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Brown Act noticing requirements.
The agenda is subject to change.



**Water Supply
Planning Committee
Members:**

*Gary Hoffmann, Chair
Jeanne Byrne
George Riley*

Alternate:

Alvin Edwards

Staff Contact

*David J. Stoldt,
General Manager*

*After staff reports have
been distributed, if
additional documents are
produced by the District
and provided to the
Committee regarding any
item on the agenda, they
will be made available at
5 Harris Court, Building
G, Monterey, CA during
normal business hours.
In addition, such
documents may be posted
on the District website at
mpwmd.net. Documents
distributed at the meeting
will be made available in
the same manner.*

AGENDA

**Water Supply Planning Committee
Of the Monterey Peninsula Water Management District**

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

Call to Order

Comments from Public - *The public may comment on any item within the District's jurisdiction. Please limit your comments to three minutes in length.*

Action Items – *Public comment will be received. Please limit your comments to three (3) minutes per item.*

1. Consider Adoption of July 9, 2019 Committee Meeting Minutes

Discussion Items – *Public comment will be received. Please limit your comments to three (3) minutes per item.*

2. Overview of Seaside Basin Adjudication
3. Proposed Moratorium on Laguna Seca Subarea
4. Update on Los Padres Dam Alternatives Analysis
5. Update on Pure Water Monterey Project

Adjournment

Upon request, MPWMD will make a reasonable effort to provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. MPWMD will also make a reasonable effort to provide translation services upon request. Please send a description of the requested materials and preferred alternative format or auxiliary aid or service by 5PM on Friday, September 6, 2019. Requests should be sent to the Board Secretary, MPWMD, P.O. Box 85, Monterey, CA, 93942. You may also fax your request to the Administrative Services Division at 831-644-9560, or call 831-658-5600.

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WATER SUPPLY PLANNING COMMITTEE

ITEM: ACTION ITEM

1. CONSIDER ADOPTION OF JULY 9, 2019 COMMITTEE MEETING MINUTES

Meeting Date: September 10, 2019

From: David J. Stoldt,
General Manager

Prepared By: Arlene Tavani

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

SUMMARY: Attached as **Exhibit 1-A** are draft minutes of the July 9, 2019 committee meeting.

RECOMMENDATION: The Committee should adopt the minutes by motion.

EXHIBIT

1-A Draft Minutes of the July 9, 2019 Committee Meeting



EXHIBIT 1-A

DRAFT MINUTES

Water Supply Planning Committee of the Monterey Peninsula Water Management District July 9, 2019

Call to Order: The meeting was called to order at 10:00 am.

Committee members present: Gary Hoffmann, P.E. (participated by telephone)
Jeanne Byrne
George Riley

Committee members absent: None

Staff members present: David J. Stoldt, General Manager
Larry Hampson, District Engineer
Arlene Tavani, Executive Assistant
Stephanie Locke, Water Demand Manager
Jonathan Lear, Water Resources Division Manager
Thomas Christensen, Environmental Resources Div. Mgr.

District Counsel present David Laredo

Comments from the Public: Paul Bruno came forward to comment on California-American Water's desalination project, but agreed to speak under agenda item 4.

Action Items

- 1. Consider Adoption of March 28, 2019 Committee Meeting Minutes**
On a motion by Riley and second of Hoffmann, the minutes were approved on a unanimous vote of 3 – 0 by Riley, Hoffmann and Byrne.

Discussion Items

- 2. Update on Status of Ryan Ranch Unit of California American Water and Use of Emergency Intertie between the Bishop and Ryan Ranch Units**
General Manager Stoldt distributed an email dated July 8, 2019 from Tim O'Halloran of California American Water (CAW) outlining a plan to implement the Ryan Ranch-Bishop interconnection as contemplated in the Monterey Peninsula Water Supply Project EIR to meet the water needs of the Ryan Ranch system. The committee discussed the plan and agreed with staff's assessment that it would be preferable to support CAW's plan to implement the Ryan Ranch-Bishop interconnection which would be completed by April 2020, rather than require CAW to pursue the lengthy process to amend the Ryan Ranch Water Distribution System permit.

John Tilley addressed the committee during the public comment period on this item. He highlighted the importance of redundancy within the water system; the peak maximum daily demand needs must be met; and satellite systems do not work without a water supply project.

During the discussion, staff acknowledged that CAW may need to utilize its interconnection with the Bishop or main CAW system during construction of the new Bishop interconnection. It was noted that the District chose not to pursue enforcement procedures against CAW when it was known that the company was out of compliance with its Water Distribution System permit. There was concern that the lack of enforcement sent a signal to others that the District would not enforce its rules.

3. Discussion of Pure Water Monterey Advanced Water Purification Electrical Facilities

Stoldt summarized the information provided in the staff note and responded to questions. He stated that the cost of the design change to provide power from Monterey Regional Waste Management District to the Advanced Water Purification Facilities without the need to change the existing PG&E Meter and Switchgear will be offset by reduced power costs over a 30-year period.

4. Update on Pure Water Monterey Project; Discuss Pure Water Monterey Expansion's Role in Water Supply Portfolio

Riley stated that the topic was presented at his request. The purpose was not to ask the committee to establish priorities or take any action, but to promote a discussion on principles, priorities, and cost related to development of PWM and desalination. He described the District's support of both projects as mission creep. He explained that the District supported the financing agreement for the desalination project, and took action to support funding for Pure Water Monterey (PWM). PWM complies with sustainability priorities of the District and State and should be supported. PWM is less costly than desalination, with fewer environmental impacts. The desalination project was originally proposed as a no-growth project, but had been approved with growth mentioned in the mission statement. The desalination project as designed splits the community. A regional desalination project would be preferable to CAW's desalination project.

Byrne opined that there was no issue between the two projects. The source water for PWM is not guaranteed due to increased water conservation and improvements in agricultural water use practices. PWM is not a permanent solution; it is a short term 20-30 year solution. Desalination is a long term 50-100 year solution. The State is requiring every city to develop additional housing. If the original desalination project would only provide water for lots of record, infill, and return of the economy it would not provide water for the new housing requirements.

Hoffmann stated that PWM and the desalination project are components of the long-term solution and are not mutually exclusive. The District should not revisit the settlement agreement. Funding for both projects is available from State Revolving Fund loans. It is important to maximize water reuse before creating a new water supply and taxing overused resources that are highly energy intensive. He questioned

to what extent expansion of PWM would be viable in the long-term. He expressed concern about CAW's ability to reliably operate the desalination plant. Processes for potable reuse have improved over time, and the project should be reevaluated in order to develop a more comprehensive position consistent with the settlement agreement.

Public Comment: **(a) Sam Teal** stated that the District should remain on the same path, as there was no reason to withdraw support of desalination. **(b) Kevin Dayton**, Government Affairs Director for the Monterey Peninsula Chamber of Commerce, recommended that this discussion be conducted in a venue that would accommodate a large group of community members who could express their opinion. **(c) Jeff Davi** urged the District to continue its support of desalination. PWM expansion was intended as a back-up plan. Another public forum for this issue was not needed – the topic had been discussed. **(d) Paul Bruno** urged the committee to refrain from moving this discussion forward. The settlement agreement should remain in place. PWM and the expansion proposal would not meet peak demand without desalination, nor would PWM meet the needs of the Seaside Basin. **(e) John Tilley**, rate payer, stated that the desalination plant would be a sustainable project, with PWM as a supplement. He inferred that the issue was about Measure J, which he said should be decided through the feasibility study, not in discussions about the water supply project.

Stoldt stated that peak demand in the system can be met without a desalination project for ten years. He noted that funding from Clean Water State Revolving Fund loans and Safe Drinking Water State Revolving Fund loans could provide full funding for the desalination project; however, the State had not yet submitted a letter confirming its intent to fully fund the project. Until then, the plan is that some construction costs would be paid by a surcharge, 20% shareholder equity from CAW, and the remainder from State Revolving Fund loans.

5. Update on Los Padres Dam Alternatives Study

Larry Hampson reported that the calibrated model and scenarios to be studied in the alternatives study have been approved, including simulation of what the watershed was like prior to any European influences in the water shed. It could take 6 – 8 weeks to prepare the data for review by the consultants who will assess the data to determine how the steelhead would be affected under different scenarios.

6. Update on ASR Construction

Stoldt reported that chemical building design was nearly complete, and CEQA approval would be presented to the Board in July. When the building is constructed, the site will be landscaped.

Adjournment: The meeting was adjourned at 5:20 pm.

WATER SUPPLY PLANNING COMMITTEE

DISCUSSION ITEM

2. OVERVIEW OF SEASIDE BASIN ADJUDICATION

Meeting Date: September 10, 2019 **Budgeted:** N/A

From: David J. Stoldt **Program/**
General Manager **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: With the addition of several new Board members, it is an appropriate time to review the Seaside Groundwater Basin adjudication.

Description of the Seaside Basin

The Seaside Basin underlies the Cities of Seaside, Sand City, Del Rey Oaks, Monterey, and portions of unincorporated county areas, including the southern portions of Fort Ord, and the Laguna Seca Area. Generally, the Seaside Basin is bounded by the Pacific Ocean on the west, although it is recognized that the aquifer extends offshore under the seafloor, the Toro Park area on the east, Highways 68 and 218 on the south, and the northern boundary of the basin follows a groundwater flow divide separating groundwater flowing toward the Salinas Valley from groundwater flowing toward the coastal subareas of the Seaside Basin. Flow divides are hydraulic features that develop between two centers of concentrated pumping. The divide acts like a ridge in the regional water-level surface much like the way a topographic ridge separates two surface watersheds. The Seaside Basin consists of subareas, including the Coastal subarea and the Laguna Seca subarea in which geologic features form partial hydrogeologic barriers between the subareas. The Seaside Basin is shown in **Exhibit 2-A**. While there is some disagreement over the depiction of its boundaries, the red outline is what applies to the adjudication and was adopted by the State Department of Water Resources at the request of the District as a basin boundary adjustment under the Sustainable Groundwater Management Act (SGMA) in early 2016. The different boundary demarcations are discussed below.

DWR Boundary: The California Department of Water Resources (DWR) Bulletin 118 (2003) boundaries were mapped by the DWR as part of a statewide effort. The Seaside Groundwater Basin is characterized as a sub-basin (basin number 3-4.08) contained in the Salinas Valley Groundwater Basin. The Seaside Groundwater Basin was included based on the similarity of depositional environments between the Seaside and Salinas Valley Groundwater Basins. The DWR defined the northeast boundary along the mapped boundary of the 180/400 foot aquifer subbasin (basin

number 3-4.01) in the Salinas Valley proper; the western and southeastern boundaries were defined roughly on the extent of Quaternary sand dune deposits.

Seaside Basin Adjudication Boundary: The Adjudicated Basin Boundary was delineated by the court in the final decision (filed March 2006). The Adjudicated Boundary is based on reconnaissance-level hydrogeologic data from a U.S. Geological Survey report (Muir, 1982).

Seaside Basin Update “Yates” Boundary: An updated boundary of the Seaside Basin was developed in a report prepared by Yates and others (2005). This investigation included updated hydrogeologic information and more focused fault mapping. The boundary also recognizes the groundwater flow divide between the Seaside and Salinas Valley Groundwater Basins.

MPWMD believes the Adjudicated Basin Boundary is a better representation of the Seaside Groundwater Basin than the DWR boundary, but the “Yates” boundary actually represents more recent and accurate data about the basin.

The Seaside Groundwater Basin consists of a sequence of three aquifers that overlie the relatively impermeable Monterey Formation. The lowermost or deepest aquifer is the Santa Margarita aquifer, the middle aquifer is the Paso Robles aquifer, and the uppermost or shallowest aquifer is the Dune Sands aquifer. The Paso Robles and Santa Margarita aquifer are the principal water-producing aquifers in the basin. The aquifers in the basin have been folded and faulted resulting in varying thicknesses and depths across the basin. The Seaside Basin has traditionally been subdivided into several subbasins and subareas for hydrologic analyses. These divisions reflect a combination of hydrogeologic and jurisdictional boundaries. A hydrogeologic boundary created by the Laguna Seca Anticline (an upward fold of rock layers) divides the basin into northern and southern subbasins. Each of the two subbasins is further divided into coastal and inland subareas.

Total Usable Storage Space in the Coastal and Northern Inland Subareas is 31,770 acre-feet. Total Usable Storage Space in the Laguna Seca Subarea is 20,260 acre-feet. Total Usable Storage Space in the entire Seaside Groundwater Basin is 52,030 acre-feet.

The Adjudication

Cal-Am filed the action which initiated adjudication August 14, 2003. The defendants were the City of Seaside, the City of Monterey, the City of Sand City, the City of Del Rey Oaks, Security National Guaranty, Inc., Granite Rock Company, D.B.O. Development Company No. 27, Muriel E. Calabrese 1987 Trust, Alderwoods Group (California), Inc., Pasadera Country Club, LLC, Laguna Seca Resort, Inc., Bishop, McIntosh & McIntosh, and The York School, Inc. A decision was entered March 2006 and was amended in February 2007 to allow Cal-Am to combine its production from the Coastal Subareas and Laguna Seca Subarea in determining its compliance with its assigned production allocation.

Water level data from wells in the Seaside Basin have been collected for more than 40 years. In the ten years prior to the adjudication, water levels in the Santa Margarita aquifer had declined 20 feet from approximately 5 feet above sea level to 15 feet below sea level. During the 42-year period

December 1960 through December 2002, water levels had dropped from approximately 50 feet above sea level to 10 feet below sea level. Similarly, groundwater levels in the eastern end of the Laguna Seca Subarea for a 13-year period from 1989 through 2001 in the Santa Margarita (SM) aquifer had declined about 25 feet from 230 feet above sea level to 205 feet above sea level, with seasonal fluctuations throughout the period of analysis. Current data shows levels in the Laguna Seca subarea continue to drop.

Two hydrogeologic assessments of the Seaside Groundwater Basin were prepared for the adjudication proceedings and form the factual basis for the determination by the Monterey County Superior Court (Case No. M66343) that the Seaside Groundwater Basin is in overdraft. The first report, *Hydrogeologic Assessment of the Seaside Groundwater Basin*, prepared for California American Water by CH2M Hill, is dated January 2004, and is referred to as the "CH2M Hill Report". The second report, *Seaside Groundwater Basin: Update on Water Resource Conditions*, prepared for the District by Eugene B. (Gus) Yates, Martin B. Feeney, and Lewis I. Rosenberg, is dated April 14, 2005 and is referred to as the "Yates Report". Both reports developed annual water budgets for the Seaside Basin to estimate the safe yield of the basin. Specifically, the CH2M Hill Report estimated that the safe yield for the basin ranged from 2,581 acre-feet per year (afy) to 2,913 afy and the Yates Report estimated that the safe yield for the basin was 2,880 afy. Based on these estimates and then-recent basin extractions of approximately 5,600 afy, both reports concluded that the basin was in overdraft. That conclusion was confirmed in the adjudication decision which established a "Natural Safe Yield" for the Seaside Basin of 3,000 afy.

Accordingly, the current restrictions are needed to balance outflows and inflows within the basin, prevent further declines in water levels, and reduce the risk of seawater intrusion.

To achieve the Natural Safe Yield, pumpers were expected to reduce pumping in steps every three years through 2021. The required reductions in pumping are not borne by all pumpers. Initially, only "Standard Producers" or pumpers exercising appropriative water rights are required to reduce their production. "Alternative Producers" or pumpers exercising overlying water rights are required to reduce their production only when the Standard Producers' production has been reduced to zero acre-feet per year and additional reductions are required to reach the natural safe yield of the subarea. The Standard Producers include California American Water and the Seaside Municipal Water System. Alternate Producers include landowners of individual parcels and jurisdictions such as Sand City, Seaside, and Monterey County.

As part of its *Well Registration and Reporting Program*, the District maintains a list of registered well owners that derive their source of supply from the Seaside Groundwater Basin that are within the District boundaries. Note that there are some wells within the Seaside Basin that are outside the District boundaries and, if di minimis, are not tracked or regulated by the District. Larger wells in the basin, but outside the District, are monitored by the District on behalf of the Watermaster.

The District didn't always regulate the Laguna Seca Subarea and began initial public outreach to explain the proposed change to the definition of the Monterey Peninsula Water Resource System (MPWRS) to include the Northern Inland and Laguna Seca Subareas in May 2008. District staff met with representatives from affected Property Owner and Management Associations during the summer of 2008, to discuss the proposed change and its implications. In addition, District staff

and counsel participated in several settlement discussions with the Hidden Hills Subunit Ratepayers Association (HHSRA) during this period. District Ordinance No. 135 that changed the definition of the MPWRS to include the entire Seaside Basin, including the Northern Inland and Laguna Seca Subareas, went into effect on October 22, 2008.

The Watermaster

A Watermaster was established for the purposes of administering and enforcing the provisions of the Decision and any subsequent instructions or orders of the Court. The Watermaster consists of thirteen (13) voting positions held among nine (9) representatives. California American, Seaside, Sand City, Monterey, and Del Rey Oaks shall each appoint one (1) representative to Watermaster for each two-year term of Watermaster. The Landowner Group shall appoint two (2) representatives to Watermaster for each two-year term of Watermaster. The MPWMD shall have one (1) representative and the MCWRA shall have one (1) representative. The representatives elected to represent the Landowner Group shall include one (1) representative from the Coastal Subarea and one (1) representative from the Laguna Seca Subarea. The California American representative shall possess three (3) voting positions; the Seaside, MPWMD, and MCWRA representatives shall each possess two (2) voting positions; and every other representative shall possess one (1) voting position.

