj. The provisions of this second Bathroom protocol shall take precedence and supersede any contrary provision of the Water Management District Rules and Regulations.

Section Five: **Amendment of Rule 23-A-1-i-(6)**

Rule 23-A-1-(i)-(6) shall be amended as shown below, with added language as shown in ***bold italic*** type face, and deleted language shown in ~~strikeout~~ type face. The remaining provisions of Rule 23 shall remain unchanged by this ordinance. This amendment was temporarily approved by

adoption of Urgency Ordinance No. 184, the 2019 Accessory Dwelling Unit Ordinance. Adoption of this ordinance will make the changes permanent.

- (6) The General Manager shall allow permanent sub-metering of all water use into one Accessory Dwelling Unit, ~~including hot and cold water supply. The application for sub-metering an~~ *An Accessory Dwelling Unit **contained within the existing space of a single-family residence or accessory structure (e.g., studio, pool house, or other similar structure) shall be exempt from the sub-metering requirement. Sub-metering is, however, encouraged as a conservation tool that promotes the efficient use of water. The sub-metering requirement or sub-metering exemption*** will be considered by the General Manager when the Jurisdiction confirms there is no potential that the sub metered User could be located on a separate Site through subdivision or transfer of ownership of a portion of the Site.

Section Six: **Accessory Dwelling Units Under Construction**

Active Water Permits that require sub-metering of ADUs in existing structures shall be eligible for the exemption adopted by this ordinance. An amended Water Permit shall not be required; however, an amendment is required to remove the requirement from any Limitation on Use (Form 1.1) deed restriction.

Section Seven: **Publication and Application**

The provisions of this ordinance shall cause the republication and amendment of the permanent Rules and Regulations of the Monterey Peninsula Water Management District.

Section Eight: **Effective Date and Sunset**

This ordinance shall take effect at 12:01 a.m. thirty days after adoption.

This Ordinance shall not have a sunset date.

Section Nine: **Severability**

If any subdivision, paragraph, sentence, clause or phrase of this ordinance is, for any reason, held to be invalid or unenforceable by a court of competent jurisdiction, such invalidity shall not affect the validity or enforcement of the remaining portions of this ordinance, or of any other provisions of the Monterey Peninsula Water Management District Rules and Regulations. It is the District's

express intent that each remaining portion would have been adopted irrespective of the fact that one or more subdivisions, paragraphs, sentences, clauses, or phrases be declared invalid or unenforceable.

On motion by Director _____, and second by Director _____, the foregoing ordinance is adopted upon this ____ day of _____ 2020, by the following vote:

AYES:

NAYS:

ABSENT:

I, David J. Stoldt, Secretary to the Board of Directors of the Monterey Peninsula Water Management District, hereby certify the foregoing is a full, true and correct copy of an ordinance duly adopted on the ____ day of _____ 2020.

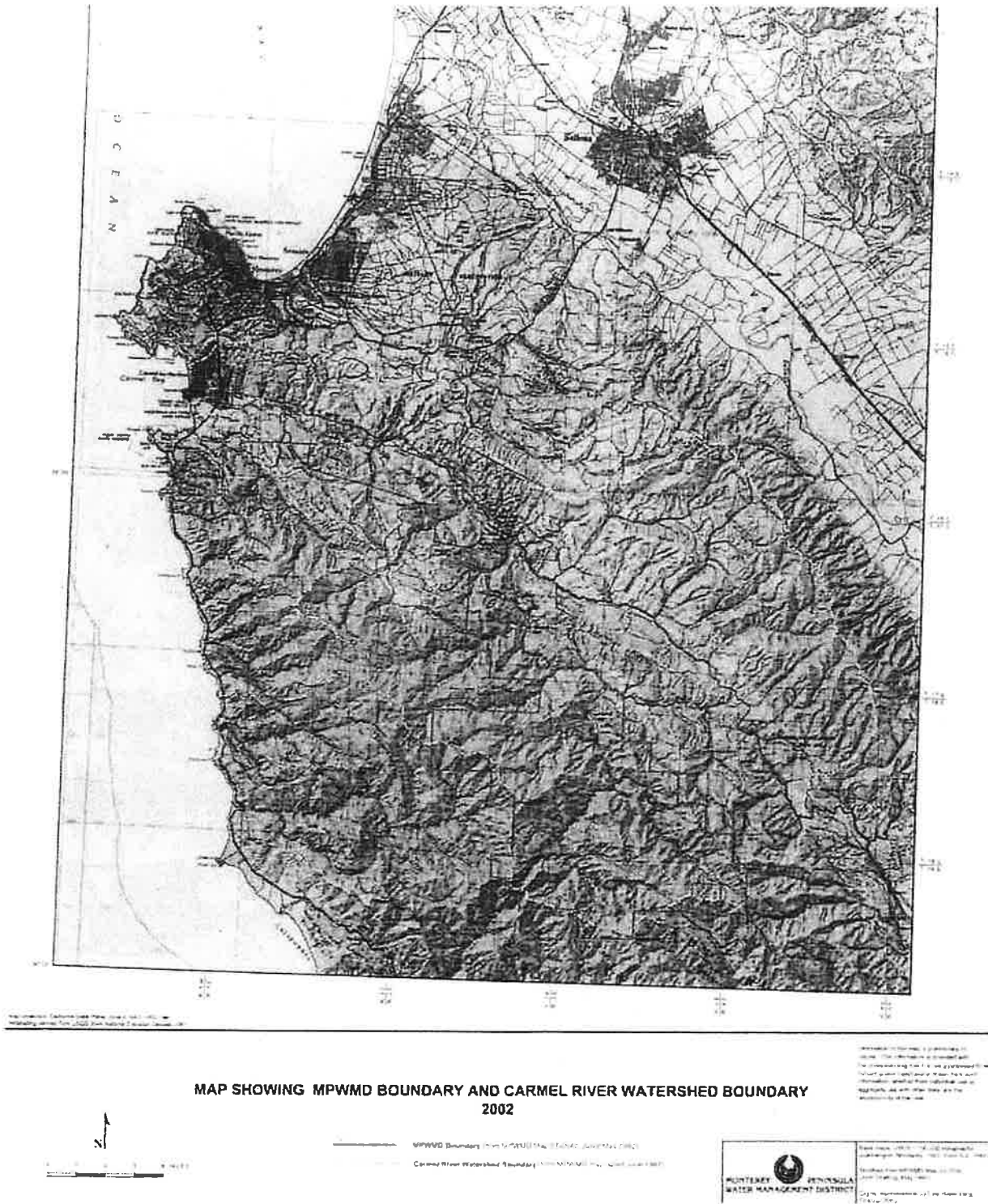
Witness my hand and seal of the Board of Directors this _____ day of _____ 2020.

David J. Stoldt, Secretary to the Board

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Attachment 3

Monterey Peninsula Water Management District



ITEM: PUBLIC HEARING**10. RECEIVE AND CONFIRM WATER SUPPLY FORECAST FOR PERIOD OF MAY 1, 2020 THROUGH SEPTEMBER 30, 2021; ADOPT RESOLUTION 2020-05 TO AMEND RATIONING TABLE (XV-4)****Meeting Date: May 18, 2020 Budgeted: N/A****From: David J. Stoldt, General Manager Program/ Line Item No.: N/A****Prepared By: Jonathan Lear Cost Estimate: N/A****General Counsel Review: N/A****Committee Recommendation: N/A**

CEQA Compliance: Notice of Exemption, CEQA, Article 19, Section 15301 (Class 1) ESA Compliance: Consistent with the September 2001 and February 2009 Conservation Agreements between the National Marine Fisheries Service and California American Water to minimize take of listed steelhead in the Carmel River and Consistent with SWRCB WR Order Nos. 95-10, 98-04, 2002-0002, and 2016-0016.

SUMMARY: Regulation X of the Monterey Peninsula Water Management District (District) Rules and Regulations requires that a water supply summary forecast report be compiled annually to analyze the status of water supply and demand within the District. This report quantifies rainfall, runoff, and storage conditions within the District as of May 1, 2020, and forecasts the amount of water that will be available for use during the upcoming water year.

Physical Water Availability: As of May 1, 2020, usable water storage within the Monterey Peninsula Water Resource System (MPWRS) totaled **29,720** acre-feet (AF) or 90% of maximum storage capacity. A map of the MPWRS is included as **Exhibit 10-A**. A breakdown of total storage by reservoir and aquifer is shown in **Exhibit 10-B**. As shown, usable reservoir storage totals 1,670 AF and usable aquifer storage totals 28,050 AF. This year the method for calculating storage in the Seaside Basin was changed from a storage estimation based on water levels in the Paso Robles Aquifer to an accounting method based on the Natural Safe Yield of 3,000 AF per year as set by the 2006 Seaside Groundwater Basin Adjudication Decision. In addition, a summary of other water-supply related conditions within the MPWRS – rainfall and runoff recorded at San Clemente Dam and California American Water (Cal-Am) monthly diversions from the Carmel River and Seaside Groundwater Basins relative to limits set by the State Water Resources Control Board (SWRCB) and Court -- are shown in **Exhibit 10-C and 10-D**.

The amount of carryover storage that is needed to meet the projected water needs within the District for the remainder of Water Year (WY) 2020 and all of WY 2021 is shown in **Exhibit 10-E**. These projections include the water needs of both Cal-Am customers and non Cal-Am water users within the District who rely on water from the MPWRS. As shown, the projected water demand for the remainder of WY 2020 is 6,626 AF. Similarly, the projected demand for WY 2021 is 9,784 AF. These projections are based on the maximum annual production amount for the Cal-Am main system from the Carmel River Basin directed by the SWRCB in Order WR 2016-0016

(8,310 AF in WY 2020 and WY 2021), the maximum annual production amount for Cal-Am from the Seaside Groundwater Basin specified by the Court as a result of the Seaside Basin adjudication (1,820 AF in WY 2020 and 1,474 AF in WY 2019), and the maximum production amount for non Cal-Am users in the MPWRS specified in the District's Water Allocation Program (3,046 AF).

As shown in **Exhibit 10-E**, the total amount of water needed on May 1 to meet the projected water demand for the remainder of WY 2019 and all of WY 2020 is **19,456 AF**. Given the current usable storage estimate of **29,720 AF**, there is sufficient stored water in the MPWRS to meet the projected water needs for the remainder of WY 2020 and begin WY 2021 with a full year's supply in reserve. This is consistent with the District drought protection goal approved by the Board in August 1993.

It should also be noted that this approach is conservative in that it is based entirely on storage and does not include any allowance for surface and subsurface inflows that are expected to occur. Therefore, based on the physical availability of water, no mandatory water demand reductions, i.e., rationing actions, are required at this time. It should be noted, however, that this analysis does not incorporate environmental considerations such as effects on riparian and aquatic resources or regulatory restrictions.

Note that all water users within the District are presently under Stage 1 Water Conservation which prohibits water waste and all non-essential uses of water.

Community Water Demand: For WY 2020, as of May 1, 2020, Cal-Am had produced 5,617 AF of water from its sources in the MPWRS. This amount of production is 57 AF under the year-to-date at month-end production target that had been set for Cal-Am based on SWRCB Order WR 2016-0016 and the Seaside Groundwater Basin adjudication decision.

RECOMMENDATION: The Board should receive the water supply forecast for the May 1, 2020 through September 30, 2021 period and adopt Resolution 2020-05 to amend Rationing Table (XV-4).

IMPACTS ON STAFF/RESOURCES: District staff currently tracks and reports on water production and water supply conditions on a monthly basis; no additional impacts are anticipated related to this item.

EXHIBITS

10-A Map of the Monterey Peninsula Water Resources System (MPWRS)

10-B Water Storage Conditions, MPWRS

10-C MPWMD Water Supply Status -- May 1, 2020

10-D California American Water Production vs. CDO and Adjudication to Date: Water Year 2020

10-E Derivation of Water Rationing Triggers for the MPWRS for the Remainder of 2020 Water Year and all of 2021 Water Year

10-F Draft Resolution 2020-05

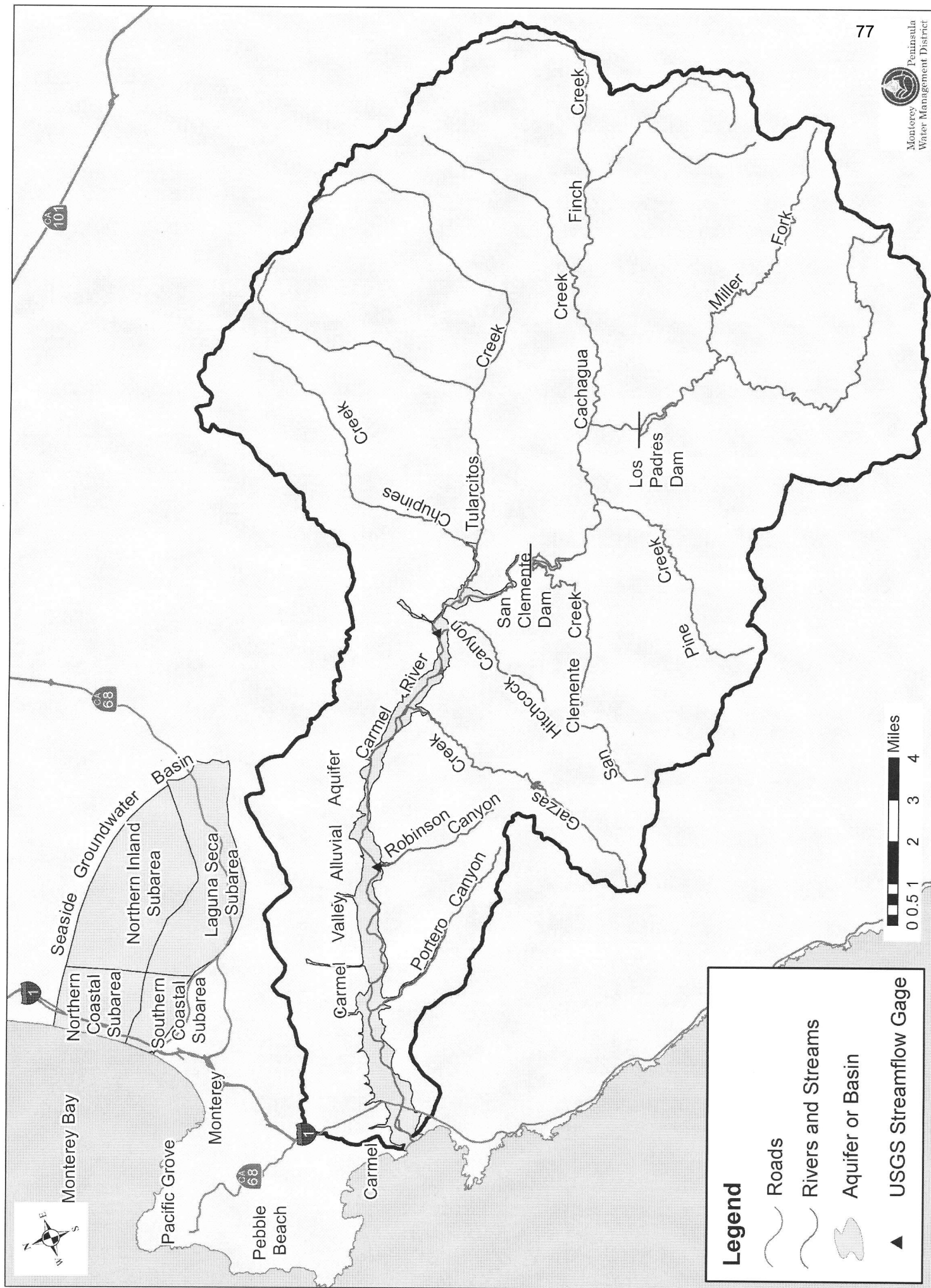


EXHIBIT 10-B

**WATER STORAGE CONDITIONS
MONTEREY PENINSULA WATER RESOURCE SYSTEM
MAY 1, 2020**

STORAGE FACILITY	MAXIMUM STORAGE CAPACITY (AF)	CURRENT STORAGE (AF)	PERCENT OF MAXIMUM CAPACITY (%)
<u>RESERVOIR</u>			
LOS PADRES	1,670	1,670	100%
<u>AQUIFERS</u>			
UPPER CARMEL VALLEY	6,530	6,240	96%
LOWER CARMEL VALLEY	21,930	20,390	93%
SEASIDE COASTAL	<u>3,000</u>	<u>1,421</u>	47%
TOTAL SYSTEM	33,130	29,721	90%

Notes:

1. Storage estimates refer to usable storage or water that can be diverted or pumped.
2. "AF" refers to acre-feet. One acre-foot equals 325,851 gallons.

EXHIBIT 10-C

**Monterey Peninsula Water Management District
Water Supply Status
May 1, 2020**

Factor	Oct - Apr 2020	Average To Date	Percent of Average	Oct – Apr 2019
Rainfall (Inches)	17.39	20.48	85%	28.92
Runoff (Acre-Feet)	39,364	61,222	64%	134,060
Storage ⁵ (Acre-Feet)	30,443	31,950	95%	31,105

Notes:

1. Rainfall and runoff estimates are based on measurements at San Clemente Dam. Annual rainfall and runoff at Sleepy Hollow Weir average 21.1 inches and 67,246 acre-feet, respectively. Annual values are based on the water year that runs from October 1 to September 30 of the following calendar year. The rainfall and runoff averages at the Sleepy Hollow Weir site are based on records for the 1922-2019 and 1902-2019 periods respectively.
2. The rainfall and runoff totals are based on measurements through the dates referenced in the table.
3. Storage estimates refer to usable storage in the Monterey Peninsula Water Resources System (MPWRS) that includes surface water in Los Padres and San Clemente Reservoirs and ground water in the Carmel Valley Alluvial Aquifer and in the Coastal Subareas of the Seaside Groundwater Basin. The storage averages are end-of-month values and are based on records for the 1989-2019 period. The storage estimates are end-of-month values for the dates referenced in the table.
4. The maximum storage capacity for the MPWRS is currently 37,639 acre-feet.

Production vs. CDO and Adjudication to Date: WY 2020

(All values in Acre-Feet)

Year-to-Date Values	MPWRS					Water Projects and Rights			
	Carmel River Basin ^{2, 6}	Seaside Groundwater Basin		MPWRS Total		ASR Recovery	Table 13 ⁷	Sand City ³	Water Projects and Rights Total
		Coastal	Laguna Seca						
Target	4,574	1,100	0	1,100	5,674	0	114	175	289
Actual ⁴	4,228	1,223	167	1,389	5,617	0	205	87	292
Difference	346	-123	-167	-289	57	0	-91	88	-3
WY 2019 Actual	4,117	1,343	135	1,478	5,595	0	371	73	443

1. This table is current through the date of this report.

2. For CDO compliance, ASR, Mal Paso, and Table 13 diversions are included in River production per State Board.

3. Sand City Desal, Table 13, and ASR recovery are also tracked as water resources projects.

4. To date, 897 AF and 205 AF have been produced from the River for ASR and Table 13 respectively.

5. All values are rounded to the nearest Acre-Foot.

6. For CDO Tracking Purposes, ASR production for injection is capped at 600 AFY.

7. Table 13 diversions are reported under water rights but counted as production from the River for CDO tracking.

Monthly Production from all Sources for Customer Service: WY 2020

(All values in Acre-Feet)

	Carmel River Basin	Seaside Basin	ASR Recovery	Table 13	Sand City	Mal Paso	Total
Oct-19	505	412	0	0	0	4	921
Nov-19	524	299	0	0	0	2	825
Dec-19	391	169	0	75	0	0	635
Jan-20	533	111	0	13	10	0	667
Feb-20	632	22	0	0	27	9	689
Mar-20	498	150	0	33	27	8	716
Apr-20	308	226	0	85	22	8	649
May-20							
Jun-20							
Jul-20							
Aug-20							
Sep-20							
Total	3,392	1,389	0	205	87	31	5,104
WY 2019	3,090	1,478	0	371	73	57	5,068

1. This table is produced as a proxy for customer demand.

2. Numbers are provisional and are subject to correction.

Rationing Trigger: WY 2020

12 Month Moving Average ¹	9,758	10,130	Rule 160 Production Limit
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1. Average includes production from Carmel River, Seaside Basin, Sand City Desal, and ASR recovery produced for Customer Service.

EXHIBIT 10-E

Table XV-4
Physical Storage Target
for the Monterey Peninsula Water Resource System
for the May-September 2020 and all WY 2021

PRODUCER	MAY-SEPTEMBER DEMAND	CARRYOVER STORAGE NEEDS FOR NEXT YEAR DEMAND	TOTAL STORAGE REQUIRED ON MAY 1
California American Water (Cal-Am)	4,680	9,784	14,464
Non Cal-Am	1,946	3,046	4,992
Total	6,626	12,830	19,456
			TOTAL STORAGE AVAILABLE ON MAY 1
			29,720 ⁵

Notes:

1. The May-September period refers to the remainder of the current water year.
2. Carryover storage refers to the volume of usable surface and groundwater that is in storage at the end of the current water year and is projected to be available for use at the beginning of the following water year.
3. Total storage refers to the combination of demand remaining from May 1 to the end of the current water year and carryover storage for the next water year that is required to avoid imposing various levels of water rationing. The value in **bold type** represents the storage trigger that would be used for the system in Water Year 2020. The value is based on the production limits for California American Water (Cal-Am) from Carmel River sources (8,310 acre-feet in WY 2020 and WY 2021) set by State Water Resources Control Board Order WR 2016-0016, the production limit for Cal-Am from the Seaside Groundwater Basin (1,820 acre-feet in WY 2020 and 1,474 AF in WY 2021) set by the Court in its March 27, 2006 adjudication decision, and the production limit specified for non Cal-Am users from the Monterey Peninsula Water Resource System set in the District's Water Allocation Program (Ordinance No. 87).
4. The rationing trigger is based on physical water availability and do not account for legal or environmental constraints on diversions from the Carmel River system.
5. May 1, 2019 System Storage = 29,720 AF (26,630 AF Carmel Valley Alluvial Aquifer; 1,421 AF Seaside Groundwater Basin; 1,670 AF Los Padres Reservoir); this is 100% of average and 90% of system capacity (33,127 AF).



EXHIBIT 10-F

**RESOLUTION NO. 2020-05
A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
MODIFYING RULE 160 – RATIONING TABLE FOR REMAINDER WATER YEAR
2020 AND ALL OF WATER YEAR 2021**

WHEREAS, the Monterey Peninsula Water Management District (District) has developed a set of rules to facilitate compliance by California American Water systems with the regulatory and legal water production limits set by the State Water Resources Control Board and the Seaside Basin Adjudication as administered by the Seaside Groundwater Basin Watermaster;

WHEREAS, District Rule 160 specifies the regulatory water production targets that are used to trigger higher stages of water conservation to ensure compliance with these legal and regulatory water production limits;

WHEREAS, these limits are subject to change by action of the State Water Resources Control Board and Seaside Groundwater Basin Watermaster;

WHEREAS, the State Water Resources Control Board adopted Order WR 2016-0016, which requires California American Water to divert no more than 8,310 acre-feet in Water Year 2020, and no more than 8,310 acre-feet in Water Year 2021;

WHEREAS, the Monterey County Superior Court adopted an Amended Decision in the Seaside Groundwater Basin Adjudication on February 9, 2007 (*California American Water v. City of Seaside, et al.*, Case No. M66343), which requires California American Water to divert no more than 1,820 acre-feet from the Coastal Subareas of the Seaside Groundwater Basin in Water Year 2020, and no more than 1,474 acre-feet from the Coastal Subareas of the Seaside Groundwater Basin in Water Year 2021; and

WHEREAS, Regulation X of the Monterey Peninsula Water Management District (District) Rules and Regulations requires that a water supply summary forecast report be compiled annually to analyze the status of water supply and demand within the District.

NOW THEREFORE, BE IT RESOLVED:

1. Specifically, District staff shall add Table XV-4 (**Attachment 1**) to District Rule 160.

On motion of Director _____, and second by Director _____, the foregoing resolution is duly adopted this 18th day of May 2020, by the following votes:

AYES:

NAYES:

ABSENT:

I, David J. Stoldt, Secretary of the Board of Directors of the MPWMD, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted on the 18th day of May 2020.

Witness my hand and seal of the Board of Directors, this _____ day of May, 2020.

David J. Stoldt, Secretary to the Board

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Table XV-4
Physical Storage Target
for the Monterey Peninsula Water Resource System
for the May-September 2020 and all WY 2021

PRODUCER	MAY-SEPTEMBER DEMAND	CARRYOVER STORAGE NEEDS FOR NEXT YEAR DEMAND	TOTAL STORAGE REQUIRED ON MAY 1
California American Water (Cal-Am)	4,680	9,784	14,464
Non Cal-Am	1,946	3,046	4,992
Total	6,626	12,830	19,456
			TOTAL STORAGE AVAILABLE ON MAY 1
			29,720 ⁵

Notes:

1. The May-September period refers to the remainder of the current water year.
2. Carryover storage refers to the volume of usable surface and groundwater that is in storage at the end of the current water year and is projected to be available for use at the beginning of the following water year.
3. Total storage refers to the combination of demand remaining from May 1 to the end of the current water year and carryover storage for the next water year that is required to avoid imposing various levels of water rationing. The value in **bold type** represents the storage trigger that would be used for the system in Water Year 2020. The value is based on the production limits for California American Water (Cal-Am) from Carmel River sources (8,310 acre-feet in WY 2020 and WY 2021) set by State Water Resources Control Board Order WR 2016-0016, the production limit for Cal-Am from the Seaside Groundwater Basin (1,820 acre-feet in WY 2020 and 1,474 AF in WY 2021) set by the Court in its March 27, 2006 adjudication decision, and the production limit specified for non Cal-Am users from the Monterey Peninsula Water Resource System set in the District's Water Allocation Program (Ordinance No. 87).
4. The rationing trigger is based on physical water availability and do not account for legal or environmental constraints on diversions from the Carmel River system.
5. May 1, 2019 System Storage = 29,720 AF (26,630 AF Carmel Valley Alluvial Aquifer; 1,421 AF Seaside Groundwater Basin; 1,670 AF Los Padres Reservoir); this is 100% of average and 90% of system capacity (33,127 AF).

ITEM: PUBLIC HEARING**11. CONSIDER ADOPTION OF URGENCY ORDINANCE NO. 186 – TEMPORARILY SUSPENDING A PORTION OF RULE 24-B-1-i PERTAINING TO EXTERIOR RESTAURANT SEATING IN RESPONSE TO COVID-19 RE-OPENING PROCEDURES**

Meeting Date:	May 18, 2020	Budgeted:	N/A
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From:	David J. Stoldt,	Program/	N/A
	General Manager	Line Item No.:	N/A

Prepared By:	Stephanie Locke	Cost Estimate:	N/A
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General Counsel Review: Completed.

CEQA Compliance: This ordinance is exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Section 15301, Existing Facilities, as these amendments relate to permitting and alterations of existing facilities.

SUMMARY: On May 12, 2020, California Governor Gavin Newsom announced the state’s long-awaited guidelines for the reopening of Restaurants for sit-down dining, including extensive guidelines for physical distancing. Outdoor seating is to be prioritized over inside seating to minimize crossflow of customers in enclosed environments. The Governor’s guidelines include removing tables and chairs from indoor dining areas so that six feet of physical distance can be maintained for customers and employees. The guidelines also require discontinuing seating of customers where customers cannot maintain six feet of distance from employee work and food and drink preparation areas.

Jurisdictions are already discussing ways to facilitate social distancing at Restaurants during the pandemic by shutting down streets, parking spaces, and sidewalks to create open air dining areas. Staff discussed this situation with legal counsel and determined that an urgency ordinance is appropriate given the possible timeline for re-opening.

The temporary removal of indoor seating is not of concern to the District, as those seats can be reinstated without a permit. However, MPWMD Rule 24-B-1-i regulates the number of outdoor seats that a Restaurant can have (e.g., the “exterior seat allowance”) before a Water Permit is required. The rule does not address the potential need to relocate seating from inside to outside as will occur with re-opening Restaurants during the pandemic. Draft Urgency Ordinance No. 186 (**Exhibit 11-A**) facilitates relocation of seating without requiring a Water Permit. Restaurants that want to increase Exterior Restaurant Seating above the standard exterior seat allowance will need to confirm that the District has an Interior Restaurant Seat count on file before expanding.

RECOMMENDATION: Staff recommends the Board adopt Ordinance No. 186 on May 18, 2020, to facilitate re-opening of restaurants with outdoor seating during the COVID-19 pandemic. An urgency ordinance is limited in time to one year. The Board may revisit the provisions of this ordinance as needed and as more information becomes available.

EXHIBIT**11-A Ordinance No. 186**

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EXHIBIT 11-A

ORDINANCE NO. 186

AN URGENCY ORDINANCE OF THE BOARD OF DIRECTORS OF THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT TEMPORARILY SUSPENDING A PORTION OF RULE 24-B-1-i PERTAINING TO EXTERIOR RESTAURANT SEATING IN RESPONSE TO COVID-19 RE-OPENING PROCEDURES

FINDINGS

1. The Monterey Peninsula Water Management District (“District” or “Water Management District”) is charged under the Monterey Peninsula Water Management District Law with the integrated management of the ground and surface water resources in the Monterey Peninsula area.
2. The Water Management District has general and specific power to cause and implement water conservation activities as set forth in Sections 325 and 328 of the Monterey Peninsula Water Management District Law.
3. Upon reopening Restaurants for dining following the 2020 COVID-19 Shelter-in-Place Orders, health and safety will remain a top concern for consumers.
4. On May 12, 2020, California Governor Gavin Newsom announced the state’s long-awaited guidelines for the reopening of Restaurants for sit-down dining, including extensive guidelines for physical distancing.
5. Outdoor seating is to be prioritized over inside seating to minimize crossflow of customers in enclosed environments.
6. The Governor’s guidelines include removing tables and chairs from indoor dining areas so that six feet of physical distance can be maintained for customers and employees. If tables, chairs, booths, etc., cannot be moved, visual cues must be used to show that they are not available for use or Plexiglas or other types of impermeable physical barriers must be installed to minimize exposure between customers.

7. The guidelines also require discontinuing seating of customers where customers cannot maintain six feet of distance from employee work and food and drink preparation areas.
8. Jurisdictions are discussing ways to increase outdoor seating to facilitate social distancing, including shutting down streets, parking spaces and sidewalks to create open air dining areas.
9. MPWMD Rule 24 regulates the number of outdoor seats that a Restaurant can have before a Water Permit is required.
10. This ordinance suspends the standard exterior seat allowance for a period of one year to facilitate relocation of seating allowed indoors to the exterior with a factor of two new Exterior Restaurant Seats to removal of one Interior Restaurant Seat, in keeping with Finding 11 of Ordinance No. 164.
11. This ordinance requires Restaurants that increase Exterior Restaurant Seating above the standard exterior seat allowance to confirm that MPWMD has an Interior Restaurant Seat count on file.
12. This ordinance is adopted with urgency as the re-opening of Restaurants in the MPWMD is likely to occur before the normal ordinance process could take place, and Jurisdictions are currently discussing the process of re-opening.
13. This ordinance is exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Section 15301, Existing Facilities, as these amendments relate to permitting and alterations of existing facilities.

NOW THEREFORE be it ordained as follows:

ORDINANCE

Section One: Short Title

This ordinance shall be known as the 2020 COVID-19 Urgent Exterior Restaurant Seat Facilitation Ordinance of the Monterey Peninsula Water Management District.

Section Two: Purpose

This ordinance suspends Rule 24-B-1-i for Restaurants that remove Interior Restaurant Seats and increase Exterior Restaurant Seats as a response to the State of California’s May 12, 2020, guidelines for the reopening of Restaurants for sit-down dining to create social distancing.

Section Three: Limited Suspension of Rule 24-B-1-i

Rule 24-B-1-i states:

A Restaurant’s Water Use Capacity shall be determined by the maximum Interior Restaurant Seat count authorized by the Jurisdiction and District. Exterior Restaurant Seats may be maintained for al fresco dining without a requirement for a new or amended Water Permit provided the maximum number of Exterior Restaurant Seats does not exceed one-half the number of authorized Interior Restaurant Seats (the “standard exterior seat allowance”). Exterior Restaurant Seating not in compliance with this paragraph shall require a new or amended Water Permit.

For the duration of this ordinance, a Water Permit shall not be required to increase the Exterior Restaurant Seats above the standard exterior seat allowance at Restaurants that have a seat count on file with the District. Restaurants with no seat count on file shall contact the District by email at conserve@mpwmd.net prior to increasing their Exterior Restaurant Seats above the standard exterior seat allowance. The increase of two Exterior Restaurant Seats above the standard exterior seat allowance shall require the reduction of one Interior Restaurant Seat.

Section Four: Publication and Application

The provisions of this ordinance shall not cause the republication of the Rules and Regulations of the Monterey Peninsula Water Management District.

Section Five: Effective Date and Sunset

This ordinance shall be adopted with urgency effect and take effect at 12:01 a.m. on May 19, 2020. Insofar as this Ordinance has been enacted as an urgency measure, it shall have no force or effect after May 19, 2021.

Section Six: Severability

If any subdivision, paragraph, sentence, clause or phrase of this ordinance is, for any reason, held to be invalid or unenforceable by a court of competent jurisdiction, such invalidity shall not affect the validity or enforcement of the remaining portions of this ordinance, or of any other provisions of the Monterey Peninsula Water Management District Rules and Regulations. It is the District's express intent that each remaining portion would have been adopted irrespective of the fact that one or more subdivisions, paragraphs, sentences, clauses, or phrases be declared invalid or unenforceable.

On motion of Director _____, and second by Director _____, the foregoing ordinance is adopted upon this 18th day of May, 2020, by the following vote:

AYES:

NAYS:

ABSENT:

I, David J. Stoldt, Secretary to the Board of Directors of the Monterey Peninsula Water Management District, hereby certify the foregoing ordinance was duly adopted on the 18th day of May, 2020.

Witness my hand and seal of the Board of Directors this ____ day of _____, 2020.

David J. Stoldt, Secretary to the Board

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ITEM: ACTION ITEM**12. CONSIDER RECOMMENDATION TO THE BOARD TO ADOPT FINAL REPORT “SUPPLY AND DEMAND FOR WATER ON THE MONTEREY PENINSULA”****Meeting Date:** May 18, 2020 **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:** Water Demand Committee met on May 7, 2020 and recommended adoption of the report by a 2-1 vote.**CEQA Compliance:** Action does not constitute a project as defined by the California Environmental Quality Act Guidelines section 15378.

SUMMARY: At its September 16, 2019 meeting, the District Board accepted a report titled “*Supply and Demand for Water on the Monterey Peninsula*”, which was Exhibit 9-A of that Board packet. The report looked at the changing nature of demand on the Monterey Peninsula, the underlying assumptions in the sizing of the water supply portfolio, and indicators of the market’s ability to absorb new demand. The report was reviewed by members of the public, local organizations, and state agencies. Many comment letters argued that the findings in the report contradict those of the California Public Utilities Commission, but the letters did not provide any substantive alternate assumptions or facts.

Subsequent to the release of the initial report the 2019 water year was completed, providing an additional data point on current customer demand. The report was revised December 3, 2019 to address three items: (i) What is average current demand with the additional water year in the data? (ii) What water will be required to meet future housing needs? and (iii) What might be the market absorption of water based on an objective third-party growth forecast – the Association of Monterey Bay Area Governments (AMBAG) 2018 Growth Forecast? The revisions were presented to the District’s Water Demand Committee December 17, 2019 and a revised report was distributed to the Peninsula’s six city managers in January.

On January 22, 2020 Hazen & Sawyer, a consultant to Cal-Am, issued an analysis of the District’s report, to which the District responded on March 6, 2020. This FINAL version of the supply and demand report responds to comments made by the public, the city managers, Hazen & Sawyer, and incorporates an additional growth forecast. It is attached as **Exhibit 12-A**.

On April 21, 2020, Marina Coast Water District released its third-party “Expert Report and Recommendations of Peter Mayer, PE Regarding Water Supply and Demand in the California American Water Company’s Monterey Main System” (attached as **Exhibit 12-B**). Using slightly different data and methodology than the District, Mr. Mayer reaches many of the same conclusions

as the District's Final Report.

The "Background" section below describes the three action options the Board has with respect to the report:

"Adopt"
 "Accept" (same as "Approve"), or
 "Receive"

The passage below from Roberts Rules of Order concludes "While the motions to adopt, to accept, etc., are often used indiscriminately, and the adoption of any one of them has the effect of endorsing or adopting the opinions, actions, recommendations, or resolutions submitted by the committee, as the case may be, yet it is better to use them as heretofore stated. If only one term is used, the word "adopt" is preferable, as it is least liable to be misunderstood."

RECOMMENDATION: The Committee recommends the Board adopt the final report.

BACKGROUND: Roberts Rules of Order provides some guidance on the differences in the potential actions the Board might take.

Henry M. Robert (1837–1923). Robert's Rules of Order Revised. 1915.

54. Adoption or Acceptance of Reports.

When the report of a committee has been received, that is, has been presented to the assembly and either read or handed to the chair or the secretary, the next business in order is the disposal of the report, the proper disposition depending upon its nature. 1

(1) If the report contains only a statement of fact or opinion for the information of the assembly, the reporting member makes no motion for its disposal, as there is no necessity for action on the report. But if any action is taken, the proper motion, which should be made by someone else, is to "accept the report," which has the effect of endorsing the statement and making the assembly assume responsibility for it. 2

(paragraph 3 regarding financial reports deleted; not applicable)

(2) If the report contains recommendations not in the form of motions, they should all be placed at the end of the report, even if they have been given separately before, and the proper motion is to adopt the recommendations. 4

(paragraphs 5 and 6 related to 'resolutions' deleted; not applicable)

(paragraphs 7, 8, and 9 related to 'amendments' deleted; not applicable)

(paragraph 10 related to partial reports deleted; not applicable)

While it is customary in ordinary societies to make and second a motion to accept or adopt a committee's report, yet if the motion is not made and the chair deems it best to have a vote taken on the question, he may state the appropriate question without waiting for a motion, accepting the submission of the report by a committee as equivalent to moving the adoption of the appropriate motion for disposing of it, just as is the case when one offers a resolution. To wait to see if two members are in favor of a proposition which at least two have signed, or authorized the chairman, or reporting member, to sign, would appear useless. In ordinary societies the chairman of the assembly usually knows better than the reporting member how the business should be managed, especially if a resolution is reported with many amendments. However, unless the assembly is accustomed to having its chairman put the proper questions on the report without any formal motion, it is better for the reporting member to move the "adoption" of the resolutions or recommendations, as that is generally understood. 11

When the chair has stated the question on the adoption of the recommendations or resolutions, **or of the report** (*emphasis added*), the matter under consideration is open to debate and amendment, and may have applied to it any of the subsidiary motions, like other main questions. Its consideration cannot be objected to if the matter was referred to the committee. While the report of the committee or its resolutions may be amended by the assembly, these amendments only affect that which the assembly adopts, as the assembly cannot in any way change the committee's report. 12

(paragraph 13 is an example of paragraph 12 above and deleted here)

While the motions to adopt, to accept, etc., are often used indiscriminately, and the adoption of any one of them has the effect of endorsing or adopting the opinions, actions, recommendations, or resolutions submitted by the committee, as the case may be, yet it is better to use them as heretofore stated. If only one term is used, the word "adopt" is preferable, as it is least liable to be misunderstood.

EXHIBITS

12-A Supply and Demand for Water on the Monterey Peninsula – Final

12-B Expert Report and Recommendations of Peter Mayer, PE Regarding Water Supply and Demand in the California American Water Company's Monterey Main System

Supply and Demand for Water on the Monterey Peninsula

Prepared by David J. Stoldt, General Manager
Monterey Peninsula Water Management District

FINAL

March 13, 2020

Introduction

With the approval of the Monterey Peninsula Water Supply Project (MPWSP) in September 2018 and the continued environmental work on Pure Water Monterey (PWM) expansion as a back-up option, it is an opportune time to examine available supplies and their ability to meet current and long-term demand. This memorandum will also look at the changing nature of demand on the Monterey Peninsula, the underlying assumptions in the sizing of the water supply portfolio, and indicators of the market's ability to absorb new demand.

At its September 16, 2019 meeting, the District Board accepted a report titled *"Supply and Demand for Water on the Monterey Peninsula"*, which was Exhibit 9-A of the Board packet. The report was reviewed by members of the public, local organizations, and state agencies. While publicly vetted, only three sets of comments were received: (a) California American Water provided a comment letter October 15, 2019, and (b) The Coalition of Peninsula Businesses provided letters September 15, 2019 and September 24, 2019. All three comment letters argued that the findings in the report contradict those of the California Public Utilities Commission, but the letters did not provide any substantive alternate assumptions or facts. The District's General Manager has encouraged the parties to provide their own forecast of growth and/or market absorption of water demand, but they have failed to do so.

At the November 14, 2019 Coastal Commission hearing former Pacific Grove mayor Bill Kampe did raise two substantive issues regarding the report: (a) pre-Cease and Desist Order (CDO) market absorption of water demand may have been constrained in some jurisdictions due to a lack of water allocation, and (b) new statewide focus on housing will require water.

Additionally, subsequent to the release of the initial report the 2019 water year was completed, providing an additional data point on current customer demand. The report was revised December 3, 2019 to address three items: (i) What is average current demand with the additional water year in the data? (ii) What water will be required to meet future housing needs? And (iii) What might be the market absorption of water based on an objective third-party growth forecast – the Association of Monterey Bay Area Governments (AMBAG) 2018 Growth Forecast? The revisions were presented to the District's Water Demand Committee December 17, 2019 and a revised report was distributed to the Peninsula's six city managers in January.

On January 22, 2020 Hazen & Sawyer, a consultant to Cal-Am, issued an analysis of the District's report, to which the District responded on March 6, 2020.

This FINAL version of the supply and demand report responds to comments made by the public, the city managers, Hazen & Sawyer, and incorporates an additional growth forecast.

Supply

Available sources of supply are shown in Table 1 below and are described in the discussion that follows. Despite the California Supreme Court's decision to not hear the two petitions for writ of review, there remains the risk of additional legal challenges and not all permits have been issued for California American Water's (Cal-Am) MPWSP desalination plant. For these reasons, supply has been shown with both desalination and with PWM expansion as a back-up.

Table 1
Monterey Peninsula Available Supply
(Acre-Feet Annually)

Supply Source	w/ Desalination	w/ PWM Expansion
MPWSP Desalination Plant	6,252	0
Pure Water Monterey	3,500	3,500
PWM Expansion	0	2,250
Carmel River	3,376	3,376
Seaside Basin	774	774
Aquifer Storage & Recovery (ASR)	1,300	1,300
Sand City Desalination Plant	94	94
Total Available Supply	15,296	11,294

There also exists approximately 406 additional acre-feet of other available supplies as discussed below.

Desalination: The 6.4 million gallon per day (MGD) MPWSP desalination plant is expected to deliver 6,252 acre-feet annually (AFA).¹ It is likely to begin deliveries in late-2023, considering final permits in mid-2020, a 21-month construction period, and 6-month commissioning and start-up window.²

¹ CPUC Decision 18-09-017, September 13, 2018, page 70; Amended Application of California-American Water Company (U210W), Attachment H, March 14, 2016

² www.watersupplyproject.org/schedule

Pure Water Monterey: Monterey One Water's (M1W) project came online in February 2020 and should begin deliveries for customer service of 3,500 AFA to Cal-Am in mid-2020.

Pure Water Monterey Expansion: The expansion of Pure Water Monterey is expected to yield 2,250 AFA.³ The source waters for the expansion are secure: In multiple presentations by the staff of Monterey One Water (M1W)⁴ it has been shown that none of the source water for expansion of Pure Water Monterey is speculative, nor comes from Salinas valley sources for which M1W doesn't already have rights. In one example, source water for the expansion would come from ocean discharge from the Regional Treatment Plant (54%), the Reclamation Ditch (5%), Blanco Drain (10%), wastewater outside the prior M1W boundaries (30%), and summer water rights from the County Water Resource Agency (1%). This project could come online by late 2022.

Carmel River: Cal-Am has legal rights to 3,376 AFA from the Carmel River comprised of 2,179 AFA from License 11866, 1,137 AFA of pre-1914 appropriative rights, and 60 AFA of riparian rights. This does not include what is referred to as Table 13 rights, discussed under "*Other Available Supplies*" below.

Seaside Basin: The 2006 Seaside Groundwater Basin adjudication imposed triennial reductions in operating yield for Standard Producers such as Cal-Am until the basin's Natural Safe Yield is achieved. The last reduction will occur in 2021 and Cal-Am will have rights to 1,474 AFA. However, with the delivery of a long-term permanent water supply, the company would like to begin replacing its accumulated deficit of over-pumping through in-lieu recharge by leaving 700 AFA of its production right in the basin for 25 years. Hence, only 774 AFA is reflected as long-term supply available, although the additional 700 AF becomes available again in the future.

Aquifer Storage & Recovery: There are two water rights that support ASR. Permit 20808A allows maximum diversion of 2,426 AFA and Permit 20808C allows up to 2,900 AFA for a total of 5,326 AFA. However, these are maximums that may only be close to being achieved in the wettest of years. Based on long-term historical precipitation and streamflow data, ASR is designed to produce 1,920 AFA on average. The MPWSP assumes a lesser amount of 1,300 AFA to be conservative.

Sand City Desalination Plant: The Sand City plant was designed to produce a nominal 300 AFA, but has failed to achieve more than the 276 AF in 2011. Due to source water quality issues and discharge permit requirements the plant has averaged 188 AFA the past four years including water year 2019. The intakes will likely be augmented and production increased (see "*Other*

³ Notice of Preparation of a Supplemental Environmental Impact Report and Public Scoping Meeting Notice, page 4, May 15, 2019

⁴ For example, November 12, 2019 M1W presentation to the Monterey County Farm Bureau and the Grower-Shipper Association and the September 30-2019 M1W board meeting

Available Supplies”, below.) Here only the 94 AFA of long-term production legally committed to offset Carmel River pumping is included.

Other Available Supplies: In 2013, Cal-Am received Permit 21330 from the State Water Board for 1,488 AFA from the Carmel River. However, the permit is seasonally limited to December 1 through May 31 each year and subject to instream flow requirements. As a result, actual production will vary by water year. Here, we have assumed 300 AFA on average. For the Sand City desalination plant the amount produced in excess of 94 AFA is available for general Cal-Am use and eventually to serve growth in Sand City. With new intakes, we have assumed average production of 200 AFA or 106 AFA of other available supply. There is also available unused capacity in the Seaside Basin which annually is reallocated to the Standard Producers such as Cal-Am as “Carryover Credit” under the adjudication decision. Such Carryover capacity has been on the order of 400 AFA recently. While not insignificant, Carryover Credit has not been included in the 406 AFA of “Other Available Supplies” stated earlier.

Historical Water Demand for which MPWSP Desalination Plant is Sized

The MPWSP was initially sized solely as a replacement supply⁵ for current customer demand, but this has changed over time as described below. Consideration was also given to peak month and peak day. Additional demand was recognized to accommodate legal lots of record, a request by the hospitality industry to anticipate a return to occupancy rates similar to that which existed prior to the World Trade Center tragedy, and to shift the buildout of Pebble Beach off the river.⁶ Table 2 below shows the demand assumptions originally used in sizing the MPWSP in the April 2012 application to the California Public Utilities Commission (CPUC). Each component is discussed below.

Table 2
Water Demand Assumed in Sizing the MPWSP
(Acre-Feet Annually)

Demand Component	Acre-Feet Annually
Average Current Customer Demand	13,290
Legal Lots of Record	1,181
Tourism Bounce-Back	500
Pebble Beach Buildout	325
Total Water Demand	15,296

⁵ Direct Testimony of Richard C. Svindland, April 23, 2012, pages 4,5,7

⁶ Supplemental Testimony of Richard C. Svindland, January 11, 2013, pages 4-5

Average Current Customer Demand: The Application of Cal-Am to the CPUC in April 2012 utilized 13,290 AFA which was the 5-year average demand for 2007-2011.⁷ As stated earlier, this was to be replacement supply and the Application stated *“At this point future demands of the Monterey System have not been included in the sizing of the plant.”*⁸ At that time, the 5-year average maximum month was 1,388 AF and the highest month was 1,532 AF.⁹

In a January 2013 CPUC filing, average demand was reiterated by Cal-Am to be 13,290 AFA but Cal-Am added that the plant would need to be increased larger by approximately 700 acre-feet per year for the in-lieu recharge of the Seaside Basin.⁶ However, as can be seen in comparing Tables 1 and 2 above, supply equals demand at 15,296 AFA without changing the size of the plant from the initial Application.

In a 2016 update to the CPUC, Cal-Am recognized that average demand had declined in the intervening three years.¹⁰ The 5-year average had declined to 10,966 AFA and the maximum month declined to 1,250 AF. At the time of the 2016 update, Cal-Am suggested that it should size the plant based on the backward-looking 10-year average demand and maximum month, instead of the 5-year average in the original Application, as well as several alternate assumptions about return of water to the Salinas Valley. They concluded *“we do not believe the size of the plants should be changed.”*¹¹

In a September 2017 filing to the CPUC, Cal-Am acknowledged continuing declines in demand, but indicated that the plant sizing remained appropriate saying *“We anticipate demand to rebound over time after these new water supplies are available, the drought conditions continue to subside, the moratorium on new service connections is lifted, and strict conservation and water use restrictions are eased.”*¹² The company also for the first time introduced the use of future population and demand as a way to “normalize” the average demand used in sizing, a departure from the “replacement supply” basis under the initial Application in 2012.¹³ This resulted in their estimate of average “current” system demand of 12,350 AFA. This amount, combined with the same lots of record, tourism bounce-back, and Pebble Beach buildout results in demand of 14,355 AFA – a reduction from the initial Application – but the company asserted that the plant need not be resized because this would allow it to run at 86% capacity, a more reasonable operating rate compared to the 95% posed in the original Application.

⁷ Direct Testimony of Richard C. Svindland, April 23, 2012, page 21

⁸ Direct Testimony of Richard C. Svindland, April 23, 2012, page 36

⁹ Direct Testimony of Richard C. Svindland, April 23, 2012, page 22

¹⁰ Supplemental Testimony of Richard C. Svindland, April 14, 2016 (Errata), pages 7-11

¹¹ Supplemental Testimony of Richard C. Svindland, April 14, 2016 (Errata), page 9

¹² Direct Testimony of Ian Crooks Errata Version, September 27, 2017, page 10

¹³ Direct Testimony of Ian Crooks Errata Version, September 27, 2017, pages 11-13

The CPUC, in its September 2018 Decision, agreed that “current” demand was 12,350 AFA, therefore the 6.4 MGD desalination plant is warranted. In its Decision D.18-09-017 the CPUC stated “*we are convinced that 12,350 afy represents an appropriate estimate of annual demand to use in assessing the adequacy of Cal-Am’s water supply...*”¹⁴ It is important to understand that the CPUC did no original analysis, modeling, or projection of its own. It surveyed testimony provided by others and chose one to support its findings and recommendations. It should not be represented that that the CPUC developed demand numbers on its own.

Legal Lots of Record: The 2012 Application to the CPUC also included 1,181 AFA for Legal Lots of Record.^{15, 6} Legal lots of record are defined as lots resulting from a subdivision of property in which the final map has been recorded in cities and towns, or in which the parcel map has been recorded in Parcels and Maps or Record of Surveys. Lots of record may include vacant lots on vacant parcels, vacant lots on improved parcels, and also included remodels on existing improved, non-vacant parcels. Ultimately, not all legal lots are buildable. While the District is the source of the 1,181 AFA estimated demands for the lots of record, the number was lifted from the 2009 Coastal Water Project environmental impact report.

Tourism Bounce-Back: The 500 AFA for economic recovery was originally proffered by the hospitality industry to handle a recovery of occupancy rates in the tourist industry in a post-World Trade Center tragedy setting.^{16, 6} The industry felt that their most successful occupancy rates were in the three years prior to September 11, 2001 and felt 500 AFA would provide a buffer for a return to that level.

Pebble Beach Buildout: Ever since the State Water Board issued Order 95-10 and the Cease and Desist Order (CDO) it has recognized the Pebble Beach Company’s investment in the Reclamation Project and the Company’s right to serve its entitlements from the Carmel River. However, the State Water Board has stated a desire to have the Pebble Beach entitlements shifted away from the river and be satisfied by a new supply. At the time of the 2012 Application, the Pebble Beach company had approximately 325 AF of entitlements still available.

