ITEM: PUBLIC HEARING

31. CONSIDER ADOPTION OF JULY THROUGH SEPTEMBER 2020 QUARTERLY WATER SUPPLY STRATEGY AND BUDGET

Meeting Date:	**June 15, 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: The Board will accept public comment and take action on the **July** through **September 2020** Quarterly Water Supply Strategy and Budget for California American Water's (CalAm's) Main Water Distribution System, which is within the Monterey Peninsula Water Resources System (MPWRS). The proposed budget, which is included as **Exhibits 31-A**, shows monthly production by source of supply required to meet projected customer demand in CalAm's Main system during the **July** through **September 2020** period. The proposed strategy and budget is designed to maximize the long-term production potential and protect the environmental quality of the Seaside Groundwater and Carmel River Basins.

Exhibit 31-A shows anticipated production by CalAm's Main system for each production source and the actual production values for the water year to date through the end of **May 2020**. Cal-Am's annual Main system production for Water Year (WY) 2020 will not exceed 10,130 acre-feet (AF). Sources available to meet customer demand are 1,820 AF from the Coastal Subareas of the Seaside Groundwater Basin as set by the Seaside Basin Adjudication Decision and 8,310 AF from the Carmel River as set by WRO 2016-16. Additional water projects and water rights available are an estimated 917 AF from ASR Phase 1 and 2 recovery and 150 AF from the Sand City Desalination Plant. The schedule of production from the Carmel Valley Alluvial Aquifer is consistent with State Water Resources Control Board (SWRCB) Order Nos. 95-10, 98-04, 2002-0002, and 2016-0016**.** In compliance with WRO 2016-0016, any water diverted under these rights must be used to reduce unlawful diversion from the Carmel River Basin.

RECOMMENDATION: The Board should receive public input, close the Public Hearing, and discuss the proposed quarterly water supply budget. District staff recommends adoption of the proposed budget. The budget is described in greater detail in **Exhibit 31-B**, Quarterly Water Supply Strategy Report: **July – September 2020**.

BACKGROUND: The Water Supply Strategy and Budget prescribes production within CalAm's Main system and is developed on a quarterly schedule. Staff from the District, CalAm, the National Marine Fisheries Services (NMFS), State Water Resources Control Board's Division of Water Rights (SWRCB-DWR), and the California Department of Fish and Wildlife (CDFW) cooperatively develop this strategy to comply with regulatory requirements and maximize the environmental health of the resource system while meeting customer demand. To the greatest extent pumping in the Carmel Valley is minimized in the summer months and the Seaside wells are used to meet demand by recovering native water and banked Carmel River water. Also, it was agreed that CalAm will operate its wells in the Lower Carmel Valley in a downstream to upstream order.

When flows decline below 20 cfs at the District's Don Juan Gage, CalAm will stop production from its Upper Carmel Valley Wells. The permitted diversion season for ASR is between December 1 and May 31. ASR recovery will begin when flows decline to shift production away from the river. This schedule is estimated with wet year streamflow conditions and daily demand for Carmel Valley. There is also a projected goal of producing 25 AF of treated brackish groundwater from the Sand City Desalination Plant in each of these three months. At the June meeting, District Staff asked the group again if the members would consider budgeting less than 25 AF per month for the Sand City Desalination Plant. The group reinforced their previous decision to leave the full allocation citing the desire to protect the Carmel River and encourage CalAm to repair the plant if it is producing less than the budgeted amount.

Rule 101, Section B of the District Rules and Regulations requires that a Public Hearing be held at the time of determination of the District water supply management strategy. Adoption of the quarterly water supply strategy and budget is categorically exempt from the California Environmental Quality Act (CEQA) requirements as per Article 19, Section 15301 (Class 1). A Notice of Exemption will be filed with the Monterey County Clerk's office, pending Board action on this item.

EXHIBITS

31-A Quarterly Water Supply Strategy and Budget for Cal-Am Main System: July – September 2020

31-B Quarterly Water Supply Strategy and Budget Report: July – September 2020

EXHIBIT 31-A

California American Water Main Distribution System
Quarterly Water Supply Strategy and Budget: July - September 2020

Proposed Production Targets by Source and Projected Use in Acre-Feet

SOURCE/USE	MONTH			YEAR-TO-DATE		
	Jul-20	Aug-20	Sep-20	Oct-19 - May-20	% of YTD	% of Annual
Source						
Carmel Valley Aquifer				**4,057**	85.4%	49.0%
Upper Subunits	0	0	0			
Lower Subunits (95-10)	743	745	670			
ASR Diversion	0	0	0			
Table 13 Diversion (Service)	0	0	0			
Total	**743**	**745**	**670**	**0**		
Seaside Groundwater Basin				**1,349**	122.6%	74.1%
Coastal Subareas	157	157	157			
ASR Recovery	305	305	306	**0**		
Sand City Desalination	25	25	25	**113**	56.7%	37.8%
Total	**1,230**	**1,232**	**1,158**	**113**		
Use						
Customer Service	1,230	1,232	1,158	**5,966**		
Table 13 in Basin Use	0	0	0			
Total Customer Use	**1,230**	**1,232**	**1,158**	**5,966**	93.9%	58.9%
ASR Injection	0	0	0			
Total	**1,230**	**1,232**	**1,158**			