The 2018 Annual Report of the Watermaster, attached as **Exhibit 2-C**, provides a good overview of the activities of the Watermaster.

EXHIBITS

2-A Seaside Basin Boundaries

2-B Other Useful Figures

2-C 2018 Annual Report of the Watermaster (Several Appendices Excluded)

The full report may be found at:

<http://www.seasidebasinwatermaster.org/Other/2018%20Annual%20Report.pdf>

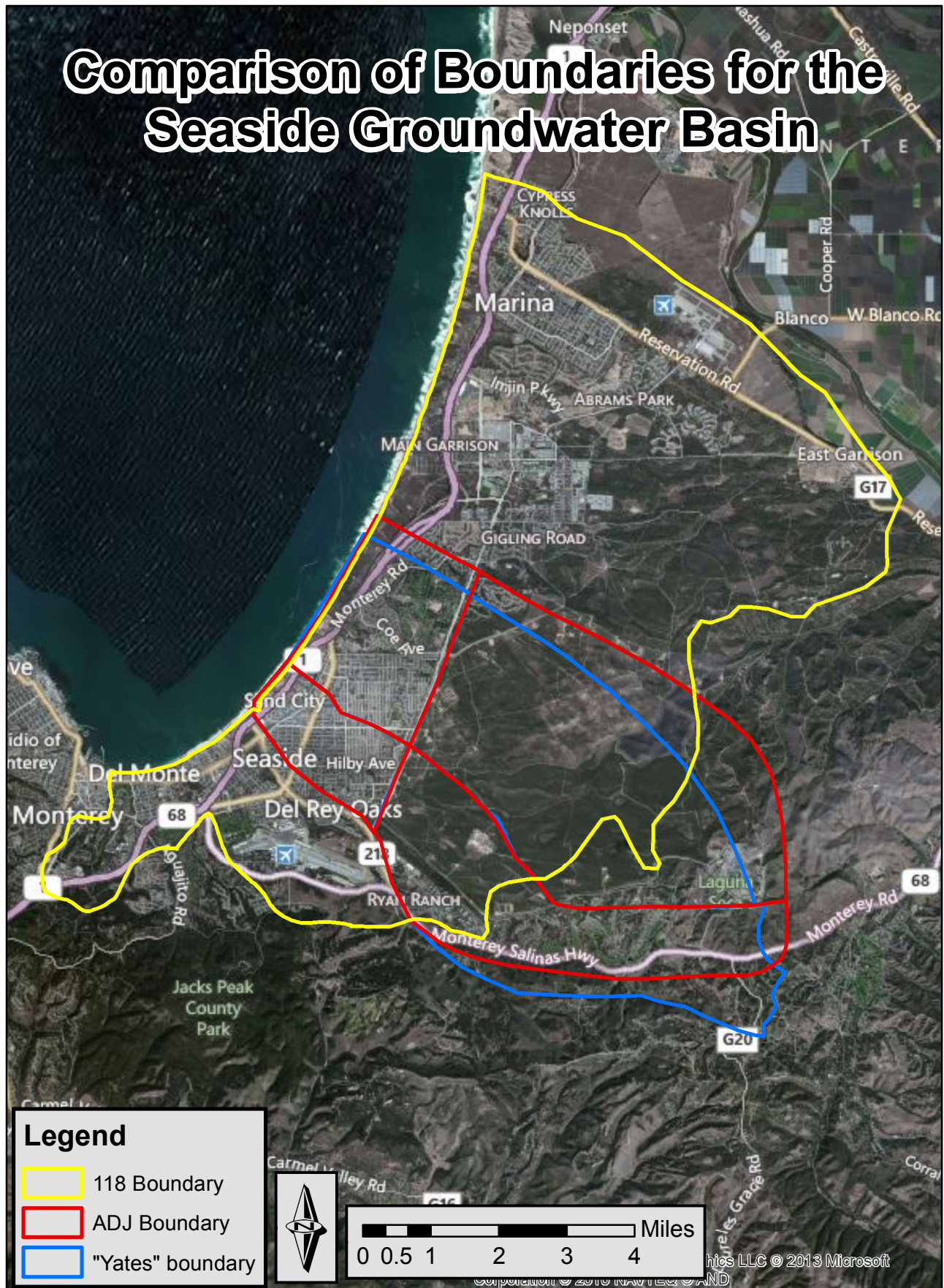
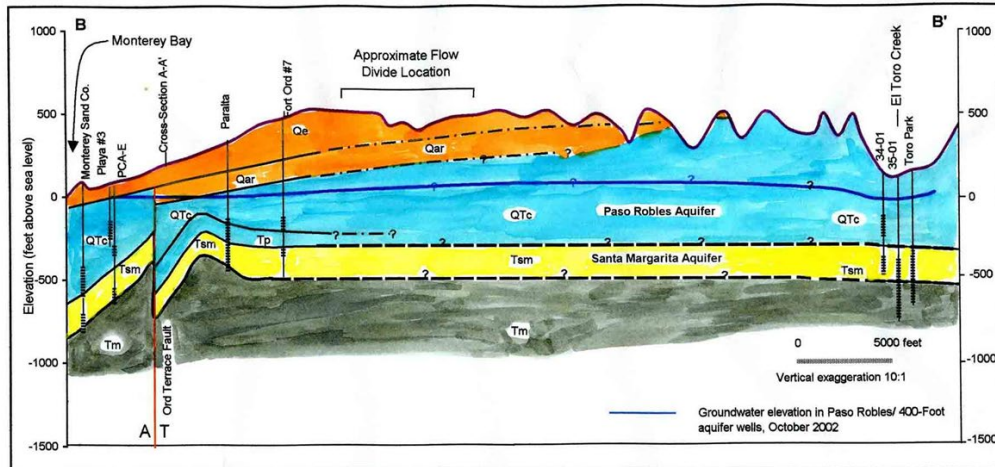


EXHIBIT 2-B

Other Useful Figures

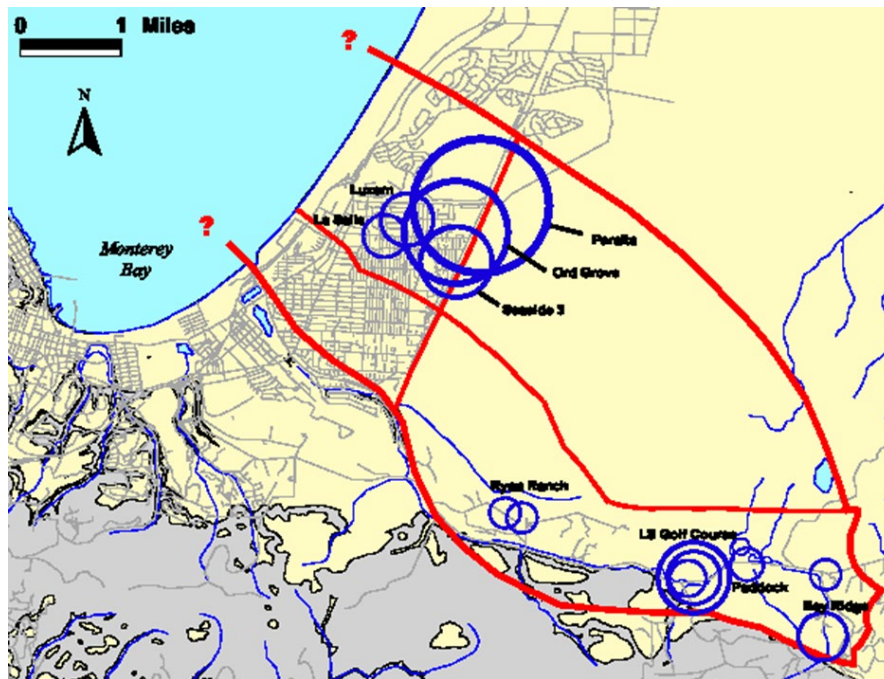


Location of cross-section is shown on Figure 3. Geology from Clark and others, 1997; Fugro West, Inc., 1997b; and WRIME, Inc., 2003. Formations: Tm = Monterey Formation; Tsm = Santa Margarita Sandstone; Tp = Purisima Formation; QTc = continental deposits; Qar = Aromas Sand; Qe = eolian deposits (dunes); Qt = terrace deposits; Qa = undifferentiated alluvial deposits. See text and Figure 3 for descriptions. Fault movement: arrows indicate vertical movement; A = horizontal movement away from the viewer; T = toward viewer.

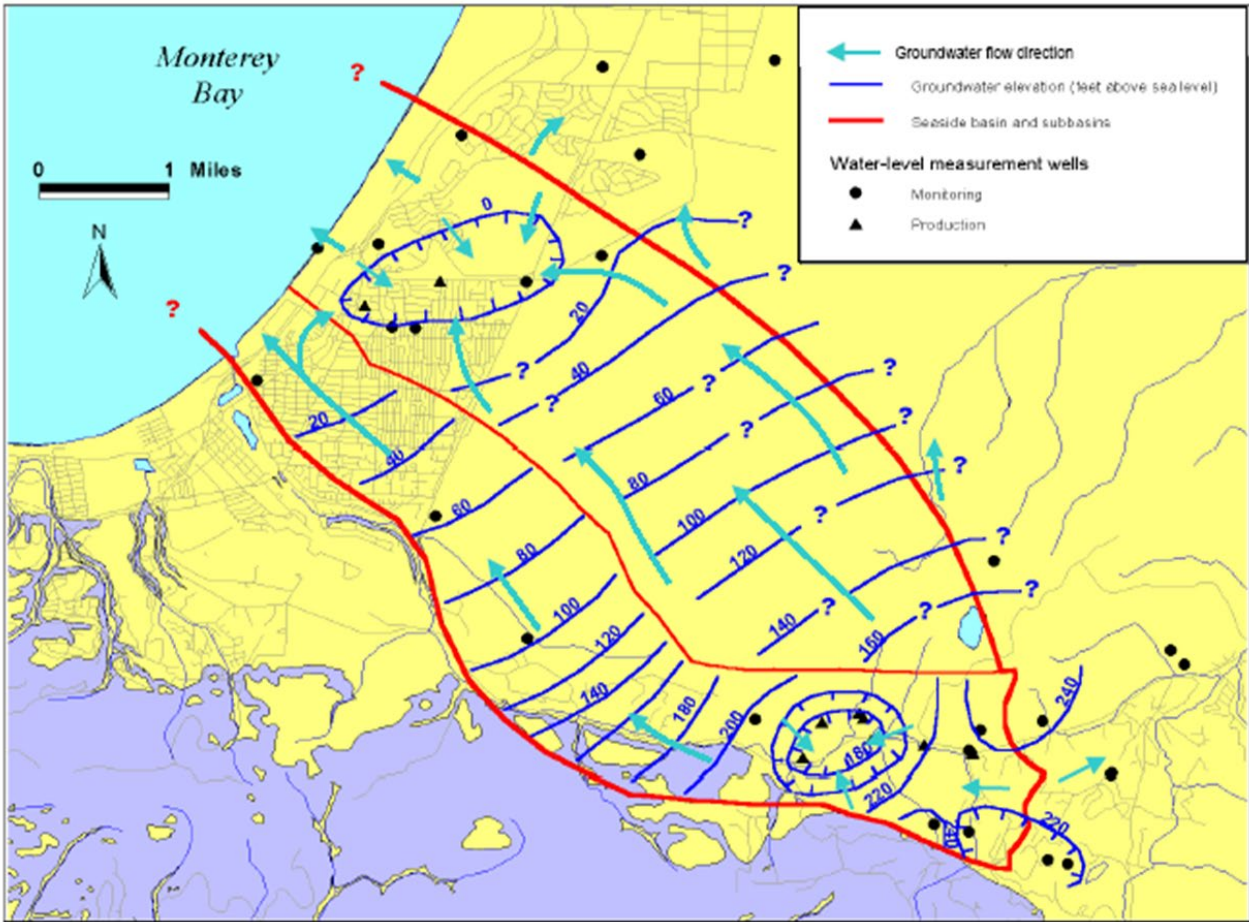
Figure 5. Hydrogeologic Cross-Section B-B'

4/12/05

Xsec_B-B'.xls



Areas of Pumping



Direction of Groundwater Flow

SEASIDE BASIN WATERMASTER

ANNUAL REPORT – 2018

January 2, 2019

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SEASIDE BASIN WATERMASTER

ANNUAL REPORT – 2018

Integral to the Superior Court Decision (Decision) rendered by Judge Roger D. Randall on March 27, 2006 is the requirement to file an Annual Report. This 2018 Annual Report is being filed on or before January 15, 2019, consistent with the provisions of the Decision, as amended by the Order Amending Judgment filed March 29, 2018.

This Annual Report addresses the specific Watermaster functions set forth in Section III. L. 3. x. of the Decision. In addition this Annual Report includes sections pertaining to:

- Water quality monitoring and Basin management
- A summary of basin conditions and important developments concerning the management of the Basin
- Planned near- and long-term actions of the Watermaster
- Information concerning the status of regional water supply issues
- Management activities that may bear on the Basin's wellbeing.

Case Management Conferences were held before the Honorable Leslie C. Nichols (the second judge appointed to this action) in 2016, 2017, and 2018. Conference statements and transcripts of the conferences are available for viewing on the Watermaster web site at <http://www.seasidebasinwatermaster.org/> under Postings and Records. The postings are organized by chronological date. Materials for the June 20, 2016 status conference are under the date June 17, 2016. Watermaster notes that the link titled “Report,” accompanying the June 17, 2016 entries, includes a detailed discussion of background information and contemporary issues relevant to the management of the Basin pursuant to the decision. Other documents pertinent to conferences before Judge Nichols include the transcript of the 2016 conference (website date of entry June 16, 2016), the 2017 conference statement (website date of entry March 1, 2017), the transcript of the 2017 conference (website date of entry March 17, 2017), and the 2018 conference statement (website date of entry March 23, 2018).

A. Groundwater Extractions

The schedule summarizing the Water Year 2018 (WY 2018) groundwater production from all the producers allocated a Production Allocation in the Seaside Groundwater Basin is provided in Attachment 1, “Seaside Groundwater Basin Watermaster, Reported Quarterly and Annual Water Production from the Seaside Groundwater Basin for all Producers Included in the Seaside Basin Adjudication During Water Year 2018.” For the purposes of this Annual Report Water Year 2018 is defined as beginning October 1, 2017 and ending on September 30, 2018.

B. Groundwater Storage

Monterey Peninsula Water Management District (MPWMD), in cooperation with

California American Water (CAW), operates the Seaside Basin Aquifer Storage and Recovery (ASR) program. Under the ASR program, CAW diverts water from its Carmel River sources during periods of flow in excess of NOAA-Fisheries' bypass flow requirements, and transports the water through the existing CAW distribution system for injection and storage in the Seaside Basin at the MPWMD's Santa Margarita ASR site and CAW's Seaside Middle School ASR site. During WY 2018, 530 AF was diverted and stored in the Seaside Basin under the ASR program. Rainfall in the area was about 64% of normal, Carmel River flow was 67% of normal. WY 2018 was classified as "Below Normal" by MPWMD.

Based upon production reported for WY 2018, the following Standard Producers are entitled to Free and Not-Free Carryover Credits to 2018 in accordance with the Decision, Section III. H. 5:

<u>Producer</u>	<u>Free Carryover Credit</u> <u>(Acre-feet)</u>	<u>Not-Free Carryover Credit</u> <u>(Acre-feet)</u>
Granite Rock	180.68	41.32
DBO Development	341.51	62.45
Calabrese (Cypress)	14.36	1.73
CAW	182.91	270.96
City of Seaside Muni	00.00	00.00

C. Amount of Artificial Replenishment, If Any, Performed by Watermaster

Per the Decision, "Artificial Replenishment" means the act of the Watermaster, directly or indirectly, engaging in contracting for Non-Native Water to be added to the Groundwater supply of the Seaside Basin through Spreading or Direct Injection to offset the cumulative Over-Production from the Seaside Basin in any particular Water Year pursuant to Section III.L.3.j.iii. It also includes programs in which Producers agree to refrain, in whole or in part, from exercising their right to produce their full Production Allocation where the intent is to cause the replenishment of the Seaside Basin through forbearance in lieu of the injection or spreading of Non-Native Water (referred to herein as "In-lieu Replenishment").

During Water Year 2018 the Watermaster did not indirectly engage in In-lieu Replenishment of the Basin. No non-native water was made available to the Basin during Water Year 2018 under the Memorandum of Understanding and Agreement entered into by Watermaster with the City of Seaside for its golf course irrigation program creating in-lieu replenishment water.

D. Leases or Sales of Production Allocation and Administrative Actions

In WY2018 there were no transfers or assignments of water allocations. However, as documented in Attachment 13, in 2019 Security National Guarantee (SNG) intends to convert a portion of its Alternative Production allocation to Standard Allocation in order to sell that portion of its allocation to Montage Health. If that transaction is accomplished in 2019 it will be reported upon in the 2019 Annual Report.

During WY 2018 the Watermaster Board did not make any revisions to its *Rules and Regulations*. However, the mailing address for the Watermaster changed to: Seaside Basin Watermaster, P.O. Box 51502, Pacific Grove, CA 93950.

