

Monterey Regional Water Supply Reliability Collaboration
Division of Ratepayer Advocates

Draft Meeting Notes, Fourth Meeting

April 25, 2007

Location: MBEST Center, 3180 Imjin Road, Marina, CA 93933
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Overview of Goals for Meeting # 4

Meeting #4 (April 25, 2007) Proposed Milestones

- o The goal of the meeting is to hear from workgroups, discuss their work, and give them guidance and input.
- o Discussion of potable workgroup, which will talk about possible agreements that could be reached with components of the distribution system. Goal is to continue this kind of dialogue about possible alternative projects in the next few months.

Materials provided at the meeting included the following:

Agenda for April 25, 2007 REPOG meeting.
Notes from the March 28, 2007 REPOG meeting.
Presentation "Cal-Am Coastal Water Project: Distribution Alternative to Wheel Water through Marina Coast Water District", Marc Lucca, Marina Coast Water District.
Monterey Regional Water Supply Reliability Collaboration, Non-Potable Water and Distribution System Work Group, "Draft Supplementary Projects Listing and Summary Discussion", Joe Oliver, MPWMD, Keith Israel, MRWPCA, Marc Lucca, MCWD.

Review of Notes from Meeting # 3

- Eric Zigas and Andrew Barnsdale were misquoted in the notes. Please refer to the new notes file or the CEQA section on the website for more accurate information.
- The notes and document drafts will soon be on a webpage. People can make comments on the documents and will have access to meeting proceedings online.

Review of the Status of Regional Analytical Work: Work Group Status Reports

Presentation & Discussion of Conservation and Water Management Programs

Steve Kasower

- Key questions that the conservation group addressed are 1) how is the Monterey region doing in terms of conservation relative to other regions, and 2) how much conservation is feasible and what does this mean?
- The conservation industry has a term for extreme conservation in communities called “demand hardening”. This means that there is always more that can be done in terms of conservation, but as the flexibility to conserve more is removed, it becomes less easy for the community to respond to a shortage.
- For example, the city of Las Vegas is aggressive about removing outdoor landscaping. Therefore, during a severe shortage, they are going to have a hard time asking people to brown their lawns since they are already paying people to take their lawns out. Currently, this saves a large quantity of water, but in a severe emergency shortage, the city will not be able to reduce demand by very much.
- Another example is in South Orange County, where they are working on the only pipeline that supplies the area. The water district wanted the community to radically cut back on their water use for a short period of time. This was a voluntary shortage emergency so that the district could do the maintenance on the pipeline. To enforce conservation, the water district got on the Amber Alert System and stressed the importance of water reduction. It was politically controversial, but it worked. This technique was successful because the district still had areas of demand where water users could be influenced to cut back.
- How much conservation should be pushed in the Monterey community? What is the acceptable level of conservation in water management? If a district does not have the flexibility to ask the community to reduce water use voluntarily, then it may have to resort to water rationing (difficult and not well-received).
- One participant disagreed that demand hardening is a key issue. A drought, by definition, is a natural occurrence. To try to build into the planning process a way to overcome demand hardening is an extreme justification for larger plants, more water, and more storage. Is the REPOG making a correct assumption by deciding that it is best to purchase an “insurance policy” for drought to avoid the economic hit?
- Water rationing could have severe economic implications to the hospitality industry, agriculture, and other sectors of the economy.
- How were the statistics on water conservation assembled? How do these statistics account for second homeownership on the Peninsula? Are the data perhaps skewed if second homeownership is not addressed? It is very germane to whether or not we can cut back. Not an easy question because some of the major homes are on autopilot. The group is aware of the question and acknowledges it. There would be an adjustment for indoor water use and what is going on with landscaping. Even though these homeowners do not use indoor water, one thing that can be observed is that the landscape of second homes does not dry out. However, if the people who do not live in these homes on a daily basis started to live there year-round, then the water community would be in trouble.