Water Demand Assumptions in 2020

The original MPWSP desalination project plant sizing was done eight years ago in 2012. With the passage of time and the opportunity to perform deeper research, it is possible to revisit the assumptions about consumer demand for water in the current context.

¹⁴ CPUC D.18-09-017, page 49, lines 1-2.

¹⁵ Direct Testimony of Richard C. Svindland, April 23, 2012, pages 22, 37.

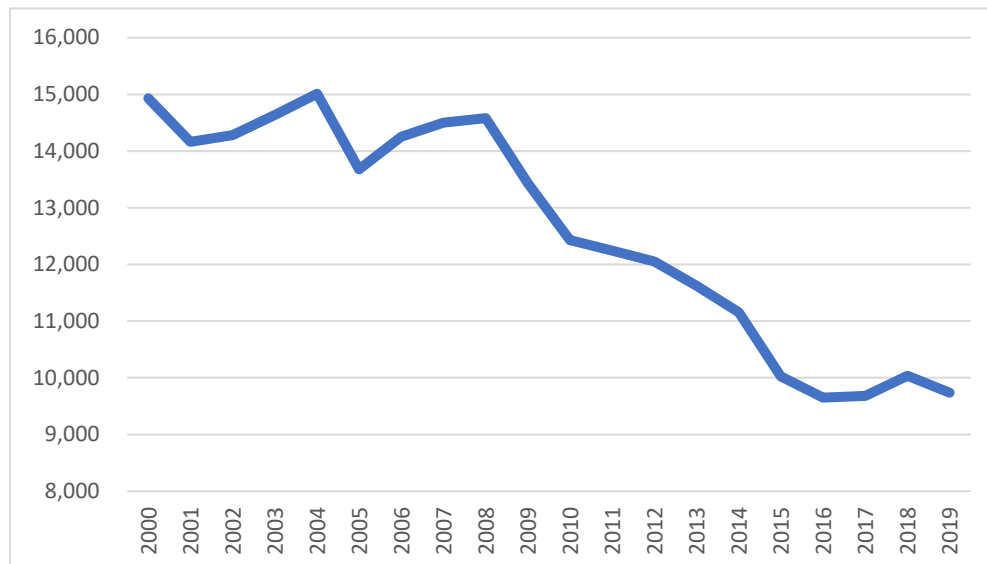
¹⁶ Direct Testimony of Richard C. Svindland, April 23, 2012, page 37

It states in Decision 18-09-017 *“The Commission similarly evaluated all of the evidence presented along with arguments of the parties and determines that Cal-Am’s future water demand will be approximately 14,000 afy”*¹⁷ However, no evidence was presented to determine if tourism “bounce-back” had already occurred, whether water efficiency gains would reduce the water demand of legal lots of record, or if the Pebble Beach Company could realistically build out its whole entitlement in a reasonable timeframe. Neither the CPUC, Cal-Am, nor Hazen & Sawyer evaluated the market absorption for new demand, which would answer the question: How soon will we get there? This MPWMD report simply takes a deeper look at the data behind these questions: How much will we need in the future? And How soon will we get there?

Average Current Customer Demand: The Cal-Am testimony submitted in support of the 12,350 AFA value used data that ended in 2016 and the company discounted the value of 2016 by incorrectly stating it was a drought year, which it was not on the Monterey Peninsula.¹⁸ Hence, there are now three additional years of data (four if you do not discount 2016) since that used to develop the 12,350 AFA value.

Figure 1 below shows water production for customer service, a proxy for customer demand, for the past twenty-one-year period, updated for 2019 data. As can be seen, demand has been in decline, but somewhat leveled out over the past five years.

Figure 1
Annual Water Production for Customer Service (Demand)
Last 21 Years
(Acre-Feet)



¹⁷ CPUC Decision 18-09-017, page 68, line 1

¹⁸ Direct Testimony of Ian Crooks, Errata Version, in A.12-04-019, September 27, 2107, page 10, at line 22.

Table 3 shows how the 10-, 5-, and 3-year average demand compares to the CPUC and Cal-Am's most recent 12,350 AFA assumption.

Table 3
Alternate Average Current Customer Demand Assumptions
Updated for 2019 Water Year
(Acre-Feet)

Period	Amount	Difference to CPUC/Cal-Am #
CPUC/Cal-Am Assumption	12,350	
10-Year Average - Actual	10,863	1,487
5-Year Average - Actual	9,825	2,525
3-Year Average - Actual	9,817	2,533

Hence, the case could be made that the average customer demand assumption in the sizing of new water supply should be 9,817 to 10,863 AFA.

The trend is similar for peak month demand: 10-year maximum month through 2018 was 1,111 AF, the 5-year max was 966 AF, and the 3-year max was 950 AF. By comparison, the maximum month at the time the plant was first sized was 1,532 AF. The proposed desalination plant, in conjunction with the other production facilities can meet peak month/peak day requirements. Pure Water Monterey expansion adds 4 new extraction wells, two for production and two for redundancy. Preliminary analysis (see Appendix C) shows that peak month/peak day can also be met with Pure Water Monterey expansion.

Cal-Am itself has moved away from the 12,350 AFA number as a measure of current water demand in its current General Rate Case (GRC) application. As shown in the table below, Cal-Am now asserts in the GRC that its total water production for 2021 and 2022 from the Central Division will be 9,789 AFA,¹⁹ which includes the Cal-Am Main System plus its satellites (generally thought to be 4-5% greater in total demand than the Cal-Am Main system.) This validates MPWMD's estimate of current demand. The Cal-Am GRC filing can be seen in Appendix D attached.

In CPUC Decision 16-12-026, the Commission required Class A and B water utilities to propose improved forecast methodologies in their next general rate cases.²⁰ In the current GRC, Jeffrey Linam, Cal-Am's Vice President of Rates and Regulatory, states in his testimony that Cal-Am *"believes that the testimony demonstrates improved forecasting methodologies that consider*

¹⁹ California-American Water Company's (U-210-W) Update to General Rate Case Application, A.19-07-004, October 14, 2019, Table 3.14 of Results of Operations Model

²⁰ Direct Testimony of Jeffrey T. Linam (Final Application), in A.19-07-004, July 1, 2019, page 108, at line 14

*the consumption trends during and following the drought that began in 2013”.*²¹ Cal-Am “*hired David Mitchell of consulting firm MCubed to provide its sales forecast based on econometric models. The Company believes this is a significant improvement over the prior methods and use of historical averages...*”²² This augments the testimony of Cal-Am expert witness Bahman Pourtaherian in the GRC who says David Mitchell’s company M-Cubed “*has expertise addressing sales forecasting and rate design issues for energy, municipal and investor owned water utilities across the State.*”²³

Mr. Mitchell developed a highly complex econometric model for Cal-Am that in this GRC estimated the following (see Table 4) current demand (2021-2023) for the Cal-Am Main System (which is the system analyzed by MPWMD’s supply and demand analysis). His results, presented in the table below, also support MPWMD’s estimate of current demand.²⁴

Table 4
Cal-Am Estimates of Current Demand
From Current 2019 GRC
(AFA)

	2021	2022	2023
Central Division Forecast Sales Results of Operations Model in A.19-07-004 Table 3.14 (See also Exhibit 2) ¹⁹	9,789	9,789	n/a
Expert Testimony of Cal-Am Witness David Mitchell Cal-Am Main System ²⁴	9,338	9,478	9,610

The forecasts were created when it was assumed the desalination plant would be online at the end of 2021.

Legal Lots of Record: The 1,181 number is derived from the October 2009 Coastal Water Project Final Environmental Impact Report and references a 2001 District analysis as the source. It was actually sourced from a Land Systems Group Phase II February 2002 interim draft report that used the number 1,181.438 AF. At that time, a calculation error was corrected and the report was subsequently updated in June 2002 and the number was revised to 1,210.964. However, the earlier number seems to have been used going forward. Both versions did not include vacant lots on improved parcels in the unincorporated County. Table 5 shows how the corrected number was calculated.

²¹ Direct Testimony of Jeffrey T. Linam (Final Application), in A.19-07-004, July 1, 2019, page 102, at line 25

²² Direct Testimony of Jeffrey T. Linam (Final Application), in A.19-07-004, July 1, 2019, page 105, at line 6

²³ Direct Testimony of Bahman Pourtaherian (Final Application), in A.19-07-004, July 1, 2019, page 9, at line 21

²⁴ Direct Testimony of David Mitchell (Final Application), in A.19-07-004, July 1, 2019, Attachment 2, page 32, final line converted to acre-feet from CCF

Table 5
Legal Lots of Record Estimates (2002)
Unincorporated County Not Included
(Acre-Feet)

Type of Parcel	Amount
Vacant Lots on Vacant Parcels	729.9
Vacant Lots on Improved Parcels	288.2
Anticipated Remodels (10 years)	192.8
Total	1,210.9

Table 6
Assumptions Driving the Legal Lots of Record Conclusions

Category	Units on Vacant Parcels	Units on Improved Parcels	Estimated Number of Remodels	Water Use Factor	Total Water Usage
Single Family Dwellings	688	152		0.286 AF	240.2
Multi-Family Dwellings	846	204		0.134 AF	140.7
Commercial/Industrial	556	288		0.755 AF	637.2
Residential Remodels			3765	0.029 AF	109.2
Commercial Remodels			513	0.163 AF	83.6
	2,091	789	4,278		1,210.9

However, since the study was done, the District's conservation programs have resulted in reductions in the average water use factors which reduces the water needed for the same lots of record. For example, with single-family water use at 0.2 AFA, multifamily use at 0.12 AFA, and commercial customer connections averaging 0.66 AFA (2016 data), these changes alone would reduce the total above by 167.1 AF. Further, some of these lots may have been built upon, others determined unbuildable. Many of the remodels have likely occurred. General plans have been rewritten and housing elements recalculated. These factors taken together could result in another 150 AF reduction in the assumption.

Compared to the 1,890 units from the 2002 Land Systems Group study shown above, going forward, AMBAG's Regional Housing Needs Allocation (RHNA) Plan: 2014-2023 showed 1,271 additional housing units expected in the 6 cities for a ten-year period. This is shown in Appendix B of this report. Assuming single-family water use at 0.2 AFA and multifamily use at 1.2 AFA, this equates to approximately 395-405 AFA over a 20-year period²⁵. Most of AMBAG's

²⁵ Appendix B of this report

projected growth occurs in Seaside and Monterey, which if slated for the former Fort Ord would not be served by Cal-Am. Unfortunately, it is not possible to accurately distinguish the Cal-Am served housing growth from the non-Cal-Am housing growth, but the 405 AFA likely overstates the Cal-Am growth. The AMBAG assumptions appear consistent with the Land Systems Group estimates. The RHNA is expected to be updated soon and the allocation could change. Instead of focus on a RHNA number, however, the water for housing can be thought of as captured within the population growth component of the third-party growth forecast discussed later in this report and in Appendix A, because houses don't use water – people do.

The case could be made that the legal lots of record demand assumption in the sizing of the MPWSP should be 864 to 1,014 AFA.

Tourism Bounce-Back: As stated earlier, the 500 AFA for economic recovery was originally suggested by the local hospitality industry to account for a recovery of occupancy rates in the tourist industry in a post-World Trade Center tragedy setting.^{6, 16} Representatives of the Coalition of Peninsula Businesses indicated in 2017 testimony that the hospitality industry was hurt by the recent recession and that occupancy rates need to increase by 12 to 15 percent to re-attain the levels of decades ago.²⁶ It is true that the Salinas-Monterey market was one of five California markets, out of 22, to experience significant declines after the events of 2001, from 71.8% in 2000 to 63.0% in 2001.²⁷ It is also true that the decline persisted and was still down when the MPWSP desalination plant was sized, with occupancy rates of 62.8% in 2011-12 and 64.1% in 2012-13.²⁸ However, occupancy rates have since recovered with no notable increase in water demand. Hotel occupancy locally is back at approximately 72% and is estimated by Smith Travel Research to be higher for better quality properties on the Monterey Peninsula.^{29, 30} The commercial sector water demand is shown below in Table 7 for the year prior to the World Trade Center tragedy, the year of the MPWSP plant sizing, and the most recent year. As can be seen, commercial demand, which is heavily influenced by the hospitality industry remains in decline, despite the already absorbed “bounce-back” in occupancy rates.

Table 7
Commercial Sector Water Demand - Selected Years
(Acre-Feet)

Year	Demand
2001	3,387
2012	2,770
2018	2,442

²⁶ Testimony of John Narigi (to CPUC), September 29, 2017, page 5

²⁷ HVS San Francisco, August 19, 2003

²⁸ Monterey County Convention and Visitors Bureau Annual Report 2012-13, page ii

²⁹ Fiscal Analysis of the Proposed Hotel Bella Project, Applied Development Economics, April 6, 2016

³⁰ Cannery Row Company, January 9, 2019

There is a secular change in commercial demand that is due to permanent demand reductions resulting from targeted rebate programs, conservation standards for the visitor-serving sector since 2002, mandatory conservation standards for other commercial businesses instituted in 2013, and commercial inspection/enforcement by the District. A “bounce-back” of 500 AFY would represent an increase in water use demand of 20% in the entire commercial sector, not just the hospitality industry. The District does not view this as likely in the near-term, nor due to a return to higher occupancy rates.

Hence, the case could be made that the tourism bounce-back demand assumption in the sizing of the MPWSP should be 100 to 250 AFA.

Pebble Beach Buildout: As cited earlier, at the time of the 2012 Application, the Pebble Beach company had approximately 325 AF of entitlements still available and that number was added to the MPWSP sizing needs. However, the final environmental impact report certified in 2012 envisioned 145 AFA for the buildout projects and 154 AFA in “other entitlement demand.”³¹

However, the “other entitlement demand” is very likely to go away when a new water supply comes online because homeowners will have no reason to pay \$250,000 per AF for an entitlement when connecting directly to Cal-Am is possible when the moratorium on new service connections is lifted. In the ten years since the CDO was imposed, Pebble Beach entitlement water demand has averaged 4.9 AF added each year. It is reasonable to assume only another 15 AFA during the next three years before a permanent water supply is online.

The project buildout from the EIR is 145 AFA, not 325 AFA used in MPWSP sizing. Further, the buildout number includes estimated water use that may not materialize in decades, if ever. Table 8 shows the elements that comprise the Pebble Beach buildout.

Table 8
Components of Pebble Beach Buildout in AFA

Project	Demand
Lodge	13.11
Inn at Spanish Bay	12.85
Spyglass Hotel	30.59
Area M Residential	10.00
Other Residential	77.00
Driving Range	0.33
Roundabout	0.70
Total	144.58

³¹ Pebble Beach Final Environmental Impact report (FEIR), April 2012, Appendix H “Water Supply and Demand Information for Analysis”

Two elements of the project warrant greater discussion: “Other Residential” includes 66 single family residences at 1.0 AF each and 24 residences at 0.50 AF each (and a decrement of 1 AF in the total calculation for other reasons.) District research in 2006 determined the average large lot Pebble Beach home utilized 0.42 AFA. Building conservation standards have increased since then. Many of the proposed homes are not utilized year-round. Hence, the estimate could be overstated by one-third or more. Spyglass Hotel is not currently being pursued and there are no plans to do so in the near-term. The project could be a decade or two away, if ever.

Hence, the case could be made that the Pebble Beach buildout demand assumption in the sizing of the MPWSP should be 103 to 160 AFA.

Summary of Demand v. Supply

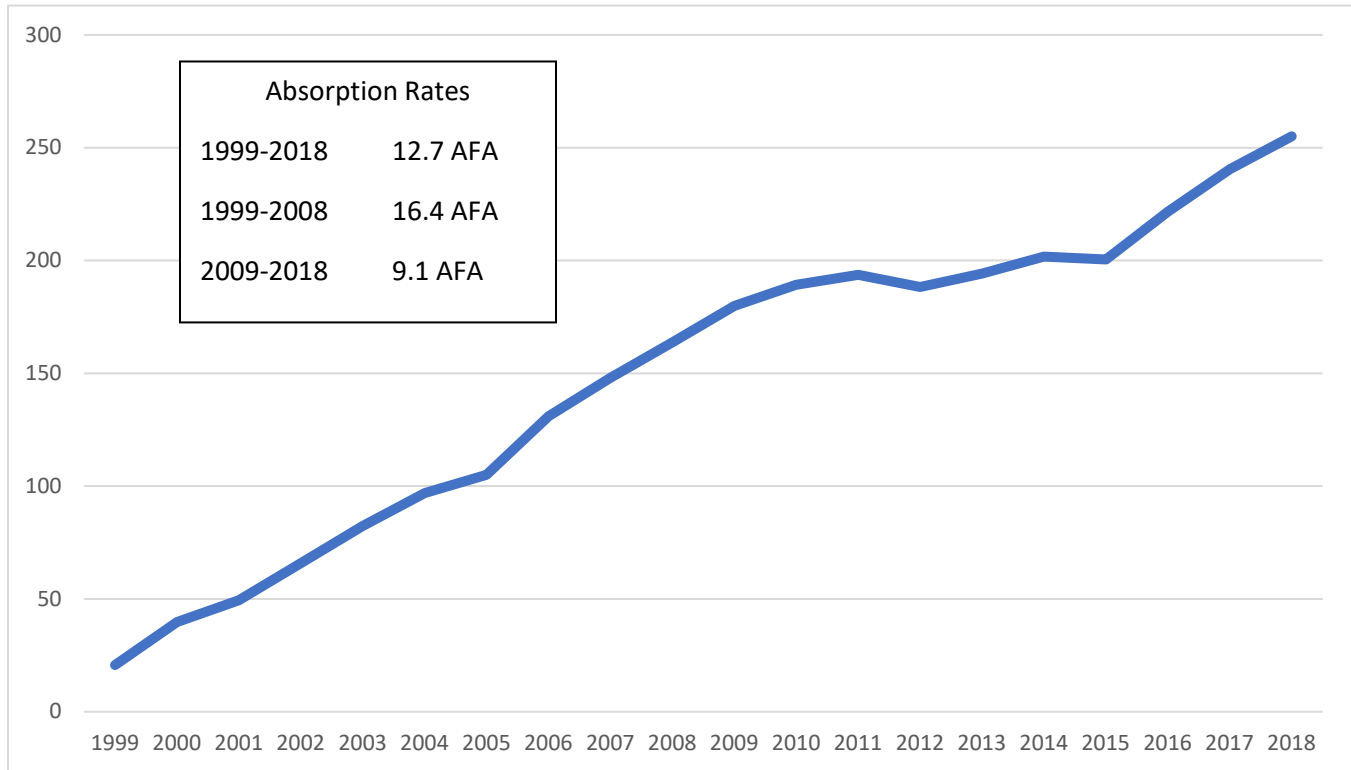
Table 9 shows the range of demand estimates that have been established in the foregoing analysis. These long-term demand estimates can be compared to existing current demand to determine how much water supply is needed.

Table 9
Range of Potential Demand Scenarios in MPWSP Sizing
(Acre-Feet)

Demand Component	Current Project	Revised High	Revised Low
Average Current Customer Demand	13,290	10,863	9,817
Legal Lots of Record	1,181	1,014	864
Tourism Bounce-Back	500	250	100
Pebble Beach Buildout	325	160	103
Total Water Demand	15,296	12,287	10,884

However, the ability of the Monterey Peninsula to generate or “absorb” the housing and commercial growth will help determine when such water supply is needed. Figure 2 shows the past 20 years of market absorption of water demand based on water permits issued. The average growth or absorption in water use was 12.7 AF per year. The first decade preceded the CDO and was a period of relative economic stability, available property, no moratorium on new service connections, and lower water rates resulting in 16.4 AF per year of absorption. The second decade was after the CDO and moratorium on service connections and understandably had a lower absorption rate of 9.1 AF per year.

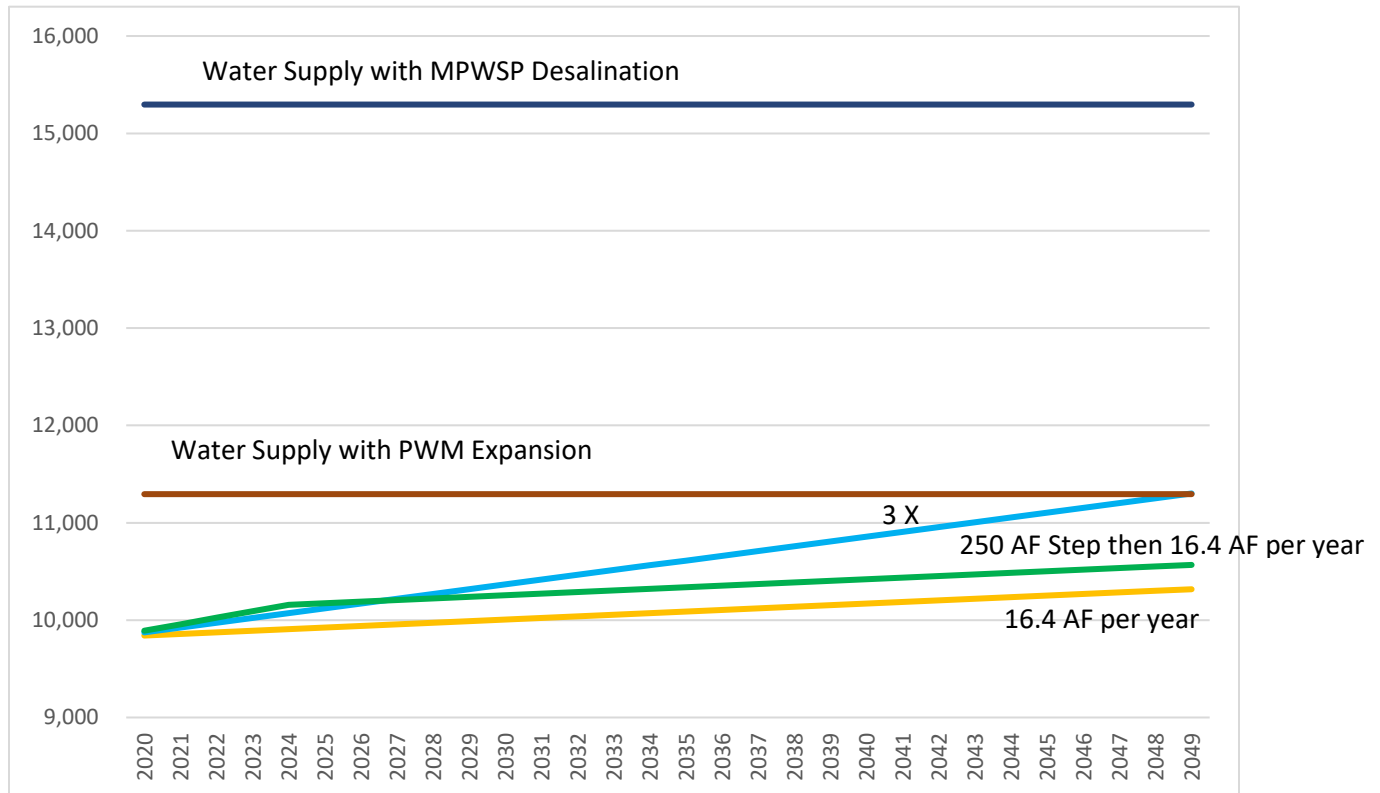
Figure 2
Market Absorption of Water Demand
Last 20 Years
(Acre-Feet)



By adopting assumptions about current demand and market absorption rates, it can be determined the sufficiency of certain supply alternatives over time.

Scenario 1: Supply v Demand Using Pre-CDO Absorption Rate Scenarios: In Figure 3, the current demand assumption of 9,825 AF (most recent 5-year average) is shown with three market absorption rates: (a) 16.4 AF per year (pre-CDO decade rate), (b) three times that rate, and (c) 250 AF over the first five years on top of the pre-CDO rate. These are also compared to the two supply alternatives in Table 1.

Figure 3
 Market Absorption of Water Demand Compared to Water Supply
 Current Demand at 5-Year Average
 Pre-CDO Growth Rate Alternatives
 (Acre-Feet)



This chart shows that, assuming a starting current demand at the 5-year average, both water supply alternatives meet 30-year market absorption at the historical rate, 250 AF in the first 5 years on top of the historical rate, and at 3-times the historical absorption rate.

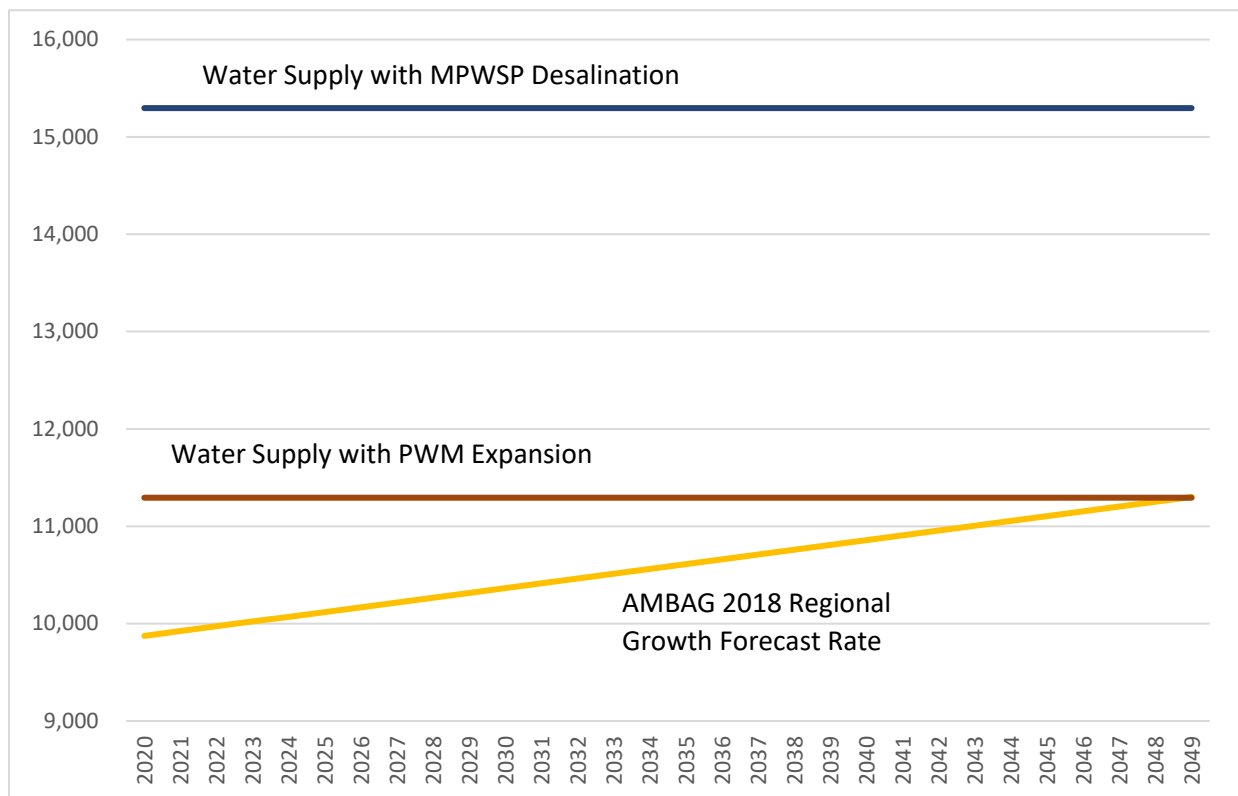
Scenario 2: Supply v Demand Using 3rd-Party Growth Forecast Absorption Rate: Rather than to rely on pre-CDO absorption of water demand or alternative theoretical future demand scenarios, as was done in the September report, it is instructive to instead look at a regional growth forecast by an objective third-party. Here, as shown in Appendix A, we evaluated AMBAG's 2018 Regional Growth Forecast, specifically the subregional population forecast as a proxy for residential water demand, and the subregional employment forecast, using job growth as a proxy for commercial water demand. (Certainly, other factors could be considered.)

AMBAG implemented an employment-driven forecast model for the first time in the 2014 forecast and contracted with the Population Reference Bureau (PRB) to test and apply the

model again for the 2018 Regional Growth Forecast (RGF). To ensure the reliability of the population projections, PRB compared the employment driven model results with results from a cohort-component forecast, a growth trend forecast, and the most recent forecast published by the California Department of Finance (DOF). All four models resulted in similar population growth trends. As a result of these reliability tests, AMBAG and PRB chose to implement the employment-driven model again for the 2018 RGF.³²

Using this methodology, the total water demand increase in the 20 year study period is 984 AF or 49.2 AFA. Applying the 49.2 AFA linearly across a 30-year horizon results in the demands shown in Figure 4.

Figure 4
Market Absorption of Water Demand Compared to Water Supply
Current Demand at 5-Year Average
AMBAG 2018 Regional Growth Forecast
(Acre-Feet)



This chart shows that, assuming a starting current demand at the 5-year average (inclusive of water year 2019), both water supply alternatives meet 30-year market absorption at the AMBAG 2018 Regional Growth Forecast rate.

³² 2018 Regional Growth Forecast, Technical Documentation, Association of Monterey Bay Area Governments (AMBAG), June 2018, page 5

Scenario 3: Supply v Demand Using “Pent-Up Demand” Plus AMBAG Growth Forecast

Absorption Rate: The Regional Growth Forecast is intended to include new housing starts for increasing population, and new commercial businesses for job formation. However, several cities have approved and unbuilt projects that might happen more quickly once a permanent water supply becomes available and new meters can be set.

Examples of housing projects include Garden Road and Strangio in Monterey, Del Dono in Carmel, South of Tioga in Sand City, and various mixed-use projects and ADUs throughout the service area. Example non-residential projects include almost 120,000 square feet of commercial space at Ocean View Plaza in Monterey, approximately 1,250 rooms across five hotels in Pacific Grove (2) and Sand City (3). Hotels have their own demands and the guests can increase demand at local establishments. There can also be variability in students and service members attending MIIS, MPC, NPS, DLI, or living in the service area attending other institutions.

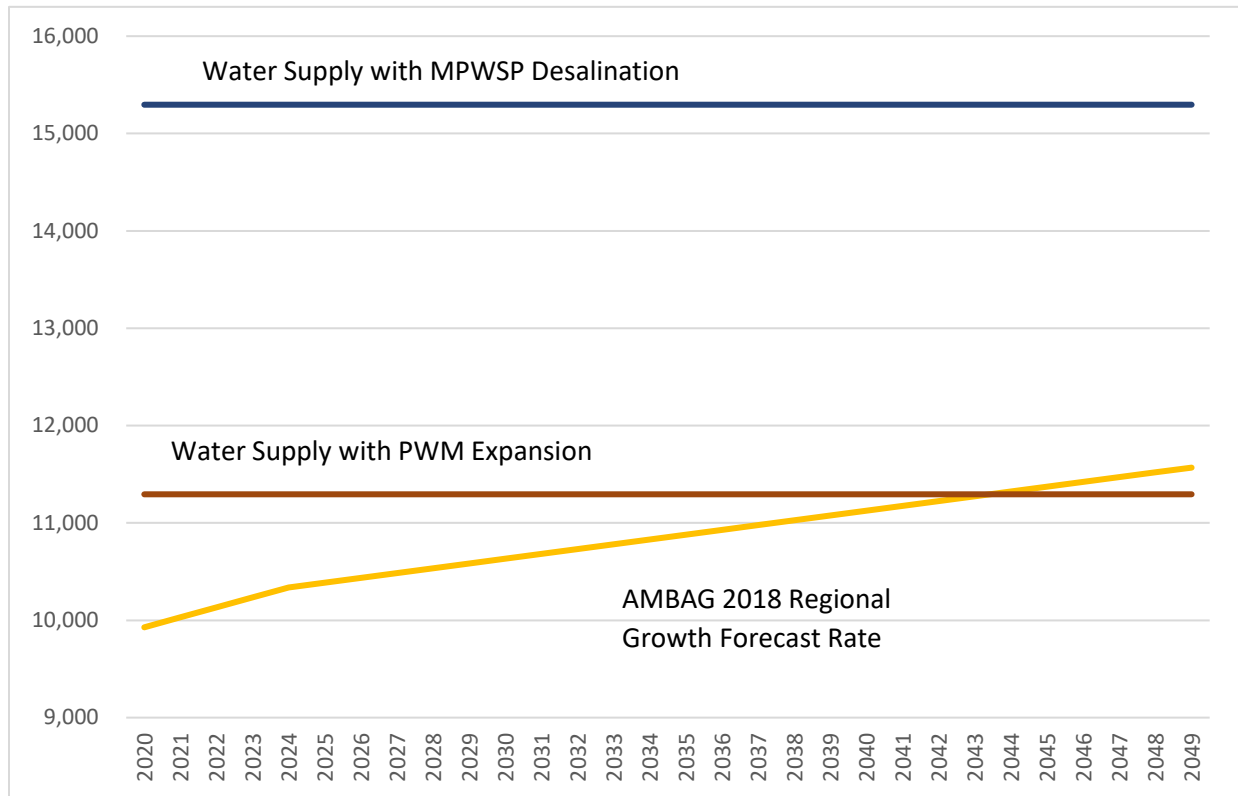
There is little likelihood that the market can absorb all of this quickly, but if it did there might be assumed to be something similar to the following pent-up near-term demand:

Table 10
Potential Near-Term Demand
(Acre-Feet)

Type of Demand	Acre Feet Required
1,250 Hotel Rooms X 0.064 AF/room	80
1.5 guests/room X 1,250 rooms X 75% occupancy X 0.02 AF/restaurant seat	28
200,000 new square feet of commercial space X 0.00007 AF/sq.ft.	14
1,000 new students X 57 gal/day X 260 days/Year	45
Approved but Unbuilt Housing	100
TOTAL Near-Term Demand	267

Figure 5 shows what the supply and demand relationship would be if this 267 AFA is added to the first five years, on top of the AMBAG Growth Forecast. The chart shows that, assuming a starting current demand at the 5-year average (inclusive of water year 2019), Pure Water Monterey Expansion meets 24-year market absorption, and the MPWSP desalination plant exceeds 30-year demands.

Figure 5
Market Absorption of Water Demand Compared to Water Supply
Current Demand at 5-Year Average
“Pent-Up” Demand in first 5 Years plus AMBAG 2018 Regional Growth Forecast
(Acre-Feet)



Additional Factors Affecting Future Demand

Cost: The future water supply will significantly impact rates. It is expected that the combined cost of new water supply and regular annual rate increases will almost double a residential ratepayer’s water bill by 2023. Rules of price elasticity suggest the cost of water might dampen demand. The cost of each major component of supply is shown below:

Desalination Plant	\$6,094 per acre-foot ³³
Carmel River:	\$271 per acre-foot ³⁴

³³ Attachment C-3 California American Water Company Advice Letter 1220 “Total Yr 1 Cost to Customer” \$38.1 million, divided by 6,252 acre-feet per year

³⁴ MPWSP Model- V 2.1 submitted to CPUC; February 2018 and October 2017 versions, 6.4 MGD scenario, “Avoided Costs” worksheet

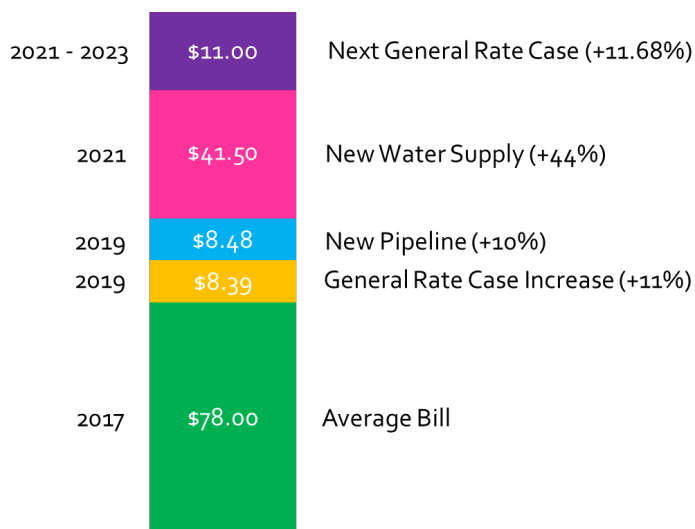
Seaside Basin:	\$130 per acre-foot ³⁵
Pure Water Monterey:	\$2,398 per acre-foot ³⁶
PWM with Expansion:	\$2,339 per acre-foot ³⁷

Further, if the desalination plant capacity is not fully utilized, the cost per acre-foot rises due to the fixed costs, as shown below.

Production by Desal Plant – AF	<u>6,252</u>	<u>5,000</u>	<u>4,300</u>
Variable Cost (\$ Million)	7.8	6.2	5.4
Fixed Cost (\$ Million)	<u>30.3</u>	<u>30.3</u>	<u>30.3</u>
Total Annual Cost to Customer	38.1	36.5	35.7
Cost per Acre-Foot	\$6,094	\$7,308	\$8,294

The rate impact can be seen in Figure 5 below, which is calculated based on full utilization of the desalination plant.

Figure 5
Ratepayer Impacts of New Water Supply³⁸



Legislation: On May 31, 2018, Governor Brown signed two bills which build on the ongoing efforts to “make water conservation a California way of life.” SB 606 (Hertzberg) and AB 1668

³⁵ MPWSP Model- V 2.1 submitted to CPUC; February 2018 and October 2017 versions, 6.4 MGD scenario, “Avoided Costs” worksheet

³⁶ Recent estimate for 2020-21 fiscal year

³⁷ Estimate

³⁸ “Your Rates Are Changing” California American Water mailer, April 2019 and “Notice of General Rate Case Application filed” July 2019

(Friedman) reflect the work of many water suppliers, environmental organizations, and members of the Legislature. The mandates will fall on urban water suppliers – not customers.

Specifically, the bills call for creation of new urban efficiency standards for indoor use, outdoor use, and water lost to leaks, as well as any appropriate variances for unique local conditions. Each urban retail water agency will annually, beginning November 2023, calculate its own *objective*, based on the water needed in its service area for efficient indoor residential water use, outdoor residential water use, commercial, industrial and institutional (CII) irrigation with dedicated meters, and reasonable amounts of system water loss, along with consideration of other unique local uses (i.e., variances) and “bonus incentive,” or credit, for potable water reuse, using the standards adopted by the State Water Board.

The indoor water use standard will be 55 gallons per person per day (gallons per capita daily, or GPCD) until January 2025; the standard will become stronger over time, decreasing to 50 GPCD in January 2030. For the water use objective, the indoor use is aggregated across population in an urban water supplier’s service area, not each household. Presently, the average June 2014-May 2019 gallons per capita per day for the Cal-Am Monterey system is 57 gpcd. Hence, existing users are unlikely to increase their water consumption with the availability of new water supply.

Principal Conclusions

- Either supply option can meet the long-term needs of the Monterey Peninsula
- Either supply option is sufficient to lift the CDO
- The long-term needs of the Monterey Peninsula may be less than previously thought
- Several factors will contribute to pressure on decreasing per capita water use

Appendix A

Water Required to Meet AMBAG 2018 Regional Growth Forecast

Water Required for Population Growth³⁹

	Monterey	Pacific Grove	Carmel-by-the-Sea	Sand City	Seaside	Del Rey Oaks	County ⁴⁰	TOTAL
Population in 2020	28,726	15,349	3,833	544	34,301	1,949	7,182	91,884
Population in 2040	30,976	16,138	3,876	1,494	37,802	2,987	7,541	100,814
Increase	2,250	789	43	950	3,501	1,038	359	8,930
GPCD ⁴¹	56.8	56.8	56.8	56.8	56.8	56.8	56.8	56.8
Acre-Feet per Year	143 AF	50 AF	3 AF	60 AF	223 AF	66 AF	23 AF	568 AF

*: Likely overstates population growth in Cal-Am service area due to some growth attributable to the Fort Ord build-out.

Water Required for Employment Growth⁴²

	Monterey	Pacific Grove	Carmel-by-the-Sea	Sand City	Seaside	Del Rey Oaks	County ⁴³	TOTAL
Jobs in 2020	34,434	5,093	2,998	1,569	10,161	371	4,300	58,926
Jobs in 2040	40,173	5,808	3,378	1,810	11,299	432	4,845	67,745
Increase	16.7%	14.0%	12.7%	15.4%	11.2%	16.4%	12.7%	
Commercial Consumption In 2019 ⁴⁴	1,371 AF	248 AF	203 AF	54 AF	282 AF	21 AF	651 AF	2,830 AF
Commercial Consumption In 2040 ⁴⁵	1,600 AF	283 AF	229 AF	62 AF	314 AF	24 AF	734 AF	3,246 AF
Increase	229 AF	35 AF	26 AF	8 AF	32 AF	3 AF	83 AF	416 AF

Using this methodology, total water demand increase in 20 year period is 984 AF or 49.2 AFY.

³⁹ Association of Monterey Bay Area Governments. 2018. "2018 Regional Growth Forecast." Table 8, page 32

⁴⁰ Uses Cal-Am service area population reported in SWRCB June 2014 – September 2019 Urban Water Supplier Monthly Reports (Raw Dataset), minus urban areas, escalated at 5%.

⁴¹ SWRCB June 2014 – September 2019 Urban Water Supplier Monthly Reports (Raw Dataset); Average gallons per capita per day for August 2018 – July 2019; www.waterboard.ca.gov

⁴² Association of Monterey Bay Area Governments. 2018. "2018 Regional Growth Forecast." Table 7, page 30

⁴³ California Employment Development Department, Monthly Labor Force Data for Cities and Census Designated Places. November 15, 2019. Sum of Carmel Valley Village CDP and Del Monte Forest CDP. Escalated at same rate as Carmel-by-the-Sea.

⁴⁴ Cal-Am. 2019. "Customers and Consumption by Political Jurisdiction"

⁴⁵ Assumes escalation at same rate as job growth 2020 to 2040

Appendix B

Water Required to Meet Regional Housing Needs Allocation Plan: 2014-2023

2014-2023 RHNA Goals by Local Jurisdiction⁴⁶

	Monterey	Pacific Grove	Carmel-by-the-Sea	Sand City	Seaside	Del Rey Oaks	TOTAL
Total Allocation	650	115	31	55	393	27	1,271
Very Low (24.1%)	157	28	7	13	95	7	307
Low (15.7%)	102	18	5	9	62	4	200
Moderate (18.2%)	119	21	6	10	72	5	233
Above Moderate (42%)	272	48	13	23	164	11	531

*: Does not include unincorporated Monterey County, which might be 15-25 additional AFY to full build-out

Estimated Water Required to Meet RHNA Goals on the Monterey Peninsula

	TOTAL RHNA GOAL	Water Required (AFY) ⁴⁷	Factor Used
Very Low (24.1%)	307	37	0.12 AFA (multi-family)
Low (15.7%)	200	24	0.12 AFA (multi-family)
Moderate (18.2%)	233	37	0.16 (half single family/half multi-family)
Above Moderate (42%)	531	92	0.173 (2/3 single family/1/3 multi-family)
Total Allocation/Water Required	1,271	190	

Over two similar 10-year periods, total water required for housing calculated with this methodology is 380 AF over twenty years, or 395 – 405 AF including estimate for unincorporated County (footnote above.)

⁴⁶ Association of Monterey Bay Area Governments. ND. "Regional Housing Needs Allocation Plan: 2014-2023." Available at: https://ambag.org/sites/default/files/documents/RHNP%202014-2023_Final_revised.pdf.

⁴⁷ Calculated based on the RHNA goals for the six cities in the Monterey Peninsula and MPWMD's water use factors for single family units (0.2 AFA) and multi-family units (0.12 AFA).

Appendix C

Pure Water Monterey Expansion Consistency With Planning Criteria

MPWMD has consistently followed state and federal codes, as well as industry standards, in its analysis of the two supply options in the report. Specifically, any MPWMD conclusions in the report are consistent with the following:

- California Code of Regulations (CCR) section 64554
- California Health and Safety Code (CHSC) section 116555
- California Water Code (CWC) sections 10635 and 10631
- CPUC General Order 103A and other rules; and
- American Water Works Association “Water Resource Planning” guidance M50

CCR section 64554: MPWMD meets the requirements of CCR Title 22 section 64554. This was shown in a document produced and available from MPWMD in September 2019 and later publicly filed by the California Coastal Commission demonstrating MPWMD compliance.⁴⁸ With the passage of time, that analysis has been updated and is included in this Appendix C, now assuming a new water supply comes online in the year 2023. It shows that Pure Water Monterey expansion can meet the Maximum Day Demand (MDD) and Peak Hourly Demand (PHD) required under this section of the CCR.

There is no standard in 64554 to look back 10 years to ascertain current or projected future average annual demand. Section (k) which says *“The source capacity of a surface water supply or a spring shall be the lowest anticipated daily yield based on adequately supported and documented data”* by citing “daily yield”, still goes to MDD and PHD, not long-term average annual demand. This bears repeating: CCR section 64554 has nothing to with estimating current existing consumer demand or future average annual consumer demand for water.

CHSC section 116555: All that is required under this section of the Code is that a water supplier “provides a reliable and adequate supply of pure, wholesome, healthful, and potable water.” Nothing more, nothing less. To assert that either Pure Water Monterey expansion or the proposed desalination plant do not do so would be disingenuous.

CWC sections 10635 and 10631: Section 10635 of the CWC requires that *“every urban water supplier shall include, as part of its urban water management plan, an assessment of the reliability of its water service to its customers during normal, dry, and multiple dry water years.”*

⁴⁸ See California Coastal Commission agenda, November 14, 2019, Application 9-19-0918 / Appeal A-3-MRA-19-0034 (California American Water Co.) Exhibit 9 staff note attachment

This water supply and demand assessment shall compare the total water supply sources available to the water supplier with the long-term total projected water use over the next 20 years, in five-year increments, for a normal water year, a single dry water year, and a drought lasting five consecutive water years.” MPWMD has done so with respect to both proposed water supply sources and have concluded that they can each meet the challenges of a normal water year, a single dry water year, and a 5-year drought. Drought resilience of Pure Water Monterey and ASR is discussed in more detail below.

We also recognize section 10631 reiterates the above-said requirement in the plan. Section 10631 also requires analysis by the utility of (i) Water waste prevention ordinances; (ii) Metering; (iii) Conservation pricing; (iv) Public education and outreach; (v) Programs to assess and manage distribution system real loss; (vi) Water conservation program coordination and staffing support; and (vii) Other demand management measures. These programs, many of which have been sponsored by MPWMD, have led to the decline in water demand that sets the baseline for future water supply planning.

CPUC General Order 103A and other rules: MPWMD’s analysis has met the requirements of CPUC General Order 103A which states all water supplied shall be *“obtained from a source or sources reasonably adequate to provide a reliable supply of water”* and *“shall have the capacity to meet the source capacity requirements as defined in CCR Title 22, Section 64554”*. This has been addressed above.

The CPUC’s *“Rate Case Plan and Minimum Data Requirements for Class A Water Utilities General Rate Case (GRC) Applications”* states utilities should *“forecast customers using a five-year average of the change in number of customers by customer class”* subject to unusual events (such as a meter moratorium here in Monterey). MPWMD has also recognized this regulatory guidance.

American Water Works Association (AWWA) “Water Resource Planning” guidance M50: AWWA recognizes there are 6 traditional forecasting methods.⁴⁹ MPWMD’s report has incorporated at least three of the accepted methods: “per capita models”, “extrapolation models”, “disaggregate water use models”, and have checked certain estimates using “land-use models” each recognized by AWWA. Further, to the extent MPWMD has analyzed the AMBAG growth forecast and assigned water usage to the population and job forecasts, “multivariate” modeling has been included, also recognized by AWWA. “Several methods of demand forecasting are often combined, even within a single utility.”⁵⁰

⁴⁹ AWWA, “Water Resources Planning: Manual of Water Supply Practices M50”, 3rd Edition, pages 81-84.

⁵⁰ AWWA, “Water Resources Planning: Manual of Water Supply Practices M50”, 3rd Edition, page 81, paragraph 2.

The out-of-date second edition of AWWA M50 does cite a period of 10 years of historical data be used to develop future forecasts of demand, but the same section also states *“If a simple per capita approach to forecasting is selected, the data requirements could be as easy as securing historical annual water production or sales for 5 to 10 years”* Hence, MPWMD’s use of a 5-year period would have been acceptable.⁵¹ However, that edition of M50 was superseded by the third edition published in 2017. The current M50 edition from AWWA does not reference a specific preferred time period for historical data to be used for a future demand forecast. The MPWMD analysis is consistent with the current section of M50. There is nothing wrong, or outside industry standards, with looking at a 5-year average or some other measure to determine “How much water do we use today?”

⁵¹ AWWA, “Water Resources Planning: Manual of Water Supply Practices M50”, 2nd Edition, pages 47-48

Drought Resilience of ASR and Pure Water Monterey

ASR: Based on the Benito/Williams technical memorandum modeling assumptions contained in the Pure Water Monterey SEIR appendices, MPWMD concludes that build-up of ASR storage would be sufficient to meet a 5-year drought. The build-up occurs based on historical data including wet, normal, and dry years. If the data is randomized, the same results will occur – ASR acts like a lake behind a dam, building up supplies for use later during a drought. To remove ASR from the resource planning mix is inappropriate and would be inconsistent with industry practice for estimating water supply availability. Even AWWA recognizes ASR in its reliability assessment: *“ASR wells can improve water basin management by storing water underground from periods of excess supply..., and later allowing a portion of the stored water to be extracted during periods of demand or short supply”*⁵²

If the Monterey Peninsula were to experience drought during the “buildup period” following the completion of new water supply and the lifting of the CDO, ASR would arguably be delayed in building up a drought reserve, it should not be overlooked that a Pure Water Monterey expansion is new capacity without an immediate offsetting demand. That is, 2,250 AFA from Pure Water Monterey expansion would provide the necessary approximately 800 AFA to offset unlawful Carmel River diversions and lift the CDO and provide a remaining 1,450 AFA for which there is no immediate present-day demand and can instead be delivered for customer service in the early years if ASR’s drought reserve has not yet built-up. Just a few years of Pure Water Monterey expansion water could also provide drought-resilience to the Monterey Peninsula.

The District believes the Benito/Williams memo demonstrates ASR is drought-resilient and Pure Water Monterey expansion provides an additional factor of safety against drought impacts to ASR.

Pure Water Monterey: A memorandum dated November 1, 2019 which appears as Appendix I to the Pure Water Monterey Supplemental Environmental Impact Report titled “Source Water Availability, Yield and Use Technical Memorandum”, indicates Pure Water Monterey is resilient to drought, in general. Page 1 of the memorandum states the purpose of the memorandum is to summarize the source water availability and yield estimates for proposed modifications to the approved Pure Water Monterey Groundwater Replenishment Project (as modified, the full project is referenced as the Expanded PWM/GWR Project), to explain the seasonal storage yield estimates, and to provide the proposed maximum and typical (or normal) water use estimates for the Proposed Modifications.

⁵² AWWA, “Water Resources Planning: Manual of Water Supply Practices M50”, 3rd Edition, page 148

Page 10 of the memorandum says *“In the attached scenario tables (Tables 9 through 11), the use of the various sources is reduced to just meet the demands of the AWPf and offset the current CSIP groundwater use in the wet season (October-March). During the dry season (April-September), surface water diversions are shown meeting the monthly AWPf demands and providing extra flow for the CSIP, such that **the annual use of new sources exceeds the annual AWPf demands.**”* (emphasis added by MPWMD)

“The demand scenarios considered are:

Table 9: A normal water year while developing a drought reserve (AWPF producing 6,550 AFY)

Table 10: A normal water year with a full drought reserve (AWPF producing 6,350 AFY)

Table 11: A drought year starting with a full reserve (AWPF producing 5,550 AFY) (emphasis added by MPWMD)

In the drought year scenario, the stormwater and wastewater availability were reduced. Urban runoff from Salinas was assumed to be one-third of the historic average. Rainfall on the SIWTF ponds used the 2013 rainfall record (critically dry year). The unused secondary treated effluent values from 2013 were used, also the historic low. The CSIP groundwater well use from OCT 2013 to SEP 2014 was used as the CSIP augmentation target. Under this scenario, surface water diversions were required from the Reclamation Ditch, Blanco Drain and Lake El Estero, and the diversions were needed from March through November.”

In MPWMD’s opinion, this shows that the drought scenario shows all Advanced Water Purification Facility needs are met and there are still residual new supplies available to CSIP. In other words, Pure Water Monterey expansion is reliable in periods of reduced usage or drought years.