During WY 2018 the Watermaster Board was comprised of the following Members and Alternates:

<u>MEMBER</u>	<u>ALTERNATE</u>	<u>REPRESENTING</u>
Director Paul Bruno	N/A	Coastal Subarea Landowner
Eric Sabolsice/Christopher Cook	Nina Miller	California American Water
Director Bob Costa	N/A	Laguna Seca Subarea Landowner
Director Jeanne Byrne	Andrew Clarke	MPWMD
Mayor Mary Ann Carbone	Todd Bodem	City of Sand City
Supervisor Mary Adams	Jane Parker	Monterey County (MCWRA)
Mayor Jerry Edelen	Kristin Clark	City of Del Rey Oaks
Councilmember Dan Albert	Mayor Clyde Roberson	City of Monterey
Mayor Ralph Rubio	Dennis Alexander	City of Seaside

E. Use of Imported, Reclaimed, or Desalinated Water as a Source of Water for Storage or as a Water Supply for Lands Overlying the Seaside Basin

The CAW/MPWMD ASR Program operated in WY 2018 and accordingly 530 acre-feet of water was injected into the Basin as Stored Water Credits and 1,210 acre-feet was extracted.

In accordance with Section III. L. 3. j. xx, CAW and MPWMD applied to the Watermaster for Storage in the Seaside Basin of water from the Pure Water Monterey Project (PWM). The application was considered by the Watermaster at its publicly noticed October 3, 2018 meeting. No member of the public present at the meeting voiced concerns about approval of the application or PWM. After consideration and discussion, the Watermaster Board approved the application.

The Watermaster Board considered approval of a Storage and Recovery Agreement between the Watermaster, CAW, and MPWMD governing the future injection and recovery of water from PWM at its publicly noticed January 2, 2019 meeting. No member of the public present at the meeting voiced concerns about approval of the

agreement or PWM. After consideration and discussion, the Watermaster Board approved the agreement. A copy of the agreement is included in Attachment 12 of this Annual Report.

It is noted that in August of 2018, the Watermaster filed a *Notice of Lodging of Correspondence Received re Pure Water Monterey Project* with the court. The correspondence lodged contained concerns expressed by a member of the public regarding the injection of PWM water into the Basin. As noted above, none of those concerns were expressed to the Watermaster during its October 3, 2018 meeting when it considered approving the storage and recovery application submitted by CAW and MPWMD.

F. Violations of the Decision and Any Corrective Actions Taken

Section III. D. of the Decision enjoins all Producers from any Over-Production beyond the Operating Yield in any Water Year in which the Watermaster declares that Artificial Replenishment is not available or possible. Section III. L. 3. j. iii. requires that the Watermaster declare the unavailability of Artificial Replenishment in December of each year, so that the Producers are informed of the prohibition against pumping in excess of the Operating Yield.

Because the December 5, 2018 Board meeting was canceled, the Watermaster made its declaration regarding the availability of Artificial Replenishment for WY 2019 at its Board meeting of January 2, 2019. A copy of this declaration is contained in Attachment 2. In WY 2018 the Watermaster implemented another 10% water production reduction required under Section III.B.2 of the Decision. No additional water production reductions were implemented in WY 2018.

Total pumping for WY 2018 did not exceed the Operating Yield (OY) of the Basin, and exceeded the Natural Safe Yield (NSY) of the Basin by 363.21 acre-feet.

California American Water reported annual pumping quantities that exceeded its Standard Production NSY allocation by 374.64 acre-feet, and reported annual pumping quantities that did not exceed its Operating Yield allocation. The Watermaster will assess California American Water's Replenishment Assessment for this over production, as further described in Section H, below.

The City of Seaside reported annual pumping quantities that exceeded its Standard Production NSY allocation by 32.46 acre-feet, and reported annual pumping quantities that exceeded its Operating Yield allocation by 33.89 acre-feet. The City of Seaside did not exceed its Alternative Production NSY. The Watermaster will assess the City of Seaside a Replenishment Assessment for these over productions, as further described in Section H, below.

G. Watermaster Administrative Costs

The total estimated Administrative costs through the end of Fiscal Year 2018 amounted

to \$80,000 including an \$18,000 dedicated reserve. Costs include the Administrative Officer salary and legal counsel fees. The “Fiscal Year 2018 Administrative Fund Report” and “Fiscal Year 2018 Operations Fund Report” are provided as Attachment 3.

H. Replenishment Assessments

At its meeting of October 3, 2018 the Watermaster Board determined that the Natural Safe Yield Replenishment Assessment unit cost of \$2,872 per acre-foot, and the Operating Yield Replenishment Assessment unit cost of \$718 per acre-foot, which are the unit costs that were used in WY 2018, should remain the same for WY 2019.

Alternative and Standard Producers report their production amounts from the Basin to the Watermaster on a quarterly basis. Based upon the reported production for WY 2018, California American Water’s Replenishment Assessment for Overproduction in excess of its share of the Natural Safe Yield is \$1,075,994.80, and no overproduction in excess of its share of the Operating Yield.

The City of Seaside’s Replenishment Assessment for its Municipal System for Overproduction in excess of its share of the Natural Safe Yield is \$93,225.12, and for overproduction in excess of its share of the Operating Yield is \$27,025.66. The City of Seaside did not exceed its Alternative Production Allocation for its Golf Course System production. A summary of the calculations for Replenishment Assessments for WY 2018 is contained in Attachment 5.

I. All Components of the Watermaster Budget

The Watermaster budget has four separate funds: Administrative Fund; Monitoring & Management–Operations; Monitoring and Management–Capital Fund and; Replenishment Fund. Copies of the budgets for Fiscal Year 2018 are contained in Attachment 6.

The Watermaster Board is provided monthly financial status reports on all financial activities for each month with year-to-date totals.

J. Water Quality Monitoring and Basin Management

Change in Watermaster’s Primary Hydrogeological Consultant

Much of the Watermaster’s work is performed through contracts with hydrogeological consultants. The primary hydrogeological consultant the Watermaster has used for many years, HydroMetrics LLC, was purchased in July 2018 by the hydrogeological consulting firm of Errol L. Montgomery & Associates (Montgomery & Associates) of Tucson, Arizona.

Mr. Derrik Williams, President of the former HydroMetrics WRI, explained that he had known and worked with many of the principles of Montgomery & Associates for over 30 years, and that they are a groundwater focused company. He reported that he found Montgomery & Associates to have a highly qualified staff who have the same technical expertise and commitment to both clients and employees as HydroMetrics WRI.

The Watermaster was assured that it would continue to receive the same or better level and quality of services from Montgomery & Associates that it had been receiving from HydroMetrics WRI and that Derrik Williams (President of HydroMetrics) and Georgina King (a Senior Hydrogeologist at HydroMetrics), both of whom have performed and/or directed all of the work previously performed for the Watermaster, would continue to be the staff with whom the Watermaster would normally interact.

Based on those assurances, the Watermaster's Technical Advisory Committee and Board of Directors were comfortable with the change in ownership. Effective July 1, 2018, the Watermaster entered into a contract with Montgomery & Associates for the hydrogeological services formerly provided by HydroMetrics WRI.

Water Quality Analytical Results

Groundwater quality data continued to be collected and analyzed on a quarterly basis during WY 2018 from the enhanced network of monitoring wells. The low-flow sampling method implemented in 2009 continued to be used in 2018 and is expected to continue to be used in the future to improve the efficiency of sample collection. As discussed in the 2013 Annual Report, the Watermaster reduced the frequency of water quality sampling at SBWM-MW5 to once every 3 years.

No modifications to the quarterly data collection frequency from the enhanced network of monitoring wells were made during WY 2018.

Up until WY 2010 quarterly geophysical (induction) logging was performed at the four coastal Watermaster Sentinel wells that were installed in 2007. The induction logging results showed very little variations and trends were steady since that monitoring began, indicating that the coastal water quality conditions were not changing at this sample frequency. Therefore, beginning in WY 2010 the Court approved reducing the induction logging frequency to semi-annually at these wells.

The expanded water quality analyses begun in WY 2012 were continued in WY 2018. However, as discussed and recommended in the 2017 Annual Report (refer to Attachments 8 and 13 of the 2017 Annual Report), in WY 2018 water quality sampling was discontinued in the Watermaster's Sentinel Wells located along the coast (wells SBWM-1, SBWM-2, SBWM-3, and SBWM-4), because those water quality samples were found to not be representative of the water quality in the aquifers in which these wells were completed. Water quality sampling was continued for the 3 most coastal MPWMD monitoring wells (MSC, PCA, and FO-09).

Copies of the sampling results are contained in the report in Attachment 7.

Monitoring and Management Program Work Plan for the Upcoming Year

The 2019 Monitoring and Management Program (M&MP) Work Plan contained in Attachment 9 includes the types of basin management activities conducted in prior years as well as revisions approved by the Board at its October 3, 2018 meeting.

Other than small changes due to changes in hourly rates for some of the consultants, the following are the principle differences between the 2018 M&MP and the proposed 2019 M&MP, and their respective budgets:

Task I.2.b.3 (Collect Quarterly Water Quality Samples): In 2018 the total amount budgeted for this Task was \$51,128. That cost included collecting and analyzing water quality samples from the Watermaster's Sentinel Wells. In early 2018 it was determined that water quality samples that have historically been collected from the Sentinel Wells were not representative of the quality of the water in the aquifers. Therefore, the decision was made to discontinue collecting and analyzing samples from these wells. This led to the reduction in cost for this Task to \$42,083 in 2019.

Task I.3.a.1 (Update the Existing Model): \$54,370 was included in the 2018 budget for this Task to have HydroMetrics update the existing groundwater model of the Seaside Basin. That work was completed in 2018 and therefore does not need to be included in the M&MP budget for 2019. This led to the reduction in cost for this Task to \$0 in 2019.

Task I.3.c (Refine and/or Update the Basin Management Action Plan): \$45,260 was included in the 2018 budget for this Task to have HydroMetrics update the existing Basin Management Action Plan. That work has been completed and therefore does not need to be included in the M&MP budget for 2019. This led to the reduction in cost for this Task to \$0 in 2019.

Task I.3.e (Seaside Basin Geochemical Model): This was a new Task for 2018, and the amount for this Task in the 2018 budget was \$50,000. The Task is being performed by MPWMD's Consultant, Pueblo Water Resources, Inc., and is expected to be completed in 2019. However, Montgomery & Associates (formerly HydroMetrics) may need to work on this task if the initial modeling results find that there could be adverse water quality impacts in the aquifers due to the introduction of water from the Monterey Peninsula Water Supply Project (desalinated water), the Pure Water Monterey Project (advance treated wastewater) and/or Aquifer Storage and Recovery Water (Carmel Basin water). If the modeling results in this finding, Montgomery & Associates may need to use the Seaside Basin groundwater model to help Pueblo Water Resources develop means/measures to mitigate such impacts. A \$10,000 amount is included in the 2019 budget to cover the costs of Montgomery & Associates' work, if such work needs to be done.

The full cost of the geochemical modeling is being borne by the three proponents of the projects that intend to inject new sources of water into the Basin. These are California American Water, MPWMD, and Monterey One Water (formerly MRWPCA).

It is anticipated that if Montgomery & Associates needs to perform work on this Task in 2019, one or more of the project proponents will either pay for or reimburse the Watermaster for all of the costs to perform this work. Therefore, there should be no net cost to the Watermaster for the work of this Task.

No new monitoring wells are planned for installation in 2019. Consequently, no monies are budgeted in the M&MP Capital Budget for 2019.

Basin Management Database

Pertinent groundwater resource data obtained from a number of sources has been consolidated into the Watermaster's database to allow more efficient organization and data retrieval. No modifications or enhancements to the database are planned in FY 2018.

Enhanced Monitoring Well Network

The Seaside Basin M&MP uses an Enhanced Monitoring Well Network to fill in data gaps in the previous monitoring well network used by the Monterey Peninsula Water Management District (MPWMD), and others, in order to improve the Basin management capabilities of the Watermaster. The Enhanced Monitoring Well Network has been described in detail in previous Watermaster Annual Reports. It continues to be used to obtain additional data that is useful to the Watermaster in managing the Basin.

Basin Management Action Plan (BMAP)

HydroMetrics LLC was hired by the Watermaster to prepare the original BMAP which contains these Sections:

- Executive Summary
- The Background and Purpose of the Plan
- The State of the Basin
- Supplemental Water Supplies (long-term water supply solutions)
- Groundwater Management Actions (to be taken as interim measures while long-term supplies are being developed)
- Recommended Management Strategies
- References

The Final BMAP was approved by the Watermaster Board at its February 2009 meeting, and the Executive Summary from the BMAP was contained in Attachment 9 of the 2009 Annual Report. That complete document may be viewed and downloaded from the Watermaster's website at: <http://www.seasidebasinwatermaster.org/>.

The Watermaster was having the BMAP updated in 2018, and it was initially expected that the work would be completed in time for inclusion in this Annual Report. However, the work was still ongoing at the time this Annual Report was completed, so the results of it will be included in next year's Annual Report.

Seawater Intrusion Response Plan

HydroMetrics LLC was hired by the Watermaster to prepare a long-term Seawater Intrusion Response Plan (SIRP), as required in the M&MP.

The Final SIRP was approved by the Watermaster Board in 2009 and a summary of the Seawater Intrusion Contingency Actions from the SIRP were contained in Attachment 10

of the 2009 Annual Report. The complete document may be viewed and downloaded from the Watermaster's website at: <http://www.seasidebasinwatermaster.org/>. No modifications to the SIRP were made in 2018.

Seawater Intrusion Analysis Report

The SIAR examines the "health" of the Basin with regard to whether or not there are any indications that seawater intrusion is either occurring or is imminent. Previous SIARs have stated that depressed groundwater levels, continued pumping in excess of recharge and fresh water inflows, and ongoing seawater intrusion in the nearby Salinas Valley all suggest that seawater intrusion could occur in the Seaside Groundwater Basin.

The Watermaster retained Montgomery & Associates to prepare the WY 2018 Seawater Intrusion Analysis Report (SIAR) required by the M&MP. The WY 2018 SIAR provided an analysis of data collected during that Water Year.

The 2018 SIAR reported that the evaluation of the data from the sampling and monitoring program continued to indicate that seawater intrusion was not occurring.

The SIAR is lengthy, but the full *Executive Summary Section* from it is provided in Attachment 8. A complete copy of the document is posted for viewing and downloading from the Watermaster's website at: <http://www.seasidebasinwatermaster.org/>. All recommendations contained in the SIAR are being or will be carried out and are included in the budgeted activities contained in Attachment 6 and described in Attachment 9.

The Watermaster continues to analyze the data that is being gathered at the various monitoring sites in order to keep a close watch on the conditions within the Basin, as discussed under the "Enhanced Monitoring Well Network" heading above. Because none of the data indicates the presence of seawater intrusion, the Watermaster does not at this time plan to move forward with the Work Plan to investigate sources of fluctuating chlorides in the Sentinel Wells, as described in Attachment 12 of the 2017 Annual Report. However, should future data warrant it, the Watermaster may reconsider undertaking the initial phase of that Work Plan.

Groundwater Modeling

As projected in the 2017 Annual Report the Seaside Basin Groundwater Model, which had been updated in 2009, was again updated in 2018. The 2018 updated model was prepared by HydroMetrics LLC, and a Technical Memorandum describing the work that was performed is contained in Attachment 10. The cost of updating the model was shared through an agreement between the Watermaster, MPWMD, and Monterey One Water, with the Watermaster paying 50% of the cost, and those two other entities paying the other 50% of the cost.

Principle Findings from Updating the Seaside Basin Groundwater Model.

1. Simulated groundwater levels are sensitive to the specified heads along the northeastern boundary with the Salinas Valley. The behavior of the boundary was found to impact the calibration of areas of the model at some distance from the boundary. It

was found that in the absence of the most recent Salinas Valley Integrated Hydraulic Model (SVIHM), currently being developed by the USGS, assigning boundary head elevations that match the general observed average groundwater levels along the boundary is more important than capturing smaller scale seasonal fluctuations along the boundary. It is recommended that when the SVIHM has been completed, an assessment of how well it simulates historical groundwater conditions in the Seaside Basin be conducted. If it is concluded that the new data improves simulation of groundwater level in the Seaside Basin, the boundary condition can be revised using parts of the SVIHM that improve model calibration of the Seaside Basin model.

2. The model recalibration improved calibration statistics over the original 2009 model calibration. As a result, simulated groundwater levels throughout the model, as a whole, better match observed groundwater levels.

3. The groundwater model should be updated in a maximum of five years and its calibration reevaluated at that time. However, if groundwater related projects are implemented in the basin before that time, the update and calibration reevaluation may need to be performed sooner.

Coordination of Watermaster's Seaside Groundwater Model with Salinas River Basin Model

As reported in the 2017 Annual Report the Monterey County Water Resources Agency (MCWRA) is having its hydrologic model of the Salinas Valley Groundwater Basin updated. That model is referred to as the SVIHM. In 2017 the MCWRA determined that the Technical Advisory Committee (TAC) it had convened to assist in the preparation of the updated model had fulfilled its purpose, and there have not been any subsequent meetings of that TAC since then. However, if the MCWRA reconvenes its TAC, the Watermaster will participate in future meetings of that TAC in order to ensure that the SVIHM coordinates well with the Watermaster's Seaside Basin model.

Geochemical Modeling

When new sources of water are introduced into an aquifer, with each source having its own unique water quality, there can be chemical reactions that may have the potential to release minerals which have previously been attached to soil particles, such as arsenic or mercury, into solution and thus into the water itself. This has been experienced in some other locations where changes occurred in the quality of the water being injected into an aquifer. MPWMD's consultant (Pueblo Water Resources) has been using geochemical modeling to predict the effects of injecting Carmel River water into the Seaside Groundwater Basin under the ASR program.