- Which group would handle it or look at the issue of water waste? Should the conservation or public education group investigate this? Water waste can be addressed by a combination of public involvement, conservation and the agencies.
- Is AMBAG doing any work about the aging population? People may want to use their second home more than before, which is a big demand that the group may be ignoring. Demographics may dictate a change in previous trends and the community should know what we are doing and why. Is the reliable water at risk? Cal Am should have statistics on what months have the lowest uses and this would show when people use their homes.
- Pressures for economic development can affect the water that is put into reserve for health and safety purposes. This problem is exacerbated when there is hardening or elasticity. Water has to be put in place legislatively and irreversibly as a drought reserve. The public needs to be assured that a new water supply will serve the purpose for which it is intended.
- Allocation of water for economic development can be accomplished wisely, especially in areas with a high rate of conservation. As a community, there is an affordability problem with a scarcity of low income housing. When water is used for this kind of development the community benefits.
- 50% of the population is living in rental properties, many in apartments that are not self metered units. Each renter pays an equal share of the bill when the use is unequal. Renters need individual meters to pay only for what is used by that renter. This would give proper economic incentives to conserve water.
- When people conserve they want to see a reserve from that effort. Monterey region residents cut back on water use and see new development. This is an area to address the inherent conflict between the citizen's expectations with water use and land use planning.
- In the context of this discussion of demand hardening and the reserve issue, it is important to address equity. If the ratepayers are trying to maintain the economic viability of the tourist industry it is an unfair burden on the ratepayer. If the hospitality industry depends on the water availability, there may need to be a different way of charging for water so ratepayers do not bear the full burden.
- If one looks at the issue from the perspective of a ratepayer only, the collective good from economic vitality may be distorted. Citizens benefit from the city revenue that is derived from the tourist industry.
- Cal Am has not audited their commercial users for conservation. Citizens should demand a higher degree of monitoring and enforcement of commercial users to further efforts with conservation.
- Additional direction you might want to give to that work group? What type of evaluations would be meaningful? How are we doing in this community, what is the type of conservation we need?
- What kind of a program does Salinas have? What are the conservation programs in the rest of the region? Maybe there needs to be a group of conservation consultants to help communities come up to the level of others. What are the differences? Are there reasons for these differences that are robust or would agencies be able to achieve a better conservation rate with more information sharing? There could be value in sharing news about conservation practices and strategies.
- The Integrated Water Management Plan completed in 2006 has information about conservation programs in the county.

Presentation & Discussion of Public Involvement and Information Assurance
Steve Kasower

- The Public Involvement and Information Assurance group agreed that there should be some sensitivity and care taken with the words that are used in this situation, for example: "water for growth," "growth/no-growth," "replace illegal water," "we need reliable water." Perceptions about who pays and who benefits are central to this point. The group felt like they wanted to get a handle on reliability and how we are developing

- water. This group wants to be able to communicate in ways that are not “loaded” so we can understand what citizens feel about the issues with water supply and use.
- Could agencies speak more uniformly about water? One agency sends a message that the region is in good shape with water supply and another characterizes it differently. Would a consistent message about water supply in this region reduce the confusion of ratepayers?
 - What could we do as a regional entity that would have some value? An idea was raised that the REPOG could encourage agencies to agree on information sheets, where the logos represent agreement in principle about the concepts on those information sheets.
 - The group also considered whether it would be helpful to issue a unified consistent statement. Part of the benefit of this regional dialogue process is the diversity of perspectives brought to the table. To honor the deliberations in this process, the REPOG can continue to reach understanding amongst this diverse group without publicly issuing information statements prior to an agreement on an alternate plan.
 - A glossary with definitions of terms can be useful as a public information product to accompany any effort to increase people’s understanding about issues with water supply. To change perceptions with vocabulary this glossary list could be sent with agendas for meetings. AMBAG developed a glossary list for water meetings every year.
 - Frequently asked questions could be useful to come up with as a group to give uniform responses to questions. Reliability conservation, demand management, reserve. . . these are terms that stem from the nature of the discussion.
 - Last bullet, pre-flow of accurate information among the groups, feeling that we are not getting a unified understanding of what facts are.
 - George Riley suggested the slogan “affordable, attainable, and implementable” and the group liked it.
 - All the points on the notes from this work group seem to be addressing the need to educate the public rather than getting public feedback, listening, and incorporating it.
 - “What’s New” link from the Water Management District website will feature the regional dialogue website. Other public agencies and private nonprofit websites could do the same to increase visibility of the information contained in the regional dialogue website.
 - There is a distinction between letting the public speak and incorporating their concerns. Sharing information in order to receive input is a better public involvement mechanism to factor into the process.

