

**Monterey Regional Water Supply Reliability Collaboration
Division of Ratepayer Advocates**

Draft Meeting Notes, Fifteenth Meeting

July 2, 2008

Location: MBEST Center, 3180 Imjin Road, Marina, CA 93933
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Overview of Goals for Meeting #15

Meeting #15 (July 2, 2008)

- Transition from a DRA financially supported process to local agency support
- Project implementation

Materials provided at the meeting included the following:

“Meeting #15 Agenda, 7-2-08”

“Draft Meeting #14 Notes v2”

Review of Notes from Meeting #14

- A participant thanked CIWR for providing notes since he missed the last meeting.
- An Environmental Impact Review (EIR) team member was asked to clarify the status of Cal-Am with regard to the California Public Utilities Commission’s decision-making with reference to this bullet point on p. 4 under Status Update:
“Lead agency for the EIR is the CPUC. Water for Monterey County will need local agencies to be “responsible” agencies in that process that will adopt and certify the EIR document. The local entities envisioned as these “responsible” agencies are MCWRA, MCWD, MRWPCA, MPWMD. Cal-Am’s EIR would list any facilities Cal-Am would construct under the umbrella of the regional plan.
 - The CEQA lead agency usually has the authority to implement a project but the “responsible agencies” in this case are a group of agencies outside of the authority of the CPUC.”

- The response included the following points:
 - In the Cal-Am only alternative to Moss Landing, the CPUC makes a decision relative to the seawater desal plant at Moss Landing or the slant well project proposed in North Marina with regard to Cal-Am's application for a Certificate of Public Convenience and Necessity (CPCN) to build, own and operate a desalination plant.
 - With the regional project, Cal-Am is coming to the CPUC not for a CPCN but rather to buy water from another entity that will build a desal plant. The CPUC will pay attention to the agencies making statements regarding their intentions to move forward with interrelated components of the regional water supply program. For example, if the Monterey County Water Resources Agency (MCWRA) announces its plan to expand the Castroville Seawater Intrusion Project (CSIP), the regional desal plant would be more likely to take place, because the approval for the extraction of the groundwater is contingent on the maintenance of the hydraulic balance of the Salinas Basin. Therefore, if agency sponsors announce their decisions about pursuing parts of the regional program, the CPUC would take those decisions into account to decide if the regional water supply program is the preferred alternative. The CPUC may rely on the decisions of others first to prove if the regional project is the preferred alternative.
- Cal-Am's perspective is that schedule and timing are imperative to be able to deliver water by 2015 from the Moss Landing or Marina proposed projects. The regional program's proposed production of water is hoped to fit within this timeframe.
- The response made was that nothing to date has caused the EIR review to slow down due to the regional project.
- A discussion of the ordinance about desalination plants in Monterey County resulted from a comment about the necessity of public ownership. While the ordinance has been enforced in the City of Monterey, the County Board of Supervisors is considering changing the ordinance.
- A question was raised about whether the State Water Resources Control Board members involved in the draft Cease and Desist Order hearing are being informed about the progress being made on the regional program. Members of the community who own businesses that suffer when water is rationed are nervous about the outcome of the order and its potential impact on the local economy. The response confirmed that the board members know about the regional program. At the recent hearing, during the testimony of Cal-Am, Russ McGlothlin, City Attorney for Seaside used part of his time in cross examination to enter into the record a description of the regional program. For the resolution portion of the hearing that is upcoming, the phase 2 portion, Mr. Kasower is one of the witnesses. His testimony, which has already been submitted, includes a discussion of who attends the REPOG, what the REPOG has done to date, and where the REPOG is headed with a strategic implementation plan.

Passing the Financial Torch: A DRA "Thank You" and Local Support Ceremony

Steve Kasower, UCSC Center for Integrated Water Research

Dana Appling, Director of the Division of Ratepayer Advocates

In late 2006, DRA support of the REPOG started from a series of discussions between Mr. Kasower, CIWR's Senior Research Economist and Ms. Brooks, Supervisor in DRA's Water Branch. They were working out a strategy to review and evaluate the proposed seawater desalination plant at Moss Landing in terms of its impact to ratepayers. They approached the DRA's Director, Dana Appling to see if DRA could support this process that might uncover an alternative to the Moss Landing project that would be environmentally and economically advantageous, politically feasible, and subject to less regulatory scrutiny. Dana Appling is thanked on behalf of all the REPOG participants for having the courage and vision to embark upon what has been a somewhat risky path, to support this project with confidence that the Monterey communities could come together and make decisions about water supply issues.