As mentioned above in the heading entitled *Monitoring and Management Program Work Plan for the Upcoming Year*, in order to predict whether there will be groundwater quality changes that will result from the introduction of desalinated water and additional ASR water (under the Monterey Peninsula Water Supply Project) and advance-treated wastewater (under the Pure Water Monterey Project) a geochemical model is being

developed by Pueblo Water Resources for use in the areas of the Basin where injection of these new water sources will occur. The geochemical modeling work is described in Attachment 11. The plan is to perform the geochemical modeling work in the following manner:

Step 1: Pueblo Water Resources will use the water quality and water delivery schedule data provided by each of the project proponents to develop and run the geochemical model. If the geochemical modeling indicated there will be no water chemistry problems then there would be no need to perform Step 2.

Step 2 (if needed): If the geochemical modeling in Step 1 indicates the potential for problems to occur, then Montgomery & Associates will use the Watermaster's Seaside Basin groundwater model, and information about injection locations and quantities, injection scheduling, etc. provided by MPWMD for each of these projects, to develop model scenarios to see if the problem(s) can be averted by changing delivery schedules and/or delivery quantities. The effect of these changes would be evaluated by Pueblo Water Resources using the geochemical model. Implementing these mitigation measures would be done under a separate task that would be created for that purpose, when and if necessary.

Work on the geochemical modeling started in May 2018. Through an agreement between the Watermaster, MPWMD, California American Water, and Monterey One Water, the work is funded entirely by the three parties that are the sponsors of the aquifer recharge projects described above, at no cost to the Watermaster.

As of the date of preparation of this 2018 Annual Report, progress on this work has been as follows:

- Initial review of the available data from these aquifer recharge projects indicated that less-than-adequate information existed for purposes of performing the geochemical modeling work. Initial work has therefore focused on filling data gaps and obtaining complete mineralogical data on the Santa Margarita formation. Data compilation to date includes the following:
- Sample collection and analysis of the effluent from the PWM pilot facility is being analyzed for both base water quality constituents and bench-scale testing for leaching potential with Santa Margarita formation mineral samples obtained in September 2018 from the construction of one of the PWM injection wells.
- The bench scale protocol described above is also being repeated using treated, potable Carmel River water from Cal-Am's Begonia Iron Removal Plant (which provides water for the ASR project and is located in Carmel Valley) to further assess findings from 2009 testing of the water supplies from that plant. This data will also be used in the overall geochemical assessment.
- Santa Margarita formation cuttings collected from the PWM injection well are being analyzed by X-Ray Diffraction (XRD) which is used to determine

minerology by shining X-Rays at a solid and measuring the diffraction pattern, as well as by conventional mineralogy assessment. The samples are being further analyzed via complete acid digestion to quantify the presence and composition of trace metals within the Santa Margarita formation matrix. Results of this assessment may lead to further analysis via Dynamic Secondary Ion Mass Spectrometry (SIMS) to further identify mineral compositions prior to geochemical interaction modeling. SIMS uses an ion stream to pulse at a surface and then measures the cast-off ions in a mass spectrometer to determine the elemental state of minerals.

It is anticipated that results from these tests will be available by the end of January 2019, at which time it will be possible to proceed with the modeling work itself. As noted in Section 6 of the Storage and Recovery Agreement contained in Attachment 12, the initial modeling work will only evaluate the impacts of introducing advance-treated wastewater from the PWM Project into the Basin. The impacts of introducing water from the other recharge projects will be separately evaluated in conjunction with developing the Storage and Recovery Agreements for those projects, in a manner similar to that described in the paragraphs below.

The planned schedule once the modeling work itself begins is as follows:

- Develop the geochemical model – estimated task duration 3 weeks
- Model mixing ratios – estimated task duration 6 weeks

After these tasks have been completed on the PWM Project water (expected before the end of the first quarter of 2019) Pueblo Water Resources will provide a Technical Memorandum summarizing the results of the modeling and recommendations for additional model scenarios, if any, based on the initial output runs.

If the initial modeling work identifies mixture simulations that show undesirable geochemical reactions (i.e. mineral precipitation or gas evolution) Pueblo Water Resources will rerun those model simulations under various modifications of mix ratios and/or aquifer conditions to identify methods of mitigating the observed adverse reactions and to identify potential operational scenarios which would prevent such adverse geochemical reactions from occurring. If this work is needed, it is estimated that this phase (described above as Step 2) will have a duration of 4 to 6 weeks. Following that Pueblo Water Resources would develop an overall summary report and recommendations for process and/or operational changes to reduce or avoid adverse geochemical reactions.

A procedure similar to that described above will be used in conjunction with evaluating the impacts of introducing water from the other recharge projects into the Basin.

Sustainable Groundwater Management Act

As reported in the 2015 Annual Report the Watermaster Board determined that the Watermaster should monitor the development of the Salinas Valley Basin Groundwater Sustainability Agency and the State Department of Water Resources' (DWR)

development of regulations pertaining to requesting boundary revisions, with the intent to collaborate with these entities as appropriate.

At the State Level:

In late 2016 DWR released the final 2016 modifications to California's groundwater basin boundaries. The boundary modification request submitted by the Monterey Peninsula Water Management District (MPWMD) to remove some areas near Monterey from the Salinas Valley Groundwater Basin, and to recognize the boundaries of the Adjudicated Seaside Basin, was approved. These modifications are reflected in the basin boundary map that is now posted on the DWR website.

DWR has included new basin boundaries in its interim update of Bulletin 118, which came out in 2017. It includes the boundary of the Adjudicated Seaside Basin, as requested in the boundary modification request submitted in 2016 by the Monterey Peninsula Water Management District (MPWMD).

During 2018 DWR did not issue any new regulations, or revisions to prior regulations, that impacted the Seaside Groundwater Basin or the Watermaster. In March of 2018 the Watermaster submitted to DWR the reporting information required of it, as an adjudicated basin, under SGMA.

At the Monterey County level:

The Salinas Valley Basin Groundwater Sustainability Agency (SVBGSA) (a joint powers authority) and the Marina Coast Water District (MCWD) submitted Notifications with DWR to serve as the GSA for portions of the Monterey and the 180/400 foot aquifer Subbasins that overlapped. Subsequently, the City of Marina submitted an untimely notice to also serve as the GSA over the overlapping areas. The SVBGSA, MCWD, and the City of Marina have embarked on a process to address and resolve the overlaps. The process envisions that MCWD will carry out the Groundwater Sustainability Plan (GSP) activities within its Marina and Ord Community service areas, regardless of whether MCWD or the SVBGSA is ultimately determined by the Department of Water Resources to be the appropriate party to serve as the GSA for those areas, and either MCWD or the SVBGSA will look out for the interests of the City of Marina.

During 2018 the administrative structure of the SVBGSA was developed, and the SVBGSA continued moving ahead with GSP development. An initial conclusion was that it would be preferable for the SVBGSA to prepare separate GSPs for each subbasin, and work began in late 2018 on the preparation of those GSPs. The Watermaster is participating in the development of those GSPs through its membership on the SVBGSA's Advisory Committee, which will help ensure that there is close coordination between that agency and the Watermaster on matters of mutual interest.

K. Additional Information

This Section was added to the Annual Report beginning this year as directed by the Court in its Order Amending Judgment filed March 29, 2018. It replaces the Section that was added to the 2017 Annual Report titled "Updates to the Court" and is formatted to

contain the topic headings below, which were requested by the Court in its March 29, 2018 Order.

By email dated August 13, 2018, Judge Nichols, who replaced Judge Randall on this matter effective January 27, 2016, informed the Parties that he would soon be withdrawing as judge on the case as a result of changes to the Assigned Judges Program which caps the total number of days an assigned judge may serve. The parties to the action have now stipulated to the assignment of retired Monterey County Judge Robert O'Farrell.

Summary of Basin Conditions and Important Developments Concerning the Management of the Basin

The condition of the Basin is discussed in the *Water Quality, Seawater Intrusion Analysis Report*, and *Basin Management Action Plan* subheadings in Section J of this Annual Report.

In summary, the *Seawater Intrusion Analysis Report*, which analyzes the water quality data collected under the Watermaster's sampling program, found that no seawater intrusion is being detected within the Basin. The updated *Basin Management Action Plan* found that in spite of recent pumping at levels less than the Decision-established Natural Safe Yield of 3,000 AFY, water levels in some portions of the Basin are continuing to drop. It is expected that once the MPWSP (discussed below) becomes operational, CAW will further reduce its pumping from the Basin by 700 AFY through its 25-year overpumping repayment program. This combined with the final triennial reduction to the Operating Yield in 20210, should substantially slow, if not eliminate, declines in groundwater levels.

Planned Near and Long-term Actions of the Watermaster

Near-term actions are described in the 2019 Monitoring and Management Program discussed in Section J and Attachment 9 of this Annual Report.

Long-term actions will include:

- Continuing to carry out the duties and responsibilities assigned to the Watermaster by the Decision
- Continuing to coordinate with the Monterey County Water Resources Agency in their development of an updated hydrogeologic model of the Salinas Valley Basin, as discussed under the *Coordination of Watermaster's Seaside Groundwater Model with Salinas River Basin Model* subheading in Section J of this Annual Report
- Continuing to coordinate with the Salinas Valley Basin Groundwater Sustainability Agency to develop measures to aid in groundwater management of the Laguna Seca Subarea, as discussed under the *Sustainable Groundwater Management Act* subheading in Section J of this Annual Report.

Information Concerning the Status of Regional Water Supply Issues

Implementation of the Monterey Peninsula Water Supply Project (MPWSP) continues to be vigorously pursued by California American Water.

On September 13, 2018 the CPUC approved a modified MPWSP consisting principally of a reduced-size 6.4 mgd desalination plant (size originally proposed was 9.6 mgd with no reclaimed water), 3,500 AFY of PWM reclaimed water (previously and separately approved by the CPUC in 2017), and increased ASR water; adopting settlement agreements to resolve conflicts relating to the desalination project; issued a Certificate of Public Convenience and Necessity; and certified the combined EIR/EIS for that Project. California American Water is in the process of seeking necessary approvals from the California Coastal Commission and other permitting agencies.

Construction of the first major element of the MPWSP, the Monterey Pipeline and Pump Station (MPPS), was completed in December 2018. The MPPS will carry PWM water that is recovered after storage in the Basin, desalination water, and expanded Aquifer Storage and Recovery (ASR) water between the northern portions of the California American Water system overlying the Seaside Basin to southern portions of the system. The pipeline extends about 7 miles from the City of Seaside to the City of Pacific Grove.

Construction work is well underway on Monterey One Water's (M1W) PWM recycled water project in Marina. This project will produce approximately 3,500 AFY of advanced treated recycled water that will be delivered to the Seaside Basin for injection into the Basin and subsequent recovery and service to California American Water customers. M1W has also executed an agreement with Marina Coast Water District (MCWD) to use a MCWD pipeline that will convey the water from the PWM advanced water treatment plant to the Seaside Basin. The PWM component of the MPWSP is currently projected to become operational in late 2019. Construction of the desalination plant is currently scheduled to begin in late 2019. The desalination plant and the expanded ASR system are expected to become operational in late 2021. Detailed quarterly update reports on the MPWSP are posted on the MPWSP website at <https://www.watersupplyproject.org>.

On October 12, 2018, the City of Marina and the MCWD each filed petitions for writ of review before the California Supreme Court challenging the CPUC's certification of the Final EIR/EIS and issuance of the Certificate of Public Convenience and Necessity for the MPWSP. On December 12, 2018, the Petitions for Review were denied without prejudice to the filing of renewed submissions upon completion of the rehearing proceedings pending before the CPUC. A copy of the Supreme Court docket in the proceeding can be found at: http://appellatecases.courtinfo.ca.gov/search/case/dockets.cfm?dist=0&doc_id=2266655&doc_no=S251935&request_token=NiIwLSIkXkg9WyApSCI9XE1IQDg0UDxTJiJOIzlSICAgCg%3D%3D.

Management Activities that May Bear on the Basin's Wellbeing

1. *Water Conservation.* From a water conservation standpoint, customers of Cal-Am are doing an exceptional job. California American Water's Monterey system has one of the highest levels of voluntary conservation in the state. There has essentially been no back-

off in conservation following the end of mandatory conservation that occurred after the wet winter of 2016-2017.

2. *Storm Water and Recycled Water.* Storm water and recycled water are both components of the Pure Water Monterey (PWM) project that is being implemented by Monterey One Water (formerly Monterey Regional Water Pollution Control Agency). Cal-Am has already contracted to receive 3,500 AFY of PWM recycled water for injection into, and recovery from, the Seaside Basin by Cal-Am. Monterey One Water, in coordination with others, is looking at the potential to expand the delivery capacity of the PWM project by using additional sources of recycled water and storm water.

3. *Sustainable Groundwater Management Act.* Coordination between the Watermaster and the Salinas Valley Groundwater Basin Sustainability Agency is ongoing and is discussed in more detail under Section J of this Annual Report. That coordination will aid in groundwater management of the Laguna Seca and Corral de Tierra subareas.

4. *Climate Change.* Higher seawater levels could exacerbate seawater intrusion concerns, which punctuates the importance of monitoring and long-term management to avoid seawater intrusion. From a water supply perspective, reliance on groundwater with sustainable management is ideal because the resource is a reservoir and therefore not subject to sharp fluctuations in availability resulting from year-to-year precipitation amounts as is the case with surface water supplies. Updating of the Watermaster's *Groundwater Model* and *Basin Management Action Plan* in 2018 (discussed in Section J) incorporated projected impacts from climate change and sea level rise.

5. *Potential Replenishment of the Basin with Water Purchased from Marina Coast Water District (MCWD).* As mentioned in the 2017 Annual Report and in the March 2018 Status Conference Statement, the Watermaster received an initial proposal, and later a revised proposal, from Marina Coast Water District (MCWD) (not a party to the Decision) to sell replenishment water to the Watermaster. The Watermaster Board and its Technical Advisory Committee studied the proposals but found that insufficient information was provided to determine whether they were viable. Then, in May of 2018 Watermaster staff was informed by MCWD that the revised proposal was "on hold." In September of 2018 the CPUC found that the proposal was not shown to be a reliable, secure supply at a reasonable price. Therefore, the Watermaster does not plan to take any further action on the MCWD proposal.

6. *New Technical Issues or Activities.* This is a new Section added beginning with this 2018 Annual Report, in response to the Court's request during the March 2017 Status Conference that it be updated on any new technical issues of interest to the Watermaster.

- *Electrical Resistivity Tomography in the Monterey Bay Area.*

The Watermaster has researched whether electrical resistivity tomography, which was discussed in Sections 8.2.9.1 and 8.9.2.2 of the FEIR/FEIS for the MPWSP, could be used to help detect the location of the seawater intrusion front offshore of the Seaside Groundwater Basin. The Watermaster's Technical Program Manager contacted Ms.

Rosemary Knight and Mr. Adam Pidlisecky, who were authors of the reference reports cited in the FEIR/FEIS for the ERT/AEM work described in Section 8.2.9.1.

Ms. Knight responded that she was dealing with a family medical issue and was not in a position to respond to questions at that time.

Mr. Pidlisecky had made a presentation to the Watermaster's Technical Advisory Committee on this technology several years ago, and at that time reported that the technology could not be used to locate the seawater intrusion front offshore, because the aquifers were deep and the overlying seawater in the Bay would prevent the front from being detected. When contacted again in April 2018 he responded that the technique used in the 2017 survey is not well suited to offshore work, because saltwater attenuates the signal. Having 100% saltwater overlying the seafloor, beneath which lie the aquifers, severely attenuates the signal and greatly limits the depth of investigation. He said that although people have used the technique over water, it has usually been done on a much smaller scale, only over a length of a few hundred meters as opposed to kilometers such as was done in the 2017 survey.

Based on the findings of the FEIR/FEIS and Mr. Pidlisecky's response, it continues to appear that the use of ERT/AEM technology to locate the seawater intrusion front offshore of the Seaside Groundwater Basin is not feasible.

- *Stormwater Projects Being Evaluated in the Monterey Peninsula Stormwater Resource Plan (SWRP).*

Monterey One Water (M1W), formerly the Monterey Regional Water Pollution Control Agency (MRWPCA), was the lead entity in the development of a Stormwater Resource Plan (SWRP) for the Monterey Peninsula, Carmel Bay, and South Monterey Bay (Monterey Peninsula) Integrated Regional Water Management (IRWM) Planning Area. A Consultant Project Team consisting of Geosyntec Consultants, Inc. (Geosyntec), EOA, Inc. (EOA), and Denise Duffy & Associates, Inc. (DD&A) prepared the SWRP and conducted associated analyses. Preparation of the Monterey Peninsula SWRP was funded by a Proposition 1 Planning Grant and local match funds, including the locally funded Monterey Peninsula Water Recovery Study Report, the results of which are integrated into the SWRP.

The purpose of the SWRP is to identify stormwater capture project opportunities that could be utilized as new water supply sources for the Monterey Peninsula and provide additional water quality and environmental benefits. The purpose of the Monterey Peninsula Water Recovery Study, which was conducted as part of the development of this Monterey Peninsula Region SWRP, was to examine the feasibility of establishing a Peninsula-wide water recovery and reclamation system, including identifying and evaluating potential projects that could capture sources of wet and dry weather runoff within the Monterey Peninsula IRWM Planning Area for water recovery and use. The water recovery projects were specifically identified based on their potential to reduce the Peninsula's dependence on the Carmel River, Carmel Valley Alluvial Aquifer, and adjudicated Seaside Groundwater Basin. The study considered how to store, treat, and

transport potential sources of runoff prior to entering existing water and wastewater infrastructure for use, but did not identify projects that expand existing water distribution and wastewater storage, treatment, and conveyance system capacities, or determine if this will be needed.