Presentation & Discussion of Non-Potable, Recycled Water and Distribution Systems

Keith Israel

- Mr. Israel issued a handout with the group’s non-potable problem statement and supporting information to the REPOG participants.
- The non-potable group used minutes from meetings about local projects to produce this list of projects that are broken up into two phases.
- First phase of projects are those that could be available by 2011 amounting to 4,000 AF. 56% of the 12,500 AF of replacement water could be developed with the combination of first phase projects and a 3,000 AF desalination plant. Phase II projects could then be analyzed in another five years to make up the rest of the replacement water amount.
- Key part of the approach of the non-potable group is to recognize that many projects are in the feasibility and planning phase. The non-potable group’s approach allows the regional entity to make decisions about which Phase II projects are the most likely to occur when more information is available. Attachment B is the phased concept.
- In Attachment A, Cal Am is currently working on unaccounted for losses in the system going toward solving 12,000 AF problem.
- Mr. Israel described the other projects on the handout, noting that the Urban Recycled Water Project construction starts this summer. 300 AF of water from this project will be set aside for the Monterey Peninsula.
- As Mr. Israel described the second tier projects, he noted that in a recent meeting about recycled water, new customers emerged that would amount to an additional 1,000 AF of demand for the RUWAP water. There are some constraints to factor into this analysis

because the distribution of recycled water is much easier in some areas than in others, such as Pacific Grove.

- Some projects outside the water basin are in close range of the regional treatment plant. The preplanning work could find a way to use water stored in the Salinas aquifer by bringing it down to the Monterey water basin.
- Helping our Peninsula's Environment Director David Dilworth approved of this group's work, appreciating the approach of combining solutions rather than looking for a silver bullet. He suggested a range could be used for the amount of Cal Am unaccounted for line loss, which could be as much as 1400AF instead of an absolute number.
- Desalinated water is something that may be needed yet there are issues with it that have not yet been resolved. The non-potable group's approach is to focus on water projects that could be implemented more easily.
- One participant requested that an estimate of each project's cost be included in this water supply concept piece.
- The public may be more interested in this recommendation because it uses an incremental approach and minimizes new construction. Members of the public care about reducing the amount of carbon dioxide emissions from electricity consumption associated with building a large water plant.
- Economic incentives regarding potable and non-potable water use should be factored into this supply plan context. The question of how to structure rates for non-potable water has not yet been settled. The economic challenges associated with distribution lines to its point of use underscores low demand for non-potable water. Without some system of credits to encourage further designation of areas for non-potable use with a dual pipe system, potable water use will not decrease.
- Non-potable water could come online first, which reduces demand for potable water right away.
- The cost would be the next phase of the non-potable group work. Generally, where water recycling is implemented in the state recycled water is typically is less expensive, as long as it is beneficially used. Potable water can be reserved for higher value uses.
- Number 5 is the first place where there would be a mix of potable and non-potable, which would require a PR campaign.
- It is the most economic situation to put recycled water lines in new development.
- Attachment B Totals are not firm. The group is still in the planning stages.
- 1,400 AF from Cal Am line losses is how much could be captured if they had 0 line losses.
- Replacing these old lines costs money, backs up traffic, and impacts water rates.
- There are some technologies that allow line loss to be mitigated without digging up the lines.

Presentation & Discussion of Potable Water and Distribution Systems

Marc Lucca

- When is it reasonable to build a recycled water pipe next to a potable water pipe? In the Former Fort Ord, the MCWD is replacing much of the infrastructure the Army left behind to build cities. Mr. Lucca connected the subject of his presentation with Mr. Israel's presentation by making the point that the Marina Coast Water District is already going to lay pipe in the ground for the urban water recycling project, so it would make sense to analyze whether potable water that would count toward replenishment of the Carmel River can be delivered through pipes that are laid next to the new recycled water lines. If this can be done, it would represent a good opportunity to minimize disturbance to members of society and the environment.
- The practice of sharing distribution infrastructure to meet common goals with moving water is not new. Different entities move water through distribution systems that are owned and operated by federal, state, and local entities.
- Mr. Lucca showed the proposed alignment of the Cal Am distribution system. The proposed alignment would run north to south through Marina. The next slide shows the results of the question of shared facilities between MCWD and Cal Am.