Dana Appling made the following remarks in her speech:

- DRA of the CPUC wants to congratulate all the participants in the REPOG dialogues.
- DRA is thrilled at the progress that the REPOG has made in developing the regional alternative and in doing the necessary work for this to be included in the CEQA review process.
- By working collaboratively to find viable water supply solutions on a regional level, the REPOG has demonstrated that things can be done when diverse stakeholders work together. This coalition of local and state agencies, utilities, concerned citizens and environmental groups and others is unique and DRA is very glad to have been catalyst for this.
- This is not DRA's usual process however DRA wanted to take a proactive approach in this case given the long-standing water supply problems in Monterey.
- DRA thanks Steve Kasower for his great work on this project to find a cost-effective, greener, sustainable alternative to the Coastal Water Project. He is thanked for his inspiration, drive, creativity, follow-through and humor.
- DRA thanks Catherine Borrowman, who has been indispensable to the project. She is thanked for her dedication and attention to detail. Her thorough notes have supported the success of this process by keeping participants, who have not attended every meeting, informed.
- DRA thanks Professor Brent Haddad, who founded the Center for Integrated Water Research, for taking on this project.
- DRA thanks Diana Brooks for her vision and power of persuasion of DRA managers to do this project.
- DRA represents the ratepayer interests in keeping rates down so they are affordable and ensuring the reliability of water service for years to come. The regional project with its diversity of components, from recycled water, stormwater capture, to increased water conservation, brackish water desalination, Salinas River diversions, and more, has the potential for substantial cost savings to ratepayers.
- DRA will continue to be involved in REPOG meetings and in CPUC proceedings to advocate on behalf of Cal-Am ratepayers. DRA will continue to work with CIWR to analyze the costs of the regional project, paying attention to ways to allocate costs to keep rates affordable and to minimize impacts on customers.
- The DRA knows there is much work ahead, therefore DRA encourages REPOG participants to keep up the good work, each doing his/her part as the group moves forward in the next step defining an implementation strategy for the technical work.
- DRA wants to acknowledge and thank Cal-Am, the Marina Coast Water District (MCWD), and the Monterey Regional Water Pollution Control Agency (MRWPCA) for their financial support of future REPOG meetings.
- Diana Brooks also wants to acknowledge the leadership of Dana Appling and Cynthia Walker, and the team members who have been involved in this project: Max Gomberg, Analyst, Danilo Sanchez, Manager, Nihar Shah, Utilities Engineer, and Lynn Maack.
- DRA thanks all REPOG participants and looks forward to more success from this project.

Comments from participants:

- Thank you DRA for this opportunity. Prior to these meetings, the ratepayers had very little or no voice at all. Because of DRA's funding of CIWR to conduct this group, ratepayers have a voice.
- In the past, solutions have come from the top-down with little input from the community. That's why there wasn't grassroots support and voters rejected the dam project and desal projects in 1993 and 1995. The public didn't understand the long-term costs of the dam project failing, and the search for more expensive alternatives, because the situation was never explained.
- There was a political dynamic in the Monterey community that typically resulted in water supply solutions which did not resonate with the community well. The REPOG approach threw off this dynamic as a unique process. For example, the

first REPOG meeting allowed quite a few community members to voice their objections to the traditional water supply planning process.

- Last year, the REPOG developed the criteria that formed the basis of the regional project. As the process with the regional project moves forward, REPOG participants will have a “front row seat” to hear about issues such as the technical evaluation, economic benefits of the options, institutional roles that agencies will play, the timing of the components and how each will take place, and a fast track opportunity to solve the regulatory problem the community faces. REPOG participants have a great opportunity to assure that components of the regional project remain in the program as the project begins to be implemented. It is incumbent upon REPOG participants to continue to be involved to encourage the agencies who pursue the project components to continue to act with a regional focus. Each participant has a particular lens through which he/she can share different perspectives with the group.
- When DRA came forward to support these dialogues, the Monterey region was a community in despair because agencies were not cooperating with one another. The citizens and the public in general were excluded from the process. Each public agency has an open process for issues that fall within its jurisdiction. Everything that falls outside that agency became miscellaneous. The Monterey Peninsula Water Management District (MPWMD) doesn't really discuss the Salinas River except to the extent that there may be something located up there that is important to the district. With the public interest in growth/no growth issues, without a process like this there would probably be a lot more lawsuits, citizen complaints and petitions. Regardless of the risks that it posed for the DRA, sponsoring these meetings was the only thing that was really going to work. Thank you, DRA, for supporting this process.
- When this regional project is complete, the DRA could seek additional funding from the State to use this process as a prototype for other communities to seek solutions from the bottom up.
- Cal-Am thanks DRA for their vision, for being a catalyst for this process, which is an excellent one. Cal-Am appreciates everyone's participation at the table, for taking the time and making the effort to come and bring ideas. This has been a comfortable process to be involved in. Hopefully the participation will continue even though the financial support is coming from a different avenue. Cal-Am wants to be a participant of this and not a driver, for this is a real community input process that should be driven by its participants. It would be great if there could be more financial support for this process, including other entities than Cal-Am, MCWD, and MRWPCA.
- An arrangement has been discussed for support of future REPOG meetings which would have the Monterey County Water Resources Agency (MCWRA) contract with the Center for Integrated Water Research/UCSC with funds from from Cal-Am, MCWD, and MRWPCA.

