

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

**Second Draft Meeting Notes**

**February 28, 2007**

**Location: MBEST Center, 3180 Imjin Road, Marina, CA 93933**  
Phone at the center is: 831.582.1020

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**Meeting Attendees**

Jim Babcock, Malcolm Pirnie  
Dewey Baird, Federal Presidio of Monterey  
Tom Barnes, ESA  
Andy Bell, MPWMD  
Dave Berger, MPWMD  
Steve Boden  
Catherine Borrowman, UCSC  
Catherine Bowie, California American Water  
Diana Brooks, DRA  
Madeleine Clark, Elkhorn Slough Coalition  
Sarah Corbin, Surfrider  
Manuel Fierro, CPW  
Paul Findley, RBF Consulting  
John Fischer  
Darby Fuerst, MPWMD  
Skip Griffin, PBS&J, representing the Water Standard Company

Rito Guerra, Senator Maldonado's office  
Howard Gustafson, Marina Coast Water District  
Michael Houlemard, FORA  
Kevin Howe, The Herald  
Maryann Hulsman, ESA  
Rick Hyman, Central Coast District of CCC  
Keith Israel, Monterey Regional Water Pollution Control Agency  
Steve Kasower, UC Santa Cruz  
Steve Leonard, California American Water  
Dave Lewis, Castroville Water District  
Lloyd Lowrey, Noland Hamerly Etienne Hoss Attorneys at Law  
Marc Lucca, Marina Coast Water District  
Lynn Maack, DRA  
Peter MacLaggan, Posiedon, PSMCSD  
Roger Masuda, Griffith & Masuda  
Tom Martins, ESA  
Steve Matarazzo, City of Sand City  
Jonas Minton, Planning and Conservation League  
Fred Meurer, CMD, City Hall Monterey  
Kelly Nix, Monterey Pine Cone  
Craig O'Donnell, Assembly member Laird's district office  
Dave Pendegrass, MPWMD Chair  
Holly Price, Monterey Bay National Marine Sanctuary  
Bill Reichmuth, City of Monterey  
Joe Rosa, Pajaro Sunny Mesa CSD  
Tom Rowley, MPTA  
George Riley, CPW  
Danilo Sanchez, DRA Manager in the Water Branch  
Peggy Shirrel, Moss Landing Harbor District  
Jim Smith, California Water Service Company  
Eric Tynan, Castroville Water District  
Leif Utegaard  
Judson Vandevoe, CPW  
Lisa Walling, Graduate Student Intern working with Diana Brooks and Steve Kasower  
Curtis Weeks, MCWRA  
Ron Weitzman, MFOW  
Eric Zigas, ESA

## **Overview of Goals for Meeting # 2**

### **Meeting #2 Milestones**

- Identify agency water demands and priority projects. We will hear from each agency about their water needs, current supplies and programs like conservation, conjunctive management, and recycled water uses.
- Brainstorm ways to creatively combine projects. We will entertain a collaborative discussion whereby we "cut and paste" projects, pipelines, and water management programs to serve the needs and demands that we identified earlier in the meeting.
- Identify flaws and controversies associated with each project. Discussion needs to occur about the projects, and programs identified to help the Study Team understand what detailed evaluations need to be made concerning the overall project and program list.

### **Materials provided at the meeting included the following:**

"Monterey Regional Water Supply Reliability Collaboration, Draft Second Meeting Agenda, February 28,2007"

"Draft Monterey Regional Water Supply Reliability Dialogue Group Conflict Resolution Process"

“Monterey Regional Water Supply Reliability Collaboration, First Draft Meeting Notes, January 31, 2007”

Draft document titled “Monterey Regional Demands” produced with MPWMD information dated February 12, 2007. It is a four page document with headings “Compliance with 95-10 Plus Additional Regional Demands” “Future Additional “Build-Out” Demand Within CAW Service Area” “Future Demands Outside of CAW Service Area” “Other Proposed Urban Water Supply Projects Serving Existing CAW Demands”.