MPWMD Analysis of Available Well Capacity
for 10-Year Maximum Daily Demand (MDD)
and Peak Hour Demand (PHD)

- A) Find maximum month demand for 10-year period 2014-2023
August 2014 = 1,023 AF⁵³
- B) Convert to average daily demand
 $1,023 \text{ AF} / 31 \text{ days} = 33 \text{ AF/day}$
- C) Convert to million gallons per day (MGD)
 $33 \text{ AF/day} \times 325,851 \text{ gal/AF} \text{ divided by } 1,000,000 = 10.753 \text{ MGD}$
- D) Gross-up for peaking factor of 1.5
 $10.753 \text{ MGD} \times 1.5 = 16.13 \text{ MGD} = \text{Maximum Daily Demand (MDD)}$
- E) Average hourly flow during MDD is 10.753 MGD divided by 24 hours = 0.448 MGh
- F) Gross-Up for peaking factor of 1.5
 $0.448 \text{ MGh} \times 1.5 = 0.672 \text{ million gallons per hour} = \text{Peak Hour Demand (PHD)}$

Hence, new water supply must support a MDD of 16.13 MGD. Table 1 on the next page shows existing and planned system supply capacities under authorized, desired, and firm capacity scenarios. As can be seen, the lowest available capacity is 19.41 MGD which significantly exceeds MDD.

This assumes additional production well capacity currently being analyzed in the Pure Water Monterey Expansion Supplemental EIR are developed and the Forest Lake Pump Station currently requested under the 2019 General Rate Case filing is built. These two projects markedly remove system capacity constraints.

We also recognize that the Plumas, Luzern, Ord Grove, Paralta, and Playa wells are presently unable to deliver to the Monterey Pipeline, serving only Seaside, Sand City, and Old Monterey. This could potentially reduce available capacity throughout the rest of the system on the order of 2 MGD. Even in this instance, operations are sufficient to meet MDD. This issue goes further away if one or more of the wells are also connected to the pipeline, as well as with the continued reduction in MDD in more recent years.

CONCLUSION: Pure Water Monterey expansion provides sufficient capacity to meet MDD and PHD for the Cal-Am Monterey Main System.

⁵³ Direct testimony of Ian Crooks, Errata version 9-27-17 in A.12.04.019 at California Public Utilities Commission, page 9, Table 3

TABLE 1

Cal-Am Monterey Main Well Capacity						
Under Authorized and Desired Operations						
With New Wells being Analyzed in Pure Water Monterey Expansion SEIR						
	Authorized Operations		Desired Operations		Desired Operations Firm Capacity	
	Capacity (gpm)	Capacity (MGD)	Capacity (gpm)	Capacity (MGD)	Capacity (gpm)	Capacity (MGD)
Upper Carmel Valley Wells						
Assume n/a in Summer	-	-	-	-	-	-
Lower Carmel Valley Wells						
Rancho Canada	1,150	1.66	1,200	1.73	1,200	1.73
Cypress	1,500	2.16	-	-	-	-
Pearce	1,500	2.16	-	-	-	-
Schulte	1,250	1.80	-	-	-	-
Manor	125	0.18	-	-	-	-
Berwick No 8.	600	0.86	-	-	-	-
Berwick No. 9	985	1.42	-	-	-	-
Subtotal Lower CV	7,110	10.24	1,200	1.73	1,200	1.73
Seaside Wells						
Plumas	192	0.28	192	0.28	192	0.28
Luzern	640	0.92	640	0.92	640	0.92
Ord Grove	1,000	1.44	1,000	1.44	1,000	1.44
Paralta	1,350	1.94	1,350	1.94	1,350	1.94
Playa	350	0.50	350	0.50	350	0.50
Santa Margarita ASR 1 or 2	1,750	2.52	1,750	2.52	1,750	2.52
Middle School ASR 1 or 2	1,750	2.52	1,750	2.52	1,750	2.52
Subtotal Seaside	7,032	10.13	7,032	10.13	7,032	10.13
4 New Wells in Pure Water Expansion SEIR						
New 1	1,750	2.52	1,750	2.52	1,750	2.52
New 2	1,750	2.52	1,750	2.52	1,750	2.52
New 3	1,750	2.52	1,750	2.52	1,750	2.52
New 4	1,750	2.52	1,750	2.52	-	-
Subtotal New	7,000	10.08	7,000	10.08	5,250	7.56
Total Well Capacity	21,142	30.44	15,232	21.93	13,482	19.41
Notes:						
gpm = Gallons per Minute						
MGD = Million Gallons per Day						
AF = Acre-Feet						
Firm Capacity = Without largest producing well						

Appendix D

Cal-Am Sales Forecast

(Current Demand)

From 2019 GRC Application

Filing: 100-Day update

CALIFORNIA AMERICAN WATER
Central Division - 2019 GRC
WATER PRODUCTION (KCCF)
AUTHORIZED AND PROPOSED

Line No.	Description	Last Authorized Test Year	Estimated		Proposed Test Year		Escalation Year	
			2018	2019	2020	2021	2022	2022
1.	Metered Sales	4,172.6	3,989.7	3,989.7	3,989.7	3,989.7	3,989.7	3,989.7
2.	Other Consumption	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.	Total Consumption	4,172.6	3,989.7	3,989.7	3,989.7	3,989.7	3,989.7	3,989.7
4.	Non Revenue	363.6	274.5	274.5	274.5	274.5	274.5	274.5
5.	Total Water Requirement	4,536.2	4,264.3	4,264.3	4,264.3	4,264.3	4,264.3	4,264.3
6.	Non Revenue Water %	8.0%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%
7.	Equivalent Acre Feet	10,413.6	9,789.4	9,789.4	9,789.4	9,789.4	9,789.4	9,789.4
8.	Total Water Requirement in CCF	4,536,162	4,264,251	4,264,251	4,264,251	4,264,251	4,264,251	4,264,251
References: Line 1 Metered sales per Table 3.11 Other Consumption per [insert text if applicable] Line 3 is sum of lines 2 and 3. Line 4 is based on projection. See REV Wkp [insert reference] Line 5 is line 3 plus 4 Line 6 is line 4 divided by line 5. Line 7 is line 5 divided by 435.6 and multiplied by 1,000 to convert to Acre Feet. Line 8 is line 5 multiplied by 1,000 to convert to CCF.								

Expert Report and Recommendations of

Peter Mayer, P.E.

Regarding Water Supply and Demand in the California American Water Company's Monterey Main System

Prepared for:

The Marina Coast Water District

April 21, 2020





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INTRODUCTION

My name is Peter Mayer. I am the Principal of Water Demand Management, LLC (WaterDM) based in Boulder, Colorado.

WaterDM is a water consulting firm providing expertise and services in the following areas:

- Municipal and industrial water use, research, and analysis
- Water conservation and demand management planning and implementation
- Integrated water resources planning
- Water loss control
- Analysis of municipal water rates and rate structures
- Drought preparedness and response
- Demand forecasting
- Evaluation of changes in demand
- Statistical analysis of water demand and modeling
- Meter technology implementation
- Meter and service line sizing

I have a Master of Science in Engineering (1995) from the University of Colorado, Boulder and a Bachelor of Arts (1986) from Oberlin College. I am a registered and licensed Professional Engineer in Colorado.

I am a civil engineer and the focus of my career for over 25 years has been on urban water systems and demand management including conservation planning and implementation, rate analysis, water demand research, demand forecasting, drought preparation, utility metering, and water loss control.

Since 1995, I have served as a consultant and researcher to urban water providers, US EPA, the Water Research Foundation, the Alliance for Water Efficiency, state governments, and municipal and industrial water users in the US and Canada.

Over my 25 -year engineering and consulting career, I have worked with and advised hundreds of water providers and organizations such as the California Department of Water Resources; Tucson Water; New York City Water Board; the Colorado Water Conservation Board; Hilton Head, SC; Denver, CO; Scottsdale, AZ; San Antonio, TX; Metropolitan Water District of Southern California; US EPA; the US Department of Justice; the Alliance for Water Efficiency and many others. I have served as the principal investigator and lead or co-author of numerous national and state-level water demand research studies including: Residential End Uses of Water (2016, 1999); Assessing Water Demand Patterns to Improve Sizing of Water Meters and Service Lines (2020); Peak Demand Management (2018); Colorado Water Plan and Update (2010, 2018); National Submetering and Allocation Billing Program Study (2004); Water Budgets and Rate Structures (2008); Commercial and Institutional End Uses of Water (2000); and many others.

I was Chair of the subcommittee and lead author of the American Water Works Association (AWWA) M22 Sizing Water Service Lines and Meters 3rd. ed. (2014). I am co-author of the AWWA G480 Water Conservation Standard and co-author of the Colorado Best Practices Guidebook for Municipal Water Conservation (2010). I served as Trustee of the AWWA Water Conservation Division from 2001-2007 during which time I worked with EPA to create the WaterSense™ program and helped establish the Alliance for Water Efficiency. I have been a Senior Technical Advisor to the Alliance for Water Efficiency since 2007. I am a member of the American Water Works Association, the Alliance for Water Efficiency, the American Water Resources Association, the American Society of Civil Engineers (ASCE) and the Colorado River Water Users Association.

In 2016, I testified as an expert witness on municipal and industrial water use at the US Supreme Court (FL v. GA, 142 Original) on behalf of the State of Georgia.

A copy of my curriculum vitae is attached to this report.

SCOPE OF INVESTIGATION

I was retained by the Marina Coast Water District to review and respond to the recommendations in the staff report of the California Coastal Commission related to Application 9-19-0918 / Appeal A-3-MRA-19-0034 (California American Water Co.). Specifically, I was asked to investigate if the California-American Water Company (“Cal-Am”) has a feasible, reasonable, and reliable alternative to its proposed Monterey Peninsula Water Supply Project (“MPWSP”) desalination project that will allow it to reduce its water withdrawals from the Carmel River in accordance with provisions of a cease-and-desist order from the State Water Resources Control Board. I was also asked to respond to the analyses and opinions contained in reports prepared by the Monterey Peninsula Water Management District (MPWMD) and a peer review report prepared by Hazen and Sawyer as they relate to future water supply and water demand of the Cal-Am Monterey Main system.

My opinions are based on my understanding of the information available as of the date of this report and my experience evaluating municipal and industrial water supplies and demands and conservation measures. In forming my opinions, I also considered the documents, testimony, and other materials listed in Appendix A. Should additional information become available to me, I reserve the right to supplement this report based on any additional work that I may conduct based on my review of such materials.

SUMMARY OF OPINIONS AND CONCLUSIONS

I have reviewed the following reports and documents:

- *Staff Report: Recommendation on Appeal Substantial Issue & De Novo Hearing and Consolidated Coastal Development Permit, California Coastal Commission, Application 9-19-0918 / Appeal A-3-MRA-19-0034 (California American Water Co.).* (Staff Report) (10-28-2020)
- *Supply and Demand for Water on the Monterey Peninsula prepared by David Stoldt, General Manager, MPWMD.* (MPWMD Report) (3-13-2020, 12-3-2019, and 9-16-2019)
- *California American Water Peer Review of Supply and Demand for Water on the Monterey Peninsula prepared by Kevin Alexander and Cindy Miller, Hazen and Sawyer* (Hazen Report) (1-22-2020)
- *MPWMD's March 6 response to the Hazen Report including supporting exhibits prepared by David Stoldt* (MPWMD Response) (3-6-2020)

As result of my review of these and other related and relevant documents and reports, my own independent analysis, and my expertise in municipal and industrial water use, water management, and engineering, I offer the following opinions and conclusions:

a) California Coastal Commission staff have correctly concluded that the Pure Water Monterey Expansion project provides an available, feasible¹ water supply alternative for Cal-Am.

The Staff Report concludes, “*the Commission finds that there is a feasible and less environmentally damaging alternative that would meet all or most of the proposed project’s objectives in a timely manner.*” I concur with this finding as it relates to the feasibility of the Pure Water Monterey Expansion project and the forecast adequacy of the future water supply provided by the combination of sources available to Cal-Am. I offer no opinion on the environmental components of the Staff Report.

I conducted an analysis of the historic demand trends in the Cal-Am service area and forecast growth in the service area. I developed an independent demand forecast based on the Associated Monterey Bay Area Governments (AMBAG) 2018 forecast of future population growth for the Cal-Am service area. My analysis supports the conclusions in the Staff Report projecting 2040 demands in the Cal-Am service area to be much lower than the California Public Utility Commissions (CPUC) certificating decision.

¹ Coastal Act Section 30108 states “‘Feasible’ means capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, and technological factors.”.

With the addition of the Pure Water Monterey Expansion project providing an additional 2,250 acre-feet per year of supply to Cal-Am, the combination of Cal-Am's available and reliable water resources provides sufficient supply potential to meet annual future demand in 2040 by more than 1,200 acre-feet (an 11.9% surplus).

The CPUC, in its September 2018 Decision accepted that Cal-Am's "current" demand was 12,350 acre-feet per year and the future demand in 2040 will be approximately 14,000 acre-feet per year.² This appears outdated and therefore unreasonably high based on my analysis, the MPWMD Report, and Cal Am's own most recent forecasts. Over the most recent five-year period, 2015 – 2019, water demand in the Monterey Main service area averaged 9,885 AF per year. Cal-Am, in its most recent General Rate Case Application, forecast demand for 2021 and 2022 at 9,789 acre-feet per year.³ Thus Cal Am's own most recent forecast estimates 2022 demand to be 20% lower than "current" demand in the CPUC decision. Independent estimates of demand developed for the MPWMD Report and developed separately for this report, align closely with Cal Am's recent rate case forecast.

My analyses show that the staff of the California Coastal Commission correctly utilized more recent information on available future water supplies and likely future demands in its analysis. I agree with the staff findings that concluded there exists an available, feasible water supply alternative to Cal-Am's proposed desalination project.

b) Cal-Am's per capita use is likely to decrease between now and 2040 due to ongoing conservation program implementation, conservation pricing, and statewide policy directives to reduce indoor and outdoor use and improve utility water loss control measures.

The Monterey region has been regarded as a model for water conservation programs for many years. The Monterey Peninsula Water Management District implements an array of effective demand management policies and programs that are likely to extend water efficiency gains.⁴ Cal-Am implements an active water conservation program including a steeply inclining block rate pricing structure and customer incentives for installing drought tolerant landscapes and high-efficiency fixtures and appliances. Cal-Am also implements a rigorous utility-scale water loss control program aimed at reducing real losses in its distribution system. Regional development regulations ensure that all new and remodeled buildings are equipped with high-efficiency fixtures.

Cal-Am acknowledged the level of effort, significance, and impact of this conservation program in recent testimony. "California American Water has expended significant effort and resources

² CPUC Decision 18-09-017, September 13, 2018

³ California-American Water Company. 2019. (U-210-W) Update to General Rate Case Application, A.19-07-004.

⁴ California-American Water Company. 2019. (U-210-W) Update to General Rate Case Application, A.19-07-004. Direct Testimony of Stephanie Locke. (pp.7-8)

to encourage conservation in the Monterey County District through a variety of methods. Most important has been the tiered rate design, which features steeply inclining block rates to encourage efficient water use.” – Direct Testimony of Christopher Cook, July 1, 2019.⁵

Mr. Cook’s testimony is backed up by testimony from Stephanie Locke, Water Demand Manager for the Monterey Peninsula Water Management District, and the significant financial resources Cal-Am continues to apply toward water conservation in the region. In its most recent General Rate Case, Cal-Am proposed a \$1.845 million three-year budget (\$615,132 per year) to fund water conservation programs in the Monterey service area.⁶ Locke’s testimony notes that many of the conservation programs budgeted in the General Rate Case and in the prior Cal-Am rate filings focus on reductions in outdoor water use, on reductions in demand areas that have not previously been extensively targeted, and on maintaining the current low water use fixtures that have been installed to date.⁷

Cal-Am’s local efforts are in parallel to broader policy measures at the state level, designed to further increase efficiency. The State of California has implemented a series of laws and directives to ensure future water efficiency across the state including Assembly Bill 1668 and Senate Bill 60 which effectively mandate an ongoing reduction in per capita use. Cal-Am’s continued compliance with these regulations and its active efforts to reduce customer water demand in the future are likely to gradually further decrease per capita water use across the service area.

I have prepared two demand forecasts for the Cal-Am Monterey Main service area with growth rates based on AMBAG’s anticipated population increase in 2040 and the water usage of each sector – residential, commercial, public and re-sale and non-revenue water. In each forecast, demand in each of Cal-Am’s sectors is increased each year proportionally to the increase in population. The “Current gpcd” forecast assumes the current rate of daily per person water usage (based on annual production which includes residential, commercial, water loss, irrigation, etc.) continues into the future, without any increases in efficiency or conservation reductions. The “Continued efficiency” forecast includes the impacts of ongoing efficiency improvements by applying an indoor reduction factor.

Under both forecasts, the “Current gpcd” and “Continued efficiency”, Cal-Am will have sufficient and reliable water supplies to meet 2040 demand with the Pure Water Monterey Expansion. Even in the highly unlikely event that Cal-Am achieves no additional water efficiency reductions over the next 20 years, my analysis shows the portfolio of available reliable supplies will exceed demand.

⁵ California-American Water Company. 2019. (U-210-W) Update to General Rate Case Application, A.19-07-004. Direct Testimony of Christopher Cook. (p.10)

⁶ California-American Water Company. 2019. (U-210-W) Update to General Rate Case Application, A.19-07-004. Direct Testimony of Stephanie Locke. (p.9)

⁷ California-American Water Company. 2019. (U-210-W) Update to General Rate Case Application, A.19-07-004. Direct Testimony of Stephanie Locke. (p.10)

- c) Cal-Am's existing peak capacity is sufficient to meet anticipated future maximum daily demand (MDD) and peak hour demand (PHD) and Cal-Am has yet to avail itself of low/no-cost peak demand management measures that could reduce future peaks, if necessary.**

Peak capacity planning is typically based on metered measurements of peak day and peak hour production maintained by the water provider. To my knowledge, Cal-Am does not publicly report its actual peak day or peak hour demands for the Monterey system. Rather than producing actual measurements, Cal-Am relies on a calculated approach to estimate future peak day usage. This approach was described and carried out in both the MPWMD Report and the MPWMD response, using slightly different assumptions.

Analyses in the MPWMD Report and MPWMD Response show that Cal-Am has the ability to produce 19.41 million gallons per day and 0.81 million gallons per hour. Calculations of future Maximum Daily Demand (MDD) and Peak Hour Demand (PHD) show that Cal-Am must support an MDD of 19.01 MG/day and a PHD of 0.792 MG/hour (based on a July 2012 maximum month demand). Revised analysis in the MPWMD Response using slightly different demand data showed that Cal-Am must support an MDD of 16.13 MG/day and a PHD of 0.672 MG/hour (based on an August 2014 maximum month demand). Under either demand assumption, from an infrastructure standpoint alone, Cal-Am has sufficient capacity to meet future peak day and peak hour demands even under the highly conservative assumptions embedded in the calculated approach.

If managing the peak day or peak hour becomes an issue in the future, Cal-Am has several options it has yet to implement. From an infrastructure standpoint, Cal-Am could increase pumping capacity and add finished water storage. Cal-Am could also choose to implement low-cost peak day and peak hour demand management measures such as prohibiting automatic irrigation at certain times or on certain days or by re-assigning irrigation days of the week to distribute the summertime peak. Sophisticated approaches using smart irrigation controllers could also be employed to ensure optimal irrigation scheduling (Mayer et. al. 2018).

- d) The Hazen Report contains numerous errors, mischaracterizations, and incorrect conclusions regarding Cal-Am's likely demand in 2040 and the availability and reliability of future water supply sources.**

The Hazen & Sawyer peer review report is rife with misleading statements leading to incorrect conclusions regarding California codes, Cal-Am's likely water demand in 2040, and the availability and reliability of future water supply sources. MPWMD's March 6 response to the Hazen Report identifies line by line these errors and misleading statements. In this report I focus on the following problems:

- The Hazen Report repeatedly confuses and conflates peak demand and annual demand planning requirements and offers numerous misleading statements about California codes and standards and AWWA water planning guidance.

- The Hazen Report makes incorrect statements about water conservation programs and planning without offering data or analysis and states that per capita water use will increase substantially, despite Cal-Am's demand management efforts and prevailing state policy and regulations.
- The Hazen Report asserts that "current" demand in the Cal-Am Main System must be assumed to be 12,350 acre-feet per year. This is far higher than actual current demand and contradicts Cal-Am's own most recent General Rate Case filing which forecasts 2022 demand to be 9,789 acre-feet per year.
- The Hazen Report mischaracterizes the likely future reliability of water supplies available to Cal-Am and in particular the beneficial impacts of the ASR system over time.
- The Hazen Report reaches erroneous conclusions regarding the reliability of future water supplies based on inflated hypothetical demands, misleading statements about planning requirements, and inaccurate characterization of future water supply reliability.

Analysis and Recommendations

Overview

California-American Water Company proposes to construct and operate the Monterey Peninsula Water Supply Project to provide potable water from desalinated water for customers in its service area in the Monterey Peninsula region. One of the main project purposes is to provide an alternative water supply for Cal-Am that will allow it to reduce its water withdrawals from the Carmel River system in accordance with provisions of a cease-and-desist order from the State Water Resources Control Board.⁸

The California Public Utilities Commission has regulatory authority over Cal-Am and its infrastructure. In 2018 the CPUC approved Cal-Am's application to construct and operate the desalination project. The CPUC approved a smaller overall project than Cal-Am had initially proposed, because of the availability of water from another project – the Pure Water Monterey recycling and aquifer storage and recovery project. The CPUC found the two projects together could produce more than enough water to meet Cal-Am's expected water demands.

The California Coastal Commission also must review and approve the proposed desalination project under the California Coastal Act because portions of the project are within the coastal zone with the potential to impact environmentally sensitive habitat and other resources. The desalination plant itself would be located outside the coastal zone at a site about two miles inland within the jurisdiction of Monterey County, but components extend through the coastal zone to the Pacific Ocean and the project cannot be constructed without a Coastal Commission approved coastal development permit.⁹

The November 2019 California Coastal Commission staff review considered new information about water supplies and demands that were not available at the time of the 2018 CPUC decision. The Coastal Commission staff found that there is less need for water from new sources than previously determined. Significantly, another project alternative – the expansion of the above-referenced Pure Water Monterey project – has progressed from being too “speculative” for the CPUC to consider as a viable alternative, to now being a feasible, well-developed alternative. This Pure Water Monterey Expansion would occur entirely outside of the coastal zone and would cause far fewer environmental impacts than Cal-Am's proposed project.

⁸ The original order, issued in 1995, determined that Cal-Am was extracting over 14,000 acre-feet per year from the river when it had a legal right to 3,376 acre-feet. The Board determined that these excess withdrawals were adversely affecting the river's population of federally-threatened Central Coast steelhead. The Board ordered Cal-Am to develop or purchase alternative water supplies so it could end its excess withdrawals. Subsequent orders issued by the Board have included additional requirements, with Cal-Am currently required to end its excess withdrawals and be able to rely on a new source of water by December 2021.

⁹ California Coastal Act, Sections 30108, 30260

The recently developed Pure Water Monterey Expansion along with revised water supply and demand information were considered and included in the Staff Report¹⁰ of October 28, 2019. The Staff report recommended denying Cal-Am's permit request to construct elements of the desalination project in the coastal zone due to its inconsistency with the Local Coastal Program's habitat protection and hazards policies, its failure of the three tests of Coastal Act Section 30260, and its failure of the alternatives consideration of Section 30233.

The California Coastal Commission has yet to approve or deny Cal-Am's proposal.

Coastal Commission 2019 Staff Report

Cal-Am's proposed desalination project is subject to the Coastal Act and the City of Marina Local Coastal Plan that require the California Coastal Commission to determine among other things, "whether there is a feasible and less environmentally damaging alternative to the proposed project".

The Staff Report provides the Coastal Commission staff's assessment of the proposed project's conformity to the City of Marina Local Coastal Plan (LCP) and Coastal Act's public access and recreation policies for purposes of the Commission's *de novo* review. The report also provides staff's assessment of the project's conformity to relevant Coastal Act provisions for those project components proposed within the Commission's consolidated permit jurisdiction.

Inconsistent Project

The Staff Report recommended that the California Coastal Commission deny both the *de novo* and consolidated permit aspects of the proposed project because the proposed desalination project is inconsistent with the Coastal Act and/or Local Coastal Plan including the following.¹¹

1. **Environmentally Sensitive Habitat Areas (ESHA)** - The proposed project could adversely affect up to about 35 acres of ESHA. The project is inconsistent with requirements of both the City LCP and the Coastal Act that allow uses in ESHA only if they are dependent on those habitat resources.
2. **Coastal hazards** - The proposed project's well field would be sited at a location where it could be adversely affected by coastal erosion and the associated inland movement of foredunes that could bury the well heads.
3. **Protection of coastal water quality** - The proposed project would involve placement of fill in coastal waters in the form of new or modified outfall diffusers and monitoring buoys. In this case there is a feasible and less damaging alternative to the proposed fill, so the project would not conform to the alternatives requirement of Section 30233.

¹⁰ Staff Report: Recommendation on Appeal Substantial Issue & De Novo Hearing and Consolidated Coastal Development Permit, California Coastal Commission, Application 9-19-0918 / Appeal A-3-MRA-19-0034 (California American Water Co.). (p 7)

¹¹ Staff Report (pp. 4-5)

Three-Part Test for an Inconsistent Project

Coastal Act Section 30260, which is incorporated into the Local Coastal Plan, provides that the Coastal Commission may approve a permit for a coastal-dependent facility that is otherwise inconsistent with other Coastal Act Chapter 3 policies if it meets a three-part test. The three test components that must be met are:

- 1) Alternative locations are infeasible or more environmentally damaging
- 2) Denial of the permit would not adversely affect the public welfare
- 3) The project's adverse effects are mitigated to the maximum extent feasible

The Staff Report addresses each of these three tests as outlined below.¹² The Staff Report concluded that the Cal-Am's proposed desalination project failed each test.

Test 1: Are alternative locations infeasible or more environmentally damaging?

The Staff Report states that, "another project, known as the Pure Water Monterey Expansion, would provide enough water to meet Cal-Am's needs for the next twenty years or more and would cause fewer adverse environmental impacts, including few, if any, on coastal resources, since it would be located outside the coastal zone."¹³

The Staff Report recommends the Commission find that Cal-Am's proposed project does not meet this first test of Section 30260, since there is a feasible, less environmentally damaging alternative to the proposed project that could be constructed in a different location.

Test 2: Would denying the project adversely affect the public welfare?

The Staff Report agrees there is a "clear need" for additional water supply to serve the Monterey Peninsula region and concludes that there is a "feasible and less environmentally damaging alternative that can supply sufficient water to allow Cal-Am to meet its legal obligations and to supply its customers for the coming decades."¹⁴

The Staff Report concluded that the costs of the proposed desalination project are substantially higher than other water sources, including the PWM Expansion, and would be borne by ratepayers and visitors to this coastal area.

From an environmental justice perspective the Staff Report notes, "Several communities of concern would be burdened by Cal-Am's project due to the higher costs for water it would impose or due to expected or potential impacts resulting from the construction and operation of some project components in areas of sensitive habitat or that provide public access to the shoreline."¹⁵

¹² Staff Report (pp. 5-6)

¹³ Staff Report (p.6)

¹⁴ Staff Report (p.6)

¹⁵ Staff Report (p.6)

The Staff report concluded that Cal-Am's proposed desalination project would "result in adverse effects to coastal resources – for example, sensitive habitat areas – that would diminish the public benefit from those coastal resources. The alternative project would entirely avoid those coastal resource impacts."¹⁶

Test 3: Are the project impacts mitigated to the maximum extent feasible?

Here the Staff Report concludes that "because the proposed project does not meet either of the first two tests of Section 30260, there is no need to determine whether it meets the third test. Nonetheless, Commission staff have determined that the proposed project's impacts are not mitigated to the maximum extent feasible. For example, the project could adversely affect up to several dozen acres of sensitive habitat, but the mitigation proposed thus far would result in a net loss of that sensitive habitat. Similarly, the proposed project would result in adverse effects to coastal water quality, but those effects, and the measures needed to avoid or minimize them, are not yet known."¹⁷

Feasible Alternative that Meets All or Most Objectives

The November 2019 California Coastal Commission staff review considered new information about water supplies and demands that were not available for the 2018 CPUC decision. The Coastal Commission staff found that there is less need for water from new sources than previously determined. Significantly, another project alternative – the Pure Water Monterey project – has progressed from being too "speculative" for the CPUC to consider as a viable alternative, to now being a feasible, well-developed alternative. This Pure Water Monterey Expansion would occur entirely outside of the coastal zone and would cause far fewer environmental impacts than Cal-Am's proposed project.

The Pure Water Monterey Expansion along with revised water supply and demand information were considered and included in the Staff Report of October 28, 2019 which concluded based on data and analyses, "that there is a feasible and less environmentally damaging alternative that would meet all or most of the proposed project's objectives in a timely manner."¹⁸

This conclusion relies on three core components:

- 1) A feasible alternative exists.¹⁹
- 2) The alternative is less environmentally damaging.
- 3) The alternative would meet all or most of the proposed project's objectives in a timely manner.

¹⁶ Staff Report (p.6)

¹⁷ Staff Report (pp.6-7)

¹⁸ Staff Report (p. 7)

¹⁹ The Coastal Act Section 30108 states "'Feasible' means capable of being accomplished in a successful manner with a reasonable period of time, taking into account economic, environmental, social, and technological factors."

The Staff Report relied on analyses and opinions contained in reports and applications prepared by the Monterey Peninsula Water Management District (MPWMD) as they relate to future water supply and water demand of the Cal-Am on the Monterey Peninsula.

Cal-Am Monterey System

The Cal-Am Monterey water system serves most of the population on the Monterey Peninsula, located along the coast of Central California. The Monterey Main system encompasses greater than 90-percent of the Monterey County District service area and is the area to be served with the proposed desalination plant. The Monterey Main system and includes the incorporated cities of Carmel-by-the-Sea, Del Rey Oaks, Monterey, Pacific Grove, Sand City, and Seaside as well as unincorporated communities of Pebble Beach, Carmel Valley East and West, Carmel Highlands, and the Presidio of Monterey.²⁰

Cal-Am also serves a number of unincorporated satellite systems, including the communities of Hidden Hills, Ryan Ranch, Bishop, Ambler, Ralph Lane, Chualar, Garrapata, and Toro. These satellite systems encompassed an area greater than 7,000 acres and service a total population of 5,313 in 2010. Other than Garrapata, Ralph Lane and Chualar, the satellite systems border the Monterey Main system. By 2022, Hidden Hills, Ryan Ranch, and Bishop will be interconnected to the Monterey Main system.

A map delineating the service area of Cal-Am Monterey prepared by the MPWMD is shown in Figure 1.

²⁰Cal-Am 2010 Urban Water Management Plan. 9/7/2012. Water Systems Consulting, Inc.

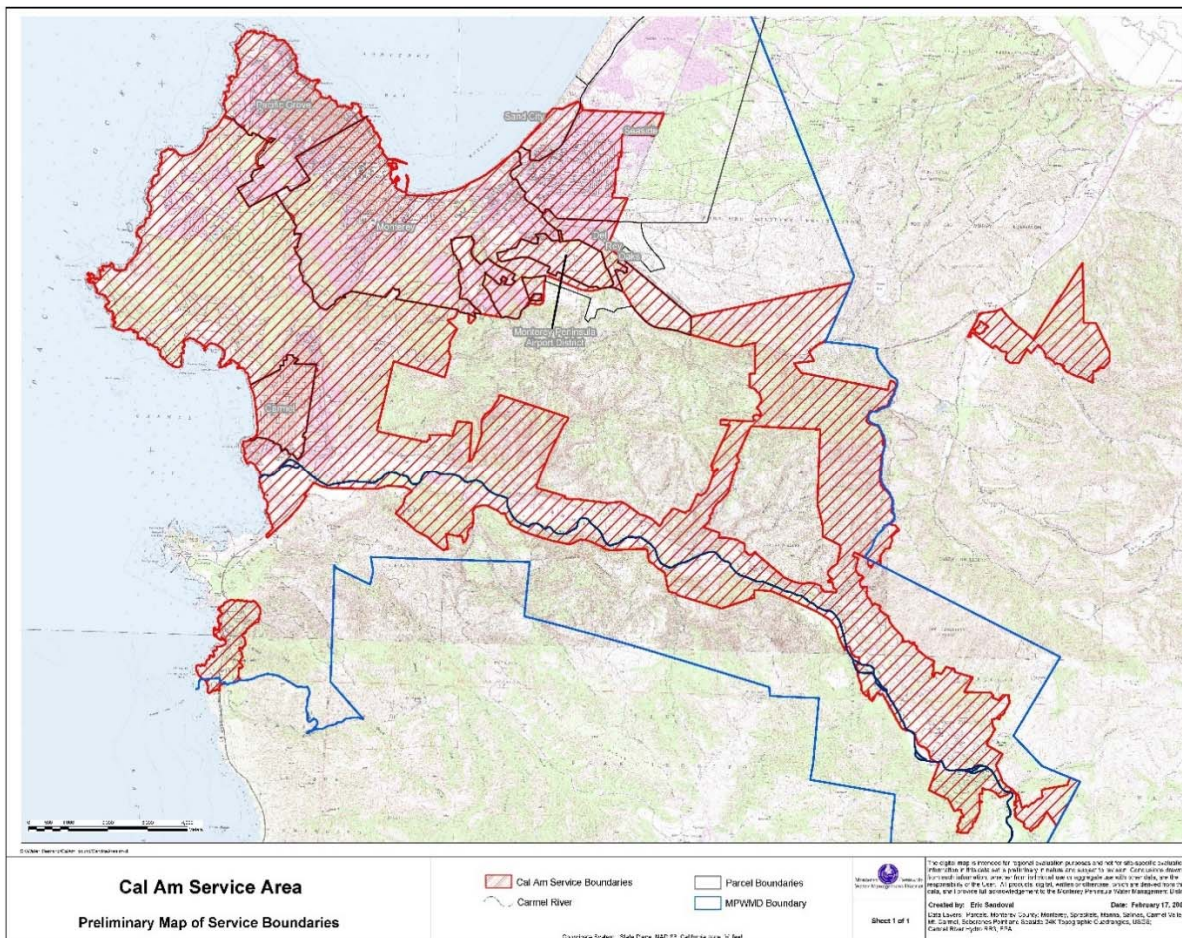


Figure 1: Cal-Am Monterey service area boundaries²¹

Population Served

The Association of Monterey Bay Area Governments (AMBAG) prepares regional population and growth forecasts for the region. The most recently available forecast, the AMBAG 2018 Regional Growth Forecast, estimates the 2020 service area population of the Cal-Am Monterey Main service area to be 91,884.²² This population is forecast to increase to 100,814 in 2040. These population estimates include Monterey, Pacific Grove, Carmel-by-the-Sea, Sand City, Seaside, Del Rey Oaks, and portions of the unincorporated County.²³ The MPWMD Report notes that the population estimates likely overstates growth to 2040 because portions of the cities of

²¹ Monterey Peninsula Water Management District. Map created by Eric Sandoval. 2/17/2006

²² Association of Monterey Bay Area Governments. 2018 Regional Growth Forecast. Table 8, page 32.

²³ Unincorporated county estimates based on Cal-Am service area population reported to the State Water Resources Control Board June 2014 – September 2019 Urban Water Supplier Monthly Reports (Raw Dataset), minus urban areas, escalated at 5%.

Monterey, Seaside, and Del Rey Oaks within the Fort Ord Buildout will be served water by the Marina Coast Water District.²⁴

Water Production and Demand

Annual Production

Annual water production for the Monterey System from 2000 – 2019 are shown in Figure 2 along with shaded periods added to indicate the influence of mandatory drought restrictions and recession. For this purposes of this report, total water production is assumed to be equivalent to the total annual water demand in the system inclusive of all water use, non-revenue water, and treatment losses.

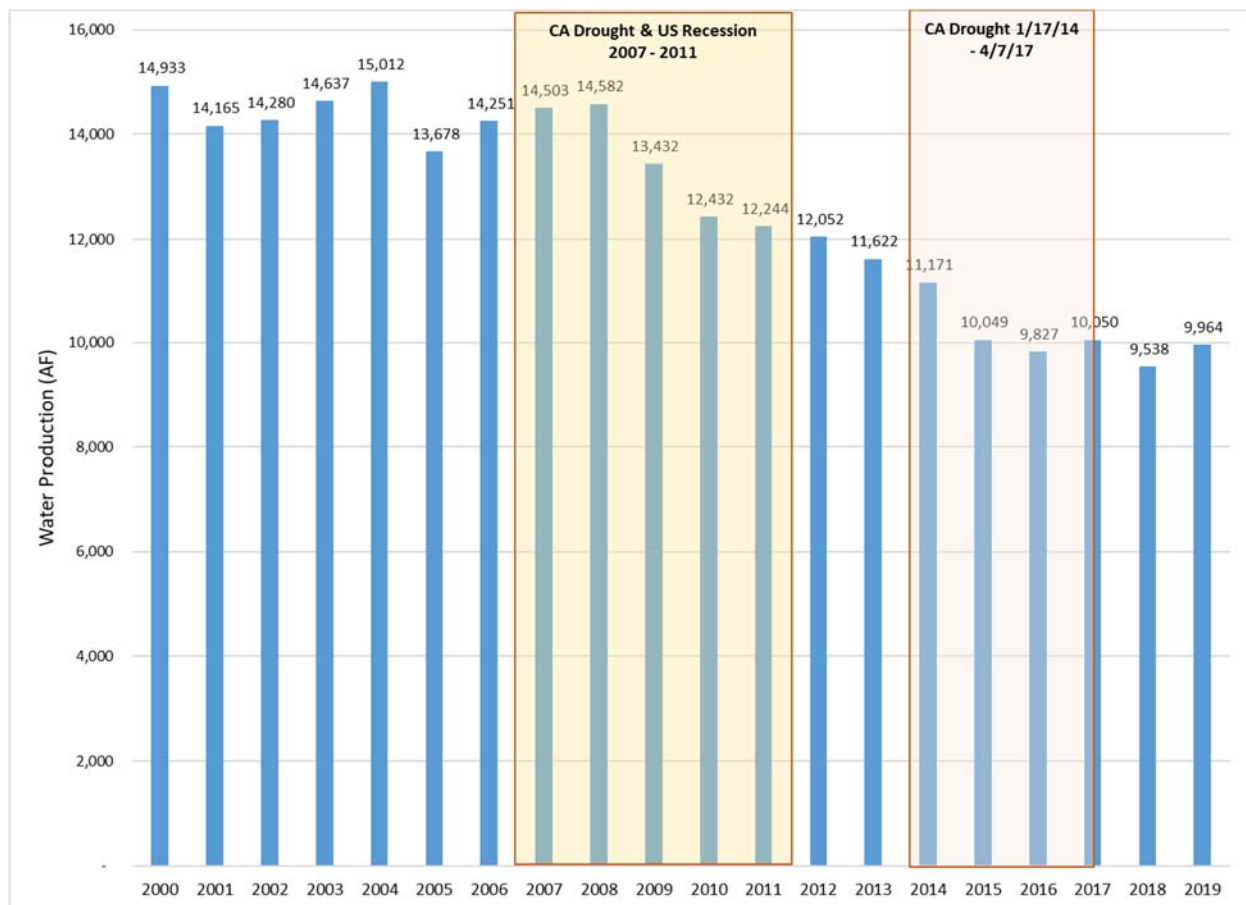


Figure 2: Cal-Am Monterey Main water production, 2000 - 2019²⁵

²⁴ Monterey Peninsula Water Management District. 2020. Supply and Demand for Water on the Monterey Peninsula prepared by David Stoldt, General Manager. Appendix A.

²⁵ 2017 – 2019 From Cal-Am quarterly reports to the California State Water Resources Control Board. 2000 – 2016 From Monterey Peninsula Water Management District. 2019. Supply and Demand for Water on the Monterey Peninsula prepared by David Stoldt, General Manager. Figure 1.

From Figure 2 it is evident water production in the Monterey System was reasonably steady from 2000 – 2008, with the exception of the steep decline in 2005. In 2009 production began to steadily decrease and the decline didn't stop until 2016. During this 8-year period, steep demand reductions occurred during years when California was in an officially declared drought paired with an economic recession, but production reductions also occurred in 2012 and 2013 which were non-drought and recession influenced years. Over the most recent five-year period, 2015 – 2019, water production in the Monterey Main service area averaged 9,885 AF per year.

Comment on Data Sources

Cal-Am publishes and regularly updates monthly and annual water deliveries for Monterey Main, Hidden Hills, Ryan Ranch & Bishop on its website for the desalination project.²⁶ Monthly data going back to 2007 are available from the testimony of Ian Crooks (2012)²⁷. I compared these published records with the production data set used in the MPWMD Report and (for 2017-19) with Cal-Am's quarterly and annual reports to the California State Water Resources Control Board.

The monthly data published on Cal-Am's website and in Ian Crooks testimony, while very similar was generally lower than the annual values in the MPWMD Report. Production from Cal-Am's quarterly and annual reports to the California State Water Resources Control Board for the three most recent years (2017-2019) was higher than either the delivery values published on Cal-Am's web site or the values in the MPMWD Report.

For the purposes of the demand forecasts prepared in this report, WaterDM used the higher production values reported to the State Water Resources Control Board and the higher production values from the MPMWD Report to establish the starting point for the demand forecast, rather than the lower delivery values from Cal-Am. WaterDM's forecasts are therefore conservative in that they are based on the highest published values of annual water production for the Monterey Main System.

Monthly Deliveries

While not relied upon as the starting point for WaterDM's demand forecasts, Cal-Am's published delivery data were used to analyze the seasonality of demand on the Monterey Main System. Monthly production is shown in Figure 3 with the period of recent drought declaration highlighted. A linear trendline is also added.

²⁶ <https://www.watersupplyproject.org/system-delivery> (accessed 3/25/2020)

²⁷ Direct Testimony of Ian Crooks Before the Public Utilities Commission of the State of California. Application 12-04-019 (Filed April 23, 2012) (p.9)

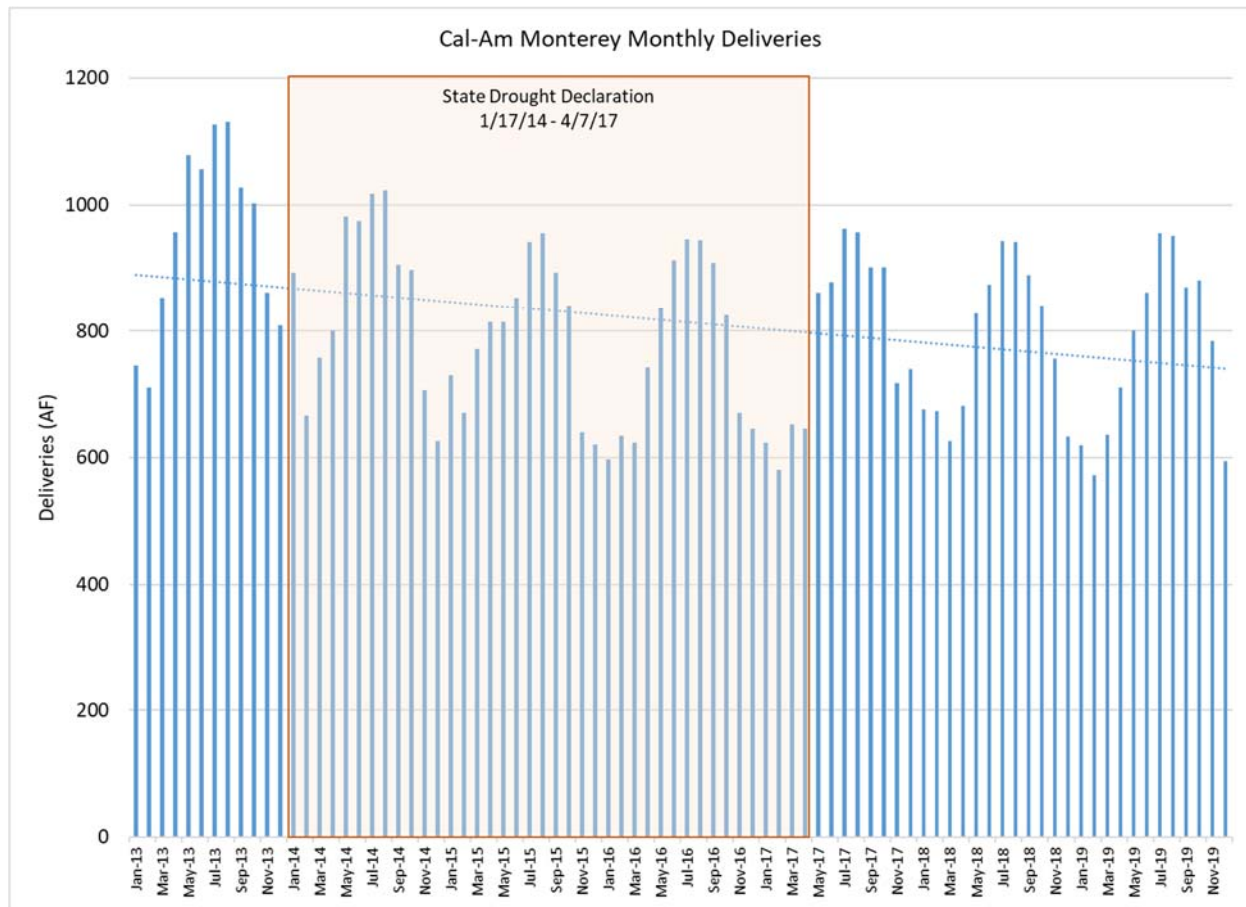


Figure 3: Cal-Am Monterey monthly deliveries

Using these published monthly data, I found the minimum and maximum month of delivery for each year. The average annual non-seasonal (predominantly indoor) deliveries for each year was calculated as the average water use in January, February, November and December multiplied by 12. Seasonal production for each year was calculated by subtracting non-seasonal from total production. These data and results are shown in as a chart in Figure 4 and in Table 1.

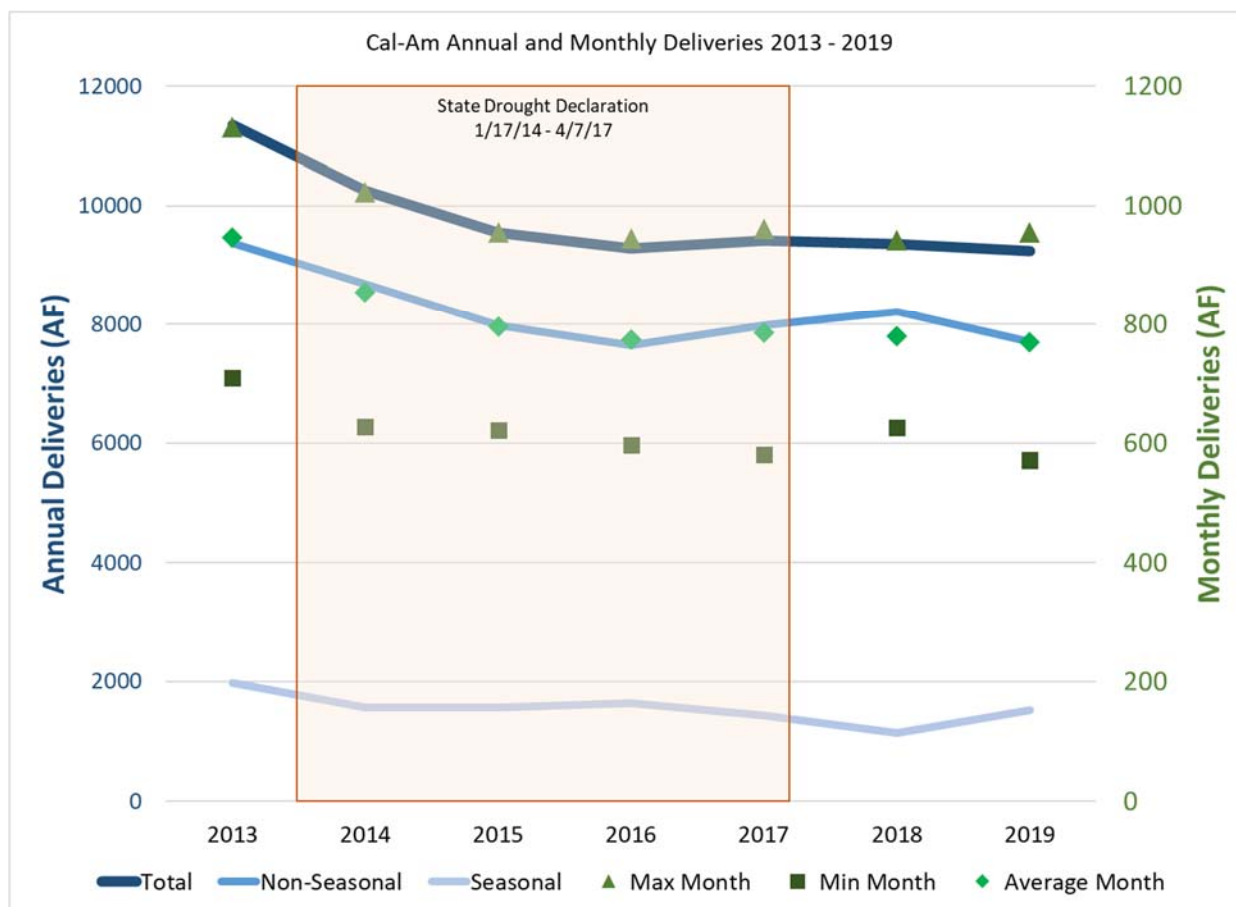


Figure 4: Cal-Am Monterey annual and Monthly Deliveries, 2013 - 2019²⁸

Seasonal deliveries provide an estimate of summertime demand including outdoor irrigation and summertime tourism use. Non-seasonal deliveries provide an estimate of baseline indoor use and non-revenue water that occur throughout the year.

On average, seasonal deliveries accounted for 15.8% of Cal-Am's total across these seven years and ranged between 12.3% and 17.7%. Non-seasonal deliveries accounted for between 82.3% and 87.7% of usage from 2013 – 2019.

This analysis shows that the demand reductions achieved from 2013 - 2016 were largely in the non-seasonal (predominantly indoor use) category. Seasonal demand did decline during this period, but not nearly as much as non-seasonal demand.

Both the minimum and the maximum month deliveries for each year has also been declining since 2013. The minimum month of delivery in 2019 was the lowest of any of the past seven years. Notably, 2019 also had the higher annual precipitation in the region than any of the other years shown.

²⁸ From production data published at: <https://www.watersupplyproject.org/system-delivery> (accessed 3/25/2020)

Table 1: Cal-Am monthly deliveries and annual statistics²⁹

Month	2013	2014	2015	2016	2017	2018	2019	2020
Jan	745	893	730	597	624	676	620	628
Feb	710	667	671	635	581	673	572	650
Mar	853	757	771	623	653	626	636	
Apr	957	800	814	742	645	682	710	
May	1079	982	814	836	861	828	801	
Jun	1056	975	853	912	878	874	861	
Jul	1127	1018	942	946	962	943	955	
Aug	1131	1023	956	944	957	941	951	
Sep	1027	906	893	909	902	889	870	
Oct	1002	897	840	826	901	841	881	
Nov	861	707	640	670	717	756	784	
Dec	809	627	621	646	740	633	594	
Total Annual Deliveries	11,356	10,250	9,545	9,285	9,421	9,362	9,234	
Maximum Month	1131	1023	956	946	962	943	955	
Minimum Month	710	627	621	597	581	626	572	
Average Month	946.4	854.3	795.4	773.8	785.1	780.2	769.6	
Annual Non-Seasonal	9,375	8,682	7,986	7,644	7,986	8,214	7,710	
Annual Seasonal	1,981	1,568	1,559	1,641	1,435	1,148	1,524	
%Seasonal	17.4%	15.3%	16.3%	17.7%	15.2%	12.3%	16.5%	
Total Annual Production (from Figure 2)	11,622	11,171	10,049	9,827	10,050	9,538	9,964	
Difference between Production and Deliveries	266	921	504	542	629	176	730	
% Difference	2.3%	8.2%	5.0%	5.5%	6.3%	1.8%	7.3%	

Note on Data Differences

The volume of water produced by Cal-Am annually as shown in Figure 2 are based on Cal-Am's quarterly and annual reports to the State Water Resources Control Board (2017-2019) and the

²⁹ From delivery data published at: <https://www.watersupplyproject.org/system-delivery> (accessed 3/25/2020)
Includes: Monterey Main, Hidden Hills, Ryan Ranch & Bishop.