Seven projects were selected for conceptual design in the SWRP. Six of the seven projects would have the potential to slightly increase flows to the M1W reclamation facilities, and thus have the potential of modestly augmenting wastewater flows to the M1W reclamation facilities. This could help enable the PWM project to produce a small amount of additional water for use in recharging, or reducing pumping from, the Seaside Groundwater Basin. Since these projects are in the early planning stages and are not currently funded or otherwise being pursued by project sponsors, they are considered only to be potential sources of water that M1W could use to increase the capacity of its PWM project. Thus, no specific quantities of water that would be used for the benefit of the Seaside Groundwater Basin can currently be identified for these projects. However, none of these six projects would have the capability of capturing more than a few acre-feet of stormwater per year.

The seventh project lies within the watershed of the City of Carmel-by-the-Sea and would not be of benefit to the Seaside Basin.

L. Conclusions and Recommendations

The Seaside Basin Watermaster Board has worked diligently to meet all of the Court's established deadlines. All of the Phase 1 Scope of Work activities, which are described in the "Implementation Plan for the Seaside Basin Monitoring and Management Program" dated March 7, 2007, have been completed. At the Watermaster Board meeting held on October 3, 2018 the Board adopted the FY 2019 budgets contained in Attachment 6, which support carrying out all elements of the "Seaside Groundwater Basin Monitoring and Management Program 2019 Work Plan." That Work Plan describes the M&MP activities that will be conducted during Fiscal Year 2019. A copy of this Work Plan is contained in Attachment 9.

As described in Section J above, information from the Enhanced Monitoring Well Network is being utilized to detect any seawater intrusion. The response actions described in the Watermaster's Seawater Intrusion Response Plan, which was contained in the 2009 Annual Report, will be implemented if seawater intrusion is detected within the Basin.

LISTING OF ACRONYMS USED IN THIS ANNUAL REPORT

AF - acre-feet

ASR - Seaside Basin Aquifer Storage and Recovery program

Basin - The adjudicated Seaside Groundwater Basin

BLM - Bureau of Land Management

BMAP - Basin Management Action Plan

CASGEM - California Statewide Groundwater Elevation Monitoring

CAWC - California American Water Company

Decision - Decision filed February 9, 2007 by the Superior Court in Monterey County under Case No. M66343 - California American Water v. City of Seaside et al.

DWR - California State Department of Water Resources

GSA - Groundwater Sustainability Agency

GSP - Groundwater Sustainability Plan

LSSA - Laguna Seca Subarea

MCWD - Marina Coast Water District

MPWMD - Monterey Peninsula Water Management District

M&MP - Monitoring and Management Program

NSY - Natural Safe Yield

SGMA - Sustainable Groundwater Management Act

SIAR - Seawater Intrusion Analysis Report

SIRP - Seawater Intrusion Response Plan

SVBGSA - Salinas Valley Basin Groundwater Sustainability Agency

TAC - Technical Advisory Committee

USGS - United States Geological Survey

WY - Water Year

ATTACHMENT 1

GROUNDWATER EXTRACTIONS

SEASIDE GROUNDWATER BASIN WATERMASTER																						
Reported Quarterly and Annual Water Production From the Seaside Groundwater Basin For All Producers Included in the Seaside Basin Adjudication -- Water Year 2018 (All Values in Acre-Feet [AF])																						
	Type	Oct	Nov	Dec	Oct-Dec 17	Jan	Feb	Mar	Jan-Mar 18	Apr	May	Jun	Apr-Jun 18	Jul	Aug	Sep	Jul-Sep 18	Reported Total	Yield Allocation	from WY 2017	for WY 2018	
<i>Coastal Subareas</i>																						
CAW - Coastal Subareas	SPA	367.69	307.12	315.00	989.81	245.45	241.90	170.36	657.71	71.12	85.16	122.41	278.69	0.00	0.00	0.00	0.00	1,926.21	1,791.62	708.80	2,500.41	
City of Seaside (Municipal)	SPA	16.46	13.37	14.39	44.22	13.05	13.64	13.31	39.99	16.11	16.97	16.83	49.91	17.39	16.23	16.89	50.50	184.63	146.99	0.00	146.99	
Granite Rock Company	SPA	--	--	--	0.00	--	--	--	0.00	--	--	--	0.00	--	--	--	0.00	0.00	13.87	252.77	266.63	
DBO Development No. 30	SPA	--	--	--	0.00	--	--	--	0.00	--	--	--	0.00	--	--	--	0.00	0.00	25.16	481.76	506.92	
Calabrese (Cypress Pacific Inv.)	SPA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.37	12.72	16.09	
City of Seaside (Golf Courses)	APA	45.04	6.11	15.49	66.64	1.94	26.13	8.92	36.99	34.42	83.58	67.24	185.24	88.06	71.86	63.12	223.03	511.90	540.00		540.00	
Sand City	APA	0.02	0.10	0.02	0.14	0.08	0.19	0.15	0.41	0.10	0.13	0.09	0.32	0.09	0.06	0.06	0.22	1.09	9.00		9.00	
SNG (Security National Guaranty)	APA	--	--	--		0.00	0.00	0.58		--	--	--		--	--	--	0.00	0.00	149.00		149.00	
Calabrese (Cypress Pacific Inv.)	APA	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.04	0.00	0.00	0.02	0.02	0.00	0.00	0.00	0.00	0.07	6.00		6.00	
Mission Memorial (Alderwoods)	APA	2.31	0.46	1.02	3.79	0.64	0.44	0.12	1.20	0.22	1.86	1.25	3.33	3.01	2.53	0.57	6.11	14.43	31.00		31.00	
<i>Coastal Subareas Totals</i>					1,104.60				736.33				517.51				279.87	2,638.31	2,716.00	1,456.04	4,172.04	
<i>Laguna Seca Subarea</i>																						
CAW - Laguna Seca Subarea	SPA	24.00	18.60	23.59	66.19	19.19	21.63	18.47	59.29	19.66	27.54	31.26	78.46	33.52	35.04	30.74	99.30	303.24	0.00		0.00	
Ryan Ranch Unit		2.29	3.97	4.20	10.46	3.66	0.93	0.00	4.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.05				
Hidden Hills Unit		10.24	5.63	9.87	25.74	7.75	8.80	7.82	24.37	8.29	10.88	12.23	31.40	13.60	14.61	12.26	40.47	121.98				
Bishop Unit		11.47	9.00	9.52	29.99	7.78	11.90	10.65	30.33	11.37	16.66	19.03	47.06	19.92	20.43	18.48	58.83	166.21				
Nicklaus Club Monterey	APA	23.00	0.00	0.00	23.00	0.00	2.00	0.00	2.00	7.00	18.00	27.00	52.00	35.00	22.00	9.00	66.00	143.00	251.00		251.00	
Laguna Seca Golf Resort (Bishop)	APA	30.81	0.00	0.00	30.81	5.68	2.24	0.17	8.10	6.21	29.52	42.09	77.82	43.22	43.86	36.06	123.13	239.87	320.00		320.00	
York School	APA	2.24	0.08	0.71	3.02	0.01	0.54	0.01	0.56	0.85	2.05	1.58	4.48	4.64	2.31	1.81	8.76	16.83	32.00		32.00	
Laguna Seca County Park	APA	1.01	0.65	0.97	2.63	1.15	1.18	0.60	2.93	1.36	1.56	2.06	4.99	1.30	4.04	6.08	11.42	21.96	41.00		41.00	
<i>Laguna Seca Subarea Totals</i>					125.65				72.87				217.75				308.62	724.89	644.00	0.00	644.00	
Total Production by WM Producers					1,230.26				809.20				735.26				588.49	3,363.21	3,360.00	1,456.04	4,816.04	
																			Annual Production from APA Producers		949.13	1,379.00
																			Annual Production from SPA Producers		2,414.08	3,437.04
																					3,363.21	
<i>City of Seaside Golf Courses In-Lieu (MCWD source water)</i>																						
MCWD delivery		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
<i>CAW/MPWMD ASR (Carmel River Basin source water)</i>																						
Injection		0.00	0.00	0.00	0.00	0.00	0.00	341.23	341.23	189.26	0.00	0.00	189.26	0.00	0.00	0.00	0.00	530.49				
(Recovery)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(43.15)	(43.15)	(360.11)	(414.34)	(392.12)	(1166.57)	-1209.72				
Net ASR		0.00	0.00	0.00	0.00	0.00	0.00	341.23	341.23	189.26	0.00	-43.15	146.11	-360.11	-414.34	-392.12	-1166.57	-679.23				

Notes:

1. The Water Year (WY) begins October 1 and ends September 30 of the following calendar year. For example, WY 2018 begins on October 1, 2017, and ends on September 30, 2018.
2. "Type" refers to water right as described in Seaside Basin Adjudication decision as amended, signed February 9, 2007 (Monterey County Superior Court Case No. M66343).
3. Values shown in the table are based on reports to the Watermaster received by July 15, 2018.
4. All values are rounded to the nearest hundredth of an acre-foot. Where required, reported data were converted to acre-feet utilizing the relationships: 325,851 gallons = 43,560 cubic feet = 1 acre-foot.
5. "Base Operating Yield Allocation" values are based on Seaside Basin Adjudication decision. These values are consistent with the Watermaster Producer Allocations Water Year 2018 (see Item IX B. in 12/6/2017 Board packet).
6. Any minor discrepancies in totals are attributable to rounding.
7. APA = Alternative Producer Allocation; SPA = Standard Producer Allocation; CAW = California American Water.
8. It should be noted that CAW/MPWMD ASR "Injection" and "Recovery" amounts are not expected to "balance" within each Water Year. This is due to the injection recovery "rules" that are part of SWRCB water rights permits and/or separate agreements with state and federal resources agencies that are associated with the water rights permits.

ATTACHMENT 2

**WATERMASTER DECLARATION
OF
NON-AVAILABILITY
OF
ARTIFICIAL REPLENISHMENT WATER**

NOTICE TO ALL SEASIDE GROUNDWATER PRODUCERS:

Case No. M66343 Amended Decision Section III.B.2.

Commencing with the fourth Water Year, and triennially thereafter, the Operating Yield for both Subareas will be decreased by ten percent (10%) until Operating Yield is the equivalent of the Natural Safe Yield unless:

- a. The Watermaster has secured and is adding an equivalent amount of Non-Native water to the Basin on an annual basis; or*
- b. The Watermaster has secured reclaimed water in an equivalent amount and has contracted with one or more of the Producers to utilize said water in lieu of their Production Allocation, with the Producer agreeing to forego their right to claim a Stored Water Credit for such forbearance; or*
- c. Any combination of a and b above which results in the decrease in Production of Native Water required by this Decision; or*
- d. The Watermaster has determined that Groundwater levels within the Santa Margarita and Paso Robles aquifers are at sufficient levels to ensure a positive offshore gradient to prevent seawater intrusion.*

The Watermaster has determined that the conditions necessary to avoid the ten percent Operating Yield reduction have not been met as follows:

1. Watermaster has not secured water for adding an equivalent amount of Non-Native water to the Basin on an annual basis.
2. The Watermaster has not secured reclaimed water in an equivalent amount.
3. The Watermaster has not secured Non-Native water or reclaimed water that results in the decrease in Production of Native Water required by the Decision.
4. The firm contracted by Watermaster for technical analyses continued to report in 2018 that Groundwater levels within the Santa Margarita and Paso Robles aquifers are not at sufficient levels to ensure a positive offshore gradient to prevent seawater intrusion, so the requirement for this item continues to not be met.

Section III.L.3.j.iii: Watermaster declares that for Water Year 2019 Artificial Replenishment Water is not available to offset Operating Yield Over-Production and producers are limited in production to the following quantities of water:

Coastal Subarea Alternative Producers:

Seaside (Golf)	540.00 acre-feet
SNG	149.00 acre-feet
Cypress (Calabrese)	6.00 acre-feet
Mission Memorial (Alderwood)	31.00 acre-feet
Sand City	9.00 acre-feet

Laguna Seca Subarea Alternative Producers:

Nicklaus Club Monterey	251.00 acre-feet
Bishop	320.00 acre-feet
York School	32.00 acre-feet
Laguna Seca County Park	41.00 acre-feet

Coastal Subarea Standard Producers:

California American Water	2,245.49 acre-feet*
Seaside (Municipal)	146.99 acre-feet**
Granite Rock	235.86 acre-feet***
D.B.O. Development 30	429.12 acre-feet****
Cypress (Calabrese)	19.46 acre-feet*****

Laguna Seca Subarea Standard Producers:

California American Water	0.0 acre-feet
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-
- * Total is the 2018 base allocation of 1,791.62 acre-feet plus 182.91 of not free carryover plus 270.96 free carryover.
California American Water has a positive balance of 144.78 acre-feet of stored water credit at WY-end 2018 from Basin extractions exceeding injections since WY 2010 under the CAW/MPWMD ASR Program, formalized through a Storage Agreement in 2012.
- ** Total is the 2019 base allocation of 146.99 acre-feet.
- *** Total includes 180.68 acre-feet of “free” carryover and 41.32 acre-feet of “not-free” carryover credit from previous water years *capped at the producers storage allocation of 222.0 acre-feet*, plus the 2019 base allocation of 13.87 acre-feet.
- **** Total includes 341.51 acre-feet of “free” carryover plus 62.45 acre-feet of “not-free” carryover credit from previous water years *capped at the producers storage allocation of 403.96 acre-feet*, plus the 2019 base allocation of 25.16 acre-feet.
- ***** Total includes 14.36 acre-feet of “free” carryover and 1.73 acre-feet of “not-free” carryover credit from previous water years plus the 2019 base allocation of 3.37 acre-feet.

NOTICE TO ALL SEASIDE GROUNDWATER PRODUCERS

Pursuant to Section III.3.L.3.j.xix of the Amended Decision Filed February 2, 2007 in the Superior Court of the State of California, in and for the County of Monterey, Case No. M66343 (the "Decision"), the Seaside Basin Watermaster hereby Declares that the Total Usable Storage Space in the Seaside Groundwater Basin ("Basin") is as follows:

Total Usable Storage Space in the Coastal and Northern Inland Subareas is 31,770 acre-feet.
Total Usable Storage Space in the Laguna Seca Subarea is 20,260 acre-feet.
Total Usable Storage Space in the entire Seaside Groundwater Basin is 52,030 acre-feet.

Pursuant to Section III.B.3.b of the Decision, Alternative Producers do not receive a storage allocation, only Standard Producers receive such an allocation. Pursuant to Section III.H.2 of the Decision, the Seaside Basin Watermaster further Declares that the Total Usable Storage Space in the Basin shall be allocated to the Standard Producers, who are identified in the Decision, as follows:

Producer	Current Allocation (Using Table 1 of the Decision)		
	Operating Yield Allocation Percentage (1)	Usable Storage Allocation Percentage (2)	Useable Storage Allocation (acre-feet)
Coastal and Northern Inland Subareas			
California American Water ⁽³⁾	77.55%	90.44%	28,733
City of Seaside (Municipal)	6.36%	7.42%	2,357
Granite Rock Company	0.60%	0.70%	222
DBO Development No. 27	1.09%	1.27%	404
Calabrese (Cypress Pacific Investors LLC)	0.15%	0.17%	54
SUBAREAS TOTAL	85.75%	100.00%	31,770
Laguna Seca Subarea			
California American Water ⁽³⁾	45.13%	100.00%	20,260
SUBAREA TOTAL	45.13%	100%	20,260
BASIN TOTAL		100%	52,030

Footnotes:

- (1) From Table 1 on page 19 of the Decision.
- (2) Calculated as each Standard Producer's percentage of the total Standard Producers' operating yield allocation percentages within each subarea.
- (3) CAW's Usable Storage Allocation is subject to the provisions and requirements of Section III.H.3 of the Decision.

Pursuant to Section III.H.6 of the Decision, no Producer may store water in the Basin without first executing with the Watermaster a Storage and Recovery Agreement.