“Exhibit 13a MPWMD Comparative Matrix, Part 1-A, Desalination Projects”

“Exhibit 13b MPWMD Comparative Matrix, Part 1-B, Desalination Projects”

“Exhibit 13c MPWMD Comparative Matrix, Part II, Projects Other Than Desalination”

“Draft Monterey Regional Water Supply Reliability Planning Milestones,” Memo from Diana Brooks, Division of Ratepayer Advocates and Steve Kasower, University of California, Santa Cruz to Monterey Area Regional Water Supply Reliability Collaborators. January 18, 2007.

“Draft Articles of Collaboration” Memo from Diana Brooks, Division of Ratepayer Advocates and Steve Kasower, University of California, Santa Cruz to Monterey Area Regional Water Supply Reliability Collaborators. January 18, 2007.

## **Agreement**

During the meeting the Regional Dialogue Group reached a general consensus that the numbers in the document “Compliance with 95-10 Plus Additional Regional Demands” are accepted by this group on an on-going, working basis as accurate numbers to date. These numbers are subject to modification if needed in the future.

## **Review of Notes from Meeting # 1**

*Correction to notes:*

1. Howard Gustafson’s last comment should include the need to address the Peninsula’s concerns, and not look outside of it for the regional collaborative approach.
2. Misstatement under Diana Brooks’ name about the issue of a permit to Cal Am.

*Notes were accepted subject to editorial corrections above, and will be provided at the next meeting.*

## **Discussion of Draft Conflict Resolution Process**

Conflicts are not easily solved, but there are four concepts that will help facilitate the meeting and keep on the agenda:

1. Each person is responsible, as a participant, for keeping speakers to the agenda. Trying to accomplish a goal, and in order to do it, the agenda must be followed.
2. All perspectives brought to the table are valid. Establish a “Parking Lot” that will list all of the concerns throughout the meeting and then discuss them at the end. It will enable the speakers to keep with the agenda.
3. No namecalling and be nice.
4. Steve Kasower can only be redirected in his leadership of the meetings by his DRA colleagues Diana Brooks, Lynn Maack, and Danilo Sanchez.

There is general approval from the participants. Discussion is opened up to questions:

- Question about the Articles of Collaboration and the two key points that people made that were to be reflected (environmental and the value of public participation). It might be useful to look back as a group to what the Articles of Collaboration were about, especially if the participants are straying from them. Holly Price agreed to help put the environment and its importance into the Articles of Collaboration, and Dave Berger agreed to do the same for the value of public participation. Anyone can weigh in with these two points.
- Question about how a “critical path” is missing from the Milestones and whether it should be added. The group may require a “critical path” to reflect on how to keep the discussion on track. What is needed from other groups so this group can move forward?

## **Discussion of Draft Monterey Regional Water Demands**

This discussion focused on the MPWMD Monterey Regional Demands document. Participants were asked if the demand numbers are correct. The facilitator asked two further questions: what role does demand play in understanding the kind of future we are aiming for? Is this a reality that everyone can agree on?

Participants commented on the quality, quantity, and the assumptions that went into calculating the numbers in the documents. Questions were also raised about the reason for looking at these water demand numbers in the meeting, since they cannot be changed, as outcomes of prior work on general plans for each area. Participants also noted that the political will to solve problems regionally has been demonstrated by the strong show of support during the city manager’s regional water supply group meeting held in February.

*Comments are grouped by issues, and do not represent consensus.*

### **Why Discuss Demand?**

- Is discussion of the numbers counterproductive considering the participants are looking for a solution to meeting water needs? It would be better to respect the process the water districts went through and to assume the projected need for various regions is accurate.
- There is disagreement with the previous point made because before supply can be discussed, demand needs to be understood. If the Regional Dialogue Group understands the differences between water conservation programs and how effective each one is in reducing demand, the group may want to view further reduction as a supply opportunity for areas with less effective programs.
- Discussion must be focused on how to integrate all of the systems. Should there be standardization on the multipliers?
- Even though it may be helpful to try to standardize the multipliers, if the Regional Dialogue Group does so, the group may not be coming up with accurate demand numbers for each region. This is due to the political and environmental factors unique to each area that affected the demand number produced by that area’s water agency.
- Council people were asked to send a letter to confirm the numbers, but a lot of the council people did not know what this was about. They needed to review the numbers and come back to say that they do or do not agree with the numbers.
- Water demand numbers produced by each water district could be adjusted to suit the different microclimates that affect actual usage. This may improve the quality of the demand projection.
- The DRA is reviewing Cal Am’s proposed Coastal Water Project. DRA’s reason for discussing demand is the hope that there would be a better deal for ratepayers if projects designed for individual areas are examined regionally. Regional collaboration is an approach we are taking to ask questions and see if more information is needed.