MPWMD Report and are higher than the delivery values reported on Cal-Am's website (Figure 3, Figure 4, and Table 1).

As noted above, for the purposes of forecasting future production reflecting the needs of the community, WaterDM used the higher values reported to the State Water Resource Control Board for 2017, 2018, and 2019. For Years 2000- 2016 WaterDM used the MPWMD Report values (also higher than Cal-Am's monthly reports) so that the highest reported baseline production values were used to consider baseline consumption.

Per Capita Water Use

WaterDM prepared an independent calculation of per capita water use based on the production volumes shown in Figure 2 and population data from AMBAG. System per capita use is calculated as the total volume of water produced at the source divided by the service area population and the number of days in the year. This calculation of system per capita use is based on production and thus inclusive of all water use, non-revenue water, and treatment losses.

System per capita use in the Cal-Am Monterey Main System in 2010 was 127.0 gpcd. This was highest level of gpcd over the past 10 years. In 2019, system per capita use was 97.3 gpcd and in 2018 it was 93.6 gpcd. Ten years of daily system per capita use for the Monterey Main System is shown in Table 2.

Table 2: Per capita water use, 2010 - 2019

Year	Population	Production	Per Capita	Source of Production Data
2010	87,419	12,432	127.0	MPMWD Report
2011	87,866	12,244	124.4	MPMWD Report
2012	88,312	12,052	121.8	MPMWD Report
2013	88,759	11,622	116.9	MPMWD Report
2014	89,205	11,171	111.8	MPMWD Report
2015	89,652	10,049	100.1	MPMWD Report
2016	90,098	9,827	97.4	MPMWD Report
2017	90,545	10,050	99.1	SWRCB Quarterly Reports
2018	90,991	9,538	93.6	SWRCB Quarterly Reports
2019	91,438	9,964	97.3	SWRCB Quarterly Reports

Water Demand by Sector

Cal-Am's 2019 water demand by sector is shown as a pie chart in Figure 5, based on data presented in 2019 testimony.³⁰ As shown in Figure 2, 2019 was not a drought year nor was it

³⁰ Direct Testimony of David Mitchell Before the Public Utilities Commission of the State of California. Application 19-07-004 (Filed July 1, 2019)

impacted by economic recession. Residential use including single- and multi-family customers used 58% of the total produced in 2019. Commercial and industrial customers used 30%, the public / other sector used 5%, and non-revenue was 7%. Non-revenue water includes real and apparent water loss as well as authorized and unauthorized uses for which the utility does not collect revenue.³¹

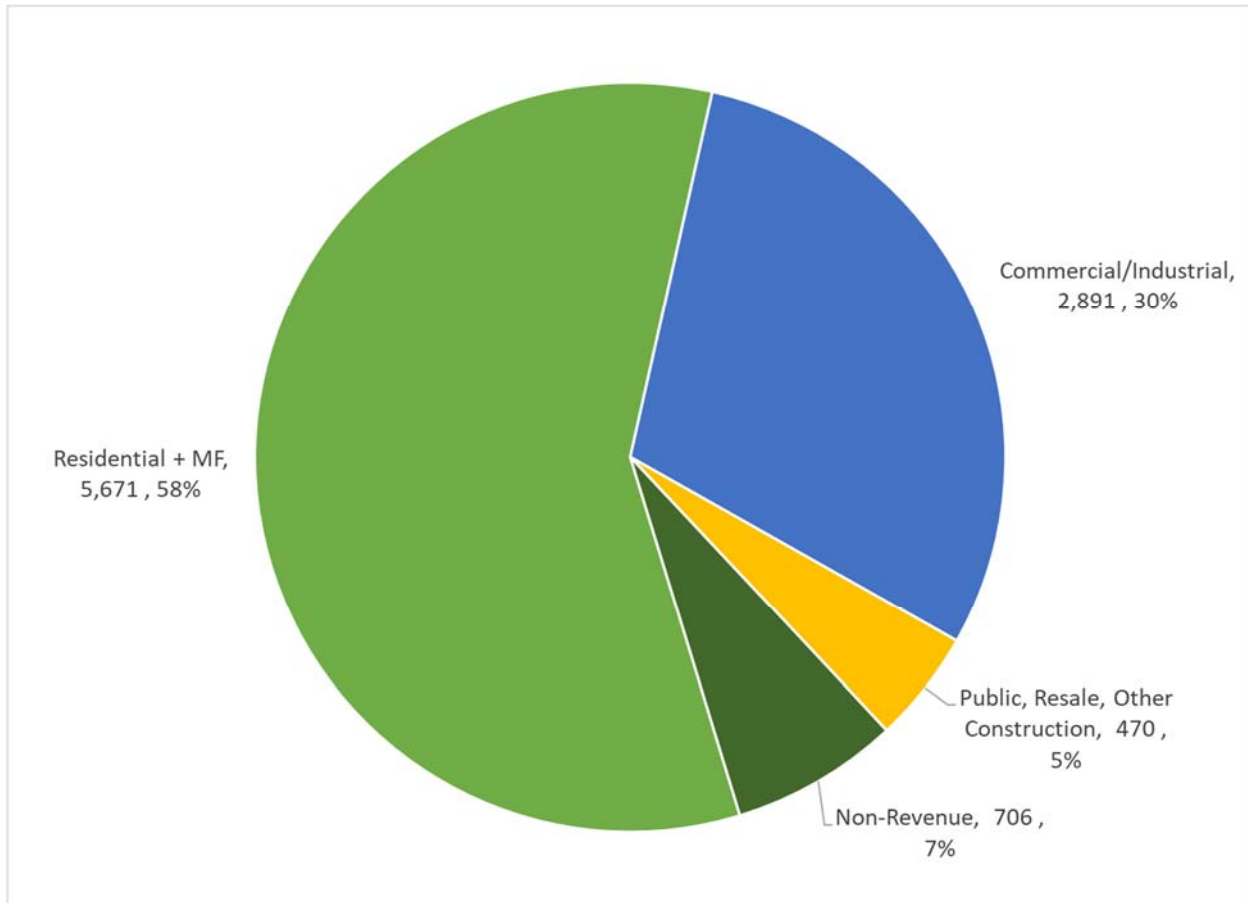


Figure 5: 2019 Cal-Am Monterey Main System demand by sector³²

³¹ In 2009 the residential sector used 59%, commercial/industrial sector 22%, non-revenue 9%, public/other 8%, golf course irrigation 2%.

³² Direct Testimony of David Mitchell Before the Public Utilities Commission of the State of California. Application 19-07-004 (Filed July 1, 2019)

Water Demand Management

Water demand management includes five core components:³³

1. **Technical efficiency** - reducing the quantity or quality of water required to accomplish a specific task (e.g. a high-efficiency toilet).
2. **Behavioral efficiency** - Adjusting the nature of the task so it can be accomplished with less water or lower quality water (e.g. take a shorter shower).
3. **Water loss and leakage control** - Reducing losses in movement from source through use to disposal including reducing leakage in the distribution system and customer-side leaks.
4. **Peak management** - Shifting time of use to off-peak periods.
5. **Drought response** - Increasing the ability of the system to operate during droughts.

Both Cal-Am and the Monterey Peninsula Water Management District implement active, far-reaching, and effective water demand management programs that address all five of these core components. The water demand data presented in the previous section of this report and in particular Figure 2 show a steady reduction in water demand in the Cal-Am Monterey Main system which was achieved through the active and intentional water demand management efforts implemented in the region. The reduction in per capita use over the past 10 years shown in Table 2 is further indication of increased water use efficiency.

The Monterey region has been regarded as a model for water conservation programs for many years. Cal-Am and the Monterey Peninsula Water Management District implement an array of effective demand management policies and programs that are likely to extend water efficiency gains. Cal-Am implements an active water conservation program including a steeply inclining five-tier block rate pricing structure and customer incentives for installing drought tolerant landscapes and high-efficiency fixtures and appliances. Cal-Am also implements a rigorous utility-scale water loss control program aimed at reducing real losses in its distribution system. Local development regulations ensure that all new and remodeled buildings are equipped with high-efficiency fixtures and appliances.

Cal-Am acknowledged the level of effort, significance, and impact of this conservation program in recent testimony. “California American Water has expended significant effort and resources to encourage conservation in the Monterey County District through a variety of methods. Most important has been the tiered rate design, which features steeply inclining block rates to encourage efficient water use.” – Direct Testimony of Christopher Cook, July 1, 2019.

Mr. Cook’s testimony is backed up by testimony from Stephanie Locke, Water Demand Manager for the Monterey Peninsula Water Management District, and the significant financial resources Cal-Am continues to apply toward water conservation in the region. In its most

³³ Adapted from Brooks, D.B. 2007. An Operational Definition of Water Demand Management. International Journal of Water Resources Development. Volume 22, 2006 - Issue 4

recent General Rate Case, Cal-Am proposed a \$1.845 million three-year budget (\$615,132 per year) to fund water conservation programs in the Monterey service area. Locke's testimony notes that many of the conservation programs budgeted in the General Rate Case and in the prior Cal-Am rate filings focus on reductions in outdoor water use, on reductions in demand areas that have not previously been extensively targeted, and on maintaining the current low water use fixtures that have been installed to date.

Cal-Am's local efforts are in parallel to broader policy measures at the state level, designed to further increase efficiency. The State of California has implemented a series of laws and directives to ensure future water efficiency across the state including Assembly Bill 1668 and Senate Bill 60 which effectively mandate an ongoing reduction in per capita use. Cal-Am's continued compliance with these regulations and its active efforts to reduce customer water demand in the future are likely to gradually further decrease per capita water use across the service area.

Peak demand management to shift the timing to off peak periods is already being practiced to some degree in the Cal-Am service area but could be expanded and adjusted if necessary. Peak demand days usually occur during the hot and dry part of the year when outdoor irrigation occurs simultaneously across the service area. Currently Cal-Am restricts outdoor irrigation between 9 a.m. and 5 p.m. on any day. Irrigation is only permitted on two specific days per week (Wednesdays and Saturdays) unless the customer is equipped with a weather-responsive "smart" controller that automatically adjusts irrigation to meet prevailing climate conditions. These are all effective measures but focusing some irrigation demand on Wednesdays and Saturdays could have the unintended impact of creating peaks on those particular days. Cal-Am does not report measured peak day demand data so it was not possible to determine if this is in fact the case.

Should peak demands become a concern, Cal-Am could choose to implement low-cost peak day and peak hour demand management measures such as requiring automatic irrigation to be scheduled at certain times or on certain days by re-assigning irrigation days of the week to distribute the summertime peak. If smart irrigation controllers are widespread, then more sophisticated approaches to irrigation scheduling and timing could also be employed to harmonize demand with water production and finished water storage conditions (Mayer et. al. 2018).

Water Demand Forecasts

WaterDM prepared two forecasts for the Cal-Am Monterey Main System to estimate future average annual production, inclusive of treatment losses and non-revenue water. The growth rate in each forecast is based on AMBAG's anticipated population increase from 2020 to 2040.³⁴

³⁴This likely over-estimates Cal-Am's future growth because it includes new population in portions of the cities of Monterey, Seaside, and Del Rey Oaks within the Fort Ord Buildout that will be served water by the Marina Coast Water District.

Each component of Cal-Am's demand – residential, commercial, public/other/re-sale, non-revenue water, and treatment losses was increased each year proportionally to the increase in population to produce a forecast of future average annual production, inclusive of treatment losses and non-revenue water.

- The "Current gpcd" forecast assumes the current rate of daily per person water usage continues into the future, without any increases in efficiency or conservation reductions.
- The "Continued efficiency" forecast includes the impacts of ongoing efficiency improvements by applying an indoor reduction factor.

These annual demand projections were built up from the analysis of historical production and deliveries presented above. The year 2020 is the first year of the projection, which then continues for 20-years to produce average annual demands in 2040. Over the most recent five-year period, 2015 – 2019, water production in the Monterey Main service area averaged 9,885 AF per year. This level of production was the starting point for the WaterDM forecasts.

Production was split out by sector and future demand was increased proportionally with population increases to 2040. The four sectors included in the model are:

- Residential (single-family + multi-family)
- Commercial and industrial
- Public, resale, other, construction
- Non-revenue water

The summed annual demand of these four categories equals the estimated water supply requirement under average future conditions. The model allows specific factors to be applied to the non-seasonal or seasonal component of annual demand for each demand category, to simulate the impacts of water efficiency and conservation programs.

The two forecasts prepared by WaterDM – "Current gpcd" and "Continued efficiency" are shown in Figure 6 along with the forecast demands included in Cal-Am's filings provided to the CPUC. Notably, WaterDM's 2020 – 2022 forecasts are higher than the forecasts Cal-Am General Rate Case Application forecast which estimated demand for 2021 and 2022 at 9,789 acre-feet per year.

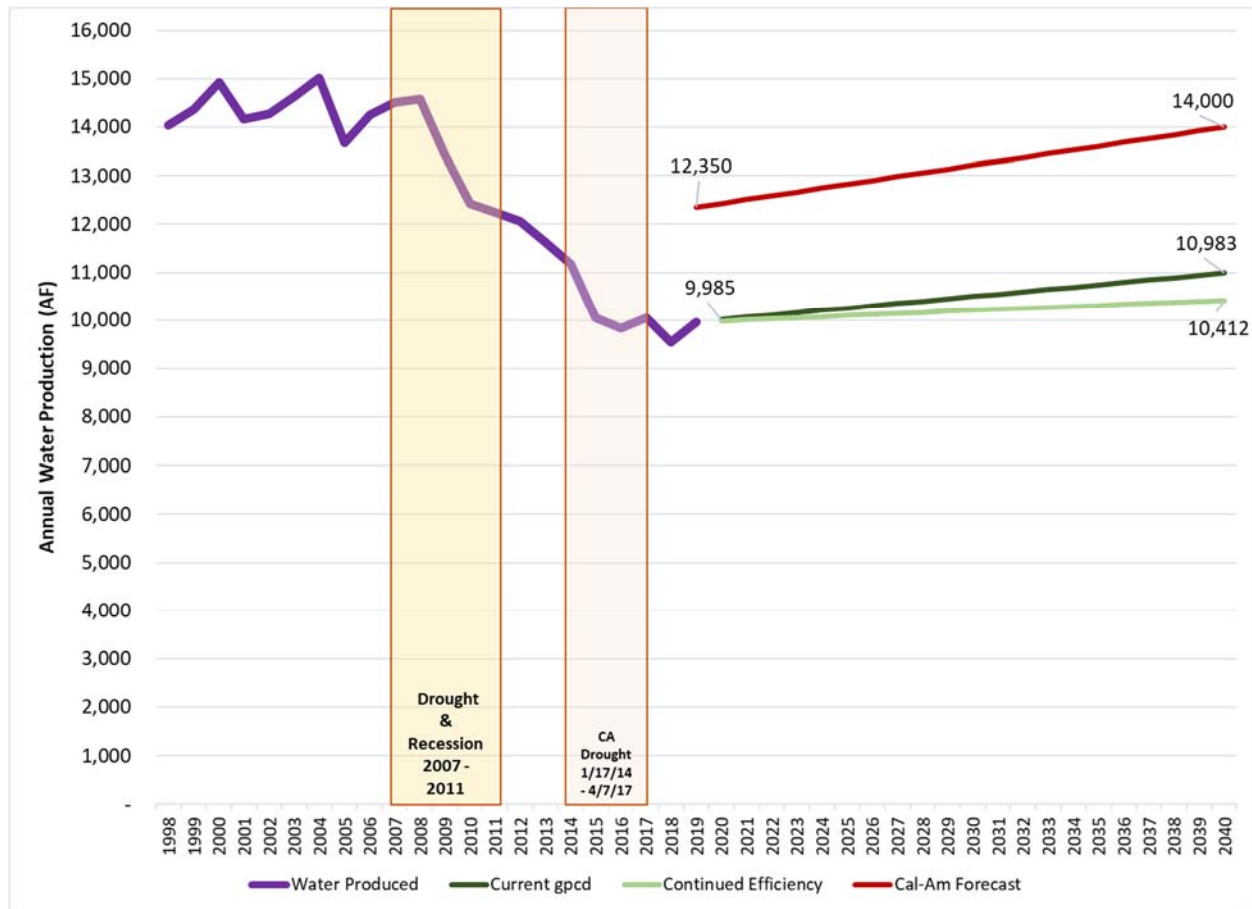


Figure 6: WaterDM forecasts of future average annual production

Current GPCD Forecast

The “Current gpcd” forecast includes ongoing conservation efforts only at levels required to maintain current per-capita water use with no additional savings. This forecast results in a future per-capita water use that is identical to the current level. The 2020 and 2040 statistics for the forecast are shown in Table 3.

Table 3: Current GPCD Forecast

	2020	2040
Population	91,884	100,814
Production Forecast	9,985 AF	10,983 AF
Per Capita Use Forecast	97.3	97.3

Continued Efficiency Forecast

The “Continued efficiency” forecast represents future production assuming slow, steady ongoing demand reductions from existing conservation activities relative to current per-capita use. This forecast results in a per-capita water use in 2040 that is 5.2% lower than current level.

Specifically, the “Continued efficiency” forecast includes the anticipated impacts of continuing the long-term water conservation program measures described in published documents and recent testimony from Cal-Am and MPWMD. It does not assume any drought restrictions or mandatory demand curtailments are applied.

The “Continued efficiency” forecast incorporates a modest level of increased efficiency of about 0.26% per year over 20 years. In my professional judgement, the “Continued efficiency” forecast represents the most likely forecast of future average annual production, inclusive of treatment losses and non-revenue water.

Table 4: Continued Efficiency Forecast

	2020	2040
Population	91,884	100,814
Production Forecast	9,985 AF	10,412 AF
Per Capita Use Forecast	97.3 gpcd	92.2 gpcd

Cal-Am Demand Forecast

The demand forecast provided to the CPUC as part of Cal-Am’s application for the proposed desalination plant are included with the AMBAG population forecast and per capita use for comparison. The Cal-Am forecast includes an estimate of “current” demand and a forecast of demand in 2040.

Table 5: Cal-Am Forecast

	2020	2040
Population	91,884	100,814
Production Forecast	12,350 AF	14,000 AF
Per Capita Use Forecast	120.0 gpcd	124.0 gpcd

Water delivery patterns have changed substantially in the region and perhaps as a result, Cal-Am has produced conflicting forecasts. The Cal-Am forecast submitted to the CPUC differs substantially from Cal-Am’s own more recent General Rate Case Application forecast which estimated demand for 2021 and 2022 at 9,789 acre-feet per year.³⁵ The magnitude of the changes in demand and the differences in the forecasts is significant and has implications for water planning. Cal Am’s own most recent forecast estimates 2022 demand to be 20% lower than “current” demand in the CPUC decision.

The Cal-Am forecast also results in an inflated value for gpcd. Using the “current” Cal-Am forecast of 12,350 AF and the current AMBAG population results in a calculated current gpcd of

³⁵ California-American Water Company. 2019. (U-210-W) Update to General Rate Case Application, A.19-07-004.

120.0 which is 23% higher than WaterDM's fully inclusive calculation of Cal-Am Monterey Main system gpcd in 2019 which was 97.3 gpcd. This forecast doesn't square with Cal-Am's stated intent to spend more than \$1.8 million over three years on its water conservation programs and with state regulations and policies that incentivize demand reductions. The Cal-Am forecast doubles down on the problem and inflates per capita use up to 124 gpcd in the year 2040.

A 2040 level of 124 gpcd is extremely unlikely and such a dramatic and remarkable reversal in water use efficiency is inconsistent with the state and local directives and contradicts recent sworn testimony from Cal-Am in its current General Rate Case. Customers in the Cal-Am Monterey service area are among the most water efficient in the state. The outdated Cal-Am forecast unreasonably assumes that these customers will go from being the most efficient to becoming among the least water efficient in California over the next 20 years.

Water Supply

Introduction

The November 2019 California Coastal Commission staff analysis considered new information about water supplies (and demands) that were not available for the 2018 CPUC decision. As a result of this new information, the Coastal Commission staff found that there is less need for water from new sources than previously determined and that a project alternative – the expansion of the above-referenced Pure Water Monterey project – had progressed from being too “speculative” for the CPUC to consider as a viable alternative, to being a feasible, well-developed alternative. This Pure Water Monterey Expansion would occur entirely outside of the coastal zone and would cause far fewer environmental impacts than Cal-Am's proposed project.

The recently developed Pure Water Monterey Expansion along with revised water supply and demand information were considered and included in the Staff Report³⁶ of October 28, 2019 in which the Staff report recommended denying Cal-Am's permit request to construct elements of the desalination project in the coastal zone due to its inconsistencies with the Coastal Act and the Local Coastal Program's habitat protection and hazards policies, its failure of the three tests of Coastal Act Section 30260, and its failure of the alternatives consideration of Section 30233.

I considered the available, reliable water supply sources for Cal-Am Monterey to utilize out to the year 2040 including the existing Pure Water Monterey project and its expansion. Based on this analysis I agree with the conclusions in the 2019 Staff Report. With the addition of the Pure Water Monterey Expansion providing an additional 2,250 acre-feet per year of supply to Cal-Am, the combination of Cal-Am's available and projected water resources total 11,650 acre-feet of reliable supply. This provides sufficient supply potential to meet annual future demand in 2040 by more than 1,200 acre-feet above WaterDM's most-likely “Continued efficiency” forecast.

³⁶ Staff Report: Recommendation on Appeal Substantial Issue & De Novo Hearing and Consolidated Coastal Development Permit, California Coastal Commission, Application 9-19-0918 / Appeal A-3-MRA-19-0034 (California American Water Co.). (p 7)

Water Supply for the Monterey Main System

Cal-Am delivers water to its Monterey Main system from a diverse collection of water sources. This will remain true into the future, even with the Pure Water Monterey Expansion or the proposed desalination plant. Figure 7 shows historic and projected deliveries in the Monterey Main system including the Pure Water Monterey projects along with the two water demand forecasts prepared by WaterDM. All of the supply sources shown in Figure 7 and are documented in Table 6. The anticipated available reliable water supply in 2040 from each source is included and the total is 11,650 AF. Each source of water and the volume of available reliable supply is described in detail in the sections below.

Cal-Am has historically relied heavily on withdrawals from the Carmel River water and Seaside Basin groundwater to provide water to the Monterey Main system. In the future withdrawals from both sources must be reduced. Cal-Am must carefully manage its supply portfolio in the coming years regardless of the Coastal Commission's ruling regarding the desalination project. Even under the best of circumstances it will be at least 2022 before either the Pure Water Monterey Expansion or the proposed desalination project are online.

The focus of the Coastal Commission staff analysis and recommendations was on the availability of sufficient water supply to meet the community needs twenty years from now in 2040, and less on how Cal-Am will manage the transition from its reliance on the Carmel River in 2022. The water supply analysis summarized in Figure 7 indicates that with the addition of the full Pure Water Monterey project Cal-Am does have available water supply both in the near term (2020 – 2025) and twenty years from now in 2040. In keeping with the Staff Report, the primary focus of the WaterDM analysis was on the determining the volume of reliable supply available in 2040.

The Pure Water Monterey project with the expansion would provide enough available supply to meet the likely 20-year requirements, but it is still reasonable to expect Cal-Am may need to seek to secure additional supplies in the future beyond 2040. Much will depend upon what happens to the local economy and climate over the coming decade. Over-building infrastructure such as desalination (at its current size) would be an expensive error. The future is uncertain and the impact of COVID 19 and other economic unknowns could well be to reduce future demand in the Monterey Main System from current levels, lessening or eliminating the need for securing additional supply.

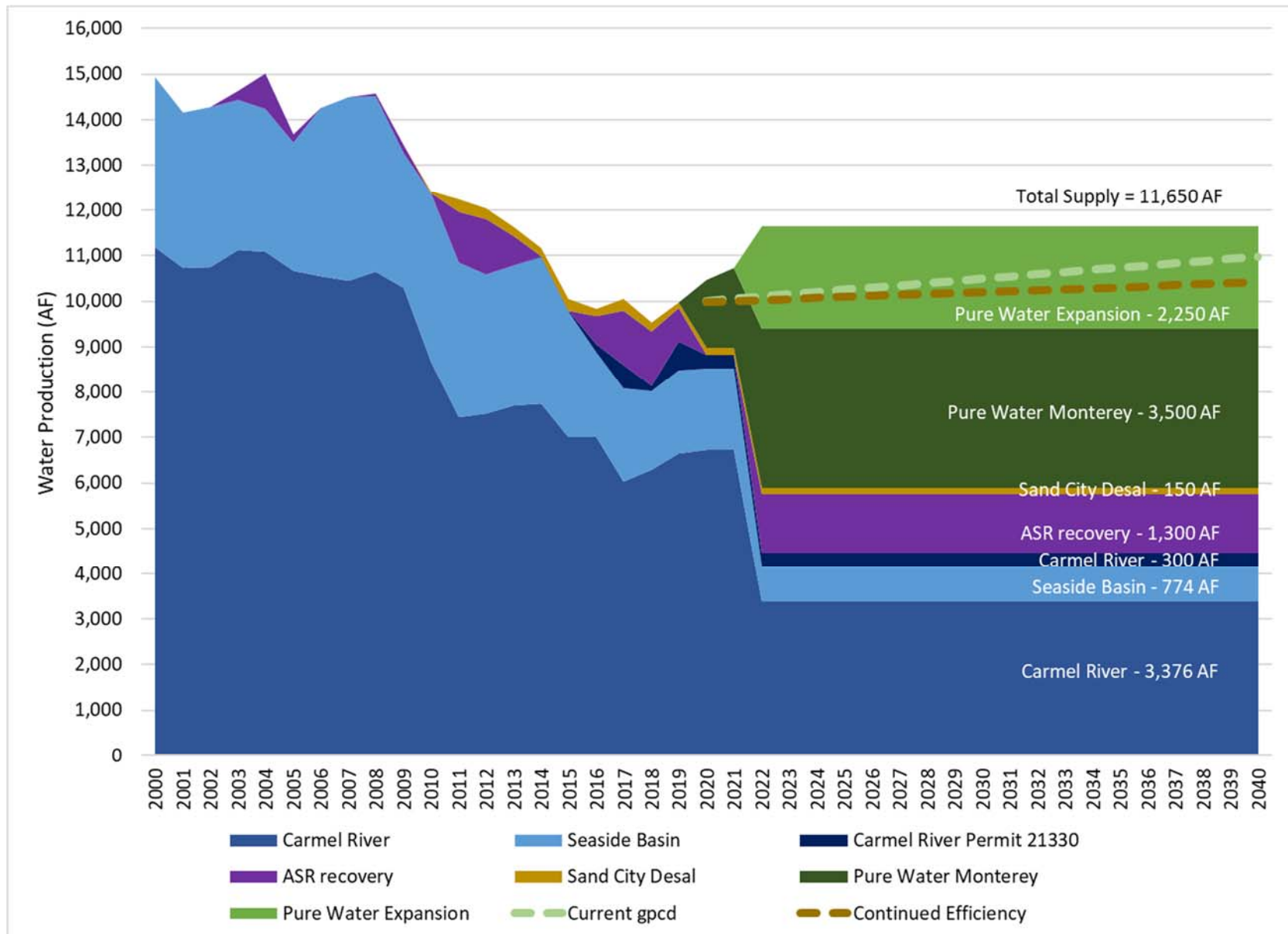


Figure 7: Cal-Am historic water production (2000 – 2019) and future water supply and demand (2020 – 2040)

Table 6: Cal-Am Monterey Main System water supply sources

Water Source	AF/Year	Notes	Regulator	Data Source
Carmel River – Cease and Desist Order	3,376 AF.	2,179 AF from License 11866; 1,137 AF of pre-1914 appropriative rights; and 60 AF of riparian rights.	SWRCB Order 2016-0016	Cal-Am reports to the SWRCB
Carmel River – Permit 21330	300 AF	Only available Dec. – May.	SWRCB	Cal-Am reports to the SWRCB
Seaside Basin Native Groundwater	774 AF	Reflects Cal-Am’s 25-year obligation to leave 700 AF of the 1,474 AF it is entitled.	Seaside Basin Watermaster	Watermaster’s annual reports.
ASR Recovered Water	1,300 AF	Based on long-term historical precipitation and streamflow, ASR system may be capable of recovering an average of 1,920 AF per year.	SWRCB Water Rights Permits 20808A & C	Cal-Am reports to the SWRCB
Sand City Desalination Plant	150 AF	300 AF capacity. Has averaged 209 AF over life of plant.	SWRCB Order 2016-0016 & Division of Drinking Water	Cal-Am reports to the SWRCB
Pure Water Monterey	3,500 AF	Withdrawals prior to 2022 will reduce Effective Diversion Limit from the Carmel River.	Division of Drinking Water & Seaside Basin Watermaster	TBD
Pure Water Monterey Expansion	2,250 AF		Division of Drinking Water & Seaside Basin Watermaster	TBD
TOTAL	11,650 AF			

Carmel River

Withdrawals from the Carmel River, Cal-Am's primary water source, must be reduced in accordance with a cease-and-desist order from the State Water Resources Control Board. The original order, issued in 1995, determined that Cal-Am was extracting over 14,000 acre-feet per year from the river when it had a legal right to 3,376 acre-feet. The State Water Resources Control Board determined that these excess withdrawals were adversely affecting the river's population of federally threatened Central Coast steelhead and riparian habitat. The Board ordered Cal-Am to develop or purchase alternative water supplies so it could end its excess withdrawals. Subsequent orders issued by the Board have included additional requirements, with Cal-Am currently required to end its excess withdrawals and be able to rely on a new source of water by December 2021.

Figure 7 and Table 6 show Carmel River production reducing to the mandated 3,376 AF in 2022. This is the volume to which Cal-Am has a legal right and is comprised of 2,179 AF from License 11866; 1,137 AF of pre-1914 appropriative rights; and 60 AF of riparian rights.³⁷

Figure 7 also shows an additional 300 AF of Carmel River supply based on Permit 21330.³⁸ Cal-Am's annual reports to the State Water Resources Control Board show that it has withdrawn an average of 428 AF per year from 2017-2019 under this permit.

Seaside Groundwater Basin – Native Groundwater

Along with the Carmel River, the withdrawals of native groundwater from the Seaside Groundwater Basin must also be reduced soon which impacts Cal-Am Monterey. The Seaside Basin was over pumped for many years prior to the issuance of the 2006 Seaside Groundwater Basin adjudication which imposed triennial reductions in operating yield until the basin's "Natural Safe Yield" is achieved. For Cal-Am, the last reduction will occur in 2021 and Cal-Am will have rights to 1,474 acre-feet per year.

Figure 7 and Table 6 show 774 AF of supply available from the Seaside Basin from 2022 – 2040. This reflects the agreement with the Watermaster to leave 700 AF per year of the 1,474 AF it is entitled to for at least 25 years as payback for Cal-Am's over-pumping in the Seaside Basin. For the purposes of this analysis it was assumed that this obligation is triggered once Cal-Am obtains a permanent replacement supply of water (e.g. Pure Water Monterey Expansion or the proposed desalination project).

³⁷ MPWMD Report (p.3)

³⁸ "In 2013, Cal-Am received Permit 21330 from the State Water Board for 1,488 AFA from the Carmel River. However the permit is seasonally limited to December 1 through May 31 each year and subject to instream flow requirements." MPWMD Report (p.3)

The Seaside Basin Watermaster states Cal-Am's "payback amount is currently estimated to be 18,000 acre-feet", thus 25.7 years of 700 AF per year re-payments would complete the payback.³⁹

The Seaside Basin Watermaster's 2019 report to the Court overseeing the groundwater adjudication states that the total usable storage space in the entire Seaside Groundwater Basin is 52,030 AF. The report also describes the current allocation of that usable storage space among the Seaside Basin pumps and Cal-Am is allocated 28,733 acre-feet.⁴⁰ The annual report aligns with the Watermaster's January 2020 letter regarding the Pure Water Monterey Expansion which reiterates the importance of the groundwater payback program. The letter also notes the direct ties between the Seaside Basin and the Pure Water Monterey Expansion project and identifies that "on the order of 25,000 acre-feet of additional storage would need to be injected and left in the Seaside Basin over a period of years in order to achieve protective elevations along the coastline."⁴¹

After the payback is complete, Cal-Am will be able to produce the full 1,474 AF if needed. During a drought or in the event another supply became impaired, Cal-Am could (with permission from the Seaside Basin Watermaster) utilize its full 1,474 AF in any year or series of years and then extend the payback period.

Aquifer Storage and Recovery

Cal-AM participates in an aquifer storage and recovery (ASR) project that allows for the capture of excess Carmel River winter flows through wells along the river. This river water is then transferred through existing conveyance facilities, including the new Monterey Pipeline and Pump Station, and stored in the Seaside Groundwater Basin for later extraction. This project operates with four ASR well sites capable of both injection and extraction. Ownership and operation of this source water project has various components split between Cal-Am and the Monterey Peninsula Water Management District.⁴²

There are two water rights that support the ASR system: Permit 20808A which allows maximum diversion of 2,426 AF and Permit 20808C which allows up to 2,900 AF for a total potential maximum annual diversion of 5,326 AF.⁴³ But in reality Cal-Am will only be able to divert, inject, and store the maximum permitted volume in the wettest of years.

³⁹ Seaside Basin Watermaster Jan. 8, 2020 Letter to Rachel Gaudion. Subject: Draft Supplemental Environmental Impact Report for the Proposed Modifications to the Pure Water Monterey Groundwater Replenishment Project (Draft Supplemental EIR)

⁴⁰ Seaside Basin Watermaster Annual Report – 2019, December 5, 2019

⁴¹ Seaside Basin Watermaster Jan. 8, 2020 Letter to Rachel Gaudion.

⁴² California-American Water Company. 2019. (U-210-W) Update to General Rate Case Application, A.19-07-004. Direct Testimony of Christopher Cook. (p.7)

⁴³ MPWMD Report (p.3)

Based on long-term historical precipitation and streamflow data, the ASR system is designed to allow an average of 1,920 AF per year to be recovered. Figure 7 and Table 6 assume a more conservative 1,300 AF of ASR production per year for 2020 – 2030 as does the MPWMD Report. With the addition of the Pure Water Expansion, Cal-Am will have additional opportunity to inject and store water in the Seaside Groundwater Basin which may allow for increased annual recovery over time.

Cal-Am is allocated 28,777 AF of total storage in the Seaside Groundwater Basin.⁴⁴ Careful management of the Seaside Groundwater Basin and optimizing the storage opportunities it provides will help ensure a long-term reliable supply for the Cal-Am Monterey service area. Once the storage reserve is established, Cal-Am could withdraw 1,920 AF (or more) on a regular basis.

Sand City Desalination Plant

Cal-Am has an operating agreement for the Sand City Desalination Plant, a small facility designed to produce 300 acre-feet of water per year. Due to source water quality issues and discharge permit requirements to date the Sand City plant has never produced the full 300 AF and the maximum that it has ever produced was 276 AF in 2011. Over the life of the plant it has averaged 209 AF of production per year but it has only averaged 188 AF per year of production from 2016 – 2019.⁴⁵ Figure 7 and Table 6 conservatively includes 150 AF per year of production well below the long-term average of 209 AF per year.

Pure Water Monterey

Monterey One Water in partnership with the Monterey Peninsula Water Management District developed the Pure Water Monterey Groundwater Replenishment Project to create a reliable source of water supply to replace existing water supply sources for the Monterey Peninsula.

The primary objective of the Pure Water Monterey Project is to replenish the Seaside Groundwater Basin with 3,500 acre-feet per year of purified recycled water to compose a portion of Cal-Am's water supply and to assist in complying with the State Water Resources Control Board orders. The source water for the Pure Water Monterey Project is wastewater flows from the members of Monterey One Water.

The Pure Water Monterey Project (as initially approved and constructed) includes a 4 million gallon per day capacity water purification facility for treatment and production of purified recycled water that is conveyed and stored in the Basin using a series of shallow and deep injection wells. Project conveyance facilities include ten miles of pipeline from the purification facility to injection wells in the Seaside Groundwater Basin. This pipeline is owned and operated by the Marina Coast Water District.

⁴⁴ Seaside Basin Watermaster Annual Report – 2019, December 5, 2019

⁴⁵ MPWMD Report

Once injected, the purified recycled water augments existing groundwater supplies and is capable of providing 3,500 acre-feet per year of water for extraction. Pure Water Monterey is operational in 2020 and Figure 7 includes 3,500 AF per year from the Pure Water Monterey project starting in 2022.

Pure Water Monterey Expansion

Monterey One Water and the MPWMD have proposed expansion of the Pure Water Monterey project to increase the capacity available to Cal-Am. The Pure Water Monterey Expansion is expected to provide an additional 2,250 acre-feet per year to augment existing groundwater supplies.

The source water for the Pure Water Monterey Expansion is municipal wastewater and agricultural drainage water. Analysis of the water sources under four conditions including drought concluded that the project can reliably produce water under each circumstance.⁴⁶

The analysis concluded Monterey One Water would have rights to a sufficient quantity of source water to produce the yield in advanced treated, product water that is anticipated to be produced by the Pure Water Monterey Expansion regardless of whether or not the conditions precedent are met and whether or not it is a dry or drought year or a normal or wet year.⁴⁷

The analysis shows that the Pure Water Monterey Expansion can reliably produce water as proposed. Figure 7 includes 2,250 acre-feet per year from the Pure Water Monterey Expansion project becoming available to Cal-Am in 2022.

With the addition of the Pure Water Monterey Expansion project providing an additional 2,250 acre-feet per year of supply to Cal-Am, the combination of Cal-Am's available and projected water resources total 11,650 acre-feet of reliable supply. This provides sufficient supply potential to meet annual future demand in 2040 by more than 1,200 acre-feet than WaterDM's most-likely "Continued efficiency" demand forecast.

Peak Capacity

Peak capacity planning is typically based on metered measurements of peak day and peak hour production maintained by the water provider. To my knowledge, Cal-Am does not publicly report its actual peak day or peak hour demands for the Monterey system. Rather than producing actual measurements, Cal-Am relies on a calculated approach to estimate future peak day usage. This approach was described and carried out in both the MPWMD Report and the MPWMD response, using slightly different assumption.

⁴⁶ April 11, 2020. Source Water Operational Plan Technical Memorandum. Prepared by Bob Holden, PE, and Alison Imamura, PE, Monterey One Water

⁴⁷ April 2020. Comments on Water Supply and Source Water Availability. FINAL Supplemental Environmental Impact Report for the Proposed Modifications to the Pure Water Monterey Groundwater Replenishment Project. P 3-8

Analyses in the MPWMD Report and MPWMD Response show that Cal-Am has the ability to produce 19.41 million gallons per day and 0.81 million gallons per hour. Calculations of future Maximum Daily Demand (MDD) and Peak Hour Demand (PHD) show that Cal-Am must support an MDD of 19.01 MG/day and a PHD of 0.792 MG/hour (based on a July 2012 maximum month demand). Revised analysis in the MPWMD Response and Final analysis using slightly different demand data showed that Cal-Am must support an MDD of 16.13 MG/day and a PHD of 0.672 MG/hour (based on an August 2014 maximum month demand). Under either demand assumption, from an infrastructure standpoint alone, Cal-Am has sufficient capacity to meet future peak day and peak hour demands even under the highly conservative assumptions embedded in the calculated approach.

If managing the peak day or peak hour becomes an issue in the future, Cal-Am has several options it has yet to implement. From an infrastructure standpoint, Cal-Am could increase pumping capacity and add finished water storage. Cal-Am could also choose to implement low-cost peak day and peak hour demand management measures such as prohibiting automatic irrigation at certain times or on certain days or by re-assigning irrigation days of the week to distribute the summertime peak. Sophisticated approaches using smart irrigation controllers could also be employed to ensure optimal irrigation scheduling (Mayer et. al. 2018).

The Hazen Peer Review Report

As part of my investigation I was asked to review and comment on a peer review report prepared by Hazen and Sawyer (Hazen Report) which critiqued the MPWMD Report and the subsequent MPWMD Response.

- *California American Water Peer Review of Supply and Demand for Water on the Monterey Peninsula prepared by Kevin Alexander, P.E. and Cindy Miller, P.E., Hazen and Sawyer (Hazen Report)*
- *MPWMD's March 6 response to the Hazen Report including supporting exhibits prepared by David Stoldt (MPWMD Response)*

The Hazen & Sawyer peer review report is rife with misleading statements leading to incorrect conclusions regarding California codes, Cal-Am's likely water demand in 2040, and the availability and reliability of future water supply sources. MPWMD's March 6 response to the Hazen Report identifies line by line these errors and misleading statements. In this report I focus on the following problems:

Water Planning

The Hazen Report repeatedly confuses and conflates peak demand and annual demand planning requirements and offers numerous misleading statements about California codes and standards and AWWA water planning guidance.

Throughout the Hazen Report the authors confuse and conflate requirements for meeting the peak demand and annual demand planning practices. Planning the infrastructure and treatment capacity requirements for a community to meet the peak day and peak hours of

demand is distinctly different from planning for an adequate long-term water supply for the same community. In my judgement, the MPWPD Report and Response adhered to all applicable codes and industry standards and practices.

I will specifically address the Hazen Report's assertions regarding the following:

- California Code of Regulations (CCR) section 64554
- California Health and Safety Code (CHSC) section 116555
- California Water Code (CWC) sections 10635 and 10631
- American Water Works Association "Water Resource Planning" guidance M50

CCR §64554

On page 3 the Hazen Report states, "CCR §64554(b), establishes the requirements that California water utilities must use to project demands. This regulation requires that the public water system identify the day, month, and year with 'the highest water usage during at least the most recent ten years of operation.'"⁴⁸

CCR §64554 specifically establishes the requirements for "New and Existing Source Capacity" and provides methods for calculating the Maximum Daily Demand (MDD) for a water system. MDD or peak capacity planning is typically based on metered measurements of peak day and peak hour production maintained by the water provider and 64554 states that, "If daily water usage data are available, identify the day with the highest usage during the past ten years to obtain MDD".⁴⁹

To my knowledge, Cal-Am does not publicly report its actual peak day or peak hour demands for the Monterey system. Rather than producing actual measurements, Cal-Am relies on the calculated approach (method 2 in CCR 64554) to estimate future peak day usage. This approach was described and carried out in both the MPWMD Report and the MPWMD Response, using slightly different assumptions. I reviewed these calculations and under both sets of assumptions Cal-Am has sufficient capacity to meet MDD.

If peak day or peak hour demands were to increase in the Cal-Am system over the next 20 years, additional pumping and local storage capacity could be added to the system to meet the requirements of CCR §64554.

The Hazen Report repeatedly confuses the peak capacity calculation of MDD as specified in CCR §64554 with the very different task of planning for an adequate future water supply on an annual basis. CCR 64554 does not make any provisions for estimating current annual demand or future annual demand. The Hazen Report improperly connects 64554 with annual demand

⁴⁸ Hazen Report (p. 3).

⁴⁹ CCR §64554(b)(1)

planning on page 3 and page 6 and lacks proper specificity when referring to peak vs. annual supply and demand.

CHSC 116555

California Health and Safety Code section 116555 states simply that California water suppliers must provide, “a reliable and adequate supply of pure, wholesome, healthful, and potable water.”⁵⁰

The MPWMD Report correctly concluded that either project could provide the reliable water supply for the region. The MPWMD’s revised analysis shows that even under conservative, randomized climate assumptions, ASR storage will build up a sufficient reserve to meet a 5-year drought.⁵¹

CWC Sections 10635 and 10631

Section 10635 of the California Water Code states that, “every urban water supplier shall include, as part of its urban water management plan, an assessment of the reliability of its water service to its customers during normal, dry, and multiple dry water years. This water supply and demand assessment shall compare the total water supply sources available to the water supplier with the long-term total projected water use over the next 20 years, in five-year increments, for a normal water year, a single dry water year, and a drought lasting five consecutive water years.”

Section 10631 reiterates this requirement in the plan and also requires analysis by the utility of (i) Water waste prevention ordinances; (ii) Metering; (iii) Conservation pricing; (iv) Public education and outreach; (v) Programs to assess and manage distribution system real loss; (vi) Water conservation program coordination and staffing support; and (vii) Other demand management measures.⁵²

The Hazen Report implies that the Pure Water Monterey Expansion is speculative and unproven and suggests it should not be considered “as a permanent reliable water source” and instead should be considered a “backup” supply.⁵³ There are many problems with this analysis specifically:

- i. The Hazen Report notably fails to apply the same scrutiny regarding reliability to the proposed desalination project. Frequently desalination delivers less supply than promised at a higher cost than anticipated.⁵⁴
- ii. The Hazen Report considers unrealistic and unsubstantiated current and future demand projections based on outdated demand information.

⁵⁰ CHSC 116555 <https://codes.findlaw.com/ca/health-and-safety-code/hsc-sect-116555.html>

⁵¹ MPWMD Response (Note 15)

⁵² http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=WAT§ionNum=10631

⁵³ Hazen Report (p.8)

⁵⁴ <https://www.voiceofsandiego.org/topics/science-environment/desal-plant-producing-less-water-promised/>

- iii. Revised analysis from the MPWMD, which I have confirmed, shows that even under conservative, randomized climate assumptions, ASR storage will be built-up and sufficient to deliver forecast volumes through a 5-year drought. If Pure Water Monterey Expansion is completed there will likely be additional water available for injection and carryover storage.
- iv. The Hazen Report fails to take into consideration Cal-Am's compliance with Section 10631 and implementation of effective efficiency and conservation measures that have successfully reduced demands and will continue to do so in the future.

American Water Works Association (AWWA)⁵⁵ Manual M50, Water Resource Planning

The Hazen Report repeatedly asserts that analysis in the MPWMD Report is inconsistent with "engineering best-practices" published in the AWWA Manual M50 Water Resources. The M50 is planning guidance manual which offers a broad range of approaches and invites utilities to choose the one that best fits their needs, requirements, and available data. As it strains to defend Cal-Am's outdated "current demand" forecast, the Hazen Report manages to misrepresent both the framework and content of the M50 manual. The Hazen Report assertions are incorrect and misleading for the following reasons.

First, the Hazen Report misrepresents the M50 as a set of "engineering best practices."⁵⁶ AWWA Manuals are not "best-practices" documents, but rather are "Manuals of Water Supply Practices" which are distinct and different from "best-practices" in that they offer utilities a wide range of solutions rather than a single "best" approach. AWWA Manuals are "consensus documents focused on providing strategies and steps for water system optimization. They are written, reviewed and approved by members of AWWA volunteer committees."⁵⁷

Second, the Hazen Report cites an old and outdated version of the M50. The most current AWWA Manual M50 Water Resources, 3rd edition was published in 2017, but the citations in the Hazen Report are from the discontinued 2nd edition published in 2007.

Third, regardless of the outdated citation, the Hazen Report critically misinterprets and misrepresents identical guidance provided in the both versions of the M50 manual. Both editions of M50 include the same following language regarding the need for a variety of methods to forecast demand:

"No single method of forecasting will satisfy the varied needs of all utilities. The forecasting method used and the data needed to correctly apply the method depend on the situation."

⁵⁵ The American Water Works Association (AWWA) is an international non-profit, scientific and educational association founded to improve water quality and supply. Established in 1881, it has a membership (as of 2012) of around 50,000 members worldwide, including the author of this report.

⁵⁶ Hazen Report (p.3)

⁵⁷ <https://www.awwa.org/Publications/Manuals-of-Practice>

For example, when a forecast of average annual demand is the primary requirement, a simple per capita approach might be sufficient.”⁵⁸

Both versions of the M50 describe the same six approaches to preparing a demand forecast. Based on my review, the MPWMD Report incorporated four of the accepted methods to some degree:

- per capita models
- extrapolation models
- disaggregate water use models
- land-use models

The forecast prepared by WaterDM described earlier in this report also incorporate three of these approaches:

- per capita models
- extrapolation models
- disaggregate water use models

Similar forecasting approaches are regularly employed by Cal-Am as described in sworn Testimony from Ian Crooks.⁵⁹

Finally, the Hazen Report asserts that the M50 manual specifies a 10-year or even 20-year retrospective analysis to establish a demand baseline for a forecast. The Hazen Report then uses this unfounded notion to defend Cal-Am’s “current demand” forecast of 12,350 AF submitted to the CPUC in support of the desalination plant application. The quote cited in the Hazen Report in support of this approach⁶⁰ appears only in the 2007 edition and was not included in the current edition of M50. Furthermore, the Hazen Report misinterprets the meaning which does not specify a calculation method or planning period, but instead recommends the analysis of 10 years or more of historic data to understand trends and drought impacts.

Water Conservation and Demand Management

The Hazen Report makes incorrect statements about water conservation programs and planning and without offering data or analysis and even suggests that per capita water use will increase substantially despite Cal-Am’s demand management efforts and prevailing state policy and regulations.

⁵⁸ American Water Works Association (2017, 2007) Manual of Water Supply Practices-M50, Third Edition

⁵⁹ Direct Testimony of Ian Crooks Before the Public Utilities Commission of the State of California. Application 12-04-019 (Filed April 23, 2012) (p.7)

⁶⁰ Hazen Report (p.3)

Starting on page 1, the Hazen Report makes factually incorrect statements about water conservation programs and policies in California and the Monterey region. The Hazen report states, “MPWMD staff also assumes continued implementation of tiered rates, conservation restrictions, and enforced water use reductions ... all of which have the potential to do continuing harm to the area’s businesses and residential customers.”⁶¹

This sentence confuses and conflates on-going water conservation measures such as tiered rates with mandatory curtailment measures that are only implemented when necessary during a declared drought. This error is repeated throughout the Hazen Report.

The MPWMD Report correctly assumed the continuation of tiered water rates and water conservation programs as described earlier in my report. These are ongoing features of the local water supply system and are mandated by California state law. Tiered rates have been implemented by Cal-Am in the Main system and across its other Cal-Am systems (and throughout California) for many years and the Hazen Report presents no evidence in support of the notion that continued implementation of tiered rates will cause “continuing harm” to the community.

The Hazen Report is also incorrect regarding “restrictions” and “enforced reductions”. Neither the MPWMD Report or the demand forecasts I prepared for in this report assumed demand restrictions or enforcement beyond the measures Cal-Am already implements during a normal year. Mandatory curtailment is typically only necessary during a declared drought such as 2014-2017 and was not considered in the WaterDM forecasts or in the MPWMD Report.

On page 4 the Hazen Report repeats the error and includes additional unsupported and incorrect statements:

“The conservation and moratorium measures that were implemented in response to drought conditions, including tiered rates, conservation restrictions, and enforced water use reductions, were effective in lowering demand. However, no additional methods are presented in the memo to indicate how further reductions in demands would occur; absent any, it is reasonable to assume everything has already been done on the demand side to reduce levels and further reductions should not be considered in demand forecasting for determining water supply sufficiency.”⁶²

The Hazen Report is again incorrect regarding “restrictions” and “enforced reductions”. Neither the MPWMD Report or the demand forecasts I prepared for in this report assumed demand restrictions or enforcement beyond the measures Cal-Am already implements during a normal year. The moratorium on new connections was implemented in response to the cease and desist order. It can be lifted once Cal-Am certifies (and the State Water Resources Control Board concurs) that it has a sufficient permanent replacement supply for its illegal Carmel River diversions.

⁶¹ Hazen Report (p.1)

⁶² Hazen Report (p.4) *emphasis added*.

The Hazen Report remarkably ignores the extensive on-going water conservation program being implemented across the Monterey Peninsula and California and the impact these measures are likely to have into the future. Both Cal-Am and the Monterey Peninsula Water Management District implement active, far-reaching, and effective water demand management programs that address all five of these core components outlined earlier in this report. The Monterey region has been regarded as a model for water conservation programs for many years.

Cal-Am acknowledged the level of effort, significance, and impact of this conservation program in recent testimony. “California American Water has expended significant effort and resources to encourage conservation in the Monterey County District through a variety of methods. Most important has been the tiered rate design, which features steeply inclining block rates to encourage efficient water use.” – Direct Testimony of Christopher Cook, July 1, 2019.

Mr. Cook’s testimony is backed up by testimony from Stephanie Locke, Water Demand Manager for the Monterey Peninsula Water Management District, and the significant financial resources Cal-Am continues to apply toward water conservation in the region. In its most recent General Rate Case, Cal-Am proposed a \$1.845 million three-year budget (\$615,132 per year) to fund water conservation programs in the Monterey service area. Locke’s testimony notes that many of the conservation programs budgeted in the General Rate Case and in the prior Cal-Am rate filings focus on reductions in outdoor water use, on reductions in demand areas that have not previously been extensively targeted, and on maintaining the current low water use fixtures that have been installed to date.