February 3, 2010
Revised January 15, 2015

ATTACHMENT 3

**WATERMASTER ADMINISTRATIVE AND OPERATIONS
COSTS**

VI.B
12/5/18

Seaside Groundwater Basin Watermaster
Budget vs. Actual Administrative Fund
Fiscal Year (January 1 - December 31, 2018)
Balance through November 30, 2018

	2018 Adopted Revised Budget	Contract Amount	Year to Date Revenue / Expenses
Available Balances & Assessments			
Dedicated Reserve	-		-
FY (Rollover)	42,000.00		32,782.94
Admin Assessments	40,000.00		40,000.00
Available	82,000.00		72,782.94
Expenses			
Contract Staff	40,000.00	40,000.00	30,350.00
Legal Advisor	24,000.00	24,000.00	19,155.00
Filing fees and postage			226.42
Total Expenses	64,000.00	64,000.00	49,731.42
Total Available	18,000.00		
Dedicated Reserve	18,000.00		18,000.00
Net Available	-		5,051.52

Seaside Groundwater Basin Watermaster
Budget vs. Actual Monitoring & Management - Operations Fund
Fiscal Year (January 1 - December 31, 2017)
Balance through November 30, 2017

	2017 Adopted Amended Budget	Contract Encumbrance	Year to Date Revenue/Expenses
Available Balances & Assessments			
Operations Fund Assessment	\$ 100,000.00	\$ -	\$ 100,000.00
Pass Through 2017	-	4,788.00	2,664.00
FY 2016 Rollover	270,965.98	-	270,965.98
Total Available	\$ 370,965.98	\$ 4,788.00	\$ 373,629.98
Appropriations & Expenses			
GENERAL			
Technical Project Manager	\$ 60,000.00	\$ 60,000.00	\$ 37,300.00
Contingency @ 20% (not including TPM)	12,091.00	\$ -	-
Total General	\$ 72,091.00	\$ 60,000.00	\$ 37,300.00
CONSULTANTS (Hydrometrics; Todd Groundwater; Web Site Database)			
Program Administration	\$ 26,276.00		
Production/Lvl/Qlty Monitoring	2,400.00	\$ 23,800.00	\$ 19,658.46
Basin Management Action Plan	48,881.76		
Seawater Intrusion Analysis Report	20,890.00	20,890.00	17,893.75
Total Consultants	\$ 98,447.76	\$ 44,690.00	\$ 37,552.21
MPWMD			
Production/Lvl/Qlty Monitoring	\$ 52,558.00	53,454.00	16,495.00
Pass Through 2017	-	4,788.00	2,310.00
Basin Management	-		-
Seawater Intrusion	896.00	-	-
Direct Costs	-	-	-
Total MPWMD	\$ 53,454.00	\$ 58,242.00	\$ 18,805.00
CONTRACTOR (Martin Feeney)			
Production/Lvl/Qlty Monitoring	\$ 36,203.80	\$ 36,203.80	35,660.58
Reserve			
Transfer Out to Capital Fund			-
Total Appropriations & Expenses	\$ 260,196.56	\$ 199,135.80	\$ 129,317.79
Total Available	110,769.42		244,312.19

ATTACHMENT 4

**REPLENISHMENT ASSESSMENT UNIT COST
DETERMINATION FOR WATER YEAR 2019**

SEASIDE GROUNDWATER BASIN WATERMASTER

TO: Board of Directors
FROM: Laura Dadiw, Administrative Officer
DATE: October 3, 2018
SUBJECT: Unit Cost for Water Year 2018/19 Over Production Replenishment Assessment Amounts

RECOMMENDATION:

It is recommended that the Board approve a Proposed Replenishment Assessment Unit Cost of \$2,872 for Operating Yield Overproduction and \$718 (25% of \$2,872) for Natural Safe Yield Over Production for Water Year 2019 (October 1, 2018 - September 30, 2019).

On August 21, 2018 the Budget and Finance Committee approved the proposed Unit Cost for Water Year 2018/19 Over Production Replenishment Assessment Amounts and recommended board approval.

SUMMARY:

The Replenishment Assessment Unit Cost is used to calculate the Replenishment Assessments that are charged to any Standard Producer that exceeds its allocations (both Operating Yield and Natural Safe Yield allocations) during the Water Year.

Per page 33 of the Decision, *"The per acre-foot amount of the Replenishment Assessments shall be determined and declared by Watermaster in October of each Water Year in order to provide Parties with advance knowledge of the cost of Over-Production in that Water Year."* Thus, the per acre-foot amount determined by the Board on or before October of 2018 will be used to calculate Replenishment Assessments for pumping that occurs during the Water Year which begins on October 1, 2018 and ends on September 30, 2019.

BACKGROUND:

For each of the three Water Years 2014, 2015, and 2016, the Board adopted a unit cost of \$2,702/AF. This unit cost was developed starting with Water Year 2014 by taking the average of the Base Unit Cost (\$/AF) listed in Table 1 for each project $[\$3,507 + \$1,800 + \$2,000 + \$3,500] / 4$, as the Replenishment Assessment Unit Cost. The Water Year 2014 unit cost was carried over to the two subsequent Water Years because no updated cost data was available for the projects listed in Table 1, and no other viable projects could be identified. For Water Year 2016/17 the Budget and Finance Committee updated the basis from which the annual calculation of the Unit Cost of replenishment water is established, a blended cost of a reduced size desalination plant for the Monterey Peninsula Water Supply Project and groundwater replenishment provided by the Pure Water Monterey Project $[(\$4,591 + \$2,025 + \$2,000) / 3] = \$2,872$ (see Table 2).

DISCUSSION:

Due to the lack of more supportable data the recommendation is to continue using \$2,872, the average of the Base Unit Cost (\$/AF) listed in Table 2 for each project $[(\$4,591 + \$2,025 + \$2,000) / 3]$ as the Operating Yield Over Production Replenishment Assessment Unit Cost for the Water Year 2018/2019. The Natural Safe Yield Replenishment Assessment Unit Cost is 25% of that amount, or \$718.

ATTACHMENTS:

Table 1: Water Year 2014 Unit Cost Calculation Data
Table 2: Updated Unit Cost Data

Table 1

WATER YEAR 2014 (October 1, 2013-September 30, 2014)

ANTICIPATED UNIT COSTS OF REPLENISHMENT WATER FOR THE SEASIDE BASIN

POTENTIAL SOURCE OF REPLENISHMENT WATER	POTENTIAL DATE REPLENISHMENT WATER COULD BECOME AVAILABLE	POTENTIAL VOLUME OF WATER THAT COULD BE SUPPLIED BY THE PROJECT (AFY) ⁽¹⁾	LEVEL OF PROJECT DEVELOPMENT	CONTINGENCY INCLUDED IN BASE UNIT COST ⁽²⁾ (%)	BASE UNIT COST (\$/AF)	BASE UNIT COST YEAR	ADDITIONAL CONTINGENCY ADDED TO REFLECT LEVEL OF PROJECT DEVELOPMENT ⁽³⁾ (%)	UNIT COST INCLUDING ADDITIONAL CONTINGENCY (\$/AF)	UNIT COST INFLATED @ 3% FROM COST BASIS YEAR TO YEAR REPLENISHMENT WATER COULD BECOME AVAILABLE (\$/AF)	VOLUME-WEIGHTED AVG %
Monterey Peninsula Water Supply Project (Regional Desalination) ⁽⁴⁾	2018	9,752	Project Report	30%	\$3,507	2012	0%	\$3,507	\$4,188	56.53%
Seaside Basin ASR Expansion ⁽⁵⁾	2015	1,000	Conceptual	11%	\$1,800	2012	39%	\$2,502	\$2,734	5.80%
Regional Urban Water Augmentation Project ⁽⁶⁾	2017	3,000	Design	5%	\$2,000	2013	10%	\$2,200	\$2,476	17.39%
Groundwater Replenishment Project (GWRP) ⁽⁷⁾	2017	3,500	Conceptual	50%	\$3,500	2017	0%	\$3,500	\$3,500	20.29%
Total Quantity of Replenishment Water (AFY) the Listed Projects Could Cumulatively Potentially be Able to Produce Within the Next 10 Years ⁽⁸⁾ =										17,252

FOOTNOTES:

(1) For the Monterey Peninsula Water Supply Project this is the total amount of water from this source which could potentially come to the CAW distribution system. Only a portion of this amount might be available as initially unused capacity that could be used to help replenish the Seaside Basin. For the RUWAP this is the total amount of water from this source. Only a portion of this amount might be used for in-lieu replenishment of the Seaside Basin. For the ASR Expansion Project this is the additional amount of water that could potentially be provided by this project (see footnote 5). For the RUWAP this is the total amount of water that this project is expected to produce. Only a portion of this amount might be used as in-lieu replenishment of the Seaside Basin. For the GWRP this is the quantity of water that is being considered at this time by CAW for inclusion in its Monterey Peninsula Water Supply Project.

(2)(3) The following Contingency percentages were considered reasonable for the indicated levels of project development: Conceptual Level - 50%, Project Report Level - 30%, and Design Level - 15%. The sum of the values in the columns titled "Contingency Included in Base Unit Cost" and "Additional Contingency Added to Reflect Level of Project Development" equals the Contingency appropriate for the project's level of development.

(4) Project data based on documents provided by Cal Am and MPWMD.

(5) Project data provided by MPWMD. The 1,000 AFY of potential water that this project could supply would be in addition to the 1,300 AFY included as part of the Monterey Peninsula Water Supply Project, and would be an annual average taking into account river flow and hydrologic conditions that change from year to year.

(6) Project data provided by MCWID.

(7) Project data provided by MRWPCA. MRWPCA reported that the GWRP quantity being used in the current CEQA documentation is 3,500 AFY, but that the project could potentially supply 6,500 AFY or more. The unit cost would be lower if a quantity larger than 3,500 AFY were produced.

(8) This value is the cumulative production capacity of all of the Potential Sources of Replenishment Water that listed in this table, and is used only to determine the "Volume-Weighted Average." It is not the amount of water that is expected to be available to the Seaside Basin.

Table 2

WATER YEAR 2017 (October 1, 2016-September 30, 2017)				
ANTICIPATED UNIT COSTS OF WATER COULD POTENTIALLY BE USED FOR REPLENISHMENT OF THE SEASIDE BASIN				
POTENTIAL SOURCE OF REPLENISHMENT WATER	POTENTIAL DATE REPLENISHMENT WATER COULD BECOME AVAILABLE	POTENTIAL VOLUME OF WATER THAT COULD BE SUPPLIED BY THE PROJECT (AFY) ⁽¹⁾	BASE UNIT COST (\$/AF)	BASE UNIT COST YEAR
Regional Desalination ⁽²⁾	2020	6,250	\$6,147	2019
Groundwater Replenishment Project (Pure Water Monterey) ⁽²⁾	2018	3,500	\$1,811	2018
Monterey Peninsula Water Supply Project (Combined Regional Desalination with Groundwater Replenishment Project)	GWRP in 2018 Regional Desalination in 2020	9,750	\$4,591	
Seaside Basin ASR Expansion ⁽³⁾	2020	1,000	\$2,025	2016
Regional Urban Water Augmentation Project ⁽⁴⁾	2018	1,400-1,700	\$2,000	2018
FOOTNOTES:				
(1) For the Regional Desalination Project this is the total amount of water from this source which could potentially come to the CAW distribution system, based on the desalination plant having a 6.4 MGD capacity which is equivalent to 7,169 AFY. Only a portion of this amount might be available as initially unused capacity that could be used to help replenish the Seaside Basin. For the RUWAP this is the total amount of non-potable water from this source. Only a portion of this amount might be used for in-lieu replenishment of the Seaside Basin. For the ASR Expansion Project this is the additional amount of water that could potentially be provided by this project (see footnote 3). For the GWRP this is the quantity of water that is being planned at this time by CAW for inclusion in its Monterey Peninsula Water Supply Project.				
(2) Base unit cost data based on PUC filing documents and provided by Dave Stoldt of MPWMD.				
(3) Base unit cost data provided by MPWMD. The 1,000 AFY of potential water that this project could supply would be in addition to the 1,300 AFY included as part of the Monterey Peninsula Water Supply Project, and would be an annual average taking into account river flow and hydrologic conditions that change from year to year.				
(4) Project data provided by MCWD.				

ATTACHMENT 5

**REPLENISHMENT ASSESSMENT
CALCULATIONS FOR WY 2018**

WATERMASTER PRODUCER ALLOCATIONS WATER YEAR 2018 IN ACRE- FEET (AF)															
INCLUDING A 10% TRIENNIEL REDUCTION FOR 100% OF THIS WATER YEAR															
Initial Basin-Wide Operating Yield ⁽¹⁾				3360.00				Coastal Operating Yield ⁽²⁾				2716.00			
Natural Safe Yield (NSY) ⁽³⁾				3000.00				Laguna Seca Operating Yield ⁽⁴⁾				644.00			
ALTERNATIVE PRODUCER ALLOCATIONS															
Coastal Subarea ⁽⁵⁾				Laguna Seca Subarea ⁽⁵⁾				Coastal Subarea ⁽⁵⁾				Laguna Seca Subarea ⁽⁵⁾		Total Alternative Producer WY 2018 Production	
AF				AF				AF				AF			
Seaside (Golf)				Nicklaus Club Monterey				Seaside (Golf)				Nicklaus Club Monterey			
SNG				Bishop				SNG				Bishop			
Calabrese				York School				Calabrese				York School			
Mission Memorial (Alderwood)				Laguna Seca County Park				Mission Memorial (Alderwood)				Laguna Seca County Park			
Sand City								Sand City							
Total ⁽⁶⁾				Total ⁽⁶⁾				Total ⁽⁶⁾				Total ⁽⁶⁾			
735.00				644.00				527.47				421.65			
STANDARD PRODUCER ALLOCATIONS															
Coastal Operating Yield Available to Standard Producers (AF)				1981.00				Laguna Seca Operating Yield Available to Standard Producers (AF)				0.00			
Standard Producer Allocations				AF Available to This Producer				Standard Producer Allocations				AF Available to This Producer			
Base Water Right % ⁽⁴⁾				Laguna Seca Subarea				Base Water Right % ⁽⁴⁾				AF Available to This Producer			
Weighted % ⁽⁴⁾								Weighted % ⁽⁴⁾							
California American Water (CAW)				1791.62				CAW				45.13%			
Seaside (Municipal)				146.99								100.00%			
Granite Rock				13.87								0.00			
D.B.O. Development No. 30				25.16											
Calabrese (Cypress Pacific Investors LLC)				3.37											
Total				1981.00				Total				45.13%			
85.75%				100.00%				100.00%				0.00			
Allocation of Available Operating Yield Among Standard Producers				Base Water Right Available to this Producer (AF)				% NSY to SPA (Base Water Right / Total Water Right)				NSY Available to Producers (AF) Current Water Year			
				Free Carryover Credits from Prior Water Year				Not-Free Carryover Credits from Prior Water Year				Water Rights Transferred / Sold DBO to CAW 710 Amador			
				Water Rights Transferred / Sold DBO to CAW 710 Amador				Water Rights Transferred / Sold DBO to CAW 710 Amador				Total Producer NSY (AF) (NSY Available + Free Carryover Credits)			
				Total Authorized Production Current WY (Base Water Right Plus All Carryover) ⁽⁶⁾				Actual AF Pumped by Producer in WY 2018				Free Carry over Credits to WY 2019			
				Not-Free Carry over Credits to WY 2019				Stored Water Credits to WY 2019							

CALCULATION OF REPLENISHMENT ASSESSMENTS WATER YEAR 2018

Using the Basin-wide methodology approved by the Court on January 12, 2007, and as shown in detail on the spreadsheet contained in this attachment, Watermaster calculated the Water Year (WY) (October 1st through September 30th) 2018 Replenishment Assessments as follows:

			2018 Replenishment Assessment NSYO Unit Charge =		\$2,872.00				
			2018 Replenishment Assessment OSYO Unit Charge =		\$718.00				
			2018 Natural Safe Yield (NSY) Available to Standard Producers =		2,050.87	AF (3,000 AF NSY - 949.13 Alternative Producers 2018 Production)			
	WY 2018 Production (AF)	% of NSY Available	Volume of NSY Available (AF)	NSY Overproduction (AF)	NSY Overproduction Assessment	Operating Yield Available (AF)	Operating Yield Overproduction (AF)	Operating Yield Overproduction Assessment	Total Assessment
Standard Producers									
California American Water	2,229.45	90.44%	1,854.80	374.65	\$ 1,075,994.80	2,500.41	-	\$ -	\$ 1,075,994.80
Seaside (Municipal)	184.63	7.42%	152.17	32.46	93,225.12	146.99	37.64	27,025.66	120,250.78
Granite Rock	-	0.70%	14.36	-	-	266.63	-	-	-
D.B.O. Development No. 30	-	1.27%	26.05	-	-	506.92	-	-	-
Calabrese (Cypress Pacific Inv.)	-	0.17%	3.49	-	-	16.09	-	-	-
Total Production	2,414.08	100.00%	2,050.87	407.10	\$ 1,169,219.92	3,437.04	37.64	\$ 27,025.66	\$ 1,196,245.58
	WY 2018 Production (AF)	% of NSY Available	Volume of NSY Available (AF)	NSY Overproduction (AF)	NSY Overproduction Assessment	Operating Yield Available (AF)	Operating Yield Overproduction (AF)	Operating Yield Overproduction Assessment	Total Assessment
Alternative Producers									
City of Seaside (Golf Courses)	511.90	N/A	540.00	0.00	\$ -	540.00	0.00	\$ -	\$0
Security National Guaranty	-	N/A	149.00	0.00	-	149.00	0.00	-	-
Calabrese (Cypress Pacific Inv.)	0.07	N/A	6.00	0.00	-	6.00	0.00	-	-
Mission Memorial (Alderwoods)	14.43	N/A	31.00	0.00	-	31.00	0.00	-	-
City of Sand City	1.09	N/A	9.00	0.00	-	9.00	0.00	-	-
Nicklaus Club Monterey	143.00	N/A	251.00	0.00	-	251.00	0.00	-	-
Laguna Seca Golf Resort (Bishop)	239.87	N/A	320.00	0.00	-	320.00	0.00	-	-
York School	16.83	N/A	32.00	0.00	-	32.00	0.00	-	-
Laguna Seca County Park	21.96	N/A	41.00	0.00	-	41.00	0.00	-	-
Total Production	949.13	N/A	1,379.00	0.00	\$ -	1,379.00	0.00	\$ -	\$0

WATER SUPPLY PLANNING COMMITTEE

DISCUSSION ITEM

3. PROPOSED MORATORIUM ON LAGUNA SECA SUBAREA

Meeting Date: September 10, 2019 **Budgeted:** N/A

From: David J. Stoldt **Program/**
General Manager **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 July 2, 2019 California American Water (Cal-Am) filed an application with the California Public Utilities Commission (CPUC) for a moratorium on new or expanded water service connections in the Laguna Seca Subarea (LSS) of the Seaside Groundwater Basin (**Exhibit 3-A**, attached.) The proposed moratorium would apply to the satellite systems of Hidden Hills, Bishop, and Ryan Ranch. The District currently enforces a moratorium in Ryan Ranch due to a lack of reliable supplies.