### **Regional Demand Approach**

- How should the Regional Dialogue Group proceed forward? In order to fully understand the scope of the regional demand the Regional Dialogue Group can attempt to characterize the region as a whole that is the sum of its parts.
- Outside the Cal Am service area, is there an ongoing dialogue concerning existing overdraft? Is the overdraft a concern in other areas of the region?
- There are good conservation measures in place for the regional demand represented by the City of Monterey General Plan. The Regional Dialogue Group may not benefit from questioning the quality of the City of Monterey's efforts with conservation to attempt to lower the demand. The demand numbers are substantiated by the environmental document that was prepared as a part of the General Plan.
- The Regional Dialogue Group will not second-guess the work of local water agencies. It is important to examine the numbers to understand their meaning. This group needs to plan for the water supply solutions that will meet the demand.
- The numbers that come from each jurisdiction are the responsibility of that jurisdiction. The battles should be fought there, not at the Regional Dialogue Group meetings. The Regional Dialogue Group must accept the numbers from the agencies as *the* number until the city council changes it. The numbers are all different, and they are driven by the perception of the need of water based on the governing body of a particular entity.
- Water demand numbers for Salinas should be included in this discussion, whether or not they are players in the process. This is because the city's growth has an effect on the region.
- When figures are provided to the Regional Dialogue Group for Salinas, will the surrounding communities (especially South County) be included?
- There is no set boundary for the region. The cities and areas that are represented in the meetings will be included in this process.
- The Regional Dialogue Group should focus on urbanized areas in order to maintain economic vitality. The important area of regional analysis is where the majority of people live: on the coastal side of Ryan Ranch.
- The Regional Dialogue Group should consider communities in South County which are located where the largest percentage of the water is stored.

### **Conservation and Growth Projections**

- Any supply solution must comply with SWRCB Decision 95-10. Since 1995 conservation measures and growth projections influencing demand have changed. Do the regional demand numbers make sense based on the growth projections of all water agencies in the area?
- Equity in the solution must be considered. A concern is raised that different water agencies may have different usage patterns. Is the mid-peninsula under a tighter projection calculation since they are practicing conservation? Are they justified in having such differences? Are there ways to standardize the approach, or at least explain the differences so that the Study Team and the Regional Dialogue Group will know the base assumptions underlying these extended calculations?
- What are the assumptions on usage used for the calculation of the demand numbers? More information is needed by the public. Communities that conserve more water than others should pay less of the cost for a new system. If it is going to be an expensive proposition in the long-run, then there needs to be a better understanding of equity concerns with growth/conservation issues and impacts on demand numbers.
- Water conservation programs may be different in each agency. How effective are each of these programs in minimizing demand?

### **Methodology of Demand Numbers**

*Full disclosure was requested by members of the dialogue group to acknowledge the processes that have been embodied in the demand numbers.*