Cal-Am’s local efforts are in parallel to broader policy measures at the state level, designed to further increase efficiency. The State of California has implemented a series of laws and directives to ensure future water efficiency across the state including Assembly Bill 1668 and Senate Bill 60. These laws and directives effectively mandate an ongoing reduction in per capita use. Cal-Am’s continued compliance with these regulations and its active efforts to reduce customer water demand in the future are likely to gradually further decrease per capita water use across the service area.

Current Annual Demand

The Hazen Report asserts that “current” demand in the Cal-Am Main System must be assumed to be 12,350 acre-feet per year. This is far higher than actual current demand and contradicts Cal-Am’s own most recent General Rate Case filing which forecasts 2022 demand to be 9,789 acre-feet per year.

The Hazen Report criticizes the MPWMD Report for developing a demand forecast based on a starting point (aka current annual demand) significantly lower than the value proposed by Cal-

Am to the CPUC.⁶³ As shown in Figure 6, the Cal-Am “current annual demand” forecast of 12,350 acre-feet is about 2,500 acre-feet higher than Cal-Am’s actual annual demand. Based on demand trends in the region 12,350 acre-feet is a gross over-estimate of the actual demand in the Monterey Main System. The authors of the MPWMD Report has good reason to choose a different starting point for the demand forecast and there is nothing incorrect or wrong about their approach.

The “Current Annual Demand” section of the Hazen Report is another place where the authors confuse and conflate requirements for meeting the peak demand and annual demand planning practices as explained earlier in this section. Planning the infrastructure and treatment capacity requirements for a community to meet the peak day and peak hours of demand is distinctly different for planning for an adequate long-term water supply for the same community. In my judgement, the MPWPD Report and Response adhered to all applicable codes and industry standards and practices.

The Hazen Report fails to mention that Cal-Am, in its most recent General Rate Case Application, forecast demand for 2021 and 2022 at 9,789 acre-feet per year.⁶⁴ Thus Cal Am’s own most recent forecast estimates 2022 demand to be 20% lower than “current” demand in the CPUC decision. Independent estimates of demand developed for the MPWMD Report and developed separately for this report, align closely with Cal Am’s recent rate case forecast.

Water Supply Reliability

The Hazen Report mischaracterizes the likely future reliability of water supplies available to Cal-Am and in particular the beneficial impacts of the ASR system over time. The Hazen Report ignores the future reliability (and cost) of desalination

The Hazen Report expresses “concern” about the reliability of the ASR system which it seeks to dismiss as merely “an alternative or backup supply source” and not a reliable long-term supply and it also describes the Pure Water Monterey Expansion as “speculative”.⁶⁵ The Hazen Report contains inaccuracies and mischaracterizations and notably neglects to apply similar scrutiny to potential reliability issues and construction delays that could be part of the proposed desalination project.

ASR

Cal-AM participates in an aquifer storage and recovery project that allows for the capture of excess Carmel River winter flows through wells along the river. WaterDM assumed a conservative 1,300 AF of ASR production per year for 2020 – 2030 like the MPWMD Report. The system has already proven capable of producing near this volume. Cal-Am chose to recover 1,196 acre-feet from the ASR system in 2017, 1,210 acre-feet in 2018, and 744 AF in 2019. Cal-

⁶³ Hazen Report (p.3)

⁶⁴ California-American Water Company. 2019. (U-210-W) Update to General Rate Case Application, A.19-07-004.

⁶⁵ Hazen Report (pp.6-9)

Am ended 2019 with 1,317 acre-feet in ASR storage. With the addition of the Pure Water Monterey Expansion supply in many years Cal-Am will be able to inject and store additional carryover water through this system.

ASR systems, when managed properly, improve groundwater basin management by acting like an underground reservoir where water can be stored during periods of excess supply and withdrawn during periods of short supply.⁶⁶ Analysis in the MPWMD Response, confirmed by WaterDM, shows that a build-up of ASR storage based on historical data including wet, normal, and dry years would be sufficient to allow Cal-Am to recover at least 1,300 acre-feet each year during a hypothetical 5-year drought.⁶⁷ This analysis is further supported by a Technical Memorandum prepared by Montgomery Associates in late 2019.⁶⁸

During 2020 and 2021 Cal-Am must prepare to wean itself of reliance on the Carmel River and must manage its system differently as it comes to rely on the recently completed Pure Water Monterey supply. The ASR system provides Cal-Am the ability to store excess supply for the future. If the Monterey Peninsula were simultaneously to experience drought during the “buildup period” following the completion of new water supply and assuming the cease and desist order is lifted, ASR might be delayed in building up a drought reserve.⁶⁹ However, in reviewing the ASR system, the Hazen Report neglected to consider the impact of the Pure Water Monterey Expansion and the additional water it will make available for injection. Available excess water for injection from the Pure Water Monterey Expansion will enable Cal-Am to store additional water in the Seaside Basin.⁷⁰ The proper management of this storage potential and the water supply from the expansion could provide drought-resilience to the Monterey Peninsula for years to come.⁷¹

Pure Water Monterey Expansion

The sources of water for the Pure Water Monterey Expansion are municipal wastewater and agricultural drainage water which are currently discharged to the ocean. The mix of these sources may vary from year to year thus Monterey One Water prepared examples showing the likely annual mixes of source water. In one example the source water consisted of discharge

⁶⁶ American Water Works Association (2017) Manual of Water Supply Practices-M50, Third Edition

⁶⁷ MPWMD Response (Note 15)

⁶⁸ Montgomery and Associates. 2019. Technical Memorandum. Expanded PWM/GWR Project SEIR: Groundwater Modeling Analysis

⁶⁹ MPWMD Response (Note 15)

⁷⁰ The Seaside Basin Watermaster’s 2019 report to the Court overseeing the groundwater adjudication states that the total usable storage space in the entire Seaside Groundwater Basin is 52,030 AF. The report also describes the current allocation of that usable storage space among the Seaside Basin pumpers and Cal-Am is allocated 28,733 acre-feet.

⁷¹ This finding is confirmed by the Montgomery and Associates 2019 memo which demonstrates, ASR is drought-resilient and Pure Water Monterey Expansion provides an additional factor of safety against drought impacts to ASR.

from the Regional Treatment Plant (54%), the Reclamation Ditch (5%), Blanco Drain (10%), wastewater outside the prior M1W boundaries (30%), and summer water rights from the County Water Resource Agency (1%).⁷²

The Hazen Report questions the reliability of the Monterey Pure Water Expansion project and ignores analysis by the staff of Monterey One Water. This analysis shows that none of the source water for expansion of Pure Water Monterey is speculative, nor comes from Salinas-area wastewater or Salinas valley sources for which Monterey One Water doesn't already have rights.⁷³

The source water for the Pure Water Monterey Expansion is municipal wastewater and agricultural drainage water. Analysis of the water sources under four conditions including drought concluded that the project can reliably produce water under each circumstance.⁷⁴ The analysis concluded Monterey One Water would have rights to a sufficient quantity of source water to produce the yield in advanced treated, product water that is anticipated to be produced by the Pure Water Monterey Expansion regardless of whether or not the conditions precedent are met and whether or not it is a dry or drought year or a normal or wet year.⁷⁵

The Hazen Report was prepared prior to the release of the April Final Supplemental Environmental Impact Statement for the Monterey Pure Water Expansion and thus the authors may not have had accesses to the full analysis of the reliability of supplies available.

Reliability and Cost of Desalination Not Considered

The Hazen Report applies intense scrutiny to the future reliability of the Pure Water Monterey Expansion yet fails to consider the future reliability and cost of the desalination facility Cal-Am has proposed.

Recent desalination projects in California have sometimes failed to produce expected volumes⁷⁶ and there many examples world-wide of production problems associated with desalination projects. Cal-Am need look no farther than the local Sand City Desalination plant on which it relies for an example of a facility that has failed to produce at its designed capacity. WaterDM's forecast includes only 150 acre-feet of annual production from the Sand City facility designed to produce 300 acre-feet annually.

⁷² November 12, 2019 M1W presentation to the Monterey County Farm Bureau and the Grower-Shipper Association and the September 30-2019 M1W board meeting

⁷³ MPWMD Response (Note 19).

⁷⁴ April 11, 2020. Source Water Operational Plan Technical Memorandum. Prepared by Bob Holden, PE, and Alison Imamura, PE, Monterey One Water

⁷⁵ April 2020. Comments on Water Supply and Source Water Availability. FINAL Supplemental Environmental Impact Report for the Proposed Modifications to the Pure Water Monterey Groundwater Replenishment Project. P 3-8

⁷⁶ <https://www.voiceofsandiego.org/topics/science-environment/desal-plant-producing-less-water-promised/>

Desalination is also the most expensive supply option currently available on the Monterey Peninsula and water from Cal-Am's proposed desalination project would cost at least three times as much as water from the Pure Water Monterey Expansion. The economic track record of desalination is problematic. Desalination plants must be paid for even if they do not produce any water. Victoria Australia's desalination facility, built in response to an intense drought, resulted in ongoing annual service payments of \$649 million (Australian dollars), and "annual service payments rise every year, even if no water is ordered."⁷⁷

The Hazen Report chooses to ignore the economic realities of desalination and is disingenuous when it asserts the recycled water proposal is less reliable than the desalination proposal without applying similar levels of scrutiny to both supplies.

Erroneous Findings in the Hazen Report

The Hazen Report reaches erroneous conclusions regarding the reliability of future water supplies based on inflated hypothetical demands, misleading statements about planning requirements, and inaccurate characterization of future water supply reliability.

The Hazen Report includes numerous misleading statements leading to incorrect conclusions regarding California codes, Cal-Am's likely water demand in 2040, and the availability and reliability of future water supply sources. MPWMD's March 6 response to the Hazen Report identifies line by line these errors and misleading statements. In this report I focused on the following problems:

- The Hazen Report repeatedly confuses and conflates peak demand and annual demand planning requirements and offers numerous misleading statements about California codes and standards and AWWA water planning guidance.
- The Hazen Report makes incorrect statements about water conservation programs and planning and without offering data or analysis, and it even suggests that per capita water use will increase substantially despite Cal-Am's demand management efforts and state policy requirements and regulations.
- The Hazen Report asserts that "current" demand in the Cal-Am Main System must be assumed to be 12,350 acre-feet per year. This is far higher than actual current demand and contradicts Cal-Am's own most recent General Rate Case filing which forecasts 2022 demand to be 9,789 acre-feet per year.
- The Hazen Report mischaracterizes the likely future reliability of water supplies available to Cal-Am and in particular the beneficial impacts of the ASR system over time.
- The Hazen Report applies intense scrutiny to the future reliability of the Pure Water Monterey yet fails to consider the future reliability and cost of the desalination facility Cal-Am has proposed.

⁷⁷ <https://www.dailymail.co.uk/news/article-5749621/Melbourne-desalination-plant-costs-tax-payers-eye-watering-649-million-year-operate.html>

Conclusions

WaterDM conducted an analysis of the historic production trends in the Cal-Am service area and forecast growth in the service area. WaterDM developed an independent forecast of future water requirements based on the Associated Monterey Bay Area Governments (AMBAG) 2018 forecast of future population growth for the Cal-Am service area.

The WaterDM analysis supports the conclusions in the Staff Report projecting 2040 demands in the Cal-Am service area to be much lower than the CPUC's certificating decision. California Coastal Commission staff have correctly concluded that the Pure Water Monterey Expansion project provides an available, feasible water supply alternative for Cal-Am.

With the addition of the Pure Water Monterey Expansion project providing an additional 2,250 acre-feet per year of supply to Cal-Am, the combination of Cal-Am's available and projected water resources provides sufficient supply potential to meet annual future requirements in 2040 by more than 1,200 acre-feet (an 11.9% surplus).

The CPUC, in its September 2018 Decision accepted that Cal-Am's "current" demand was 12,350 acre-feet per year and the future demand in 2040 will be approximately 14,000 acre-feet per year. This appears outdated and therefore unreasonably high based on my analysis, the MPWMD Report and Cal Am's most recent forecasts. Cal-Am, in its most recent General Rate Case Application, forecast demand for 2021 and 2022 at 9,789 acre-feet per year. Cal Am's own most recent forecast estimates 2022 demand to be 20% lower than "current" demand in the CPUC decision. Independent estimates of demand developed for the MPWMD Report and developed separately for this report, align closely with Cal Am's recent rate case forecast.

The Pure Water Monterey Expansion provides enough available supply to meet the likely 20-year demands, but it is still reasonable to expect Cal-Am may need to seek to secure additional supplies in the future to meet demand beyond 2040. Much will depend upon what happens to the local economy and climate over the coming decade and over-building infrastructure such as the proposed desalination facility (at its current size) would be an expensive error. The future is uncertain and the impact of COVID 19 and other economic unknowns could well be to reduce future demand in the Monterey Main System from current levels, lessening or eliminating the need for securing additional supply.

Cal-Am's existing peak capacity is sufficient to meet anticipated future maximum daily demand (MDD) and peak hour demand (PHD) and Cal-Am has yet to avail itself of additional low/no-cost peak demand management measures that could reduce future peaks, if necessary.

Analyses in the MPWMD Report and MPWMD Response show that Cal-Am has the ability to produce 19.41 million gallons per day and 0.81 million gallons per hour. Calculations of future Maximum MDD and PHD show that Cal-Am must support an MDD of 19.01 MG/day and a PHD of 0.792 MG/hour (based on a July 2012 maximum month demand). Revised analysis in the

MPWMD Response using slightly different demand data showed that Cal-Am must support an MDD of 16.13 MG/day and a PHD of 0.672 MG/hour (based on an August 2014 maximum month demand). Under either demand assumption, from an infrastructure standpoint alone, Cal-Am has sufficient capacity to meet future peak day and peak hour demands even under the highly conservative assumptions embedded in the calculated approach.

If managing the peak day or peak hour becomes an issue in the future, Cal-Am has several options it has yet to implement. From an infrastructure standpoint, Cal-Am could increase pumping capacity and add finished water storage. As an option, Cal-Am could also choose to implement low-cost peak day and peak hour demand management measures such as prohibiting automatic irrigation at certain times or on certain days or by re-assigning irrigation days of the week to distribute the summertime peak. Sophisticated approaches using smart irrigation controllers could also be employed to ensure optimal irrigation scheduling (Mayer et. al. 2018).

The Hazen Report contains numerous errors, mischaracterizations, and incorrect conclusions regarding Cal-Am's likely demand in 2040 and the availability and reliability of future water supply sources.

The WaterDM analyses show that the staff of the California Coastal Commission correctly utilized more recent information on available future water supplies and likely future demands in its analysis. Cal-Am's per capita use is likely to decrease between now and 2040 due to ongoing conservation program implementation, conservation pricing, and statewide policy directives to reduce indoor and outdoor use and improve utility water loss control measures. I agree with the staff findings that concluded there exists an available, feasible water supply alternative to Cal-Am's proposed desalination project.

Appendix A – Materials Considered⁷⁸

Literature, Reports & Publicly Available Sources

American Water Works Association. 2017. Manual of Water Supply Practices-M50, Third Edition.

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American Water Works Association. <https://www.awwa.org/Publications/Manuals-of-Practice> (Accessed 4/10/2020).

Association of Monterey Bay Area Governments. 2018 Regional Growth Forecast.

Brooks, D.B. 2007. An Operational Definition of Water Demand Management. International Journal of Water Resources Development. Volume 22, 2006 - Issue 4

California Coastal Act Sections 30108, 30260 - <https://www.coastal.ca.gov/coastact.pdf>

California Coastal Commission Staff Report: Recommendation on Appeal Substantial Issue & De Novo Hearing and Consolidated Coastal Development Permit, California Coastal Commission, Application 9-19-0918 / Appeal A-3-MRA-19-0034 (California American Water Co.). Staff Report Date: 10-28-2019.

California Law. Conservation, Development, and Utilization of State Water Resources. http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=WAT§ionNum=10631

California Public Utilities Commission. Decision 18-09-017, September 13, 2018

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California-American Water Company. 2012. Urban Water Management Plan. Water Systems Consulting, Inc.

California-American Water Company. 2020. <https://www.watersupplyproject.org/system-delivery> (accessed 3/25/2020)

California-American Water Company. 2016-2020. Quarterly and Annual Reports, SWRCB Order WR 2016-0016 / WR 2009-0060. <https://amwater.com/caaw/customer-service-billing/billing-payment-info/water-rates/monterey-district> (accessed at various times)

⁷⁸ Materials Considered also includes all materials cited in the footnotes of this Report.

Daily Mail UK. 5-20-1018. Melbourne desalination plant costs tax-payers an eye-watering \$649 million in annual operating charges. <https://www.dailymail.co.uk/news/article-5749621/Melbourne-desalination-plant-costs-tax-payers-eye-watering-649-million-year-operate.html> (accessed 4/17/2020)

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Direct Testimony of Ian Crooks Before the Public Utilities Commission of the State of California. Application 12-04-019 (Filed April 23, 2012)

Hazen and Sawyer. 2020. California American Water Peer Review of Supply and Demand for Water on the Monterey Peninsula prepared by Kevin Alexander and Cindy Miller. (1-22-2020)

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Montgomery and Associates. 2019. Technical Memorandum. Expanded PWM/GWR Project SEIR: Groundwater Modeling Analysis

Monterey One Water. May 28, 2010 Progress Report on Pure Water Monterey Expansion.

Monterey One Water. November 12, 2019 M1W presentation to the Monterey County Farm Bureau and the Grower-Shipper Association and the September 30-2019 M1W board meeting

Monterey One Water. April 2020. FINAL Supplemental Environmental Impact Report for the Proposed Modifications to the Pure Water Monterey Groundwater Replenishment Project.

Monterey One Water. April 11, 2020. Source Water Operational Plan Technical Memorandum. Prepared by Bob Holden, PE, and Alison Imamura, PE.

Monterey Peninsula Water Management District. 2020. Supply and Demand for Water on the Monterey Peninsula prepared by David Stoldt. (3-13-2020, 12-3-2019, and 9-16-2019)

Monterey Peninsula Water Management District. 2020. March 6 response to the Hazen Report including supporting exhibits prepared by David Stoldt.

Monterey Peninsula Water Management District. Map created by Eric Sandoval. 2/17/2006.

Seaside Basin Watermaster Annual Report – 2019, December 5, 2019

Seaside Basin Watermaster Jan. 8, 2020 Letter to Rachel Gaudion. Subject: Draft Supplemental Environmental Impact Report for the Proposed Modifications to the Pure Water Monterey Groundwater Replenishment Project (Draft Supplemental EIR)

Voice of San Diego. 8/29/2017. Desal Plant Is Producing Less Water Than Promised. <https://www.voiceofsandiego.org/topics/science-environment/desal-plant-producing-less-water-promised/> (Accessed 4/9/2020).

Appendix B - Summary of Qualifications and Experience - Peter Mayer, P.E.

PETER W. MAYER, P.E.

Principal
Water Demand Management
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Boulder, CO 80304
720-318-4232
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WORK EXPERIENCE

Principal, WaterDM - 2013-present. (Registered Professional Engineer, Colorado, PE 0038126)
Vice President, Partner, and Senior Project Engineer, Aquacraft, Inc. 1995-2012
Editor, Calvert Independent, 1988-1990
Coordinator, University of Wisconsin, College Year in India Program, Madurai, India 1991-92
Educator-Fellow, Oberlin Shansi Memorial Association, Madurai, India 1986-88
Station Manager, WOBC-FM, Oberlin, Ohio 1985-86

AFFILIATIONS

American Water Works Association
Associate Editor AWWA Water Science
Member– Customer Metering Practices Committee, Distribution and Plant Operations Division
Chair – M22 manual 3rd and 4th ed. re-write sub-committee
Member – M6 manual 6th ed. Re-write sub-committee
Former Trustee – Water Conservation Division
American Water Resources Association
American Society of Civil Engineers
Alliance for Water Efficiency
Colorado River Water Users Association
Colorado Water Wise
Colorado Water Congress

EDUCATION

Master of Science, 1995, Water Resources Engineering, Department of Civil, Environmental and Architectural Engineering, University of Colorado, Boulder.

Bachelor of Arts, 1986, Oberlin College, Oberlin Ohio. Anthropology (Honors).

SELECTED PROJECTS

City of Tucson Water Conservation and Integrated Water Resources Plan (2019-2020)

Peter Mayer is working with Tucson staff to develop a 10-year water conservation implementation plan to integrate this work with the City's long-term integrated water resources plan being conducted by a large consulting team.

California DWR Research and Development of Indoor Residential Water Use Standards (2019-2021)

Peter Mayer is advising the California Department of Water Resources on a series of research projects to investigate indoor residential per capita use for the purpose of reporting to the legislature on future efficiency standards.

Metropolitan Water District of Southern California Demand Management Cost Functional Assignment (2018 – 2019)

Peter Mayer developed an analysis of Metropolitan's demand management and local resources development programs for the purpose of functional cost assignment in the ratemaking process.

New York City Integrated Water Resources Plan (2018 – 22)

Peter Mayer is leading the water conservation task of this five-year planning project awarded to a team lead by Hazen and Sawyer.

Northglenn Colorado Integrated Water Resources Plan (2019-20)

WaterDM is teamed with ELEMENT Water Consulting to prepare an integrated water resources plan for the City of Northglenn, a suburb of Denver.

Northern Water Conservation Program Planning (2017-18)

Peter Mayer worked closely with the Northern Colorado Water Conservancy District to plan for the future of their regional conservation program.

Westminster Rate and Fee Cost of Service Study (2017-18)

Peter Mayer was a member of the Raftelis Consulting team which developed this extensive cost of service analysis for this Colorado utility.

Rachio Water Management Implementation and Research (2016 –18)

Peter Mayer served as an expert advisor and technical consultant to the Rachio irrigation control and technology company. Together, they implemented peak day water management programs.

FL v. GA, 142, Original (2016)

Peter Mayer testified as an expert witness on municipal and industrial water use on behalf of the State of Georgia at the US Supreme Court trial held in November 2016. Peter prepared an expert report, expert testimony, testified at the trial, and was deposed in this case.

Water Resource Foundation #4689 Assessing Water Demand Patterns to Improve Sizing of Water Meters and Service Lines (2016-20)

Peter Mayer was the Principal Investigator for this research study taking place in Colorado and Arizona that closely examined meter and service line sizing.

Austin Water Integrated Water Resources Plan (2016-17)

Peter Mayer was an expert advisor to the CDM/Smith team on water demand and conservation and assisted in preparation of the Austin Integrated Water Resources Plan.

Colorado State Water Supply Initiative (2009-10, 2016-19)

Peter Mayer was part of a team that prepared technical analysis of future water demands and requirements in Colorado as part of the State's ongoing planning efforts.

New York City Water Board Water Demand Management Planning (2014 – 2019)

Peter Mayer was the lead for this project that prepared ten water conservation plans for wholesale customers of the NYC Water Board located in Westchester County and other upstate NY locations.

Outdoor Water Savings Initiative, Alliance for Water Efficiency (2014 – present)

Peter Mayer is the director of research for the Alliance for Water Efficiency's Outdoor Water Savings Initiative. Peter completed a literature review project in 2015, managed the landscape transformation study (2019) and is currently managing the drought response and water savings study (2020).

Residential End Uses of Water Study Update, Water Research Foundation (2010 – 2016)

Peter Mayer was the co-principal investigator of this research study that measured residential water use in 25 cities across the US and Canada. Final report is available from the Water Research Foundation.

Hilton Head PSD Water Demand Management Plan (2015)

Peter Mayer lead a team that prepared a long term water demand management plan for this coastal island community.

City of Arvada Expert Witness Services (2016)

Peter Mayer was hired as an expert witness on municipal and industrial water demands by the City of Arvada. Peter prepared and submitted an expert report in preparation for trial. The report was accepted by both sides and deposition and testimony were not required.

City of Arvada Water Supply and Demand Study (2014 –2016)

Peter Mayer led a team that evaluated future water supply and demands for this Denver suburb, under climate change conditions.

Roaring Fork Regional Water Conservation Planning (2014 - 2015)

Working with ELEMENT Water Consulting, Peter Mayer prepared a series of water conservation plans for Aspen, Basalt, Carbondale, and Glenwood Springs, Colorado and a regional conservation plan for the entire Roaring Fork Valley. An important goal of these plans was to ensure adequate environmental flows in local rivers and creeks.

City of Louisville Water Conservation Plan (2015)

Peter Mayer worked with CH2M to prepare a state approved water conservation plan for the City of Louisville Colorado.

City of Greeley Water Conservation Plan and Avoided Cost Analysis (2014 –2015)

Peter Mayer worked closely with the City of Greeley staff to update their water conservation plan for the next 7 years and to complete an avoided cost analysis that evaluates the impact of Greeley’s water efficiency efforts since 1992 on customer water rates.

Senior Technical Advisor, Alliance for Water Efficiency (2007 – 2019)

The Alliance for Water Efficiency is a national NGO focused on promoting water conservation and efficiency. Peter Mayer helped found the organization and now served as a senior technical advisor and the newsletter editor for 12 years.

G480 Water Conservation Program Operation and Management Standard (2011-2013, 2018-19)

The G480 is a voluntary water conservation program operation and management standard approved by AWWA and ASNSI in 2013. Peter Mayer chaired the subcommittee that created the standard and was a key author of the document. He is a member of the subcommittee developing version 2.0.

Eastern Municipal Water District – Water Efficient Guidelines for New Development (2012-13)

Peter Mayer prepared a set of detailed, voluntary water efficiency guidelines for new construction in the Eastern Municipal Water District that go beyond current building codes and standards to increase water use efficiency.

City of Westminster Residential Demand Study and Conservation Plan Preparation (2012)

Peter Mayer and Aquacraft conducted a residential end use study in Westminster, Colorado to determine water use patterns and the level of water efficiency achieved. This information was then used in support of preparation of new water conservation plan for the City.

Northern Water Conservation Survey and Plan Development (2011)

The Northern Colorado Water Conservancy District hired Peter Mayer and Aquacraft to conduct a survey of its’ 45 municipal members. The results of the survey were used to update Northern’s water conservation plan for the Bureau of Reclamation.

Colorado Water Supply Initiative Municipal and Industrial Conservation Strategies (2010)

In support of the Statewide Water Supply Initiative (SWSI), the Interbasin Compact Committee (IBCC), and other water conservation efforts throughout the state, the CWCB contracted with Peter Mayer and Aquacraft to develop the conservation strategies section of the 2010 SWSI update.

Best Practices Guide for Colorado Water Conservation (2010)

Colorado Water Wise contracted with Peter Mayer and Aquacraft to research and produce a guidebook on water conservation best practices for Colorado. The guide was published in 2010 and is available for free download.

Evaluation of California Weather-Based “Smart” Irrigation Controller Programs (2005-2009)

Smart irrigation controllers that use prevailing weather conditions to adapt water applications to the actual needs of plants represent a significant advancement. Peter Mayer was the principal investigator on this study for the California Department of Water Resources, the California Urban Water Conservation Council, and approximately 30 participating water agencies examined the impact of 3,112 smart controllers on water use in northern and southern California.

Water Conservation: Customer Behavior and Effective Communications (2006 – 2009)

Peter Mayer and Aquacraft subcontracted to ICF International on this AwwaRF research project which examined water conservation social marketing programs and measured the impact of utility outreach efforts on customer behavior. The study examined water conservation communication campaigns in terms of customer recognition, attitudinal changes, behavior modification, and verifiable water use reductions and recommended the most effective methods and techniques for designing and implementing water conservation social marketing campaigns.

Water Budgets and Rate Structures: Innovative Management Tools (2005-2007)

Water budget rate structures are an innovative and increasingly popular tool for water utilities trying to convey an effective water efficiency message. This AwwaRF Tailored Collaboration project co-lead by Aquacraft and A&N Technical Services examined all aspects of water budgets and how they fit into the pantheon of water rate structures.

Water Conservation Plan Development and Demand Forecasting (2006–2010)

The State of Colorado requires that utilities seeking loans file a water conservation plan that includes detailed demand forecasts that incorporate water conservation. Aquacraft has developed conservation plans and demand forecasts for the cities of Aurora, Fort Collins, Glenwood Springs, Westminster, and Greeley, Colorado. In addition, Peter Mayer was contracted by the Colorado Water Conservation Board to review submitted conservation plans for compliance with statute.

Expert Testimony NEORSW Wastewater Case (2008)

Working with the Department of Justice, Peter Mayer developed a detailed research plan for the City of Cleveland to help them determine the contribution of wastewater flows from single-family, multi-family, and non-residential customers.

US EPA National Water Efficiency Market Enhancement Program (2004-2005)

The EPA is interested in starting a water efficiency program comparable the Energy STAR program. This project involves investigating potential product categories and product lines that

improve water efficiency and could be including the EPA program, such as weather-based irrigation control technology.

City of Carnation Water Conservation Demand Analysis (2004-2005)

In late 2004 Peter Mayer worked with the Pacific Institute, Carollo Engineers, and King County, Washington to determine the conservation potential evaluate the cost-effectiveness of water conservation in new and existing homes and businesses in the City of Carnation. Carnation is a small town that is currently not sewered. The County and the City are working together to provide a sanitary sewer system and treatment facility.

National Multiple Family Submetering and Allocation Billing Program Study (2002-2004)

Charging residents in multi-family house separately for water is growing trend in the United States. Peter Mayer was the principal investigator for this study which looked at the entire phenomena of submetering and allocation billing techniques and examined the potential water savings, regulatory issues, utility concerns, water rates, and regulatory climate.

Tampa Retrofit Project (2002-2003)

Colorado Department of Human Services Water Rights Study (2003)

Pinellas County Utilities Water Conservation Opportunities Study, (2002)

Virtual Water Efficient Home Web Site, (2001-2002)

East Bay MUD Conservation Retrofit Study, (2001-02)

CII Demand Assessment and Conservation Plan, Westminster, CO, (2000-01)

Seattle Home Water Conservation Study, Seattle Public Utilities and EPA, (1999-2000)

Commercial and Institutional End Uses of Water, AWWARF, (1998-2000)

Water Conservation Plan, City of Thornton, CO, (1998-2000)

Demand Analysis for the University of Colorado, (2000)

Water Conservation Futures Study, City of Boulder, CO, (1998-1999)

Water Efficiency in Water Wise and Standard New Homes, (1999-2000)

Residential End Uses of Water Study, AWWARF, (1996-1999)

Comparison of Demand Patterns among CI and SF Customers, Westminster, (1997-1998)

Analysis of Southern Nevada Xeriscape Project, (1998-2000)

Westminster, Peak Use Study, (1996)**Westminster Residential Water Use Study, (1995-1996)***PUBLICATIONS AND PRESENTATIONS*

Rupprecht, C., M.M. Hamilton, and P.W. Mayer. 2020. Tucson Examines the Rate Impacts of Increased Water Efficiency and Finds Customer Savings. Journal of the American Water Works Association. January 2020, pp. 33-39.

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Mayer, P.W., et. al. 2018. Peak Day Water Demand Management Study Heralds Innovation, Connection, Cooperation. Journal of the American Water Works Association. May 2018 110:5.

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Mayer, P.W., and R. Smith. 2017. Peak Day Water Demand Management Study. Alliance for Water Efficiency. Chicago, IL.

Mayer, P.W., et. al. 2017. Peer Review of the Water Conservation Programs of the Metropolitan Water District of Southern California. Alliance for Water Efficiency. Chicago, IL.

Mayer, P.W. 2017. Water Conservation Keeps Rates Low in Tucson, Arizona. Alliance for Water Efficiency. Chicago, IL.

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Mayer, P.W. 2016. Water Research Foundation Study Documents Water Conservation Potential and More Efficiency in Households. Journal of the American Water Works Association. October 2016 108:10.

Mayer, P.W. 2016. American Water Demand Trends and the Future of Conservation. Keynote Address- Gulf Coast Water Conservation Symposium, Houston, TX.

DeOreo, W.B., P. Mayer, J. Kiefer, and B. Dziegielewski. 2016. Residential End Uses of Water, Version 2. Water Research Foundation. Denver, CO.

Shimabuku, M., D. Stellar, and P. Mayer. 2016. Impact Evaluation of Residential Irrigation Audits on Water Conservation in Colorado. Journal of the American Water Works Association. May 2016, 108:5. Denver, Colorado.

Mayer, P.W., P. Lander, and D. Glenn. 2015. *Outdoor Water Use: Abundant Savings, Scant Research*. Journal of the American Water Works Association. February 2015, 107:2. Denver, Colorado.

Mayer, P.W. 2015. American Water Use Trends 1995-2015 and Future Conservation Potential. WaterSmart Innovations Conference. Las Vegas, NV.

Mayer, P.W. 2015. Introducing AWWA's New M22 Manual - Sizing of Water Service Lines and Meters. Proceedings of the AWWA Annual Conference and Exposition. Anaheim, CA. and North American Water Loss Conference. Atlanta, GA.

Mayer, P.W. et. al. 2014. *Conservation Efforts Limit Rate Increases for Colorado Utility*. Journal of the American Water Works Association. April 2014, 106:4. Denver, Colorado.

Mayer, P.W. et. al. 2013. Conservation Limits Rate Increases for a Colorado Utility. Alliance for Water Efficiency, Chicago, IL.

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DeOreo, W., & P.W. Mayer. 2012. *Insights into Declining Single Family Residential Water Demands*. Journal of the American Water Works Association. June 2012. Vol. 104, No. 6.

Mayer, P.W. and S. Feinglas. 2012. Evaluating Changes in Water Use and Conservation Effectiveness. WaterSmart Innovations Conference. Las Vegas, NV.

Maddaus, M. and P.W. Mayer. 2011. Demand Hardening: Assessing Potential Impacts with End Use Models. WaterSmart Innovations Conference. Las Vegas, NV.

Mayer, P.W. and M. Dickinson. 2011. The Alliance for Water Efficiency's Home Water Works Website. WaterSmart Innovations Conference. Las Vegas, NV.

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Mayer, P.W., et. al. 2008. Water Use in New and Existing Single-Family Homes - Update on EPA Benchmarking Study. Proceedings of the AWWA Water Sources Conference. Reno, NV.

Mayer, P.W., et. al. 2007. Water Budgets and Rate Structures – Innovative Management Tools. Proceedings of the AWWA Annual Conference, Toronto, Ontario.

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Mayer, P.W., W.B. DeOreo, R. Allen, et. al. 1997. *North American Residential End Use Study: Progress Report*. AWWA Annual Conference Proceedings. Atlanta, GA.

Mayer, P.W., J.P. Heaney and W.B. DeOreo. 1996. *Conservation Retrofit Effectiveness: A Risk Based Model Using Precise End Use Data*. AWWA Conserv96 Proceedings.

DeOreo, W.B., P. Lander, and P.W. Mayer. 1996. *New Approaches in Assessing Water Conservation Effectiveness*. AWWA Conserv '96 Proceedings.

DeOreo, W.B., J.P. Heaney, and P.W. Mayer. 1996. *Flow Trace Analysis to Assess Water Use*. Journal of the American Water Works Association. Vol.88, No. 1, Jan.

Mayer, P.W. and W.B. DeOreo. 1995. *A Process Approach for Measuring Residential Water Use and Assessing Conservation Effectiveness*. AWWA Annual Conference Proceedings. Anaheim, California.

Mayer, P.W. 1995. *Residential Water Use and Conservation Effectiveness: A Process Approach*. Master's Thesis. University of Colorado, Boulder.

AWARDS

- 2019 AWE Distinguished Service Award – “In Recognition and with Appreciation for His 12 Years as Editor of the Water Efficiency Watch Newsletter 2007 – 2019).
- 2013 AWWA Water Conservation Division Best Paper Award – “Insights into Declining Single Family Residential Water Demands.”
- 2013 Quentin Martin Best Research-Oriented Paper Award, ASCE-EWRI Journal of Water Resources Planning and Management, March 2013. Awarded for "Estimating and Verifying United States Households’ Potential to Conserve Water" by Francisco J. Suero, A.M.ASCE;

Peter W. Mayer; David E. Rosenberg, A.M.ASCE

- 2010 AWWA Water Conservation Division Best Paper Award – “Improving Urban Irrigation Efficiency by using Weather-Based ‘Smart’ Irrigation Controllers.”
- 2008 AWWA Water Conservation Division Best Paper Award – “Water Budgets and Rate Structures: Innovative Management Tools.”
- 2006 AWWA Water Conservation Division Best Paper Award – “Third Party Billing of Multi-family Customers Presents New Challenges to Water Providers”
- 1996 Montgomery-Watson Master’s Thesis Award, Second Place
- 1996 American Water Works Association Academic Achievement Award, Honorable Mention

ITEM: ACTION ITEM**13. CONSIDER DENIAL OF REQUEST FROM CITY OF MONTEREY RE ALLOCATION FOR 2000 AND 2600 GARDEN ROAD, MONTEREY****Meeting Date:** May 18, 2020 **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:** The Water Demand Committee met May 7, 2020 and voted to deny the request 3-0.**CEQA Compliance:** Action does not constitute a project as defined by the California Environmental Quality Act Guidelines section 15378.

SUMMARY: At its March 5, 2020 Water Demand Committee meeting, the Committee discussed a letter dated February 18, 2020 from the City of Monterey requesting a water allocation for affordable housing projects on Garden Road. The allocation would come from the District Reserve initially, but shifted to a future District allocation for jurisdictional use based on housing needs.

The allocation would allow 31 additional 100% affordable units at 2000 Garden Road and 35 additional 100% affordable units at 2600 Garden Road.

The day prior to the March Committee meeting, the State Water Resources Control Board (SWRCB) submitted an email expressing its concerns with such an approach. The email simply clouded any decision to release water at this time, prior to having discussion with SWRCB staff once total Peninsula needs are identified. At its April 2, 2020 meeting the Water Demand Committee took up this matter with Director Hoffmann initially making a motion for the committee to defer action until after staff and the SWRCB meet and come to some accommodation regarding use of the District Reserve. However, Director Edwards then suggested staff bring the item back in May and Director Hoffmann agreed. Director Edwards then turned that suggestion into a motion and it passed 3-0.

At this time, staff is recommending denial of the request because of the SWRCB email still being unresolved, as well as the policy for the use of the District Reserve is under separate discussion (see agenda Item 14.) Water Demand Committee concurred with a 3-0 vote to recommend denial by the Board at its May 18th meeting.

The Committee supports the projects, but believes it is appropriate to wait until a Peninsula-wide solution can be brought forward. District staff is still planning to visit with SWRCB staff about water for housing needs under the Cease and Desist Order (CDO) once the various jurisdictional needs are known, as an outcome of the Technical Advisory Committee (TAC) process. The

General Manager spoke with the SWRCB attorney assigned to the CDO on April 30, 2020 to begin the process of seeking accommodation for near-term housing needs under the existing CDO.

RECOMMENDATION: The Committee recommends the Board deny the City's request at this time and direct staff to interact with SWRCB on Peninsula-wide housing needs and the CDO, pursuant to the TAC process.

EXHIBIT

None

ITEM: ACTION ITEM**14. CONSIDER DISPOSITION OF DISTRICT RESERVE ALLOCATION****Meeting Date: May 18, 2020 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: Water Demand Committee met May 7, 2020 and voted 3-0 to recommend maintaining Board discretion (status quo)****CEQA Compliance: Action does not constitute a project as defined by CEQA**

SUMMARY: At its April 2, 2020 meeting the Water Demand Committee deferred action on the City of Monterey's request for an allocation of water from the District Reserve Allocation, as discussed under Item 11 of this Board agenda. Conversation ensued among Committee members whether (a) the balance in the Reserve should be allocated equally to the jurisdictions for their near-term use, or (b) it should be retained by the Board for use at its discretion.

The District Reserve was established by Ordinance 182 adopted by the Board at its May 20, 2019 meeting. That Ordinance restored a definition to Rule 11, which had been removed when the District Reserve Allocation was eliminated in 1995:

"District Reserve Allocation" shall mean a quantity of water held/or use at the discretion of the District.

It also re-established Rule 33-B:

The District Reserve Allocation shall refer to a quantity of water available for use at the District's discretion. The District Reserve Allocation can be augmented by dedications of water from a Water Entitlement, Water Use Credit, Water Credit, or a new Source of Supply

Use of the word "discretion" was intentional and derived from direction provided to staff by the Water Supply Planning Committee at its February 21, 2018 meeting. At that meeting under the agenda item "*Discuss Reinstatement of District Reserve and Policy for Use*," The committee discussed establishment of a District reserve, and if it should be restricted to projects that provide a public benefit or if it could be allocated for jurisdictional use. During the discussion committee members opined that: (a) only for public benefit projects; (b) Board should determine if a project provides a public benefit; (c) each request should be determined on its merit by the Board – not according to a list of qualifying projects; and (d) project should not be growth inducing.

Water allocated from the Reserve would not allow new meters to be set outside of the current moratorium.

Water Demand Committee met May 7, 2020 and voted 3-0 to recommend maintaining Board discretion (status quo).

RECOMMENDATION: The Committee recommends the Board should decide whether (a) the balance in the Reserve should be allocated equally to the jurisdictions, or (b) it should be retained by the Board for use at its discretion. Committee and staff recommendations are to maintain the status quo.

EXHIBIT

None

ITEM: ACTION ITEM**15 CONSIDER PURSUING RETROFITS AT RIPPLING RIVER CENTER FOLLOWED BY RELEASE OF UNUSED GRANT FUNDING TO CITY OF MONTEREY'S FRANKLIN STREET STORMWATER PROJECT**

Meeting Date:	May 18, 2020	Budgeted:	No
From:	David J. Stoldt, General Manager	Program/ Line Item No.:	4-2-3-D
Prepared By:	Stephanie Locke	Cost Estimate:	\$66,000

General Counsel Review: N/A**Committee Recommendation:** The Administrative Committee considered this item on May 12, 2020, and recommended staff pursue Rippling River retrofits prior to releasing grant funds to City of Monterey.**CEQA Compliance:** This action does not constitute a project as defined by the California Environmental Quality Act Guidelines section 15378.

SUMMARY: The District contracted with Ecology Action to undertake water saving retrofits and conservation communication in Seaside using IRWM grant funding. The project, called HEART (Highly Effective Applied Retrofit Targets), began in August 2018 and was completed in early 2019. Approximately \$66,000 remains in the grant due to lack of participation in the Seaside Disadvantaged Communities (DAC).

As Ecology Action's team is no longer available to reinstate the HEART program in other DACs, the Water Demand Committee discussed the possibility of redirecting the remaining funds to the City of Monterey's Franklin Street storm drain project, which is also a recipient of the same IRWM grant funds. The City of Monterey requested that the remaining funds be reallocated to its \$815,000 project. The City's project was previously awarded \$182,992.00 in grant funding.

In early 2018, staff received a request from a 100% subsidized housing project in Carmel Valley for assistance with retrofitting to meet the District's multi-family dwelling water efficiency requirements. As the site was not identified as being in a DAC at the time, assistance for Rippling River was not pursued. The facility has 79 units and provides housing to elderly and disabled residents. The site needs assistance to replace most toilets and to retrofit showerheads and faucets. There is also a community laundry facility that is required to have High Efficiency Clothes Washers, the water pressure is required to meet efficiency requirements, and there is a well on site for irrigation that has problems. Recently, a higher scaled DAC map identified the Carmel Valley Village area as one that meets the DAC grant criteria.

Staff wants to use a portion of the remaining grant funds to contract with a plumber to retrofit toilets, showerheads and faucet aerators at Rippling River. In addition, the plumber would check for/repair leaks, test the water pressure, and install or repair a pressure regulating device, if needed,

Staff anticipates that the cost of this program would be less than \$40,000 (\$500/unit), and will issue a Request for Proposals to obtain the least cost that meets the required criteria.

Staff discussed the Rippling River project with the grant manager, Community Foundation of Santa Cruz County, and determined that the retrofit project will need to be reviewed and approved by the Department of Water Resources (DWR) before proceeding. If IRWM grant money can be used to address the needs at Rippling River, staff will pursue the project. However, if the project is not approved by DWR, or if funding remains in the grant after the Rippling River project has been completed, staff is seeking authorization to release the remaining funds to the City of Monterey's project.

The Administrative Committee discussed this item on May 12, 2020 and recommended that the retrofits at Rippling River be pursued.

RECOMMENDATION: Assuming approval by DWR, the Board should authorize staff to contract for the project at Rippling River Center in Carmel Valley using remaining IRWM grant funding. The Board should also authorize shifting unused funds to the City of Monterey's project.

BACKGROUND: The City of Monterey's project scope includes the installation of a new storm drain along Franklin Street, between Alvarado and Figueroa Streets, and intersection improvements along Franklin Street to improve City storm drain facilities and prevent flooding. The storm drain is designed to intercept runoff in the downtown area which is susceptible to flooding. This DAC is one of the main employment locations for the disadvantaged community. Flooding can affect the businesses in the area which in turn affects the work force. Plus, there is also the high risk of washing off pollutants that can be harmful to the environment. The project beneficiary is the public. The new storm drain pipe in Franklin Street will intercept and redirect drainage that currently discharges into the Lighthouse Tunnel Pump Station and then into Monterey Bay without treatment. Drainage will be redirected to Lake El Estero which has assimilative capacity and will eventually be used as reclamation source water.

EXHIBIT

None

ITEM: ACTION ITEM**16. CONSIDER ADOPTION OF POLICY ON SMART WATER METER INSTALLATION****Meeting Date: May 18, 2020 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 Review: N/A****Committee Recommendation: N/A****CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

SUMMARY: The MPWMD Board was notified of the various aspects of the Cal-Am 2021-23 General Rate Case (GRC), including Advanced Metering Infrastructure or AMI, in a confidential memorandum written by the District’s General Counsel to the Board dated June 12, 2019 in advance of the June 17, 2019 District Board meeting. General Counsel and staff received direction to participate in the GRC proceedings. Closed sessions were thereafter held by the Board pursuant to Gov’t Code § 54956.9 in relation to the pending GCR litigation to provide updates, hear questions and to receive general board direction on July 15, 2019, September 16, 2019 and October 21, 2019.

CPUC Decision 16-12-026 in 2016 ordered the “commencement of a transition to the use of AMI for Class A and B water services to increase data for customer and operational use, produce conservation signals through real-time data delivery, improve water management, reduce leaks, and promote equity and sustainability.” The CPUC previously authorized two AMI pilot projects in its Monterey and Ventura districts.

The Cal-Am GRC testimony in support of AMI is be included here as **Exhibit 16-A**.

In its current General Rate Case (GRC) filing for years 2021-2023, California American Water (Cal-Am) has requested a full AMI program for its Ventura and Central Divisions, including Monterey. The District has supported AMI because of the potential to provide customers greater information and control over their water usage. There are other benefits including meter accuracy, high usage alerts, lower meter reading costs, and backflow and theft detection.

Some customers have expressed concerns about these types of meters and do not want to participate. During pilot studies, one pilot was designed as an “opt-in” rather than “opt-out”, which reduced customer participation. Hence, District staff supports an opt-out program in order to achieve greater customer participation.

As part of the GRC Cal-Am is asking to be authorized to implement an opt-out program and to

recover the costs of opting out from those customers choosing to do so. That is similar to what the Public Utilities Commission (CPUC) authorized for energy utilities in 2014. Cal-Am is proposing opt-out customers be charged an initial fee of \$70.00 and a monthly charge of \$13.00 per month to not participate in AMI. The upfront costs were based on service order drive time and service time and an average meter technician rate. The monthly costs are based on the costs to manually read the opt-out meters.

RECOMMENDATION: The General Manager recommends the Board of Directors reaffirm the District's position in favor of installation of AMI, and to support a full opt-out AMI program in the Monterey system, but discuss and decide if it should promote a policy in the District's GRC testimony as to who should bear the cost burden of the opt-out.

EXHIBIT

16-A Cal-Am Testimony on AMI from Current General Rate Case

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of California-American Water
Company (U210W) for Authorization to
Increase its Revenues for Water Service by
\$25,999,900 or 10.60% in the year 2021, by
\$9,752,500 or 3.59% in the year 2022, and by
\$10,754,500 or 3.82% in the year 2023.

Application 19-07-_____
(Filed July 1, 2019)

**DIRECT TESTIMONY OF GARRY HOFER
(FINAL APPLICATION)**

*** * * PUBLIC VERSION * * ***

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American Water Company

Dated: July 1, 2019

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IX. AMI plan for Central Division and Ventura

A. Overview

Q143. What is the purpose of this portion of your testimony?

1 A143. The purpose of this portion of my testimony is to present the revised California American
2 Water AMI plan (“AMI Plan”). As shown in Attachment C, this plan consists of a (a)
3 proposed project schedule, (b) a pilot summary document, and (c) a proposed cost
4 estimate. California American Water is proposing to implement a two-way AMI system
5 in two California American Water service territories: Ventura County and Central
6 Division. These territories encompass approximately 62,000 residential, commercial, and
7 industrial retail water customers.

8
9 California American Water originally sought the commission’s support of an AMI
10 program in the company’s 2018-2020 general rate case. The Commission did not approve
11 funding for this program. The Commission commented that California American Water
12 should finish the in-flight AMI pilots in Ventura and Monterey, compile lessons learned,
13 and submit an updated proposal. I am pleased to share that California American Water
14 has completed these activities, as is evident in our attachments to this rate case. Our AMI
15 pilots were successful in that they helped our staff gain valuable experience and expertise
16 related to AMI and demonstrated that AMI produces customer, societal, and operational
17 benefits. As water conservation becomes a way of life in California, we seek the support
18 of the Commission in deploying AMI, beginning with California American Water’s
19 Ventura District and Central Division.

20
21 As water costs increase, customers need more timely information related to their water
22 use and potential leaks to manage their water bills and reduce water waste. AMI
23 technology provides this information nearly real-time, which is a level of service that
24 could never be achieved with manual meter reading. Although AMI is an emerging
25 technology, numerous municipalities across California have AMI programs underway,
26 including San Diego, San Francisco, Sacramento, Eastern Municipal Water District,
27 Moulton Niguel Water District, Alameda, and others. California American Water seeks to
28 provide our customers with information and tools to manage bill size, reduce water

1 waste, and promote conservation – and AMI is a direct enabler of these objectives.

2
3 California American Water is proposing this AMI deployment to enhance customer
4 service and improve operational efficiency. AMI will provide customers with proactive
5 leak alerts and assist customers in managing their bill cost. AMI will also improve
6 California American Water's operational efficiency. As our society becomes more astute
7 with technology, we believe that customers will continue to seek more information about
8 their water usage and AMI offers the ability to provide the requested information more
9 efficiently. California American Water's proposed AMI deployments build on California
10 American Water's experience conducting an AMI pilot involving approximately 1,300
11 customer meters/meter interface units (MIUs) in one portion of its service territory in
12 Ventura and 200 customer meters/MIUs in another portion of its Monterey Central
13 Division service territory. These pilots are described in greater detail below. To fund the
14 AMI Plan California American Water is proposing the capital and O&M costs associated
15 with the implementation, operation, and maintenance of the AMI system be included as
16 part of its current general rate case before the Commission.

17
18 Q144. What is AMI?

19 A144. AMI stands for advanced metering infrastructure. AMI is not a single technology, but
20 rather an integration of many technologies that provides an intelligent connection
21 between customers and the water utility. The components of a typical AMI system
22 consist of; (i) a smart meter with a digital register, (ii) a communication device connected
23 to or part of the meter, (iii) various data collection transceivers, (iv) headend software,
24 which serves as the meter control system, and (v) an enterprise level software platform
25 used for Meter Data Management. A key function of AMI is nearly real-time, two-way
26 communication between utilities and their meters. The two most dominant
27 communication technologies used across vendor platforms are an RF based technology
28 and a cellular based technology. AMI Meter Data Management systems can

1 accommodate both types of technologies and are vendor agnostic. California American
2 Water is committed to selecting the best technology for the given application and
3 providing the most value to our customers.
4

5 Q145. What information are you presenting today, as part of your testimony, in support of this
6 AMI plan?

7 A145. I address California American Water's goals and intentions in implementing the AMI
8 Plan. This includes describing the costs and benefits of the AMI system to California
9 American Water customers and employees, and the nexus between AMI and state water
10 policy objectives. I will also describe our experience deploying and maintaining AMI
11 metering systems by way of California American Water's completed AMI pilots in its
12 Ventura and Central Division service territories. The lessons learned from the pilots have
13 provided valuable input into the current proposal across the two service territories.
14

15 Q146. In the most general terms, why is California American water proposing to implement the
16 AMI Plan?

17 A146. California American Water is committed to providing reliable and high-quality water
18 distribution and delivery service to our customers in ways that protect the state's water
19 resources and reflect California American Water's environmental stewardship. Our
20 customers expect California American Water will provide not only accurate and timely
21 metering, billing, and customer care services, but increasingly customers expect that we
22 will provide them with the tools and insights to manage their use of water efficiently,
23 effectively, and in an environmentally conscientious way.
24

25 Q147. How can AMI help California American Water achieve these outcomes?

26 A147. Whereas manual meter reading or mobile automated meter reading ("AMR") provides
27 one meter read per month, AMI provides up to 24 reads on a daily basis, enabling rapid
28 leak detection and customer notification. Manual meter reading and AMR give a utility

1 and its customers limited ability to investigate or troubleshoot high bills, as only one
2 meter read is available; with AMI, hourly data can be used to pinpoint consumption
3 anomalies throughout the entire billing period.