- MCWD and RBF consultants, used MCWD's computer model to predict how water flows through MCWD's pipelines, to determine the carrying capacity in the system. Next, they imposed the operating requirements for Cal Am's Coastal Water Project. The pipelines were found to meet the capacity required.
- Mr. Lucca then showed the point where MCWD and Cal Am's distribution pipes would connect. The flow pattern was shown that would be used to move 11,000 AF of water south. Along the way there are areas under development, which would necessitate construction to deliver water in pipes along the path. Water would move to storage tanks, Res A1 A2, then flow from the booster pump station that is currently under construction.
- At the point in the diagram near 218 Highway, the water would be connected to the system where it can be transported directly to Cal Am customers.
- There are opportunities with reliability and redundancy to honor the commitment to customers to deliver the water. The potable water group is trying to create an opportunity for both communities to benefit.
- Along the secondary flow path, water can be moved through existing and/or proposed pipelines from the west to the east. If any part of this pipeline is out of service, water will be moved through the redundant pipeline.
- The economic benefit would be shared capital and operations and maintenance costs. The environmental benefit is to build once in the same footprint.
- Should Cal Am's desalination plant go out of service, it would be possible for them to rely on MCWD source of supply and vice versa.
- One benefit is the avoided cost of installing 9 miles of a 36-inch pipeline. There is potentially a reduction at the terminal reservoir size: Cal Am's tank is proposed at a certain size, MCWD has tanks that are in construction. This upsized pipeline works for any potable water source from the northern boundaries.
- There may be no need for a Coastal Commission permit for a CWP pipeline because water would be moved through pipes that are inland of the 5 mile range.
- One institutional challenge that needs to be addressed is to prove that there is not an inter-basin groundwater transfer. The water agencies would have to meter the flows. Another is that the question of water rights is still unsettled.
- The public perception of water quality still needs to be addressed. In addition, part of Cal Am's public relations work is to explain how water replacement and the growth inducement issue are affected.
- The cost estimate for this project is the next step for this work group for the cost savings from avoided pipeline construction could be in the range of 10 to 30 million dollars.
- To explain the shared cost idea further, the potential to share the pipeline construction and operating cost from the potable water conveyed from the north.
- Would the basis for sharing be based on volume and/or rate? Right now there is no firm answer to this, but there would probably be a cost sharing of facilities used by both utilities.
- The issue of timing and decision-making was raised. Building along General Moore Blvd is scheduled for the first quarter of 2008. It is an institutional challenge to commit to build a larger pipeline if Cal Am is uncertain there will be a Coastal Water Project. Because there are a number of projects that would potentially use the pipeline, the MCWD may upsize their system if a decision is made the end of the year.
- What would the State Water Resources Control Board or the CPUC say if there is no project?
- The suggestion was made for the subgroup to work through the issues of timing, decision-making, construction and stranded costs, and to include them in the distribution system analysis.
- A member of the public noted that the pipeline is coming along General Moore Blvd where other utilities, telecommunications, sewer, and natural gas lines, are also running. Is there an opportunity to coordinate with these utilities to minimize public disturbance with a joint trench? FORA reuse EIR has a section about coordination between the utility placements with this issue on the former Fort Ord properties.