The primary reason cited is that the Cal-Am LSS operating yield or production right under the Seaside Basin adjudication was reduced to zero in 2018.

Cal-Am issued notice to ratepayers in July (**Exhibit 3-B**) and the District has since received several phone calls from concerned ratepayers.

Although the District has been supportive of a moratorium in the past, we have never favored a prohibition on expanded service at existing connections. We also feel additional data is required to support the need for a moratorium. The District filed a protest on August 7th and has raised several concerns or issues that need clarification, including the following:

- There is very little that can be done to enforce a prohibition on “expansions” in service and to do so conflicts with traditional rights of property owners. There are vacant buildings in Ryan Ranch which could be leased, existing businesses may desire to expand, homeowners may wish to remodel, add an auxiliary dwelling unit, or simply expand their families.
- Cal-Am has proposed to build the interconnection of the Main System and Ryan Ranch by mid-2020. They have not done an adequate job of addressing the sufficiency of the interconnection to serve Ryan Ranch and/or Bishop and what impacts, if any, that would have on their ability to serve new connections.

- Cal-Am has not adequately addressed its Carry-Over Credits under the adjudication and whether those can be applied to serve the LSS.
- Cal-Am states that a producer whose allocation has been reduced to zero is not allowed to engage in over-production by paying a replenishment assessment. However, this is exactly what happened in 2018 when Cal-Am paid for exceeding the Natural Safe Yield but did not exceed the Operating Yield, because the replenishment assessments are computed basin-wide, not by subarea. This practice needs to be clarified.

On August 29th District Counsel attended the CPUC pre-hearing conference on this matter. A schedule was set that includes our testimony to be filed October 31, 2019 and evidentiary hearings January 22nd and 23rd, 2020.

EXHIBITS

3-A Application of Cal-Am for Moratorium in Laguna Seca Subarea

3-B Notice to Ratepayers

JUL 08 2019

MPWMD

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

In the Matter of the Application of
California-American Water Company
(U210W) for an Order Authorizing and
Imposing a Moratorium on Water Service
Connections in the Laguna Seca Subarea of
its Monterey County District.

Application No. 19-_____

**APPLICATION OF CALIFORNIA-AMERICAN WATER COMPANY (U210W)
FOR AN ORDER AUTHORIZING AND IMPOSING A MORATORIUM ON WATER
SERVICE CONNECTIONS IN THE LAGUNA SECA SUBAREA OF ITS MONTEREY
COUNTY DISTRICT**

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Attorneys for Applicant California-American
Water Company

July 2, 2019

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1 **BEFORE THE PUBLIC UTILITIES COMMISSION**
2 **OF THE STATE OF CALIFORNIA**

3
4 In the Matter of the Application of
5 California-American Water Company
6 (U210W) for an Order Authorizing and
7 Imposing a Moratorium Water Service
8 Connections in the Laguna Seca Subarea of
9 its Monterey County District.

Application No. 19-_____

10 **APPLICATION OF CALIFORNIA-AMERICAN WATER COMPANY (U210W) FOR AN**
11 **ORDER AUTHORIZING AND IMPOSING A MORATORIUM ON WATER SERVICE**
12 **CONNECTIONS IN THE LAGUNA SECA SUBAREA OF ITS MONTEREY COUNTY**
13 **DISTRICT**

14 **I. INTRODUCTION**

15 California-American Water Company (“California American Water”)respectfully
16 submits this Application for an Order Authorizing and Imposing a Moratorium on Water Service
17 Connections in the Laguna Seca Subarea of its Monterey County District (“Application”) to
18 comply with the withdrawal limitations set by the Seaside Groundwater Basin Adjudication,
19 Monterey County Superior Court Case No. M66343. The Laguna Seca Subarea moratorium
20 would apply to new or expanded water service connections until the existing moratorium on the
21 Monterey Main System expires.

22 **II. FACTUAL AND PROCEDURAL BACKGROUND AND NECESSITY FOR**
23 **RELIEF**

24 **A. California American Water’s Monterey County District**

25 California American Water’s Monterey County District is made up of several distinct
26 water systems. The water systems include Monterey Main, Ryan Ranch, Hidden Hills, and
27 Bishop.

28 As the California Public Utilities Commission (“Commission”) recently recognized:

Water supply on the Monterey Peninsula is available largely from rainfall

1 and has long been constrained due to frequent drought conditions on the
2 semi-arid Peninsula. Water supply constraints have been extensively
3 documented and have existed for decades on the Monterey Peninsula.¹

4 Unlike many regions of the State, in terms of water resources, Monterey is in an isolated
5 area where all available water is obtained locally through groundwater or surface methods. No
6 imported water is available, thus making the area prone to drought conditions and reduced
7 availability of supplies based on weather conditions. Water supply for the Monterey County
8 District is primarily developed from shallow wells in the Carmel Valley, mid-depth and deep
9 wells in the Seaside Basin, and deep wells along the Highway 68 corridor. Production from
10 these sources is limited by government orders, court adjudications, and annual rainfall amounts.
11 The two key regulatory limitations on water production for the Monterey County District are: (1)
12 the State Water Resources Control Board's ("SWRCB") Carmel River Orders, including Order
13 No. WR 95-10 ("Order 95-10"), Order No. WRO 2009-0060 (the "Cease and Desist Order" or
14 "CDO"), and Order No. WRO 2016-0016 (the "Amended CDO"), and (2) the Amended
15 Decision issued in the Seaside Basin Adjudication (the "AmendedDecision").
16

17 **1. State Water Resources Control Board Order 95-10, CDO and**
18 **Amended CDO**

19 In 1995, the SWRCB issued Order 95-10, which found that California American Water's
20 Carmel River Valley wells were producing water subject to the SWRCB's permitting authority,
21 and that California American Water's water rights authorized diversion of only 3,376 acre feet
22 per year. On that basis, the SWRCB concluded that California American Water did not have the
23 legal right to about 10,730 acre-feet annually of its then-current diversions from the Carmel
24 River. In 2009, SWRCB issued the CDO requiring California American Water eliminate all
25 non-permitted diversions for the Carmel River by no later than December 31, 2016, which
26

27
28 ¹D.18-09-017, *Decision Approving a Modified Monterey Peninsula Water Supply Project, Adopting Settlement Agreements, Issuing Certificate of Public Convenience and Necessity and Certifying Combined Environmental Report*, as modified by D.19-01-051, p.4.

1 amounts to nearly a 70 percent curtailment of water diversions. In 2016, SWRCB issued the
2 Amended CDO, imposing a lower annual Carmel River diversion limit, adopting a new
3 compliance schedule and requiring all unauthorized diversions from the Carmel River end by
4 December 31, 2021. The Amended CDO imposes further, “one-for-one” Carmel River diversion
5 reductions as the Pure Water Monterey Project is brought on-line.

6 Condition 2 of the 2009 CDO prohibits diversions from the Carmel River for new
7 connections or certain increased uses. Consistent with Condition 2, in Decision 11-03-048 the
8 Commission authorized a moratorium for the Monterey Main System on new service
9 connections and increased use of water at existing service addresses resulting from a change in
10 zoning or use. Pursuant to California American Water’s tariffs, the Monterey Main System
11 moratorium:

12 ...shall expire at the filing by California-American Water Company of a Tier 1
13 advice letter with the Commission transmitting the written concurrence of the
14 Deputy Director of Water Rights of the State Water Resources Control Board
15 with California-American Water Company’s finding that a permanent supply of
River water.

16 **2. The Monterey Peninsula Water Supply Project**

17 In Application (“A.”) 12-04-019, California American Water sought Commission
18 authorization to construct and operate the Monterey Peninsula Water Supply Project
19 (“MPWSP”) in response to the CDO. In Decision (D.) 18-09-017, the Commission granted
20 California American Water a Certificate of Public Convenience and Necessity (“CPCN”) for the
21 MPWSP, including a desalination plant at a size of 6.4 million gallons per day. The Commission
22 concluded “that a CPCN is needed to authorize Cal-Am to construct and operate the MPWSP so
23 that it may replace water supplies for Cal-Am’s Monterey District in response to the CDO issued
24 by the [SWRCB] to cease excess diversions from the Carmel River by December 31, 2021, meet
25 reasonable demand... provide a reliable and secure supply, include a reasonable ‘buffer’ against
26 uncertainties, and satisfy all other reasonable needs.”²

27
28 ² D.18-09-017, pp.68-69.

B. California American Water's Laguna Seca Subarea and the Seaside Groundwater Basin Adjudication

The Laguna Seca Subarea of the Seaside Groundwater Basin ("Basin") is currently the source of water for California American Water's Ryan Ranch, Hidden Hills and Bishop service areas. California American Water has six groundwater wells located within the Laguna Seca Subarea.

In August 2003, California American Water filed a complaint in Monterey Superior Court, Case No. M66343, seeking appointment of a Watermaster and adjudication of the groundwater rights for the Basin on the basis that use was exceeding replenishment and there was an imminent risk to water supply and quality. Despite the necessity of continued extractions from the Basin, it was apparent that the then existing level of Basin production was likely not sustainable and could lead to long-term overdraft and chronically lowered water levels leading to negative and irreversible Basin impacts – most notably seawater intrusion.

In February 2007, the Superior Court issued the Amended Decision, finding that Basin pumping must be reduced over time to avoid adverse Basin impacts. For California American Water and other producers, the decision required reduction in Basin production over a fifteen-year period in order to prevent seawater intrusion. Specifically, California American Water's pumping rights were reduced from more than 4,000 acre-feet per year to about 1,500 acre-feet annually. The mandatory reductions are felt more heavily in the Laguna Seca Subarea, in which California American Water's authorized pumping allocation was reduced to zero in 2018. The chart below illustrates California American Water's court-ordered allocation limits.

Seaside Groundwater Basin Adjudication Allocations: Water Years 2006-2026

California American Water Share (AFY)

Water Year	Coastal Subareas (AF)	Laguna Seca Subarea (AF)
2006-2008	3,504	345
2009	3,191	271
2010-2011	3,087	246

2012-2014	2,669	147
2015-2017	2,251	48
2018-2020	1,820	0
2021-2023	1,494	0

The Amended Decision established a regional Watermaster board to manage the basin. The Watermaster is charged with administering and enforcing the provisions of the Amended Decision and to that end is required to hold regular meetings. At the time of the adjudication, Watermaster and California American Water believed that an alternate source of water would be available to serve the Laguna Seca Subarea by Water Year 2018.

C. California American Water's Laguna Seca Subarea Water Supply Deficit

As set forth above, the Seaside Groundwater Basin Adjudication set California American Water's production limits for the Laguna Seca Subarea at zero starting in Water Year 2018, which began October 1, 2017. The amount of water available to California American Water during Water Year 2018 and the actual amount produced are provided in the table below. The "target" for the year is California American Water's adjudicated production rights for Water Year 2018. The "actual" is the metered production in AF from California American Water wells within the Laguna Seca Subarea.

Laguna Seca Subarea Water

Year 2018

	Target (AF)	Actual (AF)
Oct	0.00	24.00
Nov	0.00	18.60
Dec	0.00	23.59
Jan	0.00	19.19
Feb	0.00	21.64
Mar	0.00	18.48
Apr	0.00	19.67
May	0.00	27.54
Jun	0.00	31.26
Jul	0.00	33.52
Aug	0.00	35.04

Sep	0.00	30.74
Total (AF)	0.00	303.26
Target (AF)0.00		
Balance (AF)-303.26		

The actual production of 303.26 AF minus the operating yield of 0.0 AF results in an overproduction of 303.26 AF. Thus, at this time, all Laguna Seca Subarea production is in excess of California American Water's adjudicated production rights and a moratorium is justified.

Pursuant to the Amended Decision, California American Water may supply the Ryan Ranch and Bishop service areas with water produced from the Coastal Subarea of the Basin, consistent with California American Water's allocation for the Coastal Subarea. As such, in the short term, once the Main System/Ryan Ranch intertie project is constructed and water from the Pure Water Monterey project is available for delivery, and if sufficient water is also available as a result of Aquifer Storage and Recovery efforts ("ASR"), California American Water intends to help alleviate the Laguna Seca Subarea deficit by supplying existing customers and uses in the Ryan Ranch and Bishop service areas with water produced from the Coastal Subarea. Long-term, California American Water intends to supply all of its systems located within the Laguna Seca Subarea with water from the Main System, using all water sources in its portfolio. However, until the MPWSP is brought on-line and the CDO is lifted, California American Water may only use its Basin supply to serve demands in the Laguna Seca Subarea, with use of native Coastal Subarea groundwater to help meet demands in the Laguna Seca Subarea further stretching California American Water's limited water supplies until the CDO is lifted.

General Order 103-A, at Section II.2.B.(3)a., states that a system's facilities shall have the capacity to meet the source capacity requirements as defined in the Waterworks Standards, CCR Title 22, Section 64554, or its successor. If, at any time, the system does not have this capacity, the utility shall request a service connection moratorium until such time as it can demonstrate the source capacity has been increased to meet system requirements. Here, the amount of water allocated to the Laguna Seca Subarea by the adjudication is legally insufficient

1 for new and extended uses, which justifies issuance of the requested moratorium.

2 California American Water's practice has been to continue to produce water from the
3 Laguna Seca Subarea and incur replenishment assessments for over-production. However, this
4 practice is no longer available now that California American Water's Laguna Seca allocation has
5 reached zero. Under the Amended Decision, a producer must pay replenishment assessments for
6 any water produced in excess of its base water right (i.e. its share of the natural safe yield) but
7 within its share of the operating yield.³ In years where replenishment water is available, a
8 producer may produce in excess of its share of the operating yield, but must pay an additional
9 replenishment assessment on that water.⁴ In years where replenishment water is unavailable, all
10 producers, including California American Water, are enjoined from any over-production beyond
11 the operating yield.⁵ A producer whose allocation has been reduced to zero is not allowed to
12 engage in over-production by paying a replenishment assessment, even if replenishment water is
13 available. Further, producers are enjoined from producing except pursuant to a right authorized
14 by the Amended Decision.⁶

15 **D. Past and On-Going Efforts to Correct the Supply Deficit**

16 Until the MPWSP is online, the only source water outside of the Basin that could be
17 provided to the Laguna Seca Subarea would be from the Carmel River. However, California
18 American Water's use of this source water is constrained by the CDO and cannot support new
19 connections until the MPWSP is complete. As explained above, California American Water may
20 be able to physically serve water to existing customers in the Ryan Ranch and Bishop service
21 areas with groundwater produced from the Coastal Subarea of the Basin once the Bishop/Ryan
22 Ranch intertie project is constructed and water from the Pure Water Monterey project is available
23 for delivery to California American Water's customers, if sufficient ASR water is available.
24 Until that time, and given no other currently viable options, California American Water will
25

26 ³ See *Amended Decision*, Exhibit A, Section III.A.28, "Replenishment Assessment" and Section III.j.iii,
27 "Artificial Replenishment and Replenishment Assessments."

28 ⁴ *Id.*

⁵ *Id.* at Section III.D, "Injunction of Unauthorized Production."

⁶ *Id.* at Section III.D, "Injunction of Unauthorized Production."

1 serve its existing customers with groundwater produced from the Laguna Seca Subarea. Even
2 with the Bishop/Ryan Ranch interconnect, the available water to serve these two locations would
3 be dependent on the available stored ASR water from previous rains. Additionally, the
4 interconnect would not extend to Hidden Hills, which would still be served from the Laguna
5 Seca Subarea. Consequently, a combination of building the interconnect and implementing the
6 moratorium would be the most prudent approach for the Laguna Seca Subarea.

7 Even though California American Water's allocation for the Laguna Seca Subarea
8 groundwater has been at zero since Water Year 2018, and despite the more stringent Carmel
9 River diversion limits imposed in the Amended CDO, California American Water continues to
10 receive requests for new or expanded water service connections with Water Connection Permits
11 being issued by the Monterey Peninsula Water Management District ("MPWMD").

12 In direct response to this situation and recognizing that an alternative water supply would
13 not be available when anticipated, California American Water requested a moratorium on service
14 connections in the Laguna Seca Subarea in A.16-07-002, the Company's general rate case
15 application for test year 2018, which request was supported by MPWMD. In D.18-12-021, the
16 Commission found that California American Water failed to provide sufficient notice of the
17 moratorium to its customers and did not present sufficient information to support a moratorium
18 because the Company did not explain why it could not rely on "payment of replenishment
19 assessments to the Watermaster or through importation of non-native water to the Seaside
20 Basin."⁷ The Commission concluded that "Cal-Am may renew [its moratorium] request in a
21 new application or in its next GRC if it provides appropriate notice to potentially affected
22 customers."⁸ This Application addresses those concerns by (1) demonstrating, as set forth
23 above, that payment of replenishment assessments or importation of non-native water are not
24 viable solutions, and (2) providing notice to Laguna Seca Subarea customers and property
25 owners as described below.

26
27
28 ⁷ D.18-12-021, p.24.

⁸ D.18-12-021, p.24.

1 **III. REQUESTED RELIEF**

2 California American Water now seeks Commission authorization to:

3 (A) impose a moratorium in its Laguna Seca Subarea service areas (which includes the
4 Ryan Ranch,⁹ Hidden Hills, and Bishop systems) on new or expanded water service
5 connections until the existing Monterey Main System moratorium expires;

6 (B) modify its Monterey County District tariffs to include a special condition authorizing
7 California American Water to refuse to connect new or expanded water service connections in its
8 Laguna Seca Subarea service areas; and

9 (C) supply water to new or expanded service connections after the moratorium's
10 effective date, provided that any such service had obtained all necessary written approvals
11 required for project construction and connection to California American Water's water system
12 prior to that date.