- There is a general consensus with this point. The numbers in the document “Compliance with 95-10 Plus Additional Regional Demands” are accepted by this group on an on-going, working basis as accurate numbers to date. These numbers are subject to modification if needed in the future. These are numbers from individual agencies who have done their work and the Regional Dialogue Group must move forward. The group acknowledges the legitimate political processes behind each number. The group can still raise questions about equity and how the methodology used to derive the number is applied in each district’s context.
- Are there some enlightened perspectives that the water planner can recognize the unit use of water and how it is embedded in the community? There are two types of numbers: 1. Existing numbers: meter production. 2. Future additional build-out: driven by each jurisdiction’s general plans where water use factors are developed by each district.
- The numbers should be put up as a target and understood as the product of the methodology that was applied to create them, and as such, subject to change if knowledge of conditions is improved with more data collection. For example, estimates of water storage in the aquifer may differ over time.
- If the Regional Dialogue Group can focus on the information gaps in the document, the Study Team could see more clearly the assumptions and calculations that have already been made.
- Are the Cal Am numbers presented just to fix the overdraft, not for future demand?
- MPWMD has factors for residential and multi-residential households; for example, it is assumed that each single-family household uses an average of 0.28 AF per year. This use is equivalent to an average of 10 hundred cubic feet (Ccf) per month or approximately 100 gallons per resident per day. In the 2006 projections of future water needs, land-use data was provided by the jurisdictions to MPWMD staff (Stephanie Pintar), who converted the data to water-use projections, based on agreed-upon average annual water-use factors.
- Part of the value of having everyone together is to find the boundaries of the problem. What are the concerns that will appear in the future? The Regional Dialogue Group must get these concerns out on the table in order to define the scope of the issues. One of the issues is how to fairly allocate the costs to the different communities.
- The Regional Dialogue Group meetings are being held in order to:
  - 1. Determine whether coordinating supply sources on a regional basis will end up being a better deal for ratepayers.
  - 2. Define what elements make up the supply and potential supply in data for future meetings.
  - 3. Understand how conservation potential is calculated for each community in terms of local variability of the conservation accomplishment as well as with future conservation program potential.

#### **Other Issues to Consider with Demand Number Discussion**

- Water quality is as important as water quantity.
- During the planning process, the Regional Dialogue Group should not skip any steps. Don’t simply assume that some project features or impacts are acceptable in the community simply because the facts are well known or feasible from an engineering perspective. The project should meet the needs of the community it serves. A false shortcut is one which requires planners to go back after creating the plan, to make sure that people in the community have a full understanding of what went into the demands. There are equity questions as well, and they must be dealt with sooner rather than later. If they are evaluated sooner, then there will be a stronger foundation of community support for the project. If it is done later, then planners will have to backtrack, and that may jeopardize the implementation of the project.
- Treat “demand reduction” as an alternative supply along with other supply options and then each jurisdiction can determine if demand reduction is a cheaper way to meet needs rather than paying for alternative projects from other water supply sources.

- Problems defined by one area are not necessarily going to be brought into the regional arena to be solved by managers of another area.

## **Discussion of Monterey Water Supply Projects**

The task at hand is not so much to pitch the projects, but to talk about synergies between projects. The Regional Dialogue Group needs to establish an array of project alternatives that supply water in equitable ways for communities and provide water during droughts. There must be discussion of how the projects can be combined and the issues associated with combining them.

### **Public-private partnerships**

- Private-public partnerships could make communities eligible for funding from Proposition 50. This would take the burden off of the ratepayers in the area and lessen the cost.
- Pajaro Sunny Mesa, a public agency, could own the plant and sell the water to Cal Am, a private company, without PSM paying tax.
- The California Coastal Commission recommends entities involved in private-public partnerships conduct business in a transparent way, involve the public in decision-making, and make it clear to all parties that the water is owned by the public.
- Distribution system partnerships should be examined as part of a regional water supply solution. This group should 1) define what projects are already being implemented by agencies, 2) what projects exist now, 3) what projects are being planned and where are they in the planning process, and 4) analyze how to integrate those projects into our regional process.
- If recycled water plays a prominent role in the regional solution, invite the Bureau of Land Management, a large landowner in this region, to the regional dialogue table so they can be part of the process and have their interests represented.
- Cal Am is not opposed to participating in a publicly-owned desalination project.
- Both the Coastal Water Project and the Pajaro-Sunny Mesa Water District's seawater desalination project are "public-private" because they are on leased ground. The Coastal Water Project is proposed to be privately-owned but built on publicly-owned land and the Pajaro-Sunny Mesa project is proposed to be publicly-owned but built on private land.