- Regarding the stranded cost issue, the CPUC tendency is to push it on the ratepayer as is the case with the Carmel River dam costs. The REPOG should make sure the ratepayer analysis of the stranded cost issue is focused on looking at the pipeline sharing as a risk the ratepayer may be willing to take, entering into the deal with the utility. The ratepayer would benefit from taking the stranded cost issue seriously, because it is likely that the utility will avoid all costs and pass them on to the ratepayer, having won their case at the CPUC.
- Questions were raised about the water quality of the aquifers in the Salinas basin and Seaside basin regarding saltwater intrusion.
- Where would the Peninsula WMD seawater desalination plant be in terms of this distribution pipeline presentation? Seawater intakes and brine discharge on the subsurface, 8,400AF, 7.5 million gallons per day. The sites are in Sand City, all the distribution facilities and storage would be below the line in the current Cal Am service area, so the distribution facilities discussed earlier would not be in the area.
- The Water Management District Sand City Project was \$140,000 away from a final EIR in 2003. This project is something that should have been addressed by the potable water committee. The advantage of this is there are no miles of pipe.
- Potable group members know the WMD Sand City project but it has not been discussed yet.
- The latest update for the WMD Sand City project was discussed. The hydrology, engineering, and geotechnical staff assessed the situation pursuant to budget. The engineering and geotechnical consultants agreed that some testing would be needed to see if the proposed intakes and brine discharge would work. The plan was to do a horizontal directionally drilled (HDD) well in the area north of Seaside High School, going behind the dunes. Those studies were not done. Additional studies were done after December 2003. The analysis conducted with data from geophysical and geotechnical studies from June 2004 questioned whether intakes in Sand City were adequate based on the geology. Those facilities would need to be moved north into State Parks land. The next step would be to do an HDD test well. No conclusions about feasibility were made.
- Eric Zigas will mention this alternative project in the report.
- What is Cal Am's sense of the possibility of sharing distribution pipelines? Members of the potable group have talked with Cal Am's technical consultants who have been open to the discussions.
- What are the next steps for project development issues in the potable group? The group will examine alternative desalination projects on Keith Israel's property that use brackish water or slant wells, subsurface wells, even though we have yet to know the geo-hydrological conditions. The plant could be publicly or privately owned. The issue has not been dealt with yet, however Pajaro Sunny Mesa's representative Pete MacLaggan will continue to be invited to participate in the group.

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

Demographers have projected growth in South Monterey County cities. In 2005, 81% of the population lives within 20 miles of Ryan Ranch; in 2020 it is projected to decrease to 76%. Water planners should take this into account.

How will water replacement water with the overdraft of the Carmel River ultimately be accounted for? MPWMD is requested to address this point to assure people in the REPOG that their work will amount to an environmental benefit that is realized. Who is paying for it? Who will benefit from it? What will it offset?

The REPOG meeting will be followed by the conservation meeting, with the potable and non-potable groups the day after.

What is happening with the website? Where is it in its state of completion?
In the next meeting of the REPOG participants will hear about it and be able to comment on it.

Fourth Meeting To-Do List

Task	Person Assigned	Due Date	Deliver To:	Accomplished?

Parking Lot Items

Discussion of Next Meeting Date/Agenda

Meeting #5 (May 30, 2007) Proposed Milestones

Formulation of a regional project implementation strategy:

- Discuss partnership details that will form the basis of this strategy.
- Identify relevant timing considerations and constraints?
- Can we satisfy State Water Resources Control Board Decision 95-10?
- Discuss public and stakeholder involvement initiatives for the regional strategy.
- Identify the benefits that the group can bring to successful project implementation.
- Identify what is needed to get Cal Am to adopt the regional project in lieu of the Coastal Water Project.
- Identify additional analyses needed for the success of the regional plan.

Meeting Attendees

Tony Altfeld, City of Marina
Dana Appling, DRA
Andrew Barnsdale, CPUC
Andy Bell, MPWMD
Dave Berger, MPWMD
Catherine Borrowman, UCSC
Catherine Bowie, CAW
Janet Brennan, League of Women Voters
Diana Brooks, DRA
Al Budris, Central Coast Rain Harvesters
Amy Campbell, AMBAG
Madeleine Clark, Elkhorn Slough Coalition
Jerry Cole, CDM/Monterey Pollution Control
Sarah Corbin, Surfrider
Mark Del Piero, PSMCSD
Manuel Fierro, Citizens for Public Water
Paul Findley, RBF Consulting
John Fischer
Tanya Gulesserian, California Unions for
Reliable Energy
Brent Haddad, DRA/UCSC
Sarah Hardgrave, RBF
J.T. Hart
Kevin Howe, Monterey County Herald
Maryann Hulsman, ESA
Keith Israel, MRWPCA
Steve Kasower, DRA/UCSC
Margie Kay
Judi Lehman, Monterey Peninsula Water
Management District
Marc Lucca, Marina Coast Water District
Lynn Maack, DRA
Roger Masuda, Griffith & Masuda
Steve Matarazzo, City of Sand City
Nancy McClintock
Kenneth Nishi, MCWD
David Pendergrass, MPWMD
Tom Reeves, City of Monterey
Chip Rerig, City of Monterey
George Riley, CPW
Tom Rowley, MPTA
Danilo Sanchez, DRA
Peggy Shirrel, Moss Landing Harbor District
Judson Vandevere, Citizens for Public Water
Abby Young, UCSC
Eric Zigas, ESA/CPUC