13 With no allocated Laguna Seca Subarea source water, and the restrictions in the
14 Amended CDO, California American Water cannot justify setting new meters resulting in
15 increased system consumption in contravention of the adjudication. Setting new service
16 connections or expanding existing connections is risky and unreliable given California American
17 Water's current water supply situation and is contrary to the intent and objectives of the CDO,
18 Amended CDO, and Amended Decision. Additionally, as explained above, importation of non-
19 native water is not a solution.

20 Because prospective customers are still obtaining water permits from MPWMD, and in
21 compliance with the Commission's directive in D.18-12-021, California American Water files
22 this Application. To address any concerns regarding notice, California American Water intends
23 to provide the notice attached hereto as Attachment A and described in greater detail below. In
24 addition, and before the filing of this Application, California American Water invited
25 representatives from several Homeowner Associations in its Laguna Seca Subarea to a
26 presentation at its offices to discuss this Application and the requested relief. A representative
27 _____

28 ⁹ Although the Ryan Ranch service area currently has a service connection moratorium imposed by
MPWMD, it is possible the MPWMD moratorium may be lifted prior to implementation of the MPWSP.

1 from County Supervisor Mary Adams's office attended the meeting. Three representatives from
2 MPWMD were also present.

3 The basis for this application includes, but is not limited to, Public Utilities Code Section
4 451 (prohibiting unreasonable discrimination in service); General Order 103-A, sections
5 II.2.B.(3) (requiring public utilities to ensure the system meets 22 C.C.R. Section 64554); and *In*
6 *Re Southern California Water Company*, D.91-04-022 (allowing a connection moratorium when
7 a wholesale water supplier to a regulated utility ordered a connection moratorium without the
8 regulated utility declaring its own water shortage emergency).

9 The Commission has the authority under Section 451 to authorize difference in service
10 when those differences are not undue, unjust or unreasonable. If California American Water
11 were to continue to connect new customers in the Laguna Seca Subarea despite a production
12 allocation of zero, California American Water will be forced to continue the unreliable existing
13 practice that does not conform to the intent and objectives of the CDO and Seaside Groundwater
14 Basin Adjudication. Therefore, absent a court order modifying the production rights established
15 by the Seaside Groundwater Basin Adjudication, a reasonable basis exists to refuse service to
16 prospective customers of California American Water's systems served with water produced from
17 the Laguna Seca Subarea.

18 California American Water has not implemented the procedures specified in Chapter 3 of
19 Division 1 of the California Water Code, commencing with Water Code section 350, prior to
20 filing this application as those procedures are inapplicable to this Application.

21 For the reasons described in this Application, California American Water respectfully
22 requests, after notice and a full opportunity for public comment, that a special condition be
23 placed in its tariffs for Laguna Seca Subarea allowing California American Water to refuse
24 service to new or expanded water connections.

25 **IV. COMPLIANCE WITH CEQA**

26 Action by the Commission on this Application is either not subject to or is exempt from
27 the California Environmental Quality Act ("CEQA").

28 Action by the Commission on this application is not subject to CEQA because the

1 requested action is ministerial. The requested action seeks authorization to comply with the
2 Amended Decision; there is no opportunity for the Commission to shape California American
3 Water's compliance with that order in a manner that might address environmental impacts of the
4 adjudication.¹⁰

5 Action by the Commission on this application would enforce General Order 103-A. Such
6 action is categorically exempt from CEQA pursuant to 14 C.C.R. § 15321, which exempts
7 actions to enforce a law, general rule, standard or objective administered or adopted by a
8 regulatory agency.

9 **V. CATEGORY, HEARING, ISSUES AND PROPOSED SCHEDULE [RULE 2.1(C)]**

10 **A. Category**

11 California American Water proposes the category for this proceeding is ratesetting.

12 **B. Are Evidentiary Hearings Necessary?**

13 California American Water believes that evidentiary hearings are not necessary because
14 this Application does not raise any material issue of fact or law. The necessity for the requested
15 authorization has been demonstrated. California American Water intends to introduce the
16 following items in support of the Application:

- 17 1. This Application, copies of which have been or will be delivered to the Commission.
- 18 2. Prepared witness qualifications and direct testimony of Christopher Cook, Central
19 Division Director of Operations for California American Water, to support the
20 reasonableness and prudence of the Application.
- 21 3. Prepared and oral rebuttal testimony and related exhibits if necessary to support
22 California American Water's specific requests.

23 **C. Issues**

24 There are two issues in the proceeding. The first is whether California American Water
25 should be allowed to implement a moratorium in the Laguna Seca Subarea. The second is the
26

27 ¹⁰ See *California American Water v. City of Seaside*, 183 Cal.App.4th 471 (2010); see also *Mountain*
28 *Lion Foundation v. Fish & Game Commission*, 16 Cal.4th 105 (1997); *Leach v. City of San Diego*, 220
Cal.App.3d 389 (1990).

proper duration of such a moratorium, if a moratorium to be implemented.

D. Safety Considerations

California American Water is committed to the safety of its employees and customers. This commitment to safety involves efforts to protect system infrastructure and safeguard customers supplies. This commitment to safety of customer supply supports the requested moratorium.

E. Schedule

California American Water submits the procedural schedule below for the Commission's consideration of the relief requested.

Event	Date
Application Filed	July 2, 2019
Protests and Responses to the Application	30 Days after Notice
Reply to Protests or Responses	40 Days after Notice
Prehearing Conference	45 Days after Application Filed
Scoping Memo	60 Days after Application Filed
Proposed Decision Issued	150 Days after Application Filed
Commission Decision	180 Days after Application Filed

VI. OTHER PROCEDURAL REQUIREMENTS

A. Communications Concerning Application [Rule 2.1(b)]

All communications and correspondence with the Applicants should be directed to:

1 Sarah E. Leeper
2 California-American Water Company
3 555 Montgomery Street, Suite 816
4 San Francisco, CA 94111
5 Tel: (415) 863-2960
6 Fax: (415) 397-1586
7 Email: sarah.leeper@amwater.com

Cathy Hongola-Baptista
California-American Water Company
555 Montgomery Street, Suite 816
San Francisco, CA 94111
Tel: (415) 293-3023
Fax: (415) 397-1586
Email: cathy.hongola-
baptista@amwater.com

8 **B. Description of Applicant [Rule 2.1(a) and Rule 2.2]**

9 California American Water's exact legal name is California-American Water Company.
10 California American Water, a California corporation, is a Class A public utility water and
11 wastewater company regulated by the Commission. California American Water provides
12 regulated water and/or wastewater utility services in parts of San Diego, Los Angeles, Ventura,
13 Monterey, Sonoma, Yolo, Sacramento, Merced, and Placer counties. California American
14 Water's principal place of business is 655 W. Broadway, Suite 1410, San Diego, CA 92101-
15 8494.

16 California American Water filed a certified copy of its articles of incorporation with the
17 Commission on January 6, 1966 in Application 48170. California American Water filed a
18 certified copy of an amendment to its articles of incorporation with the Commission on
19 November 30, 1989, in Application 89-11-036. California American Water filed a certified copy
20 of a further amendment to its articles of incorporation with the Commission on February 28,
21 2002, in Application 02-02-030. California American Water filed a certified copy of an
22 additional amendment to its articles of incorporation with the Commission on April 3, 2017, in
23 Application 17-04-003. California American Water has not subsequently amended its articles of
24 incorporation.

25 **VII. SERVICE AND NOTICE**

26 California American Water will serve the Application on the parties identified on the
27 attached service list, which includes certain parties listed on the Monterey service lists for its last
28 general rate case (A.16-07-002).

1 Within 15 working days of the California Public Utilities Commission's Public Advisor's
2 Office ("PAO") approving the notice, California American Water will mail a notice of this
3 Application to (1) all of its Laguna Seca Subarea customers, and (2) to Laguna Seca Subarea
4 property owners that are not current California American Water customers, but for which
5 California American Water has an address, notifying them of the proposed moratorium. A draft
6 of that notice is set forth in attached Exhibit A. Prior to filing the Application, California
7 American Water supplied the PAO with drafts of the proposed notice.
8

9 The recipients of the notice (i) will be furnished the Application number and file
10 reference, (ii) will be requested to direct any questions to California American Water at its
11 Central Division office, and (iii) will be advised to communicate in writing with the Commission
12 if they take exception to this Application or are not satisfied with the information furnished by
13 California American Water.
14

15 **VIII. CONCLUSION**

16 For the reasons set forth above, California American Water respectfully requests that the
17 Commission issue a decision finding that:

- 18 a. California American Water's Application is granted;
- 19 b. California American Water is authorized to immediately refuse service to new or
20 expanded connections upon approval of this Application;
- 21 c. California American Water is authorized to file a Tier 1 advice letter within 15
22 days of a final decision granting this Application to add a special condition to its
23 Monterey County District tariffs authorizing California American Water:
 - 24 a. to refuse service to new or expanded connections in the Laguna Seca
25 Subarea until the existing Monterey Main System moratorium terminates;
26 and
 - 27 b. to supply water to new or expanded service connections after the
28 moratorium's effective date, provided that any such service had obtained

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all necessary written approvals required for project construction and
connection to California American Water’s water system prior to that date;
and

d. For such other relief as may be necessary and appropriate.

DATED: July 2, 2019

Respectfully submitted,

By /s/ Cathy Hongola-Baptista

Cathy Hongola-Baptista

Sarah E. Leeper
Nicholas A. Subias
Cathy Hongola-Baptista
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Attorneys for Applicant
California-American Water Company


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VERIFICATION

I am an officer of the applicant corporation herein, and am authorized to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information or belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on June 27, 2019 at Pacific Grove, California.



Harry Hofer
Vice President of Operations
California-American Water Company

EXHIBIT 3-B



**CALIFORNIA
AMERICAN WATER**

511 Forest Lodge Road, Suite 100
Pacific Grove, CA 93950



*****AUTO**SCH 5-DIGIT 93940 2-686

Mpwmd

PO Box 85

Monterey, CA 93942-0085



RECEIVED

JUL 24 2019

MPWMD

**IMPORTANT INFORMATION
ABOUT YOUR WATER**

Para una versión en español o más información sobre este aviso, visite nuestro sitio web www.californlaamwater.com,
o llame al número 1-888-237-1333.

**NOTICE OF CALIFORNIA AMERICAN WATER APPLICATION REQUESTING
AUTHORITY TO IMPLEMENT MORATORIUM ON NEW HOOKUPS OR
EXPANSIONS OF SERVICE IN THE LAGUNA SECA SUBAREA
(A.19-07-005)**

On July 2, 2019, California American Water filed application (A.19-07-005) with the California Public Utilities Commission (CPUC). The application requests authority to impose a moratorium on new or expanded connections in the Laguna Seca Subarea of its Monterey County District¹. To implement the moratorium, California American Water is requesting a modification to its existing tariffs. The request is necessary to comply with withdrawal limitations set by the Seaside Groundwater Basin Adjudication (Adjudication)². The Adjudication requires water production from the Seaside Groundwater Basin be reduced.

This will not affect rates and is not a request to change rates. If approved, the requested moratorium for the Laguna Seca Subarea would be in effect until the moratorium previously approved by the CPUC³ for California American Water's Monterey Main System, ends. It is anticipated that will take place by the end of 2021. The Laguna Seca Subarea includes the Ryan Ranch, Hidden Hills and Bishop systems.

¹ California American Water is also requesting authorization to supply water to new or expanded service connections after the moratorium's effective date, provided that any such service had obtained all necessary written approvals required for project construction and connection to California American Water's water system prior to that date.

² Monterey County Superior Court Case No. M66343

³ Decision 11-03-048

CUSTOMER QUESTIONS: OBTAINING A COPY OF THE APPLICATION

The application and its attachment will be made available upon request. Customers who wish to obtain a copy of the application or who have questions about the application may contact Anthony Lopez at Anthony.Lopez@amwater.com; 511 Forest Lodge Road, Suite 100, Pacific Grove, CA 93950.

The application may be reviewed online on the CPUC's Docket Card webpage <https://apps.cpuc.ca.gov/apex/f?p=401:1:0>. Type the application number (19-07-005) into the Proceeding Number Search box. The application may also be reviewed in person at the CPUC's Central Files Office by appointment. For more information, contact aljcentralfilesid@cpuc.ca.gov or 1-415-703-2045.

CPUC PROCESS

This application will be assigned to an Administrative Law Judge (Judge) who will determine how to receive evidence and other related documents necessary for the CPUC to establish a record upon which to base its decision. Evidentiary hearings may be held where parties of record will present their testimony and may be subject to cross-examination before the Judge. These hearings are open to the public, but only those who are parties of record may present evidence or cross-examine witnesses. After considering all proposals and all evidence presented during the formal hearing process, the Judge will issue a draft decision which may adopt all or part of California American Water's request, modify, or deny the application. Any of the five CPUC Commissioners may sponsor an alternate decision and the issue will be voted on at a scheduled CPUC Voting Meeting.

The CPUC may deem it necessary to hold Public Participation Hearings (PPHs) for this requested moratorium. In the event PPHs are scheduled, customers will be notified of the date(s), time(s) and location(s) through a bill insert or separate mailer. Notices will also be posted in a local newspaper.

STAY INFORMED

If you would like to follow this proceeding, or any other issue before the CPUC, you may use the CPUC's free subscription service. Sign up at: <http://subscribecpuc.cpuc.ca.gov/>.

If you would like to learn how you can participate in the proceeding, have informal comments, or have questions about the CPUC processes, you may access the CPUC's Public Advisor's Office (PAO) webpage at <http://consumers.cpuc.ca.gov/pao/>. You may also contact the PAO as follows:

Write: CPUC Public Advisor's Office

505 Van Ness Avenue

San Francisco, CA 94102

Email: public.advisor@cpuc.ca.gov

Phone: 1-866-849-8390 (toll-free) or 1-415-703-2074

1-866-836-7825 (toll-free) or TTY 1-415-703-5282

Please refer to **California American Water's Laguna Seca Subarea Moratorium Application No. 19-07-005** in any communications with the CPUC regarding this matter. These comments will become part of the public correspondence file for this proceeding and made available for review to the assigned Judge, the Commissioners, and appropriate CPUC staff.



WATER SUPPLY PLANNING COMMITTEE

DISCUSSION ITEM

4. UPDATE ON LOS PADRES DAM ALTERNATIVES ANALYSIS

Meeting Date: September 10, 2019 **Budgeted:** N/A

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

Prepared By: Arlene Tavani **Cost Estimate:** N/A

General Counsel Approval: N/A

Committee Recommendation: N/A

CEQA Compliance: N/A

SUMMARY: Staff will present an oral update on this topic at the September 10, 2019 meeting. This is a discussion item, no action will be taken.

EXHIBIT

None

WATER SUPPLY PLANNING COMMITTEE

DISCUSSION ITEM

5. UPDATE ON PURE WATER MONTEREY PROJECT

Meeting Date: September 10, 2019 **Budgeted:** N/A

From: David J. Stoldt **Program/**
General Manager **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: Please see **Exhibit 5-A**, attached to be discussed at the Committee meeting.

EXHIBIT

5-A Progress Update on Pure Water Monterey



PURE WATER MONTEREY

A Groundwater Replenishment Project

— PROGRESS UPDATE —

Construction

Source Water Infrastructure	Advanced Water Purification Facility	Conveyance Pipeline	Injection Wells
91.3%	93.6%	99%	86%
Overall Completion – 94%			

Renewable Energy

Power Purchase Agreement	
Entities	Production
Monterey Regional Waste Management District Monterey One Water	2 mW/year for 30 years

Costs

Project Cost	Cost of Water	Production Volume for Groundwater Replenishment
\$124 Million	\$1,976/AF	3,500 AFY

Ribbon Cutting and Celebration

Friday, October 4, 2019

11:00 a.m. Ceremony | 12:15 p.m. Lunch, Festivities & Tours

RSVP: purewatermonterey.org/rsvp





— POTENTIAL EXPANSION —

Expansion of Pure Water Monterey is a backup option should obstacles delay desal.

Supply Volume

Feasible Expansion	2,250 AFY
Base Project	3,500 AFY
TOTAL SUPPLY	5,750 AFY

Expansion Progress and Schedule

Supplemental Environmental Impact Report	Scheduled for publication the first week of November 2019; certification at M1W Board Meeting <ul style="list-style-type: none"> Complies with CA Ocean Plan without mitigation
Groundwater Modeling	Draft Groundwater Modeling Report to be complete at the end of September 2019 <ul style="list-style-type: none"> Based on conservative assumptions and will demonstrate increased benefits to Seaside Groundwater Basin. M1W and the City of Seaside identified available land farther from extraction providing adequate travel time and response retention time to comply with the Basin Plan and the State Board Division of Drinking Water Requirements.
Permits	No major permitting hurdles anticipated <ul style="list-style-type: none"> No new federal or state land or permits will be needed for construction entitlements Permits for operation (RWQCB NPDES and WDR/WRR) will only require minor amendments. All other permits/entitlements are for local publicly-owned land entitlements and/or ministerial.
Pre-Design	Approximately 30% complete; the following are available: <ul style="list-style-type: none"> Cost estimate (at "basis of design" level) Concept site plans prepared Construction and operational assumptions complete

Source Water Security

- Contractual agreements secured for 30 years.