4
5 AMI is a technology that enables the automated collection, transmittal, collating and
6 storage of California American Water's meter reads from its water meters. It involves
7 gathering data from the water meter and securely transmitting this information – with
8 high levels of reliability and frequency – for a variety of end-use applications. Data
9 privacy and security is maintained throughout the AMI system to ensure customer
10 privacy and data integrity at all times. In turn, this detailed consumption data assists
11 California American Water in identifying leaks and notifying customers, identifying and
12 acting on backflow issues, and troubleshooting high bill complaints.

13
14 Once implemented, the AMI system will enable California American Water to provide
15 more granular consumption information and profiles (compared to once-per-month meter
16 reads), perform diagnostics on water usage, gather and process signals/alerts concerning
17 high water usage (including leak conditions), and communicate this information to
18 customers through tools such as web portals, phone calls, text messages, emails, etc.
19 Additionally, California American Water will be able to use AMI data and corresponding
20 alarms to identify backflow risks and address potential theft, which results in improved
21 water quality across the system and a more equitable distribution of costs.

22
23 Q148. Where specifically is California American Water proposing to implement AMI?

24 A148. California American Water is proposing to implement AMI in the Ventura District and
25 the Central Division. In total, we envision AMI deployment to approximately 62,000
26 existing water customer premises.

27
28 Q149. Why were these service areas chosen as prudent for AMI implementation?

A149. The Ventura District and Central Division were selected for the initial AMI program for several reasons. Both executed successful pilots where they gained real-world experience with installing and operating an AMI system. Additionally, as discussed in the Direct Testimony of Mr. Christopher Cook at Section IV.B, the Central Division will uniquely benefit from early leak detection and notification. Leak adjustments provided to Central Division customers amounted to over \$2 in 2018, which is the largest value across all of California American Water's districts. AMI technology enables California American Water and its customers to more rapidly identify and troubleshoot leaks by analyzing hourly consumption data on a daily basis to identify anomalies such as continuous and abnormal usage. All customers would benefit from this technology, but based on the rate structure in the Central Division, customers with leaks in this district will find the greatest value in AMI.

Q150. How many customers from each service territory would receive AMI meters?

A150. Barring any infrastructure challenges, and not including any customers that opt out, all permanently metered connections in Ventura and Central Division will be equipped with AMI technology.

Service Area	Total Customers for AMI
Ventura	21,177
Central Division	41,340

Many of California American Water's meters are already compatible with AMI technology and will only require a meter interface unit (MIU) as an attachment to the existing meter. Meters that are not compatible with an MIU will be replaced.

1 Q151. Explain why San Diego, Los Angeles, Larkfield, and Sacramento customers are not part
2 of the AMI Plan.

3 A151. San Diego and Los Angeles were included in California American Water's original AMI
4 plan. Based on D.18-12-021, however California American Water is now proposing a
5 more gradual roll-out of AMI, starting with districts that completed successful AMI pilots
6 (Ventura and the Central Division). Based on the Central Division's tiered rate structure,
7 these customers will also see the most significant benefit from early leak detection. As
8 Larkfield and Sacramento completed large metering projects in the last few years, they
9 were not included in the early stages of California American Water's AMI plan.

10
11 Q152. Are all of California American Water's water meters compatible with AMI solutions?

12 A152. No. To be compatible with AMI solutions, water meters require a compatible register
13 with a plug that can be connected to the MIU.

14
15 Q153. Are water meter change outs included in the AMI Plan?

16 A153. Yes. California American Water sought to minimize meter change-out costs; however, as
17 part of the AMI program, we are proposing to replace some meters as a part of the
18 transition to AMI. For the purposes of this program, California American Water has
19 defined five different groups of meters.

- 20
21 1) *Large Meters* – Meters sized 3" and above will not be replaced through
22 the AMI program, but will be retrofitted to receive a new, AMI-
23 compatible register.
- 24 2) *Length of Service (LOS) / Scheduled* – Meters that would have been
25 replaced before or during the AMI program as a part of the regular meter
26 replacement schedule.
- 27 3) *Accelerated* – Meters that will be nearing the end of their useful life
28 during the deployment period. In order to avoid multiple field visits in a

short timeframe, California American Water proposes to accelerate the replacement of meters within two years of end of life during AMI deployment.

- 4) *AMI Compatible* – Meters not proposed for replacement that already contain an MIU-compatible plug.
- 5) *AMI Incompatible* – Meters proposed for replacement because they are integrated, meaning the register cannot be replaced, or contain wires that must be spliced to receive a new register.

Q154. Why is only one group of meters considered for a register retrofit rather than full meter replacement?

A154. Non-integrated meters are capable of receiving a new, AMI-compatible register; however, the cost of a register is nearly that of a full small or medium sized meter (< 3"). Because of this near cost parity of the two devices, when the meter's useful life ends before that of the new register, it would result in a significant stranded investment. For this reason, only meters sized 3" and above are considered for register retrofit.

Q155. How many meters fall into each category?

A155. The following table summarizes the population of each meter group in Ventura and the Central Division, respectively.

	Ventura	Central Division
(1) Large Meters	157	164
(2) LOS / Scheduled	4,924	10,202
(3) Accelerated	2,533	2,185
(4) AMI Compatible	5,642	9,703
(5) AMI Incompatible	7,921	19,086

Q156. From a project cost perspective, how are these different meter groups treated?

A156. 1) *Large Meters* – The register and MIU costs are attributed towards the AMI program.

2) *Length of Service (LOS) / Scheduled* – The costs of the meter replacements for meters that reach their LOS during the deployment period are not counted in the AMI proposal, as their replacement costs are already budgeted for. Only the incremental cost of the MIUs for these meters is attributed to the AMI program.

3) *Accelerated* – The costs of the meter replacements for meters that reach their LOS within two years of deployment are counted in the AMI proposal as their replacement costs would not be budgeted until the next capital planning cycle. The incremental cost of the MIUs for these meters is also attributed to the AMI program.

4) *AMI Compatible* – Because these meters already contain a compatible register, only the incremental cost of the MIUs for these meters is attributed to the AMI program.

5) *AMI Incompatible* – Because these meters are being replaced for the purpose of compatibility with this AMI program and were not planned to be replaced as part of the normal meter replacement schedule, the full meter, register, and MIU costs are attributed to the AMI program.

Q157. Please summarize the water meter replacement requirements that are part of the AMI deployment?

A157. Based on a detailed analysis of the meter types and ages within Ventura and Central Division, the following AMI installation types will be necessary.

	Meter, Register and MIU	Register and MIU	MIU Only
Ventura	10,454	157	10,566
Central Division	21,271	164	19,905

Q158. What is California American Water's schedule for implementing the AMI Plan?

A158. California American Water's current proposal, based on current information, is to implement AMI over the two-year period spanning calendar years 2022 and 2023. In 2022, the primary proposed activities would include vendor selection, business process design, system integration, external stakeholder outreach, field deployment planning, and beginning the build-out of the AMI network. In 2023, the proposed schedule would include continued AMI network build-out; Ventura's target completion date is January and Central Division's target completion date is October. Additional time was allotted for the AMI network build-out in Central Division, given Central Division's larger geographic size, high customer count, and the need to secure access to more locations for the AMI network devices. The proposal assumes that permits in both locations will be obtained in a timely manner.

As proposed, meter replacement and MIU installation would begin in Ventura in January of 2023 and last for six months. In the Central Division, meter replacement and MIU installation is proposed to begin in April and last for nine months. Again, additional time was allotted for the Central Division given the additional customers in that district as compared to Ventura. All field deployment work will be supported by a comprehensive customer outreach/education campaign including website content, pre/post-installation mailers, and other customer communications to explain the benefits of AMI to customers and encourage enrollment in the portal.

Q159. Why is California American Water proposing this AMI implementation schedule?

1 A159. The proposed AMI implementation schedule was developed based on current information
2 and in a manner that balanced deployment efficiency, benefits realization, and impacts to
3 on-going operations during deployment. Field deployment is scheduled to begin in
4 Ventura with a dedicated workforce installing MIUs and meters in a geographically
5 contiguous manner to maintain high levels of productivity by reducing drive times.
6 Ventura was selected to start before the Central Division based on their pilot being larger
7 in scale and the ability to build-out their network more quickly. The Central Division
8 begins three months later to provide additional time to build-out the AMI network and
9 apply any best practices / lessons learned from Ventura to the larger and more complex
10 Central Division. Central Division field deployment will also be performed by a
11 dedicated team working in a geographically contiguous manner. In order to maximize
12 the benefits of AMI and minimize the impact to normal operations as a result of operating
13 in a hybrid mode (e.g. part of the system is AMI, part of the system is non-AMI), a very
14 focused and shorter duration project is planned. Another factor that may allow California
15 American Water to execute this project within a shorter time period is that we anticipate
16 utilizing a fully functional meter data management system (MDMS) and a customer
17 portal solution (in place by 2022); thus reducing the system development and integration
18 time required for this project.

19
20 **B. The Benefits of AMI**

21 Q160. Please explain how AMI metering information will benefit the California American
22 Water customer.

23 A160. AMI is another example of how technology can produce a wide range of benefits. AMI
24 will improve safety, meter reading accuracy, and will enable more proactive and
25 progressive customer service. AMI offers many benefits to California American Water's
26 customers including continuous/high usage alerts, improved high bill troubleshooting,
27 lower meter reading costs, better identification of water quality incidents, and access to
28 detailed water usage data for voluntary or mandatory conservation efforts. In sum, our

1 investments in AMI technologies enable us to work smarter, improve water efficiency,
2 and better serve our customers.

3
4 Q161. Please explain how AMI metering information will assist customers in the area of excess
5 use and leak detection.

6 A161. AMI records water usage at hourly increments and sends this data to the utility where it is
7 validated for completeness and accuracy. On a daily basis, California American Water
8 will run analytics on consumption data to identify anomalies and proactively notify
9 customers of continuous consumption. The water consumption data is also utilized to
10 generate customer bills on a monthly basis and is sent to a portal where customers can
11 view their historical usage in a user-friendly tool with only a one-day lag (e.g. yesterday's
12 data is available today).

13
14 By providing customers with more granular data, customers can see usage patterns that
15 they were not aware of or were undetectable without AMI (e.g. a spike in consumption
16 from 2am – 4am every third day for irrigation; continuous flow through the meter that
17 may be a leak within the home, irrigation system or pool/hot tub). Customers can then
18 elect to reduce consumption and manage their bill costs.

19
20 These benefits have been realized at other California water utilities through both pilot and
21 fully integrated AMI programs. During an AMI pilot in 2014, East Bay Municipal Water
22 District realized an average of 15% customer-side water savings through portal-driven
23 leak repair. The City of Sacramento implemented water AMI in 2009 and, in an analysis
24 of their 2010-2011 system performance, identified over 1,000 leaks. After verifying 75%
25 via field visits, the utility estimated customer-side savings of “approximately 12.6 gallons
26
27
28

1 per capita per day.”³

2
3 Q162. Can California American Water help customers create alerts for these potential excess
4 use and leak conditions?

5 A162. California American Water’s AMI plan includes the tools and resources to perform
6 analytics on usage data on a daily basis to identify continuous usage or excess usage
7 events. When these events are identified, California American Water will send a
8 notification to customers via text, phone call, or email if they have enrolled in this
9 service.

10
11 Q163. Please explain how AMI metering information will assist in the area of backflow and
12 theft detection?

13 A163. The hourly consumption data received via AMI provides California American Water
14 more granularity in water use, which assists the utility in identifying potential backflow
15 and theft. Backflow can be identified in two ways depending on the AMI vendor
16 selected: (1) via a specific backflow alarm if water travels backwards through a meter, or
17 (2) via negative consumption between hourly interval reads. Both methods are successful
18 at identifying potential backflow events and will provide California American Water with
19 more knowledge of where backflow events happen across the system.

20
21 Theft is identified via AMI alarms that indicate if an MIU has been tampered with, had
22 its wires cut, or suddenly begins reporting zero consumption. These alarms will assist
23 California American Water in quickly identifying and addressing theft.

24
25 Q164. Can California American Water create alerts for these potential backflow and theft
26 detection and enable action to address these issues?

27
28 ³ Berger, M. A., Hans, L., Piscopo, K., & Sohn, M. D. (2016). Exploring the Energy Benefits of
Advanced Water Metering. *Ernest Orlando Lawrence Berkeley National Laboratory*, at p. 17-19.

1 A164. Yes. If desired, California American Water could create additional backflow and theft
2 detection alerts. These alerts will be evaluated as part of the AMI vendor selection
3 process, and California American Water will create additional rules and alerts if the
4 selected vendor's tools are insufficient in this capacity. Based on backflow and theft
5 alerts, California American Water could automate creation of service orders that would
6 be dispatched to field personnel for investigation and resolution.

7
8 Q165. Will the web portal be the only means for customers to check their metering and billing
9 data?

10 A165. The web portal will be the primary tool for customers to view their detailed interval
11 metering data. The web portal will also be optimized for mobile devices such as iPhones,
12 iPads, and Androids. Customer Service Representatives will also have this data available
13 and can verbally summarize consumption patterns to customers on the phone.
14 Furthermore, for customers who are unable to access the customer portal, Customer
15 Service Representatives can export, print, and mail consumption data to a customer
16 directly. Customers will also continue to receive a water bill that will contain their
17 summary level usage and billing information as is the case today.

18
19 Q166. What are the other benefits associated with AMI implementation?

20 A166. AMI implementation can enable customers and California American Water to customize
21 bill dates, assist customers in meeting water budgets, and provide tools for customers to
22 be efficient with water use. Furthermore, automation of the highly-manual, error prone,
23 and hazardous work of meter reading can improve safety for California American Water
24 employees. At a societal level, automating meter reading activities will reduce vehicle
25 miles driven, resulting in safer roads and fewer greenhouse gas emissions.

26
27 Q167. How can AMI improve safety for its employees?
28

A167. By using AMI technology for monthly meter reading as well as out-of-cycle meter reads (e.g. move in / move outs), California American Water field personnel will significantly reduce the number of vehicle miles driven thus reducing the likelihood of vehicle accidents. Also, by limiting the number of times an employee needs to enter a customer's property, it reduces the potential for physical injuries such as animal bites, slip/falls, repetitive motion, etc.

Q168. Will customers experience any savings?

A168. Yes; notably, customers will realize savings through the detection and notification of potential leaks. Customers will receive a notification through the customer portal functionalities if AMI data reflects continuous consumption. The ability to recognize potential leaks in near-real time, rather than up to thirty days after the fact, allows California American Water customers to address the leak and save both money and water.

Figures 1-2 demonstrate two examples of high bills in the Ventura District.

Total Water Use Comparison (in 100 gallons)

- Current billing period 2018: 740.52 CGL
- Same billing period 2017: 22.44 CGL

Billed Use Graph (100 gallons)

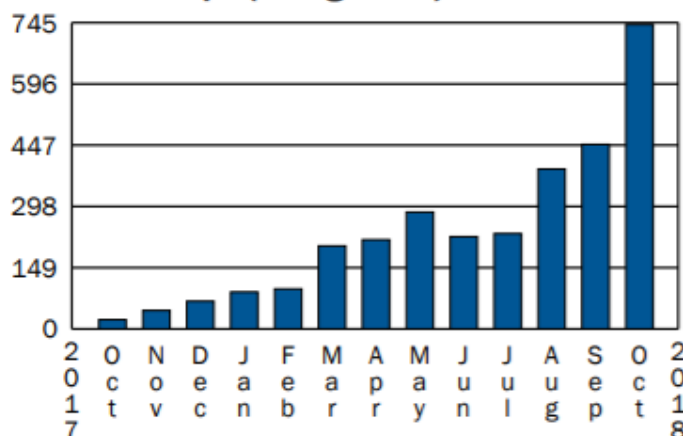


Figure 1: Bill A – Ventura Oct. 2018

Total Water Use Comparison (in 100 gallons)

- Current billing period 2019: 249.00 CGL
- Same billing period 2018: 82.28 CGL

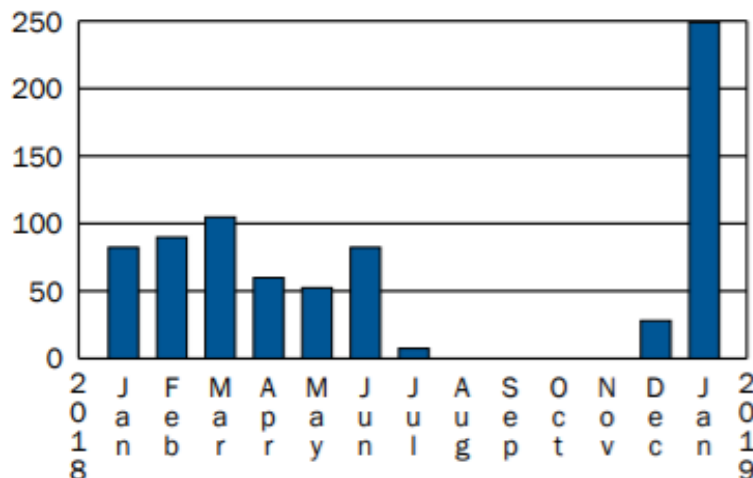
Billed Use Graph (100 gallons)

Figure 2: Bill B – Ventura Jan. 2019

Figures 3-5 demonstrate three examples of high bills in the Central Division.

Total Water Use Comparison (in 100 gallons)

- Current billing period 2018: 1,395.76 CGL
- Same billing period 2017: 22.44 CGL

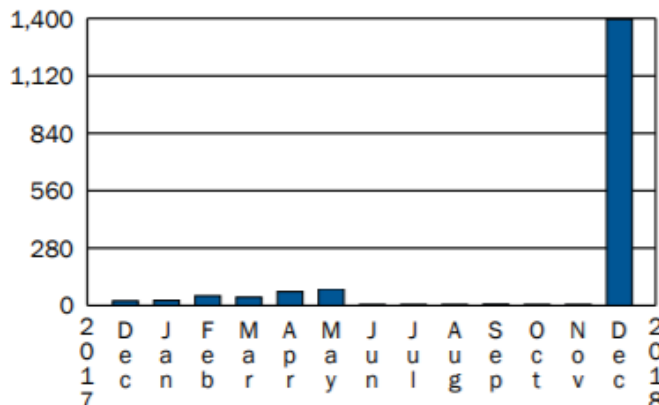
Billed Use Graph (100 gallons)

Figure 3: Bill C – Monterey Dec. 2018

Total Water Use Comparison (in 100 gallons)

- Current billing period 2018: 533.00 CGL
- Same billing period 2017: 102.00 CGL

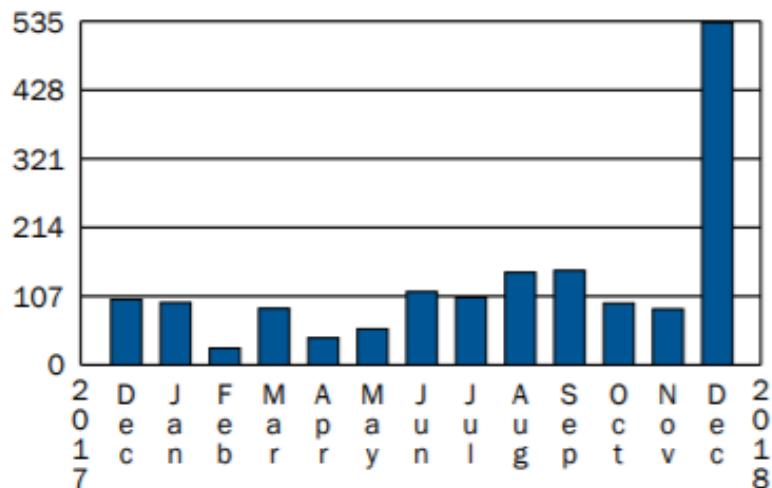
Billed Use Graph (100 gallons)

Figure 4: Bill D - Monterey Dec. 2018

Total Water Use Comparison (in 100 gallons)

- Current billing period 2019: 18.00 CGL
- Same billing period 2018: 45.62 CGL

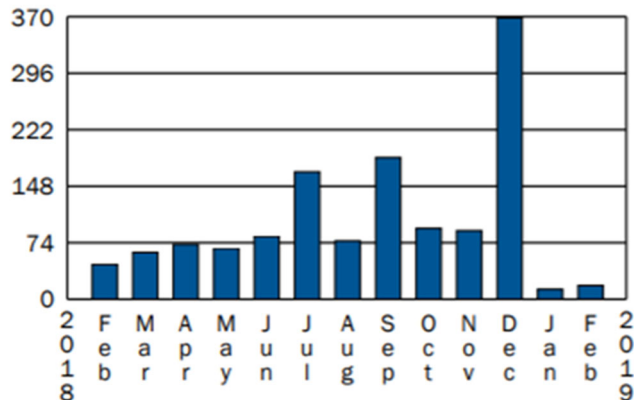
Billed Use Graph (100 gallons)

Figure 52: Bill E - Monterey Feb. 2019

- High Bill A reflects total current charges of \$603.28, with 740 units of water used in the September 14 – October 11 billing period.
- High Bill B reflects total current charges of \$452.64, with 249 units of water used in the December 12 – January 10 billing period.
- High Bill C reflects total current charges of \$12,608.40, with 1,396 units of water used in the November 15 – December 14 billing period.
- High Bill D reflects total current charges of \$4,113.74, with 533 units of water used in the November 02 – December 04 billing period.
- High Bill E reflects total current charges of \$49.75, with 18 units of water used in the January 03 – February 01 billing period. A total prior balance from the last bill reflected \$2,430.05, for a total amount due of \$2,479.80.

These five examples demonstrate the persistent customer issue and risk of financial duress that arises from high bills due to undetected leaks compounding throughout the billing period. AMI data and alerts can mitigate these risks by detecting continuous consumption earlier, enabling customers to address potential leaks swiftly, reducing total leak consumption and resulting in real customer savings.

C. AMI and California Water Policy

Q169. How does AMI relate to the State’s approach to the Water/Energy Nexus?

A169. The state is invested in opportunities that impact the conservation of both water and energy resources. The Commission previously opened rulemaking (“R.”) 13-12-011 “to explore the relationship between water use and energy use and how policies in one sector impact the other sector.”⁴ A principal goal of that proceeding was to “promote the intersection of water management and conservation, and energy management and conservation.”⁵ Water consumption is inherently tied to energy use through the several

⁴ D.17-12-010, p.2.

⁵ D.17-12-010, p.6.

1 mechanisms required to pump, treat, manage, and distribute water resources. Reduction
2 of water use through enabling customer-driven conservation, compliance with
3 conservation mandates, and leak reduction means less energy is expended. The
4 Commission also analyzed the nexus of water, energy, and communications and analyzed
5 ways that water utilities, using communications technologies, could assist in the water
6 and energy optimization process.⁶ For example, recognizing the potential to address non-
7 revenue water losses, the Commission remarked in proceeding R.13-12-011 that “More
8 data developed through more widespread advanced metering infrastructure will help the
9 utility to determine where that water gets lost.”⁷ The implementation of AMI therefore
10 works towards the State and Commission’s goals with respect to the water/energy nexus.

11
12 AMI deployment is central to California American Water’s ability to promote
13 conservation efforts, identify and resolve leaks, and enable customers to manage their
14 personal water consumption. As part of the Ventura pilot program, California American
15 Water worked with Valor Water Analytics to explore the dual efficiencies of water and
16 energy savings as realized through leak detection. Valor analyzed 188 leaks detected
17 throughout the Ventura pilot (using data through January 2018) and quantified aggregate
18 water savings of 3,508,520 gallons. Additionally, detection and resolution of these water
19 leaks also resulted in energy savings of 7,052 kWh from avoided pumping and
20 distribution costs.

21
22 Q170. How do Assembly Bill 1668 and Senate Bill 606 affect the need for AMI?

23 A170. These two water conservation bills were accepted by the Governor and filed with the
24 Secretary of State on May 31, 2018. Every public and private urban water supplier that
25 directly or indirectly provides water for municipal purposes must prepare and adopt an

26 ⁶ D.16-12-047, p.16.

27 ⁷ D.16-12-047, p.22; *see also* p.81, Finding of Fact 11 (“AMI reduces water leakage by providing real
28 time information on water use to customers and system operators, reduce costs for meter reading,
provides timely information about backwash incidents that may affect water quality, and improves system
management.”).

1 urban water management plan and an urban water shortage contingency analysis that will
2 need to be updated every five years, beginning on December 31st, 2020. Mandatory
3 standards include a per capita allowance of 55 gallons per day, decreasing to 52.5 gallons
4 in 2025 and 50 gallons in 2030.

5
6 California American Water understands how valuable water is as a resource and,
7 especially in the context of per capita water allowances, seeks to enable customers to
8 detect and address leaks rapidly. In 2018 alone, California American Water granted
9 approximately 2,500 leak adjustments in Ventura and the Central Division. By detecting
10 these leaks earlier, California American Water can contribute to active water
11 conservation strategies while reducing nonrevenue water.

12
13 Assembly Bill 1668 and Senate Bill 606 rest on this premise of active conservation. By
14 providing actionable, near real-time data and analytics, AMI empowers both the utility
15 and the customer to meet the letter and intent of these bills in a way that could not be
16 achieved with monthly meter reads.

17
18 Q171. Are there other, more general standards that California American Water has considered?

19 A171. Yes. California American Water recognizes the importance assigned by the Commission
20 as part of a general rate case to consider a utility's operations and costs and to find that
21 utilities are providing services at just and reasonable rates. Capital investments for
22 improved services related to metering, billing, and customer care should be evaluated in
23 this context. Because of the importance California American Water places on high
24 standards of service and reasonable rates for its customers, we have provided carefully
25 considered estimations of the implementation and support costs associated with this AMI
26 plan.

D. AMI Technology

Q172. Please explain the system components associated with the proposed AMI investment.

A172. There are three primary components to an AMI system:

- 1) Meter Interface Units (MIUs) are the devices that are connected to the meter at the customer premises that transmit meter data to a telecommunications network.
- 2) The telecommunications network gathers and securely transmits the meter data to the utility throughout the day (typically in 4 or 6-hour batches).
- 3) The utility's back-office systems receive, validate, and organize the meter data for various business and customer-facing functions such as billing, analytics, and portal presentation. Typical AMI back-office systems include the AMI head-end, meter data management system, analytics software, and the customer portal.

Q173. How does this network operate?

A173. The AMI network is an integrated solution typically utilizing several layers of communications to operate. Meters with MIUs are located at the customer premises and wirelessly connect to collectors. These collectors form what is sometimes referred to as a field area network (FAN) and aggregate communications to end devices located in their coverage area. Collectors then make use of a backhaul network to connect to a head-end system.

Typically the MIU will collect readings from the meter itself hourly. Every four to six hours, these readings will be transmitted through the AMI network. This "store and send" approach is used in part to conserve the MIU's battery life. Networks also typically support on-demand reads and other features. Depending on the meter and the AMI network, there may be support for meter-initiated communications for functionalities

1 such as reverse flow, dry pipe, or the triggering of a leak detection algorithm.

2
3 Q174. Would California American Water own and operate this network?

4 A174. Understanding that technology can quickly change, it appears – based on current
5 information - that the most cost-effective approach is for California American Water to
6 have a vendor own and operate the AMI network. With this type of arrangement, an AMI
7 vendor would install and maintain data collectors, then charge California American
8 Water a nominal fee per meter per year. Based on discussions with AMI vendors, we
9 estimate this fee would be approximately \$2 per endpoint per year.
10

11 Q175. Has California American Water reached out to any electric and gas utilities that are co-
12 located in your service territory?

13 A175. Yes, California American Water has reached out to a variety of stakeholders in pursuit of
14 our AMI goals. For example, we have participated in recent Commission-sponsored
15 workshops on water meter reading, and the nexus between California water and energy
16 policy goals. We have also been working with AMI solution and equipment vendors and
17 have been discussing and reviewing water metering opportunities and plans with several
18 electric and gas utilities operating in our service areas. After lengthy and detailed
19 discussions with the co-located electric and gas utilities within our service territory, it has
20 been determined that it is not feasible for California American Water to utilize an existing
21 AMI network as the energy companies have not developed a commercial offering for
22 sharing their networks, nor have they indicated any plans to do so in the near-term.
23

24 Q176. How often does the proposed technology communicate consumption data?

25 A176. While each AMI technology provider has different recommended data communication
26 frequencies, it is typical for AMI systems to transmit consumption data back to the utility
27 at least once per day, including batches of hourly interval data. Many AMI vendors relay
28 data more frequently than once per day. With either design, the customer, operational,

1 and societal benefits of AMI would be achieved. Additionally, with AMI, California
2 American Water could directly ping a meter to address emergent billing issues or
3 customer inquiries.

4
5 Q177. What evidence do you have regarding the reliability or expected life of the proposed
6 technology?

7 A177. AMI vendors typically provide a twenty-year warranty on MIUs and a ten-year warranty
8 on network devices. These are commonly accepted useful lives across the water industry
9 and these terms have been accepted by the numerous water utilities that have deployed
10 AMI in recent years.

11
12 Tadiran Batteries has studied the longevity of MIUs, originally used for AMR
13 technologies, in evidence of a twenty-year life.^{8,9} Additionally, a vendor whitepaper
14 discusses the implications of output power and transmission frequency on endpoint
15 battery life.¹⁰ These studies of existing systems support the accepted industry standard
16 for battery life.

17
18 A notable exception is that cellular network vendors typically do not support a 20-year
19 network life. Initial discussions with carriers involved 10-year horizons. While they felt
20 15 might be achievable, no carrier would commit to a 20-year life in budgetary pricing.

21
22 **E. California American Water's AMI Pilot Experience**

23 Q178. Please describe California American Water's experience in conducting its AMI pilot in
24 its Ventura service district.

25
26
27 ⁸ Sternau, C. (2009). Aclara AMR systems still operating after 25 years. *Utilimetrics*.

28 ⁹ Jacobs, S. (2004). Utility Meter Operating 20 Years on Original Lithium Battery. *Metering International*, (3).

¹⁰ Bhakta, S. (2004). Battery Life in Water Communication Moduels. *Itron, Inc.*

1 A178. After several discussions with SDG&E to pilot AMI in San Diego and the presentation of
2 such a proposal to the Commission, it was decided to move forward with a collaboration
3 with SoCalGas in Ventura because California American Water at the time was not
4 meeting water reduction targets in its Ventura district.

5
6 The Ventura pilot discussions started mid-2016 with the final meter installations
7 completed on December 7, 2016. There were 1,288 customers: 1,199 of which were
8 residential and 89 of which were commercial. Approximately 11 customers chose to opt
9 out of the program.

10
11 As part of this AMI pilot program, California American Water contracted with the
12 following vendors: Aclara (MIUs), Fathom (Meter Data Management System), Smart
13 Energy Water (formerly Smart Utility Systems – customer portal), and Valor (meter data
14 analytics). Meters up to 2” in size selected for the AMI pilot were replaced with new,
15 Nicor-connected meters. Meters 3” and above in size received a register replacement or
16 were re-wired to accept the AMI meter transmission unit.

17
18 Q179. When was the pilot in Ventura completed?

19 A179. November 11, 2018.

20
21 Q180. Please describe California American Water’s experience in conducting its Monterey AMI
22 pilot in the Central Division?

23 A180. Discussions on the Monterey AMI pilot concept started in late 2013 to provide customers
24 with a tool to monitor their water usage and receive prompt leak alerts. An AMI pilot was
25 particularly important in the Central Division due to the steeply inclining conservation
26 rate structure and the resulting number of high bill complaints received when leaks
27 occurred on a customer’s property. To minimize costs and facilitate implementation, a
28 partnership with Pacific Gas and Electric (PG&E), utilizing their existing data collection

units (DCUs), was initiated. For purposes of this pilot, PG&E's gas AMI network was used, which is built on hardware and software from Aclara Technologies. New meters with Nicor connectors and Aclara meter transmission units were installed by California American Water, and third-party billing integrator, GSW Fathom, was chosen to provide the customer interface/portal. After much discussion, planning and testing, the project officially launched in February of 2015, with 175 residential and 20 commercial customers participating in the pilot.

Q181. When was the Monterey AMI pilot in the Central Division completed?

A181. December 31, 2018.

Q182. Please describe the information provided to customers who participated in the pilots.

A182. Through the customer portals in both Ventura and the Central Division, customers received access to their daily / weekly water consumption, potential leak notifications, and threshold notifications.

Ventura customers received visualization comparing their pilot usage with their monthly 2013 usage (pre-drought). Central Division customers received visualization of their current usage compared with others and their daily / weekly usage trends.

Q183. What are some of the lessons learned from these pilots?

A183. California American Water learned valuable lessons via the AMI pilots across customer service, customer opt in/out, field operations, office operations, and technology. These lessons include:

Customer Service:

- a. Customers who received leak alerts via the AMI pilot found this

1 technology valuable. Timely leak alerts should be a top priority for full
2 AMI deployment.

3 b. Customers placed great value in receiving leak detection notifications;
4 thus, California American Water needs to offer options on communication
5 method (e.g. text, email) and set the protocol for shutting off water if
6 customer is not home depending on leak size.

7 c. Customers benefit the most from AMI technology when they are enrolled
8 in the portal and able to view their daily interval consumption. Robust
9 outreach and ongoing communications will be required to maximize
10 customer awareness and participation.

11
12 **Customer Opt In/Out:** One of the AMI pilots was designed as opt-in rather than opt-
13 out, which reduced customer participation. With a full deployment, AMI will become the
14 default meter reading technology, though customers will have the ability to opt-out. By
15 defaulting customers to AMI, this will reduce barriers for customers and California
16 American Water to realize the benefits of this technology. Concerns about microwave
17 transmissions need to be addressed; if customers opted-out of being part of the pilot, they
18 may also decide to opt-out of a full AMI deployment thus requiring California American
19 Water to manually read meters going forward for billing purposes.

20
21 **Field Operations:** During field deployment, installation training for field technicians
22 was very effective and should be replicated for full AMI deployment. This included
23 direct training from the AMI system vendor.

24
25 Ancillary infrastructure repairs were at times required to support AMI deployment,
26 including meter box and/or lid replacement. These costs are included in the cost
27 estimates, and California American Water personnel will need to confirm that additional
28 boxes/lids are in inventory and on trucks to support crews during installation.

1 Approximately 10%-15% of meter pits required clean-out, which was a highly manual
2 and time-intensive process. This was planned for in California American Water's
3 deployment costs and timelines. During installation, field personnel had to double-enter
4 installation information as systems were not fully integrated. For mass deployment
5 software development work will be required to reduce redundant data entry in the field.

6
7 Greater AMI network redundancy will be required for full AMI deployment. Based on
8 the small sizes of pilots, the Company was capable of manually reading meters in the
9 event of a network issue or outage. As California American Water deploys AMI across
10 Ventura and the Central Division, more data collectors will be necessary to provide
11 redundancy and protect the system against outages.

12
13 **Office Operations:** Following deployment, AMI processes were heavily dependent on
14 manual intervention. Much of the pilot relied on manual report review and outbound
15 calling. The manually intensive nature of the AMI pilot was by design, as normal
16 operations were intentionally isolated from the pilot activities. With a full deployment,
17 the volume of events/alarms (leaks, backflow, theft) will require automated business rules
18 and automated customer notification that will enable more timely communication to
19 customers.

20
21 AMI will provide insight into events within the system that should be acted upon,
22 including leaks, theft, and backflow. These events happen today, but the Company does
23 not have many tools to identify when and where these events occur. With full scale AMI,
24 California American Water will be able to shift from less reactive to more proactive field
25 work.

26
27 **Technology:** For large-scale deployment AMI supporting systems need to be fully
28 integrated. This includes processes to: (1) enter AMI reads for billing in the customer

1 information system, (2) view AMI interval consumption data, view electronic bills, and
2 make payments in a singular customer-facing portal, (3) automate outbound customer
3 notifications for leaks, and (4) generate service orders for significant AMI events,
4 including large leaks, theft, and backflow. One of the pilots faced delays in the customer
5 portal and mobile application, which is one of the reasons California American Water
6 suspects customer participation was low. In a full deployment, the Company would use
7 American Water's customer portal (which is mobile optimized). As this portal already
8 exists and continues to be enhanced, it would help California American Water avoid
9 additional development costs and timeline delays.

10
11 California American Water will also need to update technical processes to look for a
12 billing read within the CPUC approved billing window. During the pilot, the system only
13 accepted a read on the exact billing date, which resulted in additional back-office work
14 for billing.

15
16 California American Water seeks to provide the best customer experience possible via the
17 AMI program; our successful pilots and the learnings from these pilots will be applied to
18 full deployment to realize these objectives.

19
20 Q184. Have any of the participating pilot customers been alerted to leaks or service issues?

21 A184. Yes. California American Water established a process through the AMI system to send a
22 message either by text or email, based on customer preference, if continuous usage was
23 detected for 24 hours. If no telephone contact was made, a letter was sent to notify them.
24 If the customer was unable to locate a leak, a field visit was ordered to confirm the
25 constant consumption reading. If movement on the meter was verified, a free water
26 conservation survey was offered to assist the customer with locating the problem.
27 The Ventura pilot program issued 600 internal leak alerts – for those leak alerts triggered
28 by a continuous consumption threshold of less than 1/100th of a gallon, no leak

notification was issued to customers. 403 potential leak notifications were issued to customers via phone call and/or letter. The system generated 384 leak alerts through the Monterey pilot.

Q185. Why does California American Water believe these AMI pilots are important?

A185. California American Water understands that AMI represents a significant capital investment and sought to mitigate uncertainties in implementation processes and financial requirements by conducting AMI pilots. These pilots enabled California American Water to better understand the challenges of building and maintaining an AMI system. Our enhanced knowledge provides a foundation for strong deployment across both service territories and is reflected through the statements in my testimony and the detail presented in the AMI plan, including our detailed cost estimates.

Q186. Has California American Water solicited customer feedback as to whether they find the AMI program and customer portal valuable?

A186. Yes. California American Water ran a customer portal satisfaction survey, garnering 33 participants in the Central Division and 20 participants in Ventura.

Q187. Please describe the nature of the Ventura customer responses.

A187. 11% of responders received a leak alert and 11% of responders received a threshold alert. When asked to describe the actions taken as a result of the online usage portal: 22% noticed a possible leak on their property based on the data provided and had it repaired, 44% reduced their daily / weekly water usage, with 56% describing no actions taken as a result of the online usage portal.

One commercial/industrial customer reached out to California American Water to inform us that they used the customer portal daily and are disappointed that it is no longer available.

1 Q188. Please describe the nature of the Monterey pilot customer responses.

2 A188. 30% of responders received a leak alert and 40% of responders received a threshold alert.

3 When asked to describe the actions taken as a result of the online usage portal: 20%
4 noticed a possible leak on their property based on the data provided and had it repaired,
5 60% reduced their daily / weekly water usage, 40% listed "other," leaving only 10%
6 describing no actions taken as a result of the online usage portal.

7
8 Q189. Can you provide specific cost estimates that have been influenced through the Ventura
9 and Monterey pilot efforts?

10 A189. Our solution implementation cost estimates have been influenced by our pilot programs
11 in Ventura and Monterey in many ways. Our projections of field installation costs and
12 meter replacement requirements are tied to strengths and difficulties encountered through
13 pilot deployment. Additionally, we understand the importance of engaging in the request
14 for proposal (RFP) process to obtain the most competitive vendor bids. In this regard, our
15 cost estimates are based on past industry experience from West Monroe.

16
17 **F. AMI Customer Data and Privacy**

18 Q190. How will California American Water protect customer information that is collected as
19 part of the AMI system?

20 A190. Data security is a vital system requirement and California American Water takes the
21 responsibility of protecting its customers and customer data seriously. This was a key
22 element of our pilot work in both Ventura and the Central Division. In consideration of
23 full-scale deployment, there are two primary facets of data security and privacy to
24 address. We will work with the AMI vendor to ensure secure transmission of metering
25 data. Additionally, we will create and implement processes to limit data authorization to
26 rightful users.

27

28

G. AMI Cost Estimates

Q191. How were the AMI costs estimated?

A191. West Monroe created a 20-year estimate with cumulative cost projections for both the Ventura and Central Division service territories. This proposal was based on (1) California American Water's current operations, (2) lessons learned from the AMI pilots in Ventura and the Central Division, and (3) industry standards and leading practices.

These are only cost estimates based on current information. As stated above, California American Water is committed to selecting the best technology for the given application and providing the most value to our customers. Cost estimates will be updated after engaging in the request for proposal (RFP) process to ensure California American Water receives competitive pricing. At that time, California American Water would confirm a final network design and vendor selection.

Q192. What AMI network solutions were evaluated as a part of this proposal?

A192. Four AMI network solutions were evaluated:

Option 1 – Privately owned, high-site point to multi-point network (PtMP – High)

Option 2 – Privately owned, low-site point to multi-point network (PtMP – Low)

Option 3 – Vendor owned, low-site point to multi-point network (Vendor-Owned)

Option 4 – Leveraging an existing cellular network (Cellular)

Q193. Please explain the costs to implement and maintain the AMI System.

A193. California American Water's AMI proposal is based on the current assumptions listed within a proprietary model, as well as industry data and relevant benchmarks. Following a Commission recommendation to proceed with AMI, California American Water will issue a request for proposal ("RFP") for AMI system and installation vendors across all

four network designs. By engaging in the competitive bidding process rather than single-sourcing vendors, the Company pursues the most cost-effective solutions.

The following analysis assumes Network Option (3): Vendor owned, low-site point to multi-point network. Because this option was understood through financial modeling to provide the greatest cumulative operational and customer benefits, it is California American Water's preferred solution; however, a final decision will rely on vendor quotes obtained through the RFP process in order to ensure the most financially and operationally effective solution is chosen.

Figure 6 shows that 32% of the costs associated with deploying AMI are network and data collection costs. Field operation costs, such as endpoint hardware and installation, account for approximately 25% of costs. The cumulative cost over a 20-year period for implementing AMI technology amounts to \$41.12M.

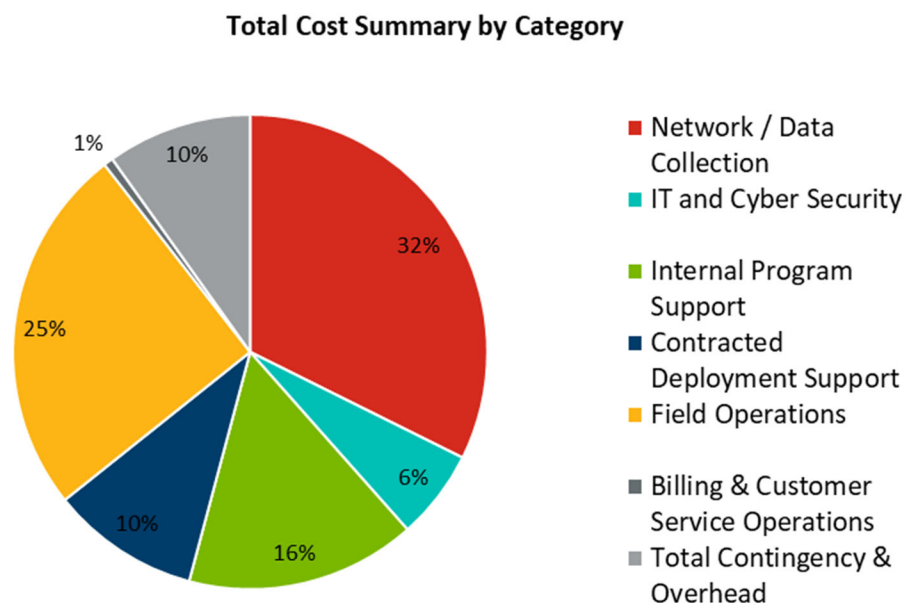


Figure 6: Estimated Costs for Vendor Owned AMI Network

Item	20-Year Total (\$ in Millions)
Costs	
Network / Data Collection	\$(13.30)
IT and Cyber Security	\$(2.51)
Internal Program Support	\$(6.45)
Contracted Deployment Support	\$(4.16)
Field Operations	\$(10.36)
Billing & Customer Service Operations	\$(0.27)
Overhead & Contingency	\$(4.06)
Total Costs	\$(41.12)

Table 1: Estimated Costs for Vendor Owned AMI NetworkThe following graphs represent an estimated investment schedule.

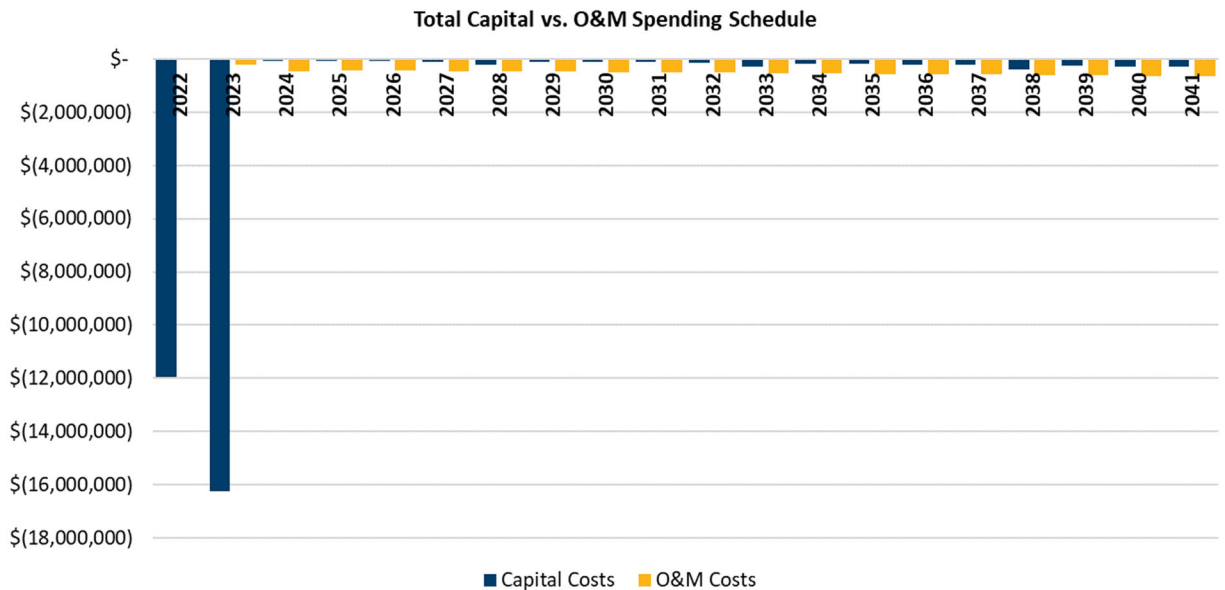


Figure 7: Capital and O&M Investment Schedule for Vendor Owned AMI Network

Using current assumptions, Figure 7 shows approximately \$28.17M of the \$41.12M AMI program costs will be incurred during the two years of deployment. A peak in costs will

1 be seen in year 1, when California American Water will build the AMI fixed network,
2 and year 2, when California American Water will procure and install all AMI endpoints.

3
4 **H. Achieving Conservation and Customer Satisfaction Goals - AMI Compared**
5 **To AMR**

6 Q194. How do AMI and AMR compare with respect to meeting conservation standards and
7 customer expectations?

8 A194. In D.18-12-021, the CPUC suggested that the Company evaluate the comparative
9 feasibility of automated meter reading (“AMR”) versus AMI. Using the data access and
10 customer benefits provided by AMI as a baseline, California American Water considered
11 what it would take to get the same benefits from AMR and the associated costs.

12
13 Drive-by AMR technology uses mobile radio frequency collectors to obtain meter reads.
14 With drive-by AMR, utility personnel drive a truck equipped with a mobile collector in
15 the regions where AMR is deployed. Drive-by AMR, however, does not offer ongoing,
16 real-time data collection, and therefore cannot detect continuous consumption in the same
17 way that AMI can. Drive-by AMR provides meter reads monthly, as often as routes are
18 driven, providing no more granularity than manual meter reading. The Commission has
19 recognized that “AMR misses the opportunity for prompt identification and
20 communication of high water use and leaks that AMI offers.”¹¹ As such, in the event AMI
21 deployment is not approved by the Commission for the Ventura and Monterey districts,
22 to obtain the same data and customer benefits offered by AMI, California American
23 Water would need to drive all AMR routes daily to obtain reads. This is the only way to
24 provide a similar level of data access and customer benefits as compared to AMI, which
25 is necessary to meet upcoming conservation standards.

26
27 Q195. What would be the costs associated with a daily AMR program?

28

¹¹ D.16-12-026, p.62.

A195. A daily AMR program would have similar costs to an AMI program, with the exception of network build-out activities and costs. Daily AMR would require California American Water to replace meters and registers in a similar fashion to AMI and equip every meter with an AMR radio endpoint. Additional personnel, vehicles, and mobile collectors would be required so AMR meters could be read on a daily basis. This program would require 43 vehicles driving to collect meter reads full time, producing a significant increase in greenhouse gas emissions that is in conflict with California American Water's commitment to environmental stewardship and the State of California's emission reduction goals. Furthermore, this would exacerbate traffic congestion and increase the risk of accidents on the road. The cumulative cost over a 20-year period for implementing daily AMR amounts to \$165.77M, as shown in Figure 8.

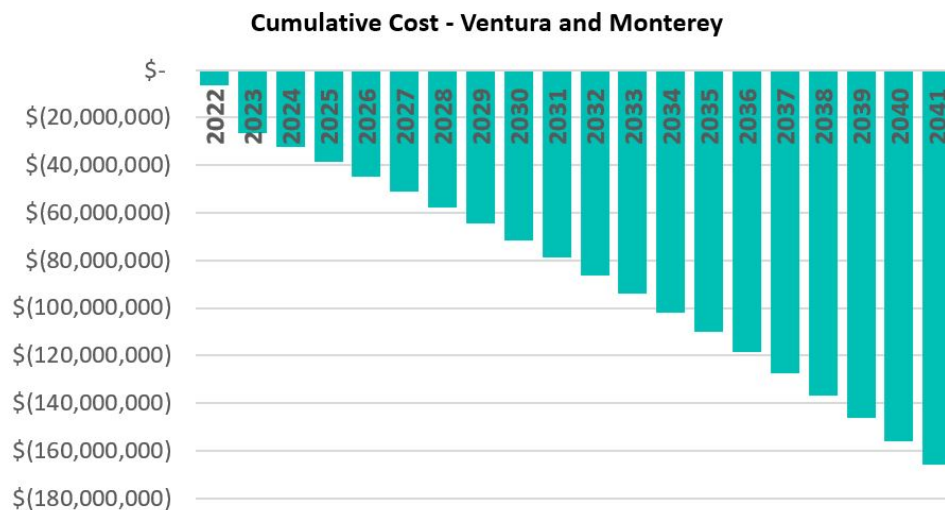


Figure 8: Cumulative Costs of Daily AMR

I. AMI Savings

Q196. Please explain the savings realized by implementing the AMI system versus a daily AMR system.

A196. With an AMI program, California American Water could proactively identify and alert customers of continuous or high flow, enable more accurate analysis of consumption and

system pressure, increase employee and community safety by reducing miles driven and customer premises entry, and enable bill date customization.

The ability to avoid the operational challenges of daily AMR, improve customer service, and provide proactive leak detection is what led California American Water to explore the implementation of AMI in its system.

Savings are attributed to three primary functions:

(1) *Meter Scrap Value* – Scrap value obtained from recycling the brass derived from replaced meter bodies.

(2) *Avoided RP Meter Replacement* – Many of the meters being replaced as part of the AMI program would have been replaced due to LOS within the next 2-10 years. Because these will be budgeted as part of the AMI program, the hardware and labor expenses required for the existing meter replacement budget in future rate cases will decrease.