### **MPWMD Comparative Matrix**

- Several projects did not make it into the matrix that could be added based on their status as supply solutions that may or may not be necessary if a more cost-effective regional solution supplies more water than is mandated by SWRCB Decision 95-10.
- With Exhibit 13A and B: the major regional proposals are represented, but what about Marina and individual hotels? Are these three projects what are collectively considered to be regionally integrated?
- It is valuable for the dialogue group to ask: are there any potential cost savings that could be obtained for each of these projects? Is this matrix the best, most advantageous way to look at those projects?
- It might be useful to identify smaller projects as an addition to the matrix.
- MPWMD manager stated this matrix is a set of projects that was the result of the board's request of the staff to collect and analyze information provided by the proponents. All of the information provided to MPWMD is in these documents.
- To correct a common misconception, the hotel under construction presently is within Cal Am's service area. Ocean View Plaza, still in the planning process, has a stand-alone seawater desalination plant proposed exclusively for that property. This will be a publicly-owned plant, commercial/residential mixed-use.
- The dialogue group will not focus on blocking some community's proposed project (or district). The group will analyze ways to enhance individual projects with a regional assessment of all the potential sources of supply that may be implemented.

- Ocean View Plaza's desalination plant may not be constructed if water is made available to the property. The City of Monterey doesn't want to be in the water business.

### **Distribution**

- Pipelines are going in the ground, and it may be more efficient to only dig the trench once, putting in larger pipe. However, this larger pipe requires a robust analysis to justify the need to the public. What is the vision of the alternative future you are preparing to meet to distribute water with that pipe?
- Marina Coast Water District and San Jose City could integrate distribution systems together with Cal Am's.
- Redistribution of reclaimed water could be used to supply the Peninsula.
- Is there consensus on this point? As the group searches for solutions, opportunities for efficiencies will be factored in with distribution.

### **Once-Through Cooling (OTC)**

- Does this group need further information on the viability of a desalination plant collocated to a power plant using once-through cooling? How might legislation affect the group's strategic thinking about the Moss Landing intake source that the Cal Am has proposed for the Coastal Water Project?
- If desalination plants are proposed with OTC intakes, does this represent a potential political problem for the Regional Dialogue Group if there is public protest regarding the supply solution plan?
- Could the Study Team bring in people to brief the dialogue group to get issues with OTC on the table?
- OTC discussions about project implementation strategies could occur offline because it is an endless topic and may derail the momentum of the ambitious schedule with the regional dialogue group's milestones.
- CPUC has asked Cal Am to drill test slant wells. Should this be investigated further in this group?
- If the plant is tied to OTC, it still has to be financed. Bond underwriters get nervous about uncertainty. There may not be public financing of a project with OTC.

### **Recycled/Reclaimed Water**

- Strategically a regional project may not be a single project; it may be a combination of projects, where recycled water is one component. If the group can put all of these into a proper strategic framework, the scope of the portfolio can be addressed.
- The dialogue group may want to understand the hydrological characteristics of the aquifer that would be adjacent to another study on slant wells.
- Title 16 funding source: the Bureau of Reclamation may become an important player to determine whether or not it is feasible to pursue recycled water.

*A commitment was made by the California Water Company for Salinas to provide information on water supply projects. The Monterey County Water Resources Agency also offered to update some information.*

### **Storage**

- As mentioned above, there are some opportunities to obtain efficiencies in the pipeline system costs that should be examined.
- The ratepayers may need to have redundancy with surplus capacity in place. The discussion should expand beyond just pipeline sizes and water demands. Don't rule out smaller projects in favor of just larger plants. With backup systems the storage deficit can be mitigated in a time of need.

- On the recycled water side, tertiary water that irrigates landscape is not as much in demand, but you can produce it and store it in aquifers with some additional treatment and regulatory approval.

### **Water Agency Projects**

- Marina Coast Water District's urban regional water augmentation project is a partnership between them and MRWPCA. The project is a large urban use of recycled water, using treated water which is distributed to customers in Fort Ord, and Monterey Peninsula. The distribution portion is approaching the completed design phase.
- MRWPCA has the largest recycled water project in the world: 30 billion gallons for agriculture that has replaced overdrafted groundwater conditions that caused seawater intrusion. Currently MRWPCA is working on a groundwater recharge project, that leaves this regional dialogue group an extra 6,000 AF of recyclable water to add to the list.