Notes:

1. The annual budget period corresponds to the Water Year, which begins on October 1 and ends on September 30 of the following Calendar Year.
2. Total monthly production for "Customer Service" in CAW's main system was calculated by multiplying total annual production (10,131 AF) times the average percentage of annual production for July, August, and September (9.5%, 9.5%, and 8.7%, respectively). According to District Rule 160, the annual production total was based on the assumption that production from the Coastal Subareas of the Seaside Groundwater Basin would not exceed 1,820 AF and production from Carmel River sources, without adjustments for water produced from water resources projects, would not exceed 8,310 AF in WY 2019. The average production percentages were based on monthly data for customer service from WY 2014 and 2015.
3. The production targets for CAW's wells in the Seaside Coastal Subareas are based on the need for CAW to produce its full Standard Allocation to be in compliance with SWRCB WRO No. 2016-0016.
4. It should be noted that monthly totals for Carmel Valley Aquifer sources may be different than those shown in MPWMD Rule 160, Table XV-3. These differences result from monthly target adjustments needed to be consistent with SWRCB WRO 98-04, which describes how Cal-Am Seaside well field is to be used to offset production in Carmel Valley during low-flow periods. Adjustments are also made to the Quarterly Budgets to ensure that compliance is achieved on an annual basis with MPWMD Rule 160 totals.
5. ASR recovery values will be evaluated and adjusted according to climate and River conditions.

EXHIBIT 31-B

Quarterly Water Supply Strategy and Budget Report California American Water Main Water Distribution System: July – September 2020

1. Management Objectives

The Monterey Peninsula Water Management District (District) desires to maximize the long-term production potential and protect the environmental quality of the Carmel River and Seaside Groundwater Basins. In addition, the District desires to maximize the amount of water that can be diverted from the Carmel River Basin and injected into the Seaside Groundwater Basin while complying with the instream flow requirements recommended by the National Marine Fisheries (NMFS) to protect the Carmel River steelhead population. To protect the River, ASR water banked in the winter will be recovered in the summer months. To accomplish these goals, a water supply strategy and budget for production within California American Water's (CalAm's) Main water distribution system is reviewed quarterly to determine the optimal strategy for operations, given the current hydrologic and system conditions, and legal constraints on the sources and amounts of water to be produced.

2. Quarterly Water Supply Strategy: April - June 2020

On June 4, 2020, the Quarterly Water Budget Group comprised of representatives from the District, CalAm, the National Marine Fisheries Services (NMFS), State Water Resources Control Board's Division of Water Rights (SWRCB-DWR), and the California Department of Fish and Wildlife (CDFW) met and discussed the proposed water supply strategy and related topics for upcoming quarter.

Carmel River Basin CalAm will operate its wells in the Lower Carmel Valley in a downstream to upstream sequence, as needed to meet customer demand. For this quarterly water budget, it was agreed that CalAm would stop producing water from the Upper Valley Wells upon entering the "Low Flow" regime. To the maximum extent, pumping will be shifted away from the river wells and Seaside native and banked ASR water will be used to meet demand in the summer months. Any new sources of water reduce the water available to be pumped from the river on a one to one basis consistent with SBO 2016-0016. The group decided that the water savings between demand and legal supplies would be used to benefit the Carmel River Basin and would be used to increase the amount of carry over credit as described in the CDO.

Seaside Groundwater Basin CalAm will continue to produce water from the Coastal Subareas of the Seaside Basin during this period, as necessary to meet system demand and facilitate ASR diversions to storage. There is also a goal to produce 25 AF of treated brackish groundwater from the Sand City Desalination Plant in each of these three months. It is recognized that, based on recent historical use, CalAm's production from the Laguna Seca Subarea during this period cannot be reduced to zero, as is set by CalAm's allocation specified in the Seaside Basin Adjudication Decision. Under the amended Seaside Basin Decision, CalAm is allowed to use production savings in the Coastal Subareas to offset over-production in the Laguna Seca Subarea. The group decided to discontinue producing the budget

table for the Laguna Seca area with the reasoning of the Adjudicated allotment has already been reduced to zero. CalAm is addressing this by constructing an interconnection with the Main System and working with the Seaside Watermaster to address any over pumping of the Seaside Groundwater Basin.