(3) *Avoided Daily AMR Cost* – Avoided hardware and labor expenses as *would be* required for the deployment and steady-state operations of a full-scale, daily AMR solution to obtain a similar level of data access and customer benefits.

Figure 9 shows that 97% of savings associated with AMI deployment are attributed to the avoided financial and operational inefficiencies of a full-scale, daily AMR program.

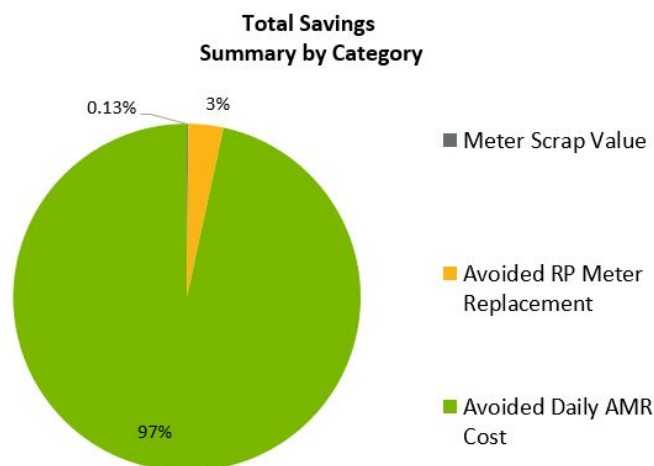


Figure 9: Estimated Savings for Vendor Owned AMI Network

The cumulative savings over a 20-year period for implementing AMI technology amount

to \$171.58M and are broken out in Table 2.

Item	20-Year Total (\$ in Millions)
Savings	
Meter Scrap Value	\$0.22
Avoided RP Meter Replacement	\$5.59
Avoided Daily AMR Cost	\$165.77
Total Savings	\$171.58

Table 2: Estimated Savings for Vendor Owned AMI Network

In addition to the direct financial savings quantified in this analysis, AMI will provide numerous benefits to customers that could not be provided with manual meter reading or AMR, as described in section IX-B. “The Benefits of AMI.”

Q197. Please explain the net costs and savings realized by implementing the AMI System.

A197. The cumulative cash flow over a 20-year period of implementing AMI totals to \$130.46M. The following graph represents estimated costs and savings over the next 20 years.

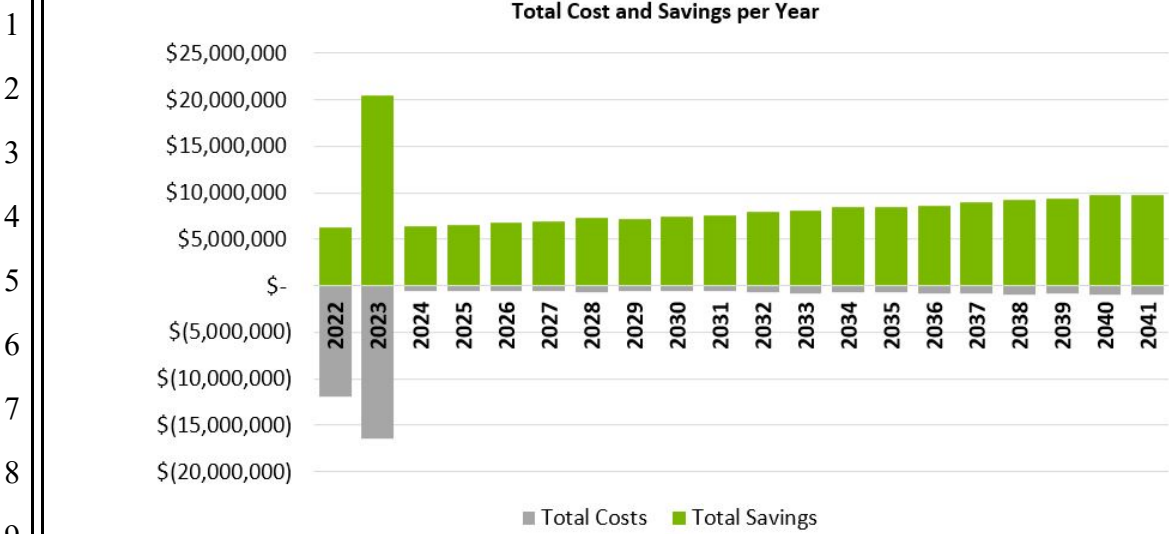


Figure 10: Estimated Annual Costs and Savings for Vendor Owned AMI Network

Figure 11 displays the total cumulative cash flow, assuming all cost and savings are realized.

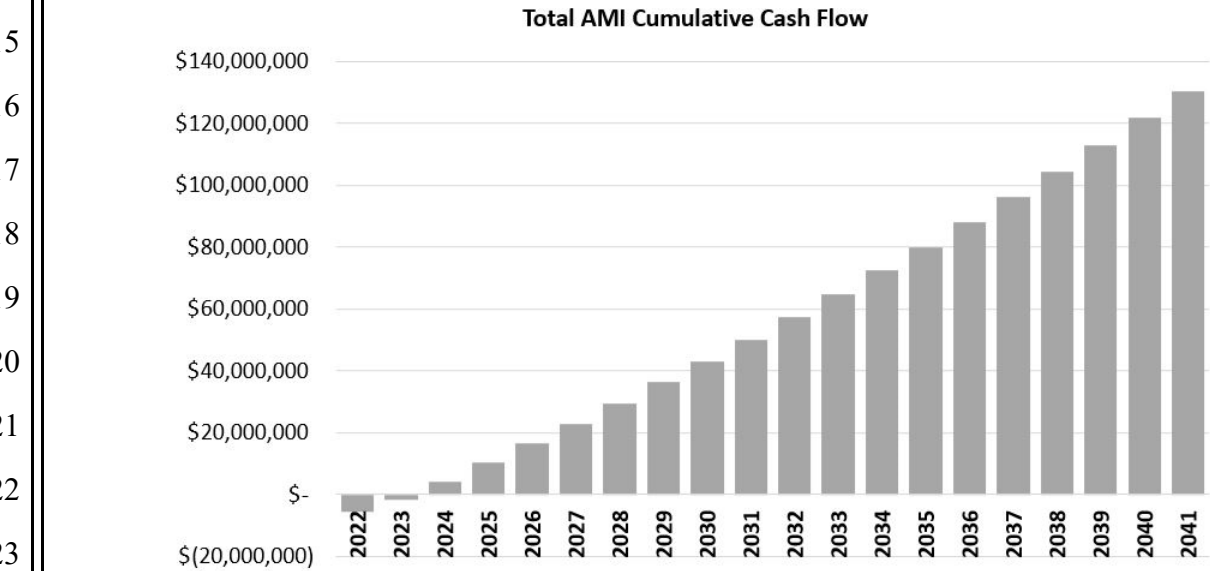


Figure 11: Cumulative Costs for Vendor Owned AMI Network

California American Water will see a payback period after year 2, whereas to get the same data and benefits of AMI it would have to deploy and operate a full-scale, daily AMR program at a cost \$165.77M, as seen in Figure 8. Additionally, several intangible

benefits exist with the deployment of an AMI program, which will not exist if California American Water continues with manual or automated meter reading.

J. AMI Implementation Process

Q198. Will customers be permitted to opt out of the proposed AMI?

A198. Yes. Based on our experiences piloting AMI in Ventura and Monterey, as well as observing the experiences of other California utilities' AMI opt-out programs, California American Water recognizes that some customers will not want this technology and the benefits it enables. As the Commission is aware, opt-out provisions often lead to increased operating complexities and associated costs. I discuss our proposed opt-out program below.

X. OTHER SPECIAL REQUESTS

A. Special Request No. 15 - Proposed Operational Tariff Modifications

Q199. Please provide an overview of the proposed operational tariff modifications.

A199. The proposed operational tariff modifications discussed below are intended to improve the customer experience by clarifying responsibilities between the customer and Utility and by reducing inequities between customers. Specifically, the proposals below are designed to address areas of the Company's tariffs that have repeatedly caused customer confusion or complaints.

1. AMR/AMI Opt-Out Program

Q200. What is California American Water's request with respect to implementing an AMR/AMI Opt-Out Program?

A200. California American Water is requesting authorization to implement an opt-out program (1) to allow customers who do not wish to have an AMR or AMI meter to opt out of installation of an AMI meter or have their AMR/AMI meter replaced, and (2) to allow California American Water to recover opt-out costs from the opt-out customers. The

Commission previously recognized that it was appropriate for California's regulated energy utilities to provide an opt-out option and to recover costs associated with providing an opt-out option from the opt-out customers.¹² California American Water is requesting similar treatment.

Q201. Why does California American Water propose an AMR/AMI Opt-Out Program now?

A201. California American Water has received multiple requests from customers to opt out of AMR/AMI meters. In its Ventura District pilot, 13 of 1300 customers, or 1%, requested not to receive an AMI meter. The opt-in process operated in the Monterey District pilot added additional barriers to customers' abilities to realize the benefits of AMI. Because it was a voluntary process, there is not a comparable percentage available. Because we are requesting a full AMI deployment in the Ventura District and the Central Division, the time is ripe for implementing this program.

Q202. What is California American Water proposing for its AMR/AMI Opt-Out Program?

A202. California American Water would like to create a statewide program for customers to opt out of a wirelessly communicating (automated) meter – either AMI or AMR.

Q203. What are the proposed fees and costs associated with the AMR/AMI Opt-Out Program?

A203. All charges and provisions of the customer's standard tariff shall apply. Opt-out customers will also be charged as follows:

Initial Fee: \$70.00

Monthly Charge: \$13.00/month

¹² D.14-12-078, *Decision Regarding SmartMeter Opt-Out Provisions*, December 18, 2014 (adopting fees and changes for residential energy customers who do not wish to have a wireless smart meter); D.12-02-014, *Decision Modifying Pacific Gas and Electric Company's SmartMeter Program to Include an Opt-Out Option*, February 1, 2012, (modifying PG&E's SmartMeter Program to include an opt out provision for customer who did not want a wireless smart meter).

Q204. How were the initial fee and monthly charge determined?

A204. The charts below outline the assumptions and costs used to calculate the initial fee and monthly charge. The initial fee is intended to capture one-time costs associated with actually replacing the AMR/AMI meter. The monthly fee is intended to capture the ongoing additional costs associated with reading an analog meter, which is more laborious. A service order must be created, dispatched, and worked, which involves effort from the back office, as well as the field service technician, who must drive to the premise and manually read the meter. Cost considerations also include systems integration, meter selection, maintaining multiple systems to obtain reads, and revision of internal processes, all resulting from opt-outs.

Baseline Assumptions	
Total CAW Customers	176,301
Opt-Out Rate	0.20%
Total Opt-Out Customers	352.60
Average Meter Technician Hourly Cost with Burden	\$48.94

One-Time Costs	
Average Drive Time for Service Order (round trip)	26 min
Average Time at Customer Premise for Opt-Out Order	60 min
Total Opt-Out Service Order Time	86 min
Average Meter Technician Hourly Cost with Burden	\$48.94 per hr
Total Meter Technician Labor Cost	\$70.15
Proposed Initial Fee for Opt-Out Customers	\$70.00

Monthly Costs	
Expected Opt-Out Rate	0.20%
Expected Number of Opt-Out Customers	352.602
Number of Days Required to Read Opt-Out Meters	12 days
Number of Hours Required to Read Opt-Out Meters	96 hours
Number of Times Opt-Out Meters Read per Year	12
Total Annual Opt-Out Meter Reading Labor	1152 hours
Total Annual Opt-Out Meter Reading Labor Costs	\$56,379
Total Costs to Perform Opt-Out Meter Reading Per Year	\$56,379
Proposed Monthly Fee for Opt-Out Customers	\$13.00

1 Q205. What additional terms is California American Water proposing with respect to fees for
2 the AMR/AMI Opt-Out Program?

3 A205. Additional terms regarding opt-out program fees are as follows:

- 4
- 5 • Charges will apply following the metering equipment change from an
- 6 automated meter to a non-transmitting meter. If an equipment change is
- 7 not required, charges will apply following affirmative election of the opt-
- 8 out option by the customer.
- 9 • The initial fee is only applicable if automated metering equipment is
- 10 required to be removed from the customer premises.
- 11 • The initial fee and monthly charge shall be applied on a per-location, not
- 12 per-meter basis.
- 13 • California American Water will perform a review of the costs associated
- 14 with the AMR/AMI Opt-Out Program within two years of the effective
- 15 date to determine if the fee amounts or any other provisions need to be
- 16 modified.
- 17

18 Q206. What are the other proposed terms and conditions of the AMI/AMR Opt-Out Program?

19 A206. The full list of the proposed terms and conditions for the AMR/AMI Opt-Out Program
20 are included in Attachment 5 to the Direct Testimony of Wes Owens.

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ITEM: ACTION ITEM**17. BOARD REVIEW AND ACTION RELATED TO RECENT CORRESPONDENCE SENT TO MONTEREY ONE WATER****Meeting Date:** May 18, 2020 **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: On April 27, 2020 the Monterey One Water (M1W) Board chose to not certify the final SEIR for Pure Water Monterey Back-Up Expansion. At the same meeting, the M1W Board did not provide clear definition as to any area of deficiency or topic addressed in the SEIR that required further analysis. Subsequently, one of the District's Directors asked to the District Board to set a meeting to discuss potential litigation to assert MPWMD's interests in connection with the unresolved status of the SEIR. The requested closed session was held on April 30, 2020. In accord with the MPWMD Board direction, and in an effort to settle the dispute without the need to file litigation, MPWMD sent a letter to the M1W by which the District respectfully requested M1W (a) identify specific deficiencies found in the SEIR, (b) remedy such deficiencies, and (c) return the SEIR back to its board for certification within 30 days. This letter was sent on May 1st at the direction of the Chair and in consultation with District Counsel.

Also on May 1, 2020 the same date the District letter was forwarded to M1W, Director Hoffmann independently authored and distributed his own letter to the M1W Board. His letter is attached as **Exhibit 17-A**. A M1W Board member, Tom Moore, then responded to Mr. Hoffmann's letter. (Mr. Moore's response and a copy of a related email were distributed to the MPWMD District Board on Monday May 4th. *Note: highlighting in the letter was done by M1W Board member Moore.*) District Chair Edwards and Vice-Chair Byrne instructed District General Counsel Laredo and General Manager Stoldt to draft and send a letter to the M1W Board to clarify that Director Hoffmann did not speak on behalf of the Board pursuant to limits set by MPWMD District Meeting Rule 6. The May 6, 2020 letter is attached as **Exhibit 17-B**.

Mr. Hoffmann's letter represented that it forwarded by him in his capacity as an MPWMD Board member. This deviates from the requirements of District Meeting Rule 6 which authorizes only the Chair, or another Board member designated by the Chair, or the General Manager to be the spokesperson for the District. District's Meeting Rule 6 is attached as **Exhibit 17-C**.

The Chair now requests this circumstance be presented to the full District Board for discussion and action, as may be desired.

Under this Action Item, the Board may review and consider action as appropriate related to (1) the May 1, 2020 communication sent by Director Hoffmann to Board members of M1W, (2) the May 6, 2020 letter sent jointly by General Manager Stoldt and General Counsel Laredo District at the direction of the District Chair and Vice-Chair, (3) circumstances referenced in any of these communications, and (4) consequences that may result from these communications.

Options under discussion or action are for the Board to (i) take no action, (ii) provide additional direction to the General Manager and General Counsel, and/or (iii) provide direction to Director Hoffmann.

Robert's Rules of Order, Revised, provides guidance under the topic of The Right of a Deliberative Assembly to Punish its Members: "A deliberative assembly has the inherent right to make and enforce its own laws and punish an offender..." Robert's Rules the following option, among others:

Censure: Censure is an expression of strong disapproval or harsh criticism. It can be adopted without formal disciplinary procedures.

For the sale of completeness, Robert's Rules of Order, Revised, also references addition modes of punishment of members, but these consequences are not available to a member of the District Board for the reasons noted:

Fine: A member may be assessed a fine for not following a rule. For example, in a club, if a member is not wearing a name badge, that member may be charged a fine. *Fines may be assessed only if authorized in the bylaws of the organization, and the District Enabling Law provides no such authority.*

Suspension: A member may have a right, some rights, or all rights of membership suspended for a period of time. This action may result in a loss of "good standing" within the organization. *The Board may not suspend or refuse to count the vote of an elected member*

Removal from office: A member may be removed from office. For example, the president could be temporarily removed from presiding over a meeting using a suspension of the rules. Procedures to permanently remove members from office vary; some organizations allow removal only for cause, while in others, removal may be done at the pleasure of the membership. *California Law does not authorize a Board to remove an elected member from office. Only a court of law holds such power.*

Expulsion: A member may be expelled from the organization or assembly. *California Law does not authorize a Board to expel an elected member from office. Only a court of law holds such power.*

Some agencies also consider “no action” and or demand of an “apology” as potential actions less severe than a censure.

If action is to occur, the motion to censure is a main motion; it requires a second; it is debatable and is amendable. Subsidiary motions may be made. To be adopted, a quorum must be present and a majority vote is required to approve the motion. A member who is subject to censure may debate the censure measure, but cannot vote on the motion.

RECOMMENDATION: The Board should discuss these circumstances and may take action as it deems appropriate.

EXHIBITS

17-A May 1st Letter from Director Hoffmann to M1W Board

17-B May 6th Letter from General Manager and General Counsel to M1W Board

17-C District Meeting Rule 6

May 1, 2020

Mr. Ron Stefani, Chair
Board of Directors
Monterey One Water
5 Harris Court, Bldg. D
Monterey, CA 93940

Subject: Monterey Peninsula Water Management District Letter dated May 1, 2020

Dear Mr. Stefani/ Board Members:

It is my understanding that Monterey One Water received a letter purportedly from the Board of Directors of the Monterey Peninsula Water Management District (MPWMD) regarding the Disposition of the Final Supplemental EIR for the Pure Water Monterey Expansion project.

As a Board member of the MPWMD, I would like to offer my personal apology that a letter was sent to your Board that was not reviewed, considered, and approved by the MPWMD Board of Directors at any publicly noticed , Brown Act compliant public meeting prior to the transmittal. The public record clearly reflects these facts.

Rest assured that I will do everything that I can maintain and grow the collaborative partnership between MPWMD and Monterey One Water.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary D. Hoffmann", with a long horizontal line extending to the right.

Gary D. Hoffmann, P.E.
Division 5 Director
MPWMD

May 6, 2020

Board of Directors
Monterey One Water
5 Harris Court, Bldg D
Monterey, CA 93940

Re: Correspondence to Monterey One Water Board from District Board Member

Dear Monterey One Water Board Members:

It has come to our attention that on May 1, 2020 you and your board members received a letter from Gary D. Hoffmann, a member of the Monterey Peninsula Water Management District board of directors.

Mr. Hoffmann represented his letter was forwarded as a District Board member, but please be advised District Meeting Rule 6 authorizes only the Chair, or another Board member designated by the Chair, or the General Manager to be the spokesperson for the District. Except as allowed by Rule 6, no other person is authorized to express District policy or positions. Mr. Hoffmann's letter was not authorized pursuant to Rule 6, accordingly his correspondence was only expressing his personal view, and he was writing as an individual, not authorized to represent the District or express a District position.

Sincerely,



David J. Stoldt
General Manager
Monterey Peninsula Water Management District



David C. Laredo
General Counsel
Monterey Peninsula Water Management District



MEETING RULES
OF THE
MONTEREY PENINSULA
WATER MANAGEMENT DISTRICT

September 2019

RULE 6: SPOKESPERSON

Only the Chair, another Board member designated by the Chair, or the General Manager shall be the spokesperson for the District when expressing District policy and position. Public statements by Board Members in the name of the District shall be first reviewed and approved by the Board. Except for this circumstance, only the Chair, the General Manager, and employees designated by the General Manager shall sign correspondence on District stationery. Board Members shall clarify that they are speaking as an individual and not on behalf of the Board when they make oral or written statements regarding water matters.

ITEM: INFORMATIONAL ITEM/STAFF REPORT**18. REPORT ON ACTIVITY/PROGRESS ON CONTRACTS OVER \$25,000**

Meeting Date: May 18, 2020 **Budgeted:** N/A

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

Prepared By: Suresh Prasad **Cost Estimate:** N/A

General Counsel Review: N/A

Committee Recommendation: The Administrative Committee reviewed this item on May 12, 2020.

CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: Attached for review is **Exhibit 18-A**, monthly status report on contracts over \$25,000 for the period March 2020. This status report is provided for information only, no action is required.

EXHIBIT

18-A Status on District Open Contracts (over \$25k)

EXHIBIT 18-A

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Monterey Peninsula Water Management District Status on District Open Contracts (over \$25K) For The Period March 2020

Contract	Description	Date Authorized	Contract Amount	Prior Period Expended To Date	Current Period Spending	Total Expended To Date	Expected Completion	Current Period Activity	P.O. Number
1 De Lay & Laredo	Measure J/Rule 19.8 Appraisal/Rate Study Phase II	12/16/2019	\$ 200,000.00	\$ -	\$ 54,431.25	\$ 54,431.25		Current period billing for appraisal work related to phase 2 Measure J	PO02282
2 De Lay & Laredo	Measure J/Rule 19.8 Operations Plan - Phase II	12/16/2019	\$ 145,000.00	\$ -		\$ -			PO02281
3 U.S Bank	Hastings Ford Removal on Finch Creek	3/16/2020	\$ 100,000.00	\$ -	\$ -	\$ -			PO02277
4 De Lay & Laredo	Measure J/Rule 19.8 CEQA Services Consultant	12/16/2019	\$ 129,928.00	\$ -	\$ 25,985.00	\$ 25,985.00		Current period billing for CEQA work related to phase 2 Measure J	PO02273
5 AM Conservation Group, Inc.	Conservation supplies	2/19/2020	\$ 25,815.00	\$ -	\$ 25,374.45	\$ 25,374.45		Purchase of conservation devices	PO02261
6 Rutan & Tucker, LLP	Rule 19.8 Eminent Domain Legal Services - Phase II	12/16/2019	\$ 200,000.00	\$ 1,648.50		\$ 1,648.50			PO02236
7 Norton Rose Fulbright	Cal-Am Desal Structuring & Financing Order	4/20/2015	\$ 307,103.13	\$ 38,557.29		\$ 38,557.29			PO02197
8 Pueblo Water Resources, Inc.	ASR SMWTF Engineering Services During Construction	10/21/2019	\$ 148,100.00	\$ 49,613.58	\$ 29,491.05	\$ 79,104.63		Current period billing related to ASR engineering services	PO02163
9 Specialty Construction, Inc.	ASR SMWTF Construction	10/21/2019	\$ 4,649,400.00	\$ 632,494.80	\$ 194,499.20	\$ 826,994.00		Current period billing related to ASR construction management services	PO02162
10 Psomas	ASR Construction Management Services	8/19/2019	\$ 190,280.00	\$ 29,717.50	\$ 11,084.50	\$ 40,802.00		Current period billing related to ASR construction management services	PO02160
11 U.S. Bank Equipment Finance	Copier machine leasing - 60 months	7/15/2019	\$ 52,300.00	\$ 6,156.37	\$ 867.83	\$ 7,024.20	6/30/2024	Current period billing for photocopy machine lease	PO02108
12 Monterey One Water	Supplemental EIR Costs for PWM Expansion Project	3/18/2019	\$ 750,000.00	\$ -		\$ -			PO02095
13 Monterey One Water	Pre-Construction Costs for PWM Expansion Project	11/13/2017	\$ 360,000.00	\$ 312,617.94		\$ 312,617.94			PO02094
14 Deveera Inc.	IT Managed Services	9/16/2019	\$ 46,120.00	\$ 27,672.00	\$ 4,612.00	\$ 32,284.00	6/30/2020	Current period billing for IT managed services	PO02091
15 Lynx Technologies, Inc	Geographic Information Systems contractual services	6/17/2019	\$ 35,000.00	\$ 15,300.00		\$ 15,300.00			PO02065
16 Regional Government Services	Human Resouces contractual services	6/17/2019	\$ 70,000.00	\$ 33,437.25		\$ 33,437.25			PO02064
17 Pueblo Water Resources, Inc.	ASR operations support	7/15/2019	\$ 70,000.00	\$ 9,593.48		\$ 9,593.48			PO02063
18 MBAS	ASR Water Quality	7/15/2019	\$ 60,000.00	\$ 25,386.75	\$ 1,856.25	\$ 27,243.00		Current period billing for ASR water quality testing	PO02062
19 TBC Communications & Media	Public Outreach services retainer	6/17/2019	\$ 42,000.00	\$ 28,000.00		\$ 28,000.00			PO02055
20 The Ferguson Group LLC	2019-20 - Legislative and Administrative Services	6/17/2019	\$ 100,000.00	\$ 64,876.24	\$ 8,000.00	\$ 72,876.24		Current period retainer	PO02028
21 John Arriaga	Contract for Legislative and Administrative Services - FY 19-20	6/17/2019	\$ 35,000.00	\$ 20,000.00		\$ 20,000.00			PO02026
22 DUDEK	Consulting Services for Prop 1 grant proposal	4/15/2019	\$ 95,600.00	\$ 92,930.05	\$ 1,385.00	\$ 94,315.05		Current period billing related to Prop 1 grant proposal services	PO01986
23 Denise Duffy & Associates	Consulting Services IRWM plan update	12/17/2018	\$ 55,000.00	\$ 53,322.32		\$ 53,322.32			PO01985
24 United States Geologic Survey	Carmel River Basin Hydrologic Model	3/18/2019	\$ 75,000.00	\$ 70,877.50		\$ 70,877.50			PO01973
25 Pueblo Water Resources, Inc.	Design water treatment facilities ASR Santa Margarita	2/21/2019	\$ 300,662.00	\$ 299,684.94		\$ 299,684.94			PO01912
26 Colantuono, Highsmith, & Whatley, PC	Legal Services for MCWD vs PUC Matter for FY 2018-2019	7/1/2018	\$ 60,000.00	\$ 54,161.30	\$ 467.50	\$ 54,628.80	6/30/2020	Current period billing related to legal services	PO01874
27 Ecology Action of Santa Cruz	IRWM HEART Grant	4/16/2018	\$ 152,600.00	\$ 86,362.33		\$ 86,362.33			PO01824

EXHIBIT 18-A

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**Monterey Peninsula Water Management District
Status on District Open Contracts (over \$25K)
For The Period March 2020**

Contract	Description	Date Authorized	Contract Amount	Prior Period Expended To Date	Current Period Spending	Total Expended To Date	Expected Completion	Current Period Activity	P.O. Number
28	Pueblo Water Resources, Inc.	ASR Backflush Basin Expansion, CM services	7/16/2018	\$ 96,034.00	\$ 68,919.39		\$ 68,919.39		PO01778
29	Rural Community Assistance Corporation	IRWM DAC Needs Assessment	4/16/2018	\$ 100,000.00	\$ 61,705.57		\$ 61,705.57		PO01777
30	Mercer-Fraser Company	Sleepy Hollow Intake upgrade project	7/16/2018	\$ 1,802,835.00	\$ 1,631,080.87	\$ 155,754.04	\$ 1,786,834.91	Current period services related to Sleepy Hollow intake project	PO01726
31	Fort Ord Reuse Authority	ASR Backflush basin expansion project UXO support	7/16/2018	\$ 55,215.00	\$ 5,005.64	\$ 3,236.08	\$ 8,241.72	Current period services related to ASR expansion project	PO01686
32	Pueblo Water Resources, Inc.	ASR operations support	1/24/2018	\$ 70,000.00	\$ 68,652.56		\$ 68,652.56		PO01645
33	Pueblo Water Resources, Inc.	Seaside Groundwater Basin Geochemical Study	1/24/2018	\$ 68,679.00	\$ 36,795.25		\$ 36,795.25		PO01628
34	Big Sur Land Trust	Update of the IRWMP Plan	4/16/2018	\$ 34,000.00	\$ 12,305.67		\$ 12,305.67		PO01620
35	Pueblo Water Resources, Inc.	SSAP Water Quality Study	8/21/2017	\$ 94,437.70	\$ 44,318.11		\$ 44,318.11		PO01510
36	Normandeau Associates, Inc.	Assistance with IFIM Study	11/13/2017	\$ 35,000.00	\$ 24,050.00		\$ 24,050.00		PO01509
37	Accela Inc.	Acquisition of Water Demand Database System	11/13/2017	\$ 676,377.00	\$ 669,227.81		\$ 669,227.81	6/30/2020	PO01471
38	Balance Hydrologics, Inc	Design Work for San Carlos Restoration Project	6/19/2017	\$ 51,360.00	\$ 50,894.32		\$ 50,894.32		PO01321
39	AECOM Technical Services, Inc.	Los Padres Dam Alternatives Study	1/25/2017	\$ 700,700.00	\$ 505,766.50		\$ 505,766.50		PO01268
40	Denise Duffy & Assoc. Inc.	MMRP Services for Monterey Pipeline	1/25/2017	\$ 80,000.00	\$ 73,144.06		\$ 73,144.06		PO01202
41	Goodin,MacBride,Squeri,Day,Lamprey	User Fee PUC Proceedings Legal Fee	7/1/2016	\$ 50,000.00	\$ 33,411.85		\$ 33,411.85	6/30/2020	PO01100
42	Whitson Engineers	Carmel River Thawleg Survey	9/19/2018	\$ 52,727.43	\$ 49,715.00		\$ 49,715.00		PO01076
43	HDR Engineering, Inc.	Los Padres Dam Fish Passage Study	4/18/2016	\$ 310,000.00	\$ 295,003.20		\$ 295,003.20		PO01072
44	Michael Hutnak	GS Flow Modeling for Water Resouces Planning	8/19/2013	\$ 56,800.00	\$ 55,940.00		\$ 55,940.00		PO00123
45	Justin Huntington	GS Flow Modeling for Water Resouces Planning	8/19/2013	\$ 59,480.00	\$ 53,918.98		\$ 53,918.98		PO00122

ITEM: INFORMATIONAL ITEM/STAFF REPORT**19. STATUS REPORT ON MEASURE J/RULE 19.8 PHASE II SPENDING**

Meeting Date:	May 18, 2020	Budgeted:	N/A
From:	David J. Stoldt, General Manager	Program/ Line Item No.:	N/A
Prepared By:	Suresh Prasad	Cost Estimate:	N/A

General Counsel Review: N/A**Committee Recommendation:** The Administrative Committee reviewed this item on May 12, 2020.**CEQA Compliance:** This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: Attached for review is **Exhibit 19-A**, monthly status report on Measure J/Rule 19.8 Phase II spending for the period March 2020. This status report is provided for information only, no action is required.

EXHIBIT**19-A** Status on Measure J/Rule 19.8 Spending

**Monterey Peninsula Water Management District
Status on Measure J/Rule 19.8 Spending Phase II
For the Period March 2020**

	Contract	Date Authorized	Contract Amount	Prior Period Spending	Current Period Spending	Total Expended To Date	Spending Remaining	Project No.
1	Eminent Domain Legal Counsel	12/16/2019	\$ 225,000.00	\$ 1,648.50		\$ 1,648.50	\$ 223,351.50	PA00005-01
2	CEQA Work	12/16/2019	\$ 450,000.00	\$ -	\$ 25,985.00	\$ 25,985.00	\$ 424,015.00	PA00005-02
3	Appraisal Services	12/16/2019	\$ 200,000.00	\$ -	\$ 54,431.25	\$ 54,431.25	\$ 145,568.75	PA00005-03
4	Operations Plan	12/16/2019	\$ 145,000.00	\$ -		\$ -	\$ 145,000.00	PA00005-04
5	District Legal Counsel	12/16/2019	\$ 40,000.00	\$ 13,416.02		\$ 13,416.02	\$ 26,583.98	PA00005-05
6	MAI Appraiser	12/16/2019	\$ 35,000.00	\$ -		\$ -	\$ 35,000.00	PA00005-06
7	Jacobs Engineering	12/16/2019	\$ 87,000.00	\$ -		\$ -	\$ 87,000.00	PA00005-07
6	Contingency/Miscellaneous	12/16/2019	\$ 59,000.00	\$ -		\$ -	\$ 59,000.00	PA00005-20
	Total		\$ 1,241,000.00	\$ 15,064.52	\$ 80,416.25	\$ 95,480.77	\$ 1,145,519.23	

ITEM: INFORMATIONAL ITEM/STAFF REPORT**20. MONTHLY INFORMATIONAL PROGRESS REPORT – SANTA MARGARITA WATER TREATMENT FACILITY.****Meeting Date: May 12, 2020 Budgeted: N/A****From: David J. Stoldt General Manager Program/ Line Item: N/A****Prepared By: Maureen Hamilton Cost Estimate: N/A****General Counsel Review: N/A****Committee Recommendation: The Administrative Committee reviewed this item on May 12, 2020.****CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

SUMMARY: This progress report is provided for information only, no action is required.

Work conducted after the previous progress report:

- Continued Concrete Masonry Unity block installation.
- Poured equipment pads inside the building.
- Installed underground outfall piping.
- Ran power conduit from existing to new building.
- Eighty-one submittals have been received; seventy-five of those submittals have been closed.

Four new change orders have been accepted in addition to four prior change orders and field orders. One change order discussed in prior staff notes is being negotiated, was removed from this staff note, and will be added after it is executed.

- New change orders totaling \$25,630.78 as follows
 1. Steel pipe in lieu of ductile iron pipe, \$4,042.16
 2. Exploratory potholing, \$6,032.32
 3. Cal-Am driveway flow meter vault height change, \$8,556.30
 4. Tank installation change, \$7,000.00
- Two field orders constructed totaling \$12,924.38:
 1. Extended potholing, \$4,904.95. prior field order NTE \$5,000.
 2. Excess stockpile relocation, \$8,019.43. Prior field order NTE \$5,000 that was extended due increased soil volume.
- Prior change orders totaling \$8,520.26 as follows:
 1. Traffic rated meter vault, \$4,074.90
 2. Rigid steel 90s, \$4,445.36
- Pending change order for double doors in the amount of \$7,236.69, discussed in prior staff notes to be added when the negotiation is finalized.

Four notices of delay due to COVID-19 were received. The schedule is being updated for review. The approved baseline construction schedule shows the facility will be ready for Cal Am to conduct its SCADA installation and implementation beginning July 23, 2020. The baseline schedule completion date is acceptable based on the Pure Water Monterey delivery schedule. The baseline executive schedule is provided in **Exhibit 20-A**.

EXPENDITURES:

	Board Authorization	Commitments	Remaining
Base Contract	\$4,797,500.00	\$826,994.00 (19%) ¹	\$4,165,002.20
Contingency (10%) ¹	\$479,750.00	\$47,075.42 (0.98%) ¹	\$432,674.60

EXHIBIT

20-A Baseline CPM Executive Schedule

U:\staff\Boardpacket\2020\20200518\InfoItems\20\Item-20.docx

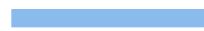
¹ Percent of base contract

Santa Margarita Chemical Building Executive Schedule Baseline



Project: Executive Schedule
Date: Wed 4/8/20

Task



Task Summary



Critical



ITEM: INFORMATIONAL ITEM/STAFF REPORT**21. LETTERS RECEIVED****Meeting Date: May 18, 2020****Budgeted: N/A****From: David J. Stoldt,
General Manager****Program/ N/A
Line Item No.:****Prepared By: Arlene Tavani****Cost Estimate: N/A****General Counsel Review: N/A****Committee Recommendation: N/A****CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

A list of letters submitted to the Board of Directors or General Manager and received between April 14, 2020 and May 14, 2020 is shown below. The purpose of including a list of these letters in the Board packet is to inform the Board and interested citizens. Copies of the letters are available for public review at the District office. If a member of the public would like to receive a copy of any letter listed, please contact the District office. Reproduction costs will be charged. The letters can also be downloaded from the District's web site at www.mpwmd.net.

Author	Addressee	Date	Topic
Mayors Hans Uslar, Chip Rerig, Dino Pick, Aaron Blair, Ben Harvey	MPWMD Board	5/14/20	Monterey Peninsula City Managers Respond to MPWMD Supply and Demand Report
Hans Uslar	MPWMD Board	5/14/20	May 18, 2020 Board Meeting Agenda Item 13 – Reserve water request for affordable housing I City of Monterey
Susan Schiavone	MPWMD Board	4/29/29	April 30, 2020 Closed Session – Final EIR Pure Water Monterey Expansion
Alice Angell Green	MPWMD Board	4/30/20	April 30, 2020 Closed Session - Final EIR Pure Water Monterey Expansion Project
Kim Shirley	MPWMD Board	4/30/20	April 30, 2020 Closed Session – Final EIR Pure Water Monterey Expansion Project
Doug Mackenzie	MPWMD Board	4/30/20	April 30, 2020 Closed Session – Final EIR Pure Water Monterey Expansion Project
Margaret-Anne Coppennoll, PHD	MPWMD Board	4/30/20	Urgently Request Denial of California American Water Corporations Application for Monterey Peninsula Water Supply Project
Kenneth Rutherford	MPWMD Board	4/30/20	April 30, 2020 Closed Session – Final EIR Pure Water Monterey Expansion Project
Brian LeNeve	MPWMD Board	4/12/20	Scoping Session - EIR for purchase of Monterey Water Supply and District Boundary Adjustment Project
Steve Park	MPWMD Board	4/12/20	Scoping Session - EIR for purchase of Monterey Water Supply and District Boundary Adjustment

ITEM: INFORMATIONAL ITEM/STAFF REPORT**22. COMMITTEE REPORTS**

Meeting Date: May 18, 2020 **Budgeted:** N/A

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

Prepared By: Arlene Tavani **Cost Estimate:** N/A

General Counsel Review: N/A

Committee Recommendation: N/A

CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

The committee reports will be presented at the June 15, 2020 Board meeting.

ITEM: INFORMATIONAL ITEM/STAFF REPORT**23. MONTHLY ALLOCATION REPORT**

Meeting Date:	May 18, 2020	Budgeted:	N/A
From:	David J. Stoldt, General Manager	Program:	N/A
		Line Item No.:	
Prepared By:	Gabriela Bravo	Cost Estimate:	N/A

General Counsel Review: N/A**Committee Recommendation: N/A**

CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

SUMMARY: As of April 30, 2020, a total of **17.557** acre-feet (**5.1%**) of the Paralta Well Allocation remained available for use by the Jurisdictions. Pre-Paralta water in the amount of **35.036** acre-feet is available to the Jurisdictions, and **28.839** acre-feet is available as public water credits.

Exhibit 23-A shows the amount of water allocated to each Jurisdiction from the Paralta Well Allocation, the quantities permitted in April 2020 (“changes”), and the quantities remaining. The Paralta Allocation no debits in April 2020.

Exhibit 23-A also shows additional water available to each of the Jurisdictions. Additional water from expired or canceled permits that were issued before January 1991 are shown under “PRE-Paralta.” Water credits used from a Jurisdiction’s “public credit” account are also listed. Transfers of Non-Residential Water Use Credits into a Jurisdiction’s Allocation are included as “public credits.” **Exhibit 23-B** shows water available to Pebble Beach Company and Del Monte Forest Benefited Properties, including Macomber Estates, Griffin Trust. Another table in this exhibit shows the status of Sand City Water Entitlement and the Malpaso Water Entitlement.

BACKGROUND: The District’s Water Allocation Program, associated resource system supply limits, and Jurisdictional Allocations have been modified by a number of key ordinances. These key ordinances are listed in **Exhibit 23-C**.

EXHIBITS**23-A** Monthly Allocation Report**23-B** Monthly Entitlement Report**23-C** District’s Water Allocation Program Ordinances

EXHIBIT 23-A
MONTHLY ALLOCATION REPORT
Reported in Acre-Feet
For the month of April 2020

Jurisdiction	Paralta Allocation*	Changes	Remaining	PRE-Paralta Credits	Changes	Remaining	Public Credits	Changes	Remaining	Total Available
Airport District	8.100	0.000	5.197	0.000	0.000	0.000	0.000	0.000	0.000	5.197
Carmel-by-the-Sea	19.410	0.000	1.398	1.081	0.000	1.081	0.910	0.000	0.182	2.661
Del Rey Oaks	8.100	0.000	0.000	0.440	0.000	0.000	0.000	0.000	0.000	0.000
Monterey	76.320	0.000	0.245	50.659	0.000	0.030	38.121	0.000	2.300	2.575
Monterey County	87.710	0.000	10.717	13.080	0.000	0.352	7.827	0.000	1.775	12.844
Pacific Grove	25.770	0.000	0.000	1.410	0.000	0.014	15.874	0.000	0.065	0.079
Sand City	51.860	0.000	0.000	0.838	0.000	0.000	24.717	0.000	23.373	23.373
Seaside	65.450	0.000	0.000	34.438	0.800	33.559	2.693	0.000	1.144	34.703
TOTALS	342.720	0.000	17.557	101.946	0.800	35.036	90.142	0.000	28.839	81.432

Allocation Holder	Water Available	Changes this Month	Total Demand from Water Permits Issued	Remaining Water Available
Quail Meadows	33.000	0.000	32.320	0.680
Water West	12.760	0.000	9.413	3.347

* Does not include 15.280 Acre-Feet from the District Reserve prior to adoption of Ordinance No. 73.

EXHIBIT 23-B
MONTHLY ALLOCATION REPORT
ENTITLEMENTS
Reported in Acre-Feet
For the month of April 2020

Recycled Water Project Entitlements

Entitlement Holder	Entitlement	Changes this Month	Total Demand from Water Permits Issued	Remaining Entitlement/and Water Use Permits Available
Pebble Beach Co. ¹	220.630	0.000	31.302	189.328
Del Monte Forest Benefited Properties ² (Pursuant to Ord No. 109)	144.370	0.000	56.951	87.419
Macomber Estates	10.000	0.000	10.000	0.000
Griffin Trust	5.000	0.000	4.829	0.171
CAWD/PBCSD Project Totals	380.000	0.000	103.082	276.918

Entitlement Holder	Entitlement	Changes this Month	Total Demand from Water Permits Issued	Remaining Entitlement/and Water Use Permits Available
City of Sand City	206.000	0.000	6.366	199.634
Malpaso Water Company	80.000	0.118	16.536	63.464
D.B.O. Development No. 30	13.950	0.000	3.740	10.210
City of Pacific Grove	38.390	0.023	0.714	37.676
Cypress Pacific	3.170	0.000	3.170	0.000

Increases in the Del Monte Forest Benefited Properties Entitlement will result in reductions in the Pebble Beach Co. Entitlement.

EXHIBIT 23-C

District's Water Allocation Program Ordinances

Ordinance No. 1 was adopted in September 1980 to establish interim municipal water allocations based on existing water use by the jurisdictions. Resolution 81-7 was adopted in April 1981 to modify the interim allocations and incorporate projected water demands through the year 2000. Under the 1981 allocation, Cal-Am's annual production limit was set at 20,000 acre-feet.

Ordinance No. 52 was adopted in December 1990 to implement the District's water allocation program, modify the resource system supply limit, and to temporarily limit new uses of water. As a result of Ordinance No. 52, a moratorium on the issuance of most water permits within the District was established. Adoption of Ordinance No. 52 reduced Cal-Am's annual production limit to 16,744 acre-feet.

Ordinance No. 70 was adopted in June 1993 to modify the resource system supply limit, establish a water allocation for each of the jurisdictions within the District, and end the moratorium on the issuance of water permits. Adoption of Ordinance No. 70 was based on development of the Paralta Well in the Seaside Groundwater Basin and increased Cal-Am's annual production limit to **17,619** acre-feet. More specifically, Ordinance No. 70 allocated 308 acre-feet of water to the jurisdictions and 50 acre-feet to a District Reserve for regional projects with public benefit.

Ordinance No. 73 was adopted in February 1995 to eliminate the District Reserve and allocate the remaining water equally among the eight jurisdictions. Of the original 50 acre-feet that was allocated to the District Reserve, 34.72 acre-feet remained and was distributed equally (4.34 acre-feet) among the jurisdictions.

Ordinance No. 74 was adopted in March 1995 to allow the reinvestment of toilet retrofit water savings on single-family residential properties. The reinvested retrofit credits must be repaid by the jurisdiction from the next available water allocation and are limited to a maximum of 10 acre-feet. This ordinance sunset in July 1998.

Ordinance No. 75 was adopted in March 1995 to allow the reinvestment of water saved through toilet retrofits and other permanent water savings methods at publicly owned and operated facilities. Fifteen percent of the savings are set aside to meet the District's long-term water conservation goal and the remainder of the savings are credited to the jurisdictions allocation. This ordinance sunset in July 1998.

Ordinance No. 83 was adopted in April 1996 and set Cal-Am's annual production limit at **17,621** acre-feet and the non-Cal-Am annual production limit at **3,046** acre-feet. The modifications to the production limit were made based on the agreement by non-Cal-Am water users to permanently reduce annual water production from the Carmel Valley Alluvial Aquifer in exchange for water service from Cal-Am. As part of the agreement, fifteen percent of the historical non-Cal-Am production was set aside to meet the District's long-term water conservation goal.

Ordinance No. 87 was adopted in February 1997 as an urgency ordinance establishing a community benefit allocation for the planned expansion of the Community Hospital of the Monterey Peninsula (CHOMP). Specifically, a special reserve allocation of 19.60 acre-feet of production was created exclusively for the benefit of CHOMP. With this new allocation, Cal-Am's annual production limit was increased to **17,641** acre-feet and the non-Cal-Am annual production limit remained at **3,046** acre-feet.

Ordinance No. 90 was adopted in June 1998 to continue the program allowing the reinvestment of toilet retrofit water savings on single-family residential properties for 90-days following the expiration of Ordinance No. 74. This ordinance sunset in September 1998.

Ordinance No. 91 was adopted in June 1998 to continue the program allowing the reinvestment of water saved through toilet retrofits and other permanent water savings methods at publicly owned and operated facilities.

Ordinance No. 90 and No. 91 were challenged for compliance with CEQA and nullified by the Monterey Superior Court in December 1998.

Ordinance No. 109 was adopted on May 27, 2004, revised Rule 23.5 and adopted additional provisions to facilitate the financing and expansion of the CAWD/PBCSD Recycled Water Project.

Ordinance No. 132 was adopted on January 24, 2008, established a Water Entitlement for Sand City and amended the rules to reflect the process for issuing Water Use Permits.

Ordinance No. 165 was adopted on August 17, 2015, established a Water Entitlement for Malpas Water Company and amended the rules to reflect the process for issuing Water Use Permits.

Ordinance No. 166 was adopted on December 15, 2015, established a Water Entitlement for D.B.O. Development No. 30.

Ordinance No. 168 was adopted on January 27, 2016, established a Water Entitlement for the City of Pacific Grove.

ITEM: INFORMATIONAL ITEM/STAFF REPORT**24. WATER CONSERVATION PROGRAM REPORT**

Meeting Date: May 18, 2020 **Budgeted:** N/A

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

Prepared By: Kyle Smith **Cost Estimate:** N/A

Committee Recommendation: N/A

CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.

I. MANDATORY WATER CONSERVATION RETROFIT PROGRAM

District Regulation XIV requires the retrofit of water fixtures upon Change of Ownership or Use with High Efficiency Toilets (HET) (1.28 gallons-per-flush), 2.0 gallons-per-minute (gpm) Showerheads, 1.2 gpm Washbasin faucets, 1.8 gpm Kitchen, Utility and Bar Sink faucets, and Rain Sensors on all automatic Irrigation Systems. Property owners must certify the Site meets the District's water efficiency standards by submitting a Water Conservation Certification Form (WCC), and a Site inspection is often conducted to verify compliance.

A. Changes of Ownership

Information is obtained monthly from *Realquest.com* on properties transferring ownership within the District. The information is compared against the properties that have submitted WCCs. Details on **33** property transfers that occurred between April 1, 2020, and April 30, 2020, were added to the database.

B. Certification

The District received **21** WCCs between April 1, 2020, and April 30, 2020. Data on ownership, transfer date, and status of water efficiency standard compliance were entered into the database.

C. Verification

From April 1, 2020, to April 30, 2020, **16** properties were verified compliant with Rule 144 (Retrofit Upon Change of Ownership or Use). Of the **16** verifications, **12** properties verified compliance by submitting certification forms and/or receipts. District staff completed **one** Site inspections. Of the **16** properties verified, **12 (75%)** passed.

Note that most Site inspections were suspended March 13, 2020, due to concerns about the novel coronavirus. Staff has continued to certify properties electronically through owner certification or other methods. Site inspections may be done in limited cases when the property is vacant, and staff has access without others present. Safety protocols are in place for those instances.

Savings Estimate

Properties that submit certification and receipts for compliance with Water Efficiency Standards are not used when calculating savings. No savings were calculated because all inspections were completed with Water Efficiency Standards Certification from and receipts.

D. CII Compliance with Water Efficiency Standards

Effective January 1, 2014, all Non-Residential properties were required to meet Rule 143, Water Efficiency Standards for Existing Non-Residential Uses. To verify compliance with these requirements, property owners and businesses are being sent notification of the requirements and a date that inspectors will be on Site to check the property. In April, District inspectors performed **five** verifications.

MPWMD is forwarding its CII inspection findings to California American Water (Cal-Am) for their verification with the Rate Best Management Practices (Rate BMPs) that are used to determine the appropriate Non-Residential rate division. Compliance with MPWMD's Rule 143 achieves Rate BMPs for indoor water uses, however, properties with landscaping must also comply with Cal-Am's outdoor Rate BMPs to avoid Division 4 (Non-Rate BMP Compliant) rates. In addition to sharing information about indoor Rate BMP compliance, MPWMD notifies Cal-Am of properties with landscaping. Cal-Am then conducts an outdoor audit to verify compliance with the Rate BMPs. During April 2020, MPWMD referred **five** properties to Cal-Am for verification of outdoor Rate BMPs.

E. Water Waste Enforcement

The District has a Water Waste Hotline 831-658-5653 or an online form to report Water Waster occurrences at www.mpwmd.net or www.montereywaterinfo.org. There were **three** Water Waste responses during the past month. There were **no** repeated incidents that resulted in a fine.

II. WATER DEMAND MANAGEMENT

A. Permit Processing

As of March 18, 2020, the District has been processing only electronic applications for Water Permits. Information can be found at <https://www.mpwmd.net/regulations/water-permits>.

District Rule 23 requires a Water Permit application for all properties that propose to expand or modify water use on a Site, including New Construction and Remodels. District staff processed and issued **19** Water Permits from April 1, 2020 to April 30, 2020. **Two** Water Permits were issued using Water Entitlements (Pebble Beach Company, Malpaso Water, etc.). No Water Permit involved a debit to a Public Water Credit Account.

All Water Permits have a disclaimer informing applicants of the Cease and Desist Order against California American Water and that MPWMD reports Water Permit details to California American Water.

District Rule 24-3-A allows the addition of a second Bathroom in an existing Single-Family Dwelling on a Single-Family Residential Site. Of the **19** Water Permits issued from April 1, 2020 to April 30, 2020, **one** was issued under this provision.

B. Permit Compliance

District staff completed **five** conditional Water Permit finals during April 2020. Site inspections ceased on March 13, 2020. Staff is issuing conditional finals to allow occupancy during the pandemic. Inspections will be scheduled when the situation improves.

C. Deed Restrictions

District staff prepares deed restrictions that are recorded on the property title to provide notice of District Rules and Regulations, enforce Water Permit conditions, and provide notice of public access to water records. In April 2001, the District Board of Directors adopted a policy regarding the processing of deed restrictions.

As of March 18, 2020, MPWMD offices are closed to the public. While still processing and issuing Water Permits, staff is no longer available for notary services. Applicants can obtain notary services at local UPS stores and other locations. Staff receives notarized deed restrictions via email and records the documents electronically with the County.

D. Rebates

Rebates continue to be processed during the Shelter-in-Place. The following is the rebate information for the month of March 2020.