Status Update: Regional Project Technical Work Group

Lyndel Melton, RMC Water and Environment

Next Steps, Strategic Implementation Plan

- The strategic implementation plan may include:
 - Further engineering
 - Review of how to most rapidly supply the water to satisfy the regulatory issues facing the Monterey community (diversions of the Carmel River and the Seaside Basin overdraft)
 - Institutional analyses for the regional project explaining:
 - Applicable laws and regulations
 - Who will run the projects
 - What type of contractual arrangements need to be made to effect the continued planning, building, operation of the projects

- Financing opportunities local communities could pursue
 - Other issues associated with project readiness.
- The goal of the study team is to report to the REPOG on the strategic implementation plan in the September-October time period.
- Have there been any changes to the project description based on reactions of the County Supervisors to the plan? One of the Supervisors is concerned that water supplies in the Salinas Valley are secure and that people's rights to water are kept in mind. The only thing that has changed is the removal of a concept that was brought forward as an alternative for maximizing use of recycled water: the advanced treatment of recycled water and its injection into the Salinas Basin. This was not a fundamental element of the thinking processes that occurred at the REPOG. This just removes one of the many beneficial opportunities for recycled water.
- Is there a publicly accessible location for the project description? It will be posted on the CPUC's website <http://www.cwp-eir.com> and the CIWR website <http://ciwr.ucsc.edu/monterey>.
- Since the irrigation for the Castroville Seawater Intrusion Project (CSIP) is only for some months of the year, what currently happens with the rest of the recycled water? In the non-irrigation season, approximately 10,000 acre-feet of recycled water is treated to a secondary level and is discharged to the Monterey Bay. The study team's focus on two ways to utilize 100% of that water includes the option to store it and use it for expansion of agricultural irrigation to reduce groundwater pumping, or to advance treat the water, use it for blending and replenishment of the Seaside groundwater basin.
- Is any of the recycled water currently being injected for groundwater storage? No.
- Does the Castroville Community Services District (CCSD) have an opinion about Water for Monterey County? The CCSD has a representative on the MRWPCA board that will deal with this issue when it is discussed. The CCSD board has heard informational items on the regional plan over time but has not heard a technical presentation.
- How is the Monterey Peninsula Water Management District (MPWMD)'s feasibility study for the 95-10 desal project being factored into the CPUC's environmental impact review analysis? It will be looked at as a "cumulative" project, a project that would happen simultaneously with other projects in the community.
- Is the MPWMD's feasibility study going to be done by August? Yes, it will be presented at the MPWMD board meeting in August.
- Will the REPOG have milestones for upcoming meetings? A suggestion was made to prepare a first rough draft of a milestones document for the next REPOG meeting.
- It would be good to determine if there is a buyer for the technical work, and details are developed about the strategic implementation plan so the milestones for the REPOG reflect a viable overall strategy.
- Is the agreement to fund the REPOG signed by all the parties, MCWRA, Cal-Am, MCWD, and MRWPCA? The description, or scope of work, has not been provided yet, so the contract is not in place.
- The REPOG will hear updates on the regional project every month.
- Regarding the strategic implementation plan, is it going to be clear where the crunch points are? It seems as though agricultural interests are not being represented at the table and there may be an inability to find some common language that everyone will agree to. A response to this comment included the observation that a representative of Tanimura and Antle is in attendance.

Discussion of the Next Steps for the REPOG

The REPOG will hear a status report on the strategic implementation plan at the next meeting. The REPOG will meet on August 6th, and thereafter on the first Wednesday of each month.

New Business/Old Business/Parking Lot Issues/Action Items

Discussion of Next Meeting Date/Agenda

- Meeting #16 (August 6th, 2008)

Meeting Attendees

Dana Appling, DRA
Craig Anthony, Cal-Am
Andrew Barnsdale, CPUC/Energy Division
Todd Bennett, City of Monterey
Dave Berger, Cal-Am
Catherine Borrowman, Center for Integrated Water Research, UCSC
Catherine Bowie, Cal-Am
Janet Brennan, Public
Diana Brooks, DRA
Tom Bunosky, Cal-Am
Bill Carrothers, Public
Sarah Corbin, Surfrider Foundation
Jim Crook, MRWPCA
Brad Damitz, MBNMS, NOAA
Carole Dawson, City of Seaside
Manuel Fierro, CPW
Paul Findley, RBF
John Fischer, Public
Darby Fuerst, MPWMD
Max Gomberg, DRA
Lidia Gutierrez, Gutierrez Consultants on behalf of the PVWMA
Howard Gustafson, MCWD
Charles Hardy, Schaaf & Wheeler
Chris Hudelson, Griffith & Masuda
Steve Kasower, Center for Integrated Water Research, UCSC
Margie Kay, Public
Roger Masuda, Griffith & Masuda
Lyndel Melton, RMC Water and Environment
Ken Nishi, MCWD
Kelly Nix, Carmel Pine Cone
Carl Nizawa, City of Salinas
WM. E. Reichmuth, City of Monterey
George Riley, CPW
Tom Rowley, Monterey Peninsula Taxpayers Association
Jonathan Sapp, Sapp Devco
James Smith, California Water Service Company
Kevin Stone, Monterey County Association of Realtors
Jeff Taylor, Tanimura and Antle
Eric Tynan, Castroville Community Services District
Eric Zigas, ESA representing the CPUC