### **Policy**

- The regional group may be interested in getting an update with where the CPUC is in the CWP review process.
- The regional idea needs to stand up to a financial analysis that examines who benefits and who pays.
- The CWP process relied on five elements of the project which are policy-based. If the Regional Dialogue Group can focus on policy issues and determine what supply elements are necessary, then the group can figure out how to supply the water.
- Cal Am is moving forward with the CWP and remains open to partnership.
- Should Cal Am, or the regional solution, supply water for growth?
- Elkhorn Slough Coalition sees OTC as a policy issue that influences the viability of a project. Any project that would anticipate using OTC is not going anywhere from the Coalition's perspective. The Coalition recommends that the Regional Dialogue Group seek viable projects and focus on the broader goals driving the group rather than minutiae.

### **Other Comments**

- Desal is not high on the list of 15 supply options for ratepayers in Salinas.
- How does this group initially resolve permitting and financial feasibility uncertainty?
- More recycling will need to be a part of the solution.
- The swing question is whether OTC can be used at the plant. If not, there is a different set of options; this leads to somewhere on an engineering path with subsurface intakes.
- Previous comments about redundancy and starting small may help the group consider multiple sites and a phased-in approach.
- Some of the failures in the past are that the community has not been adequately informed about costs.
- Issues regarding the ordinance, implementation and construction of the Pajaro Sunny Mesa memo delivered in the first meeting are requested to be placed in the notes.
- MPTA asks how much can the ratepayers afford?
- The public lacks sufficient knowledge of these issues and should be adequately informed for a successful outcome. Clear and consistent information regarding water supply strategies should be provided to the public.
- The California Coastal Commission is going to be supportive of something that meets the coastal act standard and has public private partnership. There are concerns with once-through cooling which can be shared from a regulatory perspective. The CCC is interested in hearing about whether there is some synergy between the projects from an environmental perspective with a regional approach.

- Misconception about SWRCB Decision 95-10 order and the Seaside Basin is a problem. Any other projects should not be taken for a one-to-one replacement for the water that Cal Am withdrew illegally from the groundwater basin.
- The Federal Presidio of Monterey/Fort Ord will continue to work with water districts on conservation and the use of reclaimed water.
- For residents who have lost their water wells, and other people who are suffering, we have a problem; seawater intrusion marches closer. Paper water doesn't do anything; we need solutions eventually.
- The Poseidon Corporation is working with Pajaro Sunny Mesa in effort to build upon what the Coastal Water Project is doing in an environmentally responsible fashion. They are participating in the dialogue group to continue to advance that objective.
- PBS&J, representing the Water Standard Company's ship-based desalination plant, is concentrating on wanting to be a part of any regional solution.

## New Business/Old Business/Parking Lot Items

### Second Meeting To-Do List

Task	Person Assigned	Due Date	Deliver To:	Accomplished?
Edit "Articles of Collaboration" (insert reference to the environment)	Holly Price			
Edit "Articles of Collaboration" (insert reference to public participation)	Dave Berger			
Produce an addendum to demand numbers worksheet "Compliance with 95-10 Plus Additional Regional Demands" for Salinas	Jim Smith			

### Parking Lot Items

- Discussion of the Ocean View Plaza desalination facility
- Gather information on court decisions on partnering desalination with once-through cooling systems in power plants.
- Gather information on alternatives to OTC.
- Determine if there are distribution system beneficiaries that can be matched up with supply projects.
- Discuss public-private partnership for desalination projects to make a decision with group consensus.
- Invite the Bureau of Land Management to participate in the dialogue group.
- Discuss the definition of "region" in this process.
- Evaluate multiple sites where proposed desalination plants would be located.

### Discussion of Next Meeting Date/Agenda

Does the FORA meeting conflict with the regional group date March 28? No.

### Meeting #3 (March 28, 2007) Proposed Milestones

- Review the status of the regional analytical work by the Study Team with discussion and suggestions by the group of participants.
  - Progress report and discussion of the demographic evaluation.

- Discussion and presentation of analytical modeling tools being used by the Study Team to evaluate regional project components.
- Presentation by the team that is conducting the environmental analysis for the CPUC.
  - Presentation of their ongoing work.
  - Discussion of the confluence between the ongoing environmental analysis and the Study Team's preparation of the "Regional Plan."