REBATE PROGRAM SUMMARY		March-2020				2020 YTD		1997 - Present	
I.	<u>Application Summary</u>								
A.	Applications Received	42				211		27,651	
B.	Applications Approved	33				161		21,554	
C.	Single Family Applications	27				135		24,641	
D.	Multi-Family Applications	6				25		1,485	
E.	Non-Residential Applications	0				1		356	
II.	<u>Type of Devices Rebated</u>	Number of devices	Rebate Paid	Estimated AF	Gallons Saved	Year to Date Number	Year to Date Paid	Year to Date Estimated AF	
A.	High Efficiency Toilet (HET)	11	\$825.00	0.055	17,922	53	\$3,950.00	0.265	
B.	Ultra HET			0.000	0	1	\$125.00	0.010	
C.	Toilet Flapper			0.000	0	0	\$0.00	0.000	
D.	High Efficiency Dishwasher	6	\$750.00	0.018	5,865	31	\$3,875.00	0.093	
E.	High Efficiency Clothes Washer - Res	19	\$9,500.00	0.306	99,678	84	\$42,000.00	1.352	
F.	High Efficiency Clothes Washer - Com			0.000	0	0	\$0.00	0.000	
G.	Instant-Access Hot Water System			0.000	0	3	\$500.00	0.015	
H.	Zero Use Urinals			0.000	0	0	\$0.00	0.000	
I.	Pint Urinals			0.000	0	0	\$0.00	0.000	
J.	Cisterns	1	\$250.00	0.000	0	2	\$1,975.00	0.000	
K.	Smart Controllers			0.000	0	2	\$249.00	0.000	
L.	Rotating Sprinkler Nozzles			0.000	0	0	\$0.00	0.000	
M.	Moisture Sensors			0.000	0	0	\$0.00	0.000	
N.	Lawn Removal & Replacement			0.000	0	1	\$1,900.00	0.000	
O.	Graywater			0.000	0	0	\$0.00	0.000	
R.	Other			0.000	0	0	\$0.00	0.000	
III.	<u>TOTALS</u>	37	\$11,325.00	0.379	123,465	177	\$54,574.00	1.735	
								563.1	Acre-Feet Per Year Saved Since 1997 (from quantifiable retrofits)

ITEM: INFORMATIONAL ITEM/STAFF REPORT**25. CARMEL RIVER FISHERY REPORT FOR APRIL 2020****Meeting Date: May 18, 2020 Budgeted: N/A****From: David J. Stoldt, General Manager Program/ Line Item No.: N/A****Prepared By: Beverly Chaney Cost Estimate: N/A****General Counsel Review: N/A****Committee Recommendation: N/A****CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines Section 15378.**

AQUATIC HABITAT AND FLOW CONDITIONS: After a very dry winter, wet weather finally came in between mid-March and early April and the river responded favorably. Mainstem April flows exceeded 75% of the long-term values (Acre Feet) and passage conditions improved to “excellent” for both in and outmigration of adult steelhead and outmigration of smolts. Rearing conditions for juveniles also improved to “excellent”.

April’s mean daily streamflow at the Sleepy Hollow Weir rose from 88 to 699 cubic-feet-per-second (cfs) (monthly mean 185 cfs) resulting in 11,040 acre-feet (AF) of runoff. Mean daily streamflow at the Highway 1 gage rose from 92 to 789 cfs (monthly mean 206 cfs, the highest of the 2020 Water Year) resulting in 12,260 acre-feet (AF) of runoff.

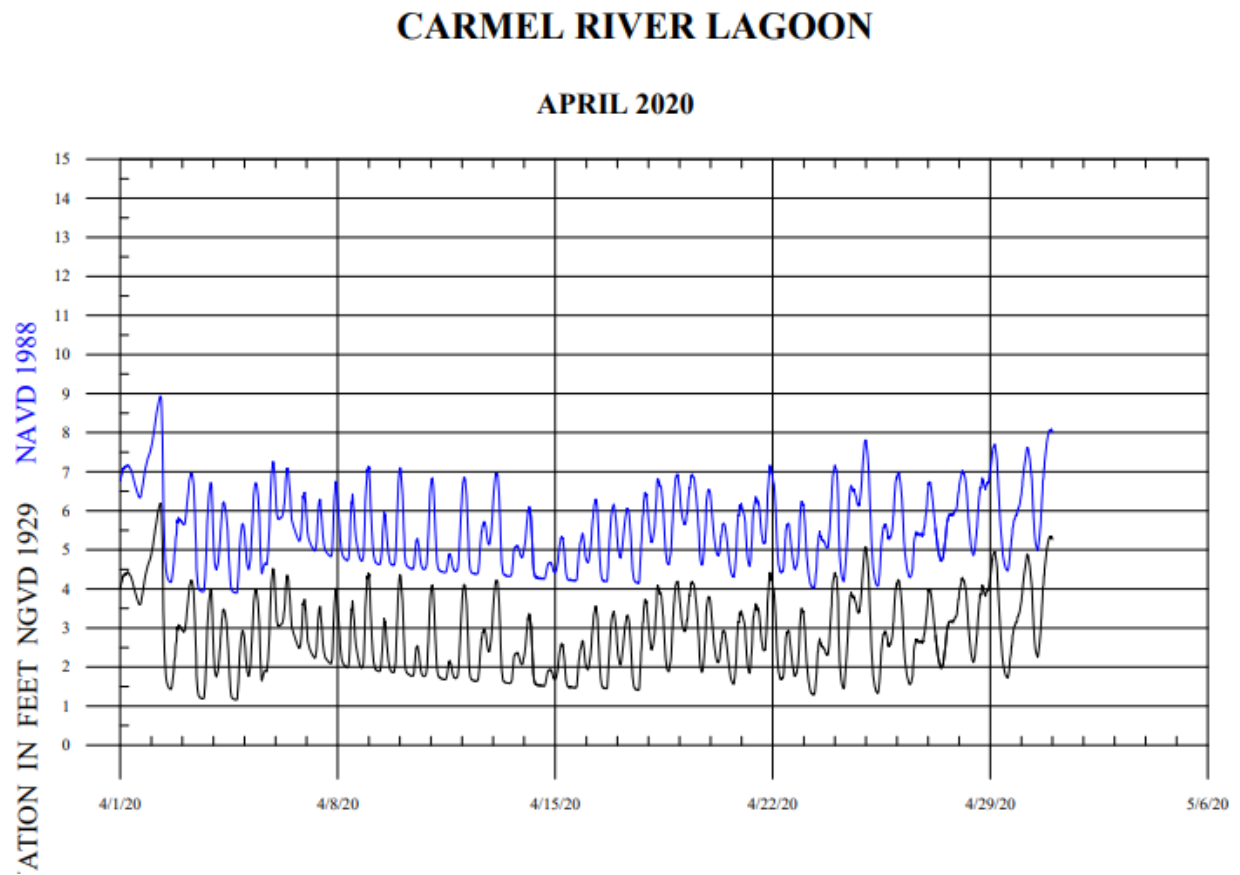
There were 1.97 inches of rainfall in April as recorded at the San Clemente gauge. The rainfall total for WY 2020 (which started on October 1, 2019) is 17.39 inches, or 85% of the long-term year-to-date average of 20.48 inches.

LOS PADRES DAM ADULT STEELHEAD COUNT: The Los Padres Dam fish ladder and trap started operating on December 12, 2019. The ladder was turned on and off intermittently since mid-February due to continued movement of the large landslide in the reservoir that is affecting the outlet pipe. There were 44 adult steelhead in April, including 27 on April 4th as a large storm hit the region. For the year, 65 adult steelhead, and two resident adults, have been trapped and transported above the dam; seven of those were tagged by National Marine Fisheries Service (NMFS) crews, and two of the captured fish had been tagged last year (recaptures).

CARMEL RIVER LAGOON: The lagoon mouth opened on December 3, 2019. In April, the lagoon was primarily open with the water surface elevation (WSE) ranging from ~3.9 – 8.9 feet (North American Vertical Datum of 1988; NAVD 88) (See graph below).

Water quality depth-profiles were not conducted in April due to the Covid-19 shutdown but a spot check on April 21, when the lagoon was open, found excellent DO and temperature levels and low salinity.

Carmel River Lagoon Plot:



ITEM: INFORMATIONAL ITEM/STAFF REPORT**26. MONTHLY WATER SUPPLY AND CALIFORNIA AMERICAN WATER PRODUCTION REPORT**

Meeting Date:	May 18, 2020	Budgeted:	N/A
From:	David J. Stoldt, General Manager	Program/ Line Item No.:	N/A
Prepared By:	Jonathan Lear	Cost Estimate:	N/A

General Counsel Review: N/A**Committee Recommendation:** N/A

CEQA Compliance: Exempt from environmental review per SWRCB Order Nos. 95-10 and 2016-0016, and the Seaside Basin Groundwater Basin adjudication decision, as amended and Section 15268 of the California Environmental Quality Act (CEQA) Guidelines, as a ministerial project; Exempt from Section 15307, Actions by Regulatory Agencies for Protection of Natural Resources.

Exhibit 26-A shows the water supply status for the Monterey Peninsula Water Resources System (MPWRS) as of **April 1, 2020**. This system includes the surface water resources in the Carmel River Basin, the groundwater resources in the Carmel Valley Alluvial Aquifer and the Seaside Groundwater Basin. **Exhibit 26-A** is for Water Year (WY) 2020 and focuses on four factors: rainfall, runoff, and storage. The rainfall and Streamflow values are based on measurements in the upper Carmel River Basin at Sleepy Hollow Weir.

Water Supply Status: Rainfall through **April 2020** totaled **1.97 inches** and brings the cumulative rainfall total for WY 2020 to **17.39 inches**, which is **85%** of the long-term average through **April**. Estimated unimpaired runoff through **April** totaled **11,064 acre-feet (AF)** and brings the cumulative runoff total for WY 2020 to **39,364 AF**, which is **64%** of the long-term average through **April**. Usable storage for the MRWPRS was **30,440 acre-feet**, which is **95%** of average through **April**, and equates to **81%** percent of system capacity

Production Compliance: Under State Water Resources Control Board (SWRCB) Cease and Desist Order No. 2016-0016 (CDO), California American Water (Cal-Am) is allowed to produce no more than 8,310 AF of water from the Carmel River in WY 2020. Through **April**, using the CDO accounting method, Cal-Am has produced **4,228 AF** from the Carmel River (including ASR capped at 600 AF, Table 13, and Mal Paso.) In addition, under the Seaside Basin Decision, Cal-Am is allowed to produce 1,820 AF of water from the Coastal Subareas and 0 AF from the Laguna Seca Subarea of the Seaside Basin in WY 2020. Through **April**, Cal-Am has produced **1,223 AF** from the Seaside Groundwater Basin. Through **March**, **897 AF** of Carmel River Basin groundwater have been diverted for Seaside Basin injection; **0 AF** have been recovered for customer use, and **205 AF** have been diverted under Table 13 water rights. Cal-Am has produced **5,104 AF** for customer use from all sources through **April**. **Exhibit 26-C** shows production by source. Some of the values in this report may be revised in the future as Cal-Am finalizes their production values and monitoring data. The 12 month moving average of production for customer service is **9,758 AF**, which is below the rationing trigger of **10,130 AF** for WY 2020.

EXHIBITS**26-A** Water Supply Status: **April 1, 2020****26-B** Monthly Cal-Am Diversions from Carmel River and Seaside Groundwater Basins: WY 2020**26-C** Monthly Cal-Am production by source: WY 2020

EXHIBIT 26-A

**Monterey Peninsula Water Management District
Water Supply Status
May 1, 2020**

Factor	Oct - Apr 2020	Average To Date	Percent of Average	Oct – Apr 2019
Rainfall (Inches)	17.39	20.48	85%	28.92
Runoff (Acre-Feet)	39,364	61,222	64%	134,060
Storage ⁵ (Acre-Feet)	30,443	31,950	95%	31,105

Notes:

1. Rainfall and runoff estimates are based on measurements at San Clemente Dam. Annual rainfall and runoff at Sleepy Hollow Weir average 21.1 inches and 67,246 acre-feet, respectively. Annual values are based on the water year that runs from October 1 to September 30 of the following calendar year. The rainfall and runoff averages at the Sleepy Hollow Weir site are based on records for the 1922-2019 and 1902-2019 periods respectively.
2. The rainfall and runoff totals are based on measurements through the dates referenced in the table.
3. Storage estimates refer to usable storage in the Monterey Peninsula Water Resources System (MPWRS) that includes surface water in Los Padres and San Clemente Reservoirs and ground water in the Carmel Valley Alluvial Aquifer and in the Coastal Subareas of the Seaside Groundwater Basin. The storage averages are end-of-month values and are based on records for the 1989-2019 period. The storage estimates are end-of-month values for the dates referenced in the table.
4. The maximum storage capacity for the MPWRS is currently 37,639 acre-feet.

Production vs. CDO and Adjudication to Date: WY 2020

(All values in Acre-Feet)

Year-to-Date Values	MPWRS					Water Projects and Rights			
	Carmel River Basin ^{2, 6}	Seaside Groundwater Basin		MPWRS Total				Water Projects and Rights Total	
		Coastal	Laguna Seca		Ajudication Compliance	ASR Recovery	Table 13 ⁷		Sand City ³
Target	4,574	1,100	0	1,100	5,674	0	114	175	289
Actual ⁴	4,228	1,223	167	1,389	5,617	0	205	87	292
Difference	346	-123	-167	-289	57	0	-91	88	-3
WY 2019 Actual	4,117	1,343	135	1,478	5,595	0	371	73	443

1. This table is current through the date of this report.

2. For CDO compliance, ASR, Mal Paso, and Table 13 diversions are included in River production per State Board.

3. Sand City Desal, Table 13, and ASR recovery are also tracked as water resources projects.

4. To date, 897 AF and 205 AF have been produced from the River for ASR and Table 13 respectively.

5. All values are rounded to the nearest Acre-Foot.

6. For CDO Tracking Purposes, ASR production for injection is capped at 600 AFY.

7. Table 13 diversions are reported under water rights but counted as production from the River for CDO tracking.

Monthly Production from all Sources for Customer Service: WY 2020

(All values in Acre-Feet)

	Carmel River Basin	Seaside Basin	ASR Recovery	Table 13	Sand City	Mal Paso	Total
Oct-19	505	412	0	0	0	4	921
Nov-19	524	299	0	0	0	2	825
Dec-19	391	169	0	75	0	0	635
Jan-20	533	111	0	13	10	0	667
Feb-20	632	22	0	0	27	9	689
Mar-20	498	150	0	33	27	8	716
Apr-20	308	226	0	85	22	8	649
May-20							
Jun-20							
Jul-20							
Aug-20							
Sep-20							
Total	3,392	1,389	0	205	87	31	5,104
WY 2019	3,090	1,478	0	371	73	57	5,068

1. This table is produced as a proxy for customer demand.

2. Numbers are provisional and are subject to correction.

Rationing Trigger: WY 2020

12 Month Moving Average ¹	9,758	10,130	Rule 160 Production Limit
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1. Average includes production from Carmel River, Seaside Basin, Sand City Desal, and ASR recovery produced for Customer Service.

California American Water Production by Source: Water Year 2020

	Carmel Valley Wells ¹						Seaside Wells ²						Total Wells			Sand City Desal		
	Actual		Anticipated ³		Compaired to Target		Actual		Anticipated		Compaired to Target		Actual	Anticipated	Acre-Feet Compaired to Target	Actual	Anticipated	Compaired to Target
	Upper acre-feet	Lower acre-feet	Upper acre-feet	Lower acre-feet	Upper acre-feet	Lower acre-feet	Coastal acre-feet	LagunaSeca acre-feet	Coastal acre-feet	LagunaSeca acre-feet	Coastal acre-feet	LagunaSeca acre-feet	acre-feet	acre-feet	acre-feet	acre-feet	acre-feet	acre-feet
Oct-19	0	505	0	550	0	45	378	35	350	0	-28	-35	918	900	-18	0	25	25
Nov-19	0	524	0	380	0	-144	271	28	350	0	79	-28	823	730	-93	0	25	25
Dec-19	177	546	0	645	-177	99	150	20	100	0	-50	-20	892	745	-147	0	25	25
Jan-20	155	552	100	710	-55	158	92	19	100	0	8	-19	818	910	92	10	25	15
Feb-20	165	467	100	732	-65	265	0	22	100	0	100	-22	654	932	278	27	25	-2
Mar-20	188	509	100	919	-88	410	128	23	100	0	-28	-23	847	1,119	272	27	25	-2
Apr-20	0	705	0	835	0	130	204	21	100	0	-104	-21	931	935	4	22	25	3
May-20																		
Jun-20																		
Jul-20																		
Aug-20																		
Sep-20																		
To Date	684	3,809	300	4,771	-384	962	1,223	167	1,200	0	-23	-167	5,883	6,271	388	87	175	88

Total Production: Water Year 2020

	Actual	Anticipated	Acre-Feet Compaired to Target
Oct-19	918	925	7
Nov-19	823	755	-68
Dec-19	892	770	-122
Jan-20	828	935	107
Feb-20	681	957	276
Mar-20	874	1,144	270
Apr-20	953	960	7
May-20			
Jun-20			
Jul-20			
Aug-20			
Sep-20			
To Date	5,969	6,446	477

1. Carmel Valley Wells include upper and lower valley wells. Anticipate production from this source includes monthly production volumes associated with SBO 2009-60, 20808A, and 20808C water rights. Under these water rights, water produced from the Carmel Valley wells is delivered to customers or injected into the Seaside Groundwater Basin for storage.

2. Seaside wells anticipated production is associated with pumping native Seaside Groundwater (which is regulated by the Seaside Groundwater Basin Adjudication Decision) and recovery of stored ASR water (which is prescribed in a MOA between MPWMD, Cal-Am, California Department of Fish and Game, National Marine Fisheries Service, and as regulated by 20808C water right).

3. Negative values for Acre-Feet under target indicates production over targeted value.



Supplement to 5/18/2020 MPWMD Board Packet

Attached are copies of letters received between April 14, 2020 and May 14, 2020. These letters are listed in the May 18, 2020 Board packet under Letters Received.

Author	Addressee	Date	Topic
Mayors Hans Usler, Chip Rerig, Dino Pick, Aaron Blair, Ben Harvey	MPWMD Board	5/14/20	Monterey Peninsula City Managers Respond to MPWMD Supply and Demand Report
Hans Usler	MPWMD Board	5/14/20	May 18, 2020 Board Meeting Agenda Item 13 – Reserve water request for affordable housing I City of Monterey
Susan Schiavone	MPWMD Board	4/29/20	April 30, 2020 Closed Session – Final EIR Pure Water Monterey Expansion
Alice Angell Green	MPWMD Board	4/30/20	April 30, 2020 Closed Session - Final EIR Pure Water Monterey Expansion Project
Kim Shirley	MPWMD Board	4/30/20	April 30, 2020 Closed Session – Final EIR Pure Water Monterey Expansion Project
Doug Mackenzie	MPWMD Board	4/30/20	April 30, 2020 Closed Session – Final EIR Pure Water Monterey Expansion Project
Margaret-Anne Coppennoll, PHD	MPWMD Board	4/30/20	Urgently Request Denial of California American Water Corporations Application for Monterey Peninsula Water Supply Project
Kenneth Rutherford	MPWMD Board	4/30/20	April 30, 2020 Closed Session – Final EIR Pure Water Monterey Expansion Project
Brian LeNeve	MPWMD Board	4/12/20	Scoping Session - EIR for purchase of Monterey Water Supply and District Boundary Adjustment Project
Steve Park	MPWMD Board	4/12/20	Scoping Session - EIR for purchase of Monterey Water Supply and District Boundary Adjustment

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May 14, 2020

Monterey Peninsula Water Management District
Board of Directors
5 Harris Court Building G
Monterey, CA 93940

Subject: Monterey Peninsula City Managers Respond to MPWMD Supply and Demand Report

To the Board of Directors of the Monterey Peninsula Water Management District:

The presented updated report contains questionable data points, which we think the Board should consider and address before adopting this report. It is our opinion that despite the good intent of stitching together various water resources and presenting them as a sustainable solution and an alternative to a desalination plant, the adoption of this 'strategy' will result in fewer economic opportunities for our residents and our children, increased rents, lower quality of life for our entire region and loss of basic rights for local governments to make majority based decisions. The report appears to try to precisely balance water supply and demand using assumptions that have a high probability of not being accurate.

We recommend that the Board only receive this report. We do not recommend adoption of this report out of grave concerns for the future of our Monterey Peninsula

Here are some highlights of our concerns:

- The data presented in Supply and Demand does not allow elected officials in local governments to make decisions based on (affordable) housing and economic business needs, but on water availability by parcel. The memo takes away the right for Cities to respond to requests made through a democratic majority based process. In short: opportunities to create affordable housing will not materialize if you count on the patchwork of presented solutions. Likewise, employment opportunities will be denied since availability of water remains a limiting factor.
- Instead of working from the idea of promoting one or two reliable water sources for the future of the water supply for the Monterey peninsula, the report presents a collection of water solutions with associated assumptions. These assumptions are all treated equally (even though the probability of the point values assigned are highly variable) ignoring the fact that different water supply sources have different probabilities to come through.
- Water use reduction and scarcity are treated as virtues. They are not virtues but current necessities caused by not having a reliable water resource. The report does nothing to break that devastating cycle, instead it assumes more or less the status quo.
- The Supply and Demand memo ignores the gravity and facts of Climate Change and global warming, which will, with a high degree of certainty, negate some of the data point assumptions associated with ASR for example.
- The Supply and Demand memo has not been peer reviewed. It is a highly unusual document for a public agency to be presented without independent third party review and evaluation.

- The Pure Water Monterey Project Phase One is experiencing a slower startup, lower yield than originally planned as well as significant cost increases. The Phase II Expansion FSEIR has recently been disapproved by Monterey One Water Board of Directors and has also encountered significant obstacles in the course of obtaining all necessary approvals and financing for the proposed project.
- The GM recommendation to deny the additional water request for affordable housing projects amplifies the need to not rely on the patchwork of water supply resources presented in the report but to identify a future oriented water resource that is flexible and resilient.
- Further, the May 8 letter from the State Water Resources Control Board raises concerns about lifting the CDO based on the presented data points.

You, the elected officials of the Water District, live and work in our cities. Please consider the future ability of your local governments to respond to your and your neighbors' requests, ideas and initiatives. The presented description of Supply and Demand is not a solution addressing our future. Instead it is a manifestation of a status quo water poverty resulting in elitist exclusivity for a few and less opportunities for all.

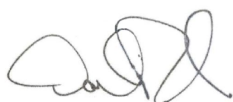
Sincerely,



Hans Uslar
City of Monterey



Chip Rerig
City of Carmel



Dino Pick
City of Del Rey Oaks

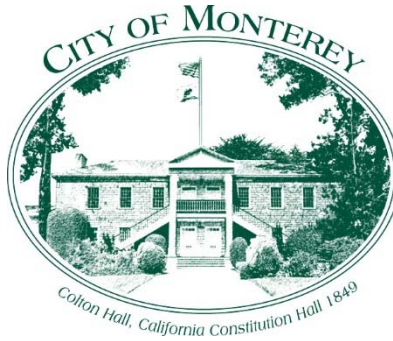


Aaron Blair
City of Sand City



Ben Harvey
City of Pacific Grove

cc: Monterey City Council
Carmel-by-the-Sea City Council
Del Rey Oaks City Council
Sand City Council
Pacific Grove City Council
David Stoldt, General Manager, Monterey Peninsula Water Management District



May 14, 2020

MPWMD Board Members
 Monterey Peninsula Water Management District
 5 Harris Court, Building G
 Monterey, CA 93940

Subject: Reserve water request for affordable housing in the City of Monterey
 RE: Agenda Item #13 for May 18, 2020 Board Meeting

Dear MPWMD Board Members,

The City of Monterey appreciates this opportunity to address the Board regarding our urgent request to enable two significant projects to be constructed at 2600 and 2000 Garden Road. We request denial of staff's recommendation and, instead, that you allocate the requested water using the District's water reserve. Send a signal to the region that you are committed in creating affordable housing opportunities. Send a signal to the State legislators that the District is committed to follow their legislative mandate in providing more housing opportunities at reasonable rent ceilings.

The City of Monterey does not have any water to allocate to a project. We are not the only jurisdiction with such a predicament, including Del Rey Oaks and Carmel-by-the-Sea. The remaining four jurisdictions served by MPWMD have a combined average of 27 acre feet of water available for projects like the one in Monterey today (see figure 1). Our request is for less than 8 acre feet.

Figure 1: Current water availability per MPWMD jurisdiction

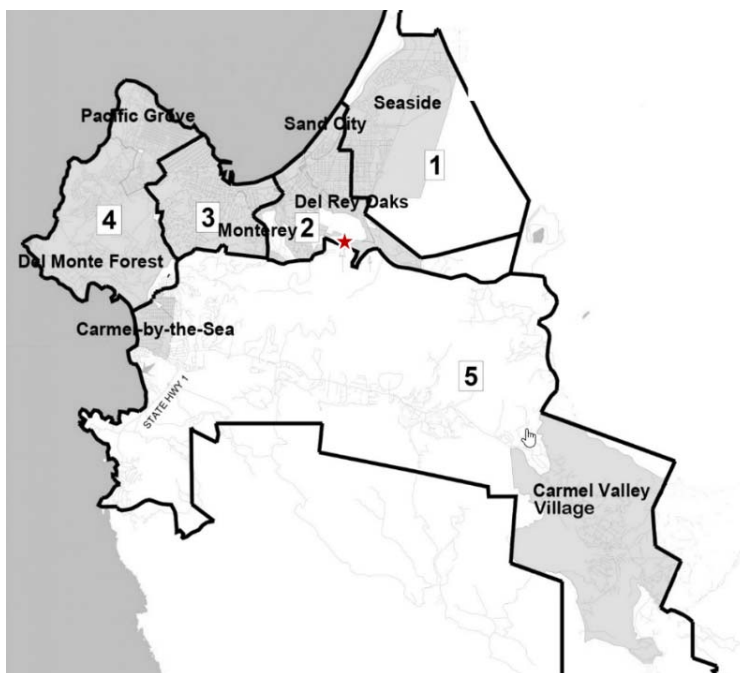
Airport District	5.197
Carmel-by-the-Sea	----
Del Rey Oaks	----
Monterey	----
Monterey County	12.844
Pacific Grove	36.077
Sand City	23.373
Seaside	35.749

When requested to share information about upcoming shovel-ready projects, no other jurisdiction responded with data. One could infer that other jurisdictions either do not have

similar projects ready to go, or that they do not need additional water entitlements at this time, for any upcoming construction proposals.

Monterey is centrally located among all jurisdictions regulated by the Monterey Peninsula Water District. We hope that you will consider that affordable housing development in the heart of the Peninsula can be beneficial for the wider region (see figure 2).

Figure 2: Garden Road property relative to MPWMD Districts (starred)



When first established in 1992, use of Reserve water was restricted to “Regional Projects of special benefit.” A June 1991 Technical Advisory Committee Report made additional efforts to define such projects, and includes: “Housing. Entirely affordable housing projects” These two projects would add over 70 affordable housing units, which would nearly double the number of units provided towards the 2023 RHNA goals. We ask that the District use its discretion to enable these housing units to be constructed.

Developer Brad Slama has committed to deed restricting 100% of the 70 units made possible with Reserve water. Of the two projects, 2600 Garden Road could be a phased construction project, though to postpone full development would certainly have missed opportunities due to economy of scale, as well as disruption to future tenants of the first phase. For 2000 Garden Road, construction options are hinging on this MPWMD decision. This project would be a single building, therefore, phasing is not an option. Without a decision to support this in the near future, the opportunity for an additional 35 affordable units will be missed.

Mr. Slama may be willing to offer to indemnify the Monterey Peninsula Water Management District. MPWMD has exhibited exemplary conservation efforts and continues to make

progress toward milestones in response to the current CDO. Post-COVID-19 reality combined with our current housing emergency are not contexts in which bold leaders continue to follow punitive bureaucratic paradigms.

Monterey's "fair share" of the region's projected housing needs is proportionately larger than other jurisdictions, and equals more than half of the total number of units, according to the Regional Housing Needs Allocation (RHNA) (see figure 3). The intent of the RHNA is to ensure that local jurisdictions address not only the needs of their immediate areas but also fill the housing needs for an entire region. We've been actively working to attract meaningful development towards these goals. We're asking you to recognize our efforts and partner with us to make a difference.

Figure 3: 2014 – 2023 RHNA Goals by local MPWMD jurisdiction

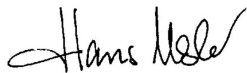
		Pacific Grove	Carmel-by-the-Sea	Sand City	Seaside	Del Rey Oaks	TOTAL
Total Allocation	650	115	31	55	393	27	1,271

Authority to be responsive to this request is within MPWD Board command; exposure can be mitigated with the developer's indemnification commitment.

Please consider our city's unique opportunity to capitalize on the readiness of a local builder to provide an incredible wealth of new housing options for folks in our region to have access to a better quality of life. If denied, this moment will be marked as lost opportunity, with unknown consequences. The time is now to work together towards affordable housing.

Should the SWRCB challenge your courage and wisdom, then our elected representatives in Sacramento have a choice between continuing to legislate housing laws or exclude the Monterey Peninsula from any housing laws as another State agency's efforts prevent reasonable implementation of housing mandates. Send the signal and vote for the water allocation and affordable housing.

Sincerely,



Hans Uslar, City Manager

c: City of Monterey Council Members
Brad Slama, Developer and property owner

Arlene Tavani

From: susan schiavone <s.schiavone@sbcglobal.net>
Sent: Wednesday, April 29, 2020 3:41 PM
To: Arlene Tavani
Cc: Dave Stoldt
Subject: For the Board of Directors

Please pass my letter on to them....I did not get the meeting notice till too late to comment. Thanks!!

To Chair Edwards & Board Members:

I am writing to support legal action, as appropriate, in regard to protecting the interests of the MPWMD in regard to the SEIR for the PWM expansion. The board meeting for Monterey One Water on April 27 seemed very inappropriately conducted and they did not follow their own resolutions JPA agreements (to approve the EIR as backup and denied Marina its appropriate weighted votes). In addition, denying the SEIR wasted \$1 million in ratepayers money, and most egregiously, denies this district a back up plan in the event the desal plant is delayed or denied. Indeed, for the 'pro Cal Am' project backers to take such a drastic step in order to pressure the Coastal Commission and remove that back up plan is deplorable because it puts this area at risk. In this precarious moment of pandemic and ensuing economic downturn, it is essential to have a back up plan and to have all options available for meeting possible unforeseen situations in the future. This was a distortion of legal public process.

Susan Schiavone, Seaside

Arlene Tavani

From: Alice Angell Green <aa4green@yahoo.com>
Sent: Thursday, April 30, 2020 8:20 AM
To: comments
Subject: Public Comment

As far as I am concerned, recycling water is a no-brainer. I am appalled but not surprised that Mr. Gaglioti, our representative from Del Rey Oaks, was one of the people who voted to not certify the SEIR. I fully support holding the M1W board accountable for their irresponsible and short-sighted vote.

Alice Angell Green

16 Saucito Ave
Del Rey Oaks
831-899-2673

Arlene Tavani

From: Kim Shirley <kimshirley1@gmail.com>
Sent: Thursday, April 30, 2020 10:21 AM
To: comments
Subject: Public Comment for Special Meeting 4.30.20

Chair Edwards and MPWMD Board of Directors,

As a ratepayer, taxpayer, and resident of Del Rey Oaks, I was so very grateful to hear you were quickly taking this matter into your own hands.

I am writing to express my support for the movement towards litigation against the Monterey One Water Board in relation to their decision on the Pure Water Monterey Expansion SEIR vote which took place on Monday, April 27th. After attending their board meetings and also one of their recycled water committee meetings, it was very clear that several members of the board are not looking out for the true interests of those who will benefit from the PWM Expansion project.

In addition, as a Del Rey Oaks resident, I had several email exchanges with Councilperson John Gaglioti prior to the vote, which clarified with me that he was NOT representing our community interests. Not only was he not able to share how this vote benefited Del Rey Oaks, but he was also unwilling to acknowledge the legitimate and limited nature of the SEIR. Even though it didn't include all the requirements HE felt it needed, it was a public document, that true professionals had spent a lot of time on and his very act of not recognizing those facts and creating his own narrative, disparaged the process, the very hard-working people who worked on it, and effectively dumped our money used to produce that document, down the drain.

In my opinion, the arguments used to deny the SEIR certification were all political and showed the very unethical nature of those appointees. This unethical behavior causes us time and money in finding a good solution for a sustainable water source on the peninsula. This reprehensible act should not be overlooked.

Thank you again for your service and your time in discussing this matter. It is very much appreciated.

Best regards,
Kim Shirley
Del Rey Oaks Resident

Arlene Tavani

From: Doug Mackenzie <ddmackenzie@gmail.com>
Sent: Thursday, April 30, 2020 8:50 AM
To: Arlene Tavani
Cc: doug mackenzie
Subject: Public Comment

April 30, 2020

To Whom It May Concern:

I support the MPWMD Board taking legal action to challenge the M1W Board's recent vote to not certify the SEIR for the PWM expansion.

Regards,

Douglas Mackenzie
16 Saucito Avenue
Del Rey Oaks, CA 93940
831-277-6181

April 30, 2020

California Coastal Commission Board Chair, Board Directors, and Staff

SUBJECT: Urgently Request Denial of California American Water Corporation's Application for Monterey Peninsula Water Supply Project (MPWSP) Permit

Dear Commissioners, Tom Luster, and Staff,

It is with a heavy heart that I write this letter to you. At issue is the future of our local water supply, but the concern is much deeper. Please bear with me as this lengthy discussion is meant to aid understanding of the dire, complex situation our communities are facing. It is not an exaggeration to say that our survival is at risk. I take this time to explain details because this California Coastal Commission hearing is a most important one for our future existence. Your patience and support are significant factors in our quest for justice, truth, and fairness. You have a most grave responsibility to ensure this public right is upheld.

During the last M1W board meeting on April 27, 2020, the Monterey One Water (M1W) board of directors held a "weighted" population-based vote 11-10 in favor of denying certification for the Final Supplemental Environmental Impact Review for the Pure Water Monterey (PWM) Expansion recycled water project, which was officially designated a back-up plan to the CalAm MPWSP.

This vote came after both the M1W board and the Monterey Peninsula Water Management District (MPWMD) board of directors had unanimously voted to proceed with hiring consultants and staff to work on finalizing the supplemental environmental impact review (SEIR) for the PWM Expansion project with an expenditure of one million dollars from taxpayer dollars. California American Water Company (CalAm) invested \$350,000 of its ratepayers' funds. The Final SEIR took more than a year to complete, to include public reviews and extended review periods.

After what has been considered a monumental step in the right direction to provide a viable, less expensive, and more environmentally safe potable water supply resource for our area, which has long been under the pressure of a state cease and desist order to limit draw from the Carmel River, CalAm suddenly demanded that FSEIR certification be denied. This surprise turnabout came despite more than 170 citizens having submitted letters to the M1W board urging certification to ensure PWM would be ready to go should CalAm not be successful in obtaining its permit from the California Coastal Commission (CCC), or in building its desalination facility. More citizens spoke at public comment also to urge FSEIR certification. Our local elected state legislature and city public officials likewise submitted letters supporting FSEIR certification as did many businesses and nonprofit organizations. Certification was a very big deal. Approval would have brought much deserved relief after a long, strenuous journey to find a sufficient, sustainable and workable water supply solution. This denial was a crushing, painful disappointment.

After CalAm realized the CCC wanted to conduct further investigations into the various serious issues with the MPWSP that were brought to light, CalAm began a campaign to discredit the PWM Expansion recycling project because it surmised that this expansion project was indeed a more viable, timely, less expensive and more environmentally safe water supply shortage solution than its desalination project. CalAm consistently insisted on moving forward with its MPWSP, at great cost to its ratepayers, because it had secured from the California Public Utilities Commission (CPUC) approval to charge its customers capital asset surcharges at 9.2 %, providing a very handsome profit for CalAm and its shareholders. This lucrative opportunity emboldened CalAm to exert much pressure, both politically and financially, on the public as well as board members who could ensure MPWSP success. While the PWM Expansion would provide future water security and a means to lift the state CDO, thus avoiding water rationing and high penalties for failing to meet the 31 December 2021 deadline to limit draw from the Carmel River, the PWM Expansion would have the added advantage of removing the moratorium on new water hook-ups and housing developments. To solidify its position, CalAm accorded lower special tiered pricing to the hospitality sector as a way to ensure loyal support.

Another prong in this complex saga is the disregard, indeed the disrespect, CalAm consistently displays for citizens' legal and constitutional rights. Political machinations behind the scenes have been driving certain nefarious actions to undermine this invaluable new water supply source. These activities serve to demoralize whole communities that constantly struggle to bring to fruition what Monterey Peninsula residents have been seeking for decades – a drought-proof, secure potable water supply source that protects both the Carmel River and the Seaside Basin, but also the Salinas Valley Groundwater Basin that is on California's critically over drafted groundwater basin list. This basin, just as the Carmel River, is home to many species that depend on it, such as the steelhead trout, an endangered species. The state now requires communities seek alternate methods to preserve all water resources, such as wastewater, reclamation water, and agriculture runoff, as a way to protect the Monterey Bay Marine Sanctuary, preserve freshwater aquifers, and provide drought-proofing.

Certain sectors refuse to accept the scientific facts that prove there is sufficient source water for agriculture interests and for Castroville's CSIP project, as well as ample water for future growth. The staff reports, consultant reports, and confirmations from experts, all are to no avail due to CalAm's goal to move forward at all and any cost with its desalination plant. The desalination plant will deposit brine in the Monterey Bay Sanctuary; it will deplete and contaminate the precious freshwater Dune Sand Aquifers in violation of the Sustainable Groundwater Management Act (SGMA), and greatly increase green gas emissions, exacerbating climate change.

All these unfavorable situations can be avoided by implementing the PWM recycled water expansion project, which will provide 2,250 additional acre-feet (PWM supplies 3,500 acre-feet) at vastly lower prices for ratepayers, a plentiful water supply until 2043. This is a win-win for our communities.

MPWMD general manager, David Stoldt, conducted extensive research and analysis to produce a top-notch report on water supply and demand status to support initiation of the PWM Expansion project SEIR, which received unanimous board approval from both M1W and MPWMD boards, to proceed to the SEIR process and completion.

After the CCC staff recommendation to deny the CalAm permit became known, CalAm began publicly excoriating David Stoldt and his supply and demand report that upheld data and evidence showing ample water supply through 2043. To placate the highly public CalAm criticism, David Stoldt went back to the drawing board to revise the report, yet the results for future water supply calculations remained the same, affirming the original report findings. PWM expansion would indeed satisfy water demand through 2043. Still, CalAm, desperate to build an excessively priced, highly profitable, and aquifer depleting, desalination plant, continued to castigate David Stoldt and undermine the PWM Expansion project.

This CalAm campaign to sabotage its own approved back-up plan, came to a combative head at the M1W board meeting on April 27, 2020. CalAm supporters and loyal board members succeeded in denying FSEIR certification, as stated above. This was a terrible miscarriage of justice and a disregard for taxpayers'/ratepayers' dollars. During the meeting, CalAm publicly rebuked staff and both M1W and MPWMD general managers, accusing them of failing to do adequate research or answer questions. While the criticisms were blatantly untrue, this public rebuke was part of the CalAm strategy to defeat PWM Expansion because it fears CCC permit denial. It had convinced the M1W board to change the PWM Expansion designation from "replacement plan" to "back-up plan", for the same reason. On face value this appears to be merely a semantics play on words, but CalAm adamantly insisted on swapping "replacement" with "back-up", precisely because CalAm fears the PWM Expansion project will indeed replace the MPWSP if the CCC denies its permit application. Making it a back-up plan gives the impression that the MPWSP remains the principal attraction. That is one reason CalAm argued that the FSEIR failed to address cumulative impacts. Again, another disingenuous point to derail the FSEIR. There was never a goal to operate both the PWM Expansion project and the MPWSP simultaneously. That action would be foolhardy and prohibitively expensive and wasteful. Other CalAm anti-FSEIR arguments included claiming questions were not answered or items covered already in the approved PWM original EIR had not been addressed in the FSEIR. Bringing up such points at this juncture is misleading to the public and hypocritical. The M1W board had sufficient time to examine the SEIR (over a year) and the FSEIR was based on extensive review of all aspects prior to the meeting of April 27, 2020. Logically, the FSEIR had no requirement to address items already examined and approved in the original PWM EIR. Overturning or defeating the PWM Expansion water recycling project was CalAm's key objective. This was CalAm's "do-or-die" action to safeguard the MPWSP and guarantee success.

CalAm had also publicly undercut the current core PWM water recycling project, accusing PWM of missing water purchase agreement milestones for water delivery to the Seaside Basin. As it

turns out, this was another CalAm tactic to divert attention away from the fact that CalAm had neglected to install critical pumping stations for Carmel Valley, thus making any PWM water delivery to that area impossible. Why would CalAm change course to denounce the PWM Expansion project after having praised and approved it as a back-up plan for its desal plant? Because the CCC had based, in part, its recommendation to deny the CalAm permit on the Stoldt water supply and demand report that confirmed a plentiful water supply for the Monterey Peninsula projected to last until at least 2043. During this timeframe, other water technologies and sources could be explored and developed. This CalAm failure to provide the necessary water delivery infrastructure for Carmel Valley is a glaring example of CalAm negligence and incompetence, two traits that continue to dishearten ratepayers. Covering up this deficiency revealed yet another negative aspect of CalAm's lack of transparency and honesty.

After accepting the work for the first phase of PWM, which is in the process of providing 3,500 acre-feet of recycled water to the Seaside Basin where it will be stored for later use, CalAm now criticizes and denounces PWM expansion that it earlier agreed to have as a back-up plan. The back-up plan came about due to multiple MPWSP problematic issues, with a lack of water rights and the critically over drafted SVGB being high on the list. Part of CalAm's permit application includes a development portion. This permit part must be scrutinized and denied. Why? Because CalAm's desalination plant will be rendered useless and nonoperational since its source water is located in Marina's SVGB aquifers at the CEMEX property. Without the installation of its planned additional eight slant wells, the desalination plant cannot function. Therefore, the entire permit application and all portions that include any developmental elements must also be included in denial. If the desalination plant permit is approved, but not the development portions concerning slant well construction and installation, then the desalination plant, to be built elsewhere outside Marina, would inflict substantial financial losses on ratepayers and taxpayers alike. The desalination plant would also saddle communities with another industrial blight on its coastal landscape without providing any benefit except to CalAm shareholders. To add to the equation, CalAm would be subject to litigation proceedings pertaining to the CEMEX property slant wells damaging SVGB aquifers, while citizens would engage in protests to oust CalAm from Marina protected sensitive habitats. This disruptive scenario is another real potential issue for our communities.

City of Marina Planning Commission had already denied CalAm's permit request for its MPWSP, admonishing CalAm for its past record of deceit, faulty data and modeling, misinformation, lack of transparency, and untrustworthiness. CalAm then applied to Marina City Council for a permit, but then withdrew its application, accusing Marina of prejudicial bias on the part of certain council members. CalAm deceived the City of Marina when it presented faulty data and modeling for its test slant well; it deceived the City of Marina when it said the slant well would extract water from the ocean, even though it planned to move the slant well inward to be placed directly in the 180/140 FT and the Dune Sand Aquifers, blowing freshwater out into the Monterey Bay in violation of the California Constitution, Article X. Then CalAm, to circumvent

the Agency Act, devised a plan to extract aquifer water from the basin, transport it to Castroville's CSIP for \$110 an acre-foot, but at a cost of \$6,000 - \$8,000 an acre-foot to Peninsula ratepayers. Naturally, board members representing Castroville and Monterey North County were easily swayed to go along with CalAm's claim that the PWM expansion project cannot provide sufficient water, therefore, the MPWSP is absolutely necessary. Having such a good deal at the expense of CalAm ratepayers is hard to pass up. Another false CalAm claim is that the PWM expansion takes water from agriculture interests, which is unfair to Salinas growers and residents. Both claims are not true. Source water will not be touched, and neither will water for agriculture or SVGB SGMA demands. CalAm deceived the City of Marina when it disrespected Marina's inherent right to protect its sole water supply resource. After the City of Marina denied CalAm's permit application to install its test slant well at the Marina CEMEX property, CalAm brazenly invaded Marina's legal city jurisdiction without permission to violate Marina citizens' water rights and its Local Coastal Plan that protects endangered species' nesting habitats, like that of the Snowy Plover bird, the City of Marina's Mascot.

The sudden switching of horses in mid-stream is directly related to CalAm's new founded fear that its permit will be denied. Permit denial would deprive CalAm of massive future profits it envisions for its shareholders through high percentage surcharges on its capital assets, e.g., buildings and other structures, such as a desalination plant, extensive pipelines, pumping stations, construction equipment and vehicles, and slant wells.

The cost of the MPWSP to Monterey Peninsula ratepayers and the residents of Marina and the Ord Communities would be staggering and life threatening. Marina and the Ord Communities would be at risk to lose their only potable freshwater supply source, the Salinas Valley Groundwater Basin's Perched Dune Sand Aquifer, the Dune Sand Aquifer, and the 180/140 FT aquifers, with the 900 FT ancient aquifer also at risk.

I urgently bring this challenging situation to you, again, because many lives depend on your wisdom and visionary leadership. It takes courage, back bone, to withstand the pressures being brought to bear now, but human lives are far more valuable than one corporation's financial gain. That is what is at stake. The CalAm ravages endured so far are unsustainable and unjust. CalAm disregards citizen constitutional rights and basic human rights, such as affordable water; the higher the cost of water, the higher the cost of food production systems. With greater green gas emissions emanating from a desalination plant, the greater the climate change damage.

Whether or not Monterey Peninsula citizens can effectively challenge the FSEIR certification denial before the CCC August 2020 hearing, it is certain that the FSEIR can in the future gain certification because it has met all CEQA guideline requirements and passed environmental scrutiny. Both the M1W and MPWMD boards unanimously approved conducting the SEIR, which is simply a broadening of the approved core PWM EIR. Both boards unanimously approved spending \$1 million of taxpayer funds for the FSEIR process. CalAm spent \$350,000

of ratepayer funds. To deny FSEIR certification was an unconscionable act of betrayal of taxpayer and ratepayer rights and finances.

It is irresponsible and indefensible that the M1W board disregarded the MPWMD's request to approve FSEIR certification. While the MPWMD board vote was not unanimous (it was a 6-1 vote, with the one vote against coming from a CalAm and Castroville CSIP supporter), a board majority urged certification approval. MPWMD invested \$750,000 while M1W invested \$250,000 in the FSEIR. It was only after receiving the CCC staff recommendation for CalAm permit denial that the trouble intensified, with CalAm heavily lobbying against its own recycled water project in order to ensure a chance for its desalination plant at the scheduled CCC August 2020 hearing.

CalAm has steadfastly refused to sign a water purchase agreement for PWM Expansion, primarily to promote and reinforce its financial profit goal to build the desalination plant, no matter the risk to ratepayers. To this end, it was vital that CalAm discredit the Stoldt Water Supply and Demand Report because it revealed, and proved, that the proposed PWM Expansion project is a first-rate, feasible, ecologically sustainable alternative to desalination. And because the Stoldt report provided a basis for CCC recognition of the PWM Expansion project as a logical answer to the Peninsula's water shortage and CDO challenges. Thus, the CCC's staff recommendation for CalAm permit denial. There were additional issues involved as well in the CCC staff recommendation.

There is now no doubt that a new, alternate water supply resource exists, if and when the PWM Expansion project obtains a water purchase agreement, an agreement CalAm refuses to negotiate, for the same reasons stated herein. This is unfortunate because the PWM Expansion recycled water project is superior in every way to the MPWSP.

The CCC co-signed the tri-party resolution with the City of Marina and the State Lands Commission to preserve the CEMEX property for conservation and recreational use only, thus precluding any further industrial development after the CEMEX sand-mining operations close this year. This action was in accordance with the City of Marina's Local Coastal Plan. In addition to its lack of water rights to the SVGB aquifers, CalAm cannot proceed to build a desalination plant on the CEMEX property where its test slant is currently located and where it plans to install eight more slant wells. Furthermore, slant well technology has not been successfully used anywhere in the world. CalAm is, and has been, using Marina as an experimental "guinea pig".

The same issues that plague the Carmel River would be the same for the SVGB, especially since this basin is on the state's critically over drafted groundwater basin list, and the steelhead trout is an endangered species in both the Carmel and Salinas rivers. This means if a permit is granted to CalAm, and CalAm succeeds in overcoming the seemingly unsurmountable obstacles it faces, then the state surely will issue a Cease and Desist Order for the SVGB, putting the Monterey Peninsula in an even worse situation than the already precarious present one. In

fact, the State of California has enacted the Sustainable Groundwater Management Act to mandate aquifer protection, preservation, and replenishment. CalAm's slant well pumping would deplete aquifers and contaminate them with seawater. The CalAm hydrologist hired to evaluate the test slant well is the inventor and patent holder of this same test slant well. This conflict of interest, once pointed out, seems to have been shrewdly "overlooked."

For all the reasons stated herein, I ask that you stand firm in your staff's recommendation to deny the permit to CalAm. CalAm's irrelevant and false claims do not obfuscate the truth. The truth remains that the FSEIR for the PWM expansion is solid and can pass muster. The PWM Expansion project, that augments the existing core PWM water recycling project, is a reliable, sound, worthwhile, and pragmatic alternative potable recycled water resource for the Monterey Peninsula and beyond. It is a sustainable, safer, less expensive, and more environmentally friendly water project than the hugely expensive and climate change unfriendly desalination plant. In a word, the PWM Expansion recycled water project stands out as the best and far superior choice.

Please fulfill your duty for the public good. Deny the CalAm MPWSP permit. It is the ethically and environmentally right decision. The Monterey Peninsula citizens will be forever grateful that you are good stewards of their trust. Our future survival heavily depends on your decision to do the right thing.

Very respectfully,

Margaret-Anne Coppernoll, Ph.D.

,

Arlene Tavani

From: kenneth rutherford <kenneth_rutherford@msn.com>
Sent: Thursday, April 30, 2020 9:44 AM
To: comments
Subject: Public Comment

Chair Edwards and MPWMD Board of Directors,

I appreciate your prompt attention to this vitally important matter.

I write now to encourage the MPWMD Board, after conferring with legal counsel on whether to protect its rights and interests by initiating litigation against Monterey One Water related to actions taken on the Pure Water Monterey Expansion SEIR, to err on the side of pursuing litigation if at all feasible. In addition to writing several times to John Gaglioti, my representative on the M1W Board, about this very issue with no meaningful response, I have attended several of the M1W Board and Waste Water Committee meetings and find the efforts taken by several of the Board and Committee members to be egregious and transparent enough regarding motive and intent to warrant further action by this Board. Please note that like you, several residents of Del Rey Oaks are also taking this matter seriously and are actively considering our options, legal and otherwise, to address this matter.

Thank you for your service and the work you do on our behalf.

Sincerely,

Ken Rutherford
Resident of Del Rey Oaks

Sent from [Mail](#) for Windows 10

RECEIVED

25

APR 17 2020

MPWMD

Brian LeNeve
P.O. Box 1012
Carmel, CA 93921

Monterey Peninsula Water Management District
5 Harris Court, Building G
Monterey, CA 93940

RE: EIR for purchase of Monterey Water Supply and District Boundary Adjustment Project

April 11, 2020

Gentlemen,

I recently received your notice of intent to have a scoping meeting for the above-mentioned project on April 21, 2020 and have the meeting a virtual meeting.

In the strongest terms possible I must demand that the scoping meeting be postponed until such time that the public can actually attend the meeting.

A virtual meeting is just not a substitute for an actual meeting where the public can interact with the proponents of the EIR. Having a virtual meeting will not give ratepayers an adequate chance to learn about the project and give suggestions.

We are talking about a project that will cost ratepayers millions of dollars and is very contentious on the peninsula. Such an issue requires full disclosure and full participation and neither one is achieved with a virtual meeting.

Sincerely,



Brian LeNeve



Carmel River Steelhead Association
 501 (c)(3) TIN 77-0093979
 P.O. Box 1183
 Monterey, CA 93942

RECEIVED

APR 20 2020

MPWMD

Monterey Peninsula Water Management District
 5 Harris Court Building G
 Monterey, CA 93940

Via: email

April 12, 2020

Dear MPWMD,

The Carmel River Steelhead Association (CRSA) has been notified of a meeting to be hosted by MPWMD. The purpose of this meeting is to discuss MPWMD going forward with an EIR to buy California American Water Company. Because of the current shelter in place conditions said meeting cannot be held as a public gathering style of a meeting. MPWMD has decided to hold the meeting as a virtual meeting using a conference call type of communication system.

CRSA believes this meeting should be postponed until a meeting can be held in person, as in a public setting held meeting. This meeting is dealing with a very important issue and should have a public gathering meeting rather than a virtual meeting.

CRSA is taking this position and is informing the MPWMD that CRSA is formally protesting MPWMD'S decision to hold this meeting as a virtual meeting rather than a public in person meeting.

Respectfully submitted,


 Steve Park
 CRSA President