

Monterey Regional Water Supply Reliability Collaboration
Division of Ratepayer Advocates

Draft Meeting Notes Version 2, Fifth Meeting

May 30, 2007

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Overview of Goals for Meeting # 5

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.

These milestones were written as an estimation of where the regional dialogue process would be at this point in time. Partnership details still need to be discussed. The Draft Plan of Study is available to use as a working document in the formulation of a regional project implementation

strategy. The group is asked to read and comment on it. This document should be seen as a philosophical guide for the regional project implementation strategic plan that is developed.

Materials provided at the meeting included the following:

“Meeting #5 Agenda, 5-30-07”

“Monterey Regional Water Plan Draft Plan of Study, May 25, 2007”

“Draft Meeting #4 Notes 4-25-07”

Brief Status Report on Regional Project Plans

- The Draft Plan of Study contains bullets from the technical work group’s ideas on a phased project. Different components of a phased project have been listed.
- Steve Kasower raised issues relating to each component. He hopes members of the group have read this document and will comment on it.
- This is the document that the Regional Project Work Group is proposing to use as the basis for the regional project plan. It presented a series of planning criteria for an array of water supply and management options. The Regional Project Technical Work Group will undertake to put together a phased, implementable, acceptable, and affordable plan.
- In a special meeting of General Managers from the Monterey area, Steve Kasower will request financial contributions from the water agencies to fund work on this regional project plan. The reason for requesting funds is to hire consultants who would supply technical assistance to develop the plan fully, provide “buy-in” by the local agencies essentially engendering a sense of “ownership” to the regional project components by the very agencies responsible for implementing them.
- Members of the REPOG can expect Regional Project Work Group to follow through on their commitment to deliver the latest information for commentary, which will help the technical planning team fold the comments into their work.
- This draft plan of study will be used to form a guidance document so the REPOG members can understand how the technical implementation strategy compares to it.

REPOG Comments about the Draft Plan of Study

- The different component categorization is good; however there is no mention of the environmental issues associated with desalination such as brine discharge’s ecological impacts, and power supply provisions for the desalination plant. The group should be able to identify projects that are environmentally superior at the beginning of the process rather than waiting for the environmental impact review at a later date.
- Could this draft plan of study be put into the context of AB 32, the global warming legislation, considering so many of the components are extremely energy intensive?
- The description at the beginning of the draft plan of study does not mention the context for its emergence in this dialogue process that was originally started because of the Coastal Water Project.
- How would this new project plan fit into a process at the CPUC, considering the Coastal Water Project EIR is already underway? The group’s promise is to design a regional plan that would make sense in the context of the Coastal Water Project which would be better, more reliable, and easier to implement than the CWP.
- The commitment of this regional dialogue group is to offer an alternative for consideration by the CPUC.

REPOG Comments about the CPUC Environmental Review Process

- What formal authority would the DRA use to submit an alternate project plan at the CPUC?
- As the Coastal Water Project is moving forward, opponents to the project may be influenced by outcome of this regional process. DRA is facilitating this regional planning group because of the regional economic and financial opportunities and emerging implementation controversies associated with the CWP. We are on a short timeline and the DRA is paying attention to the process at the CPUC.

- Is this regional process, with the items of study listed in the Draft Plan of Study document, somehow duplicating work that has already been completed or is underway in the environmental impact review process?
- Very little of the work that will be accomplished with the Draft Plan of Study will be new. Once the Regional Project Technical Work Group team sits down to examine what has been done, this work can be incorporated into this new regional plan. Due to the diversity of members of the regional group, these members might scrutinize the work that will be used for the new plan according to their own criteria.
- The team evaluating the environmental impact review for the CWP is interested in seeing what the regional project plan would look like possibly with a smaller or brackish desalination plant and a phased approach that might minimize harm and impacts.
- Is it true that the CPUC will only act on the application before them if the regional project does not have an implementation agreement in place by the time they come to a decision?
- Is this regional process somehow factored into the schedule of the EIR process? No.
- If a good idea comes out of this regional process, how does this group come to Cal Am and expect the company to build a plant to serve water to people that are outside of its service area? How is this done? Will this impact the ability of the entity responsible for building this plant to move forward quickly? Implementation issues must be addressed in this regional process regarding the inter-agency expectations with all of the aspects involved in building a plant and serving customers. Cal Am is more than 2 years into an environmental process that was supposed to last one year. Every month of delay raises the overall cost of the project for Cal Am by \$800,000. Any project that goes forward is escalating at a high rate. Cal Am has not borrowed the money. The sum of \$200 million would need to be borrowed at some point in the future. How do we push this through and make it happen?
- The regional plan would need to be filed before the Commission.
- This regional project will be compared to the CWP and statements will be made about affordability, implementation issues, and other criteria for evaluation.
- DRA is proceeding on two tracks. This process is DRA's facilitation with the goal of containing costs for the ratepayers. At the same time DRA is pursuing an engineering traditional analysis preparing for evidentiary hearings, make sure project as proposed is the appropriate cost. The Bureau of Reclamation and University of California, Santa Cruz, Center for Integrated Water Research have been charged with this work. DRA's assumption is that if this regional group can come up with an alternate plan and there is political support for this, the Commission may look at it as a viable way forward if they say no to the CWP.
- With environmental justice as a component of this plan, isn't this moving further from the cost-effectiveness goal? DRA's understanding of cost-effectiveness includes implementation issues and problems. If lawsuits can be avoided the ratepayers will benefit from fewer delays.
- The Draft Plan of Study should be considered in the context of this entire regional dialogue process, not as a stand-alone document. It should be clear from the notes, the website, the background documents, etc. what the goals, objectives, timelines, and direction of this regional dialogue group are and how this relates to the EIR team's work
- The mechanism by which the regional project plan could be presented to the CPUC may be cited in this Draft Plan of Study as the local government signatories of the MOU Task Force/Regional Governance Group (which could morph into a JPA). Public ownership of the regional project could become a factor in the decision-making of the Commissioners.

Review of Notes from Meeting # 4

No comments were made on the notes.

The Use of Water Evaluation and Planning Model in the Monterey Region

Lisa Walling, DRA CPUC Intern from the Goldman School of Public Policy

- Presentation Title “The Use of Water Evaluation and Planning Model for Evaluating Water Alternatives in the Monterey Region.”
- How much water will be needed, from what sources and at what costs in the Monterey region?
- WEAP model software can be used to analyze conjunctive management. Ms. Walling entered cost information in the model for the Pajaro Sunny Mesa proposed plant and Cal Am’s plant; however the profit was factored into operations and management for one of the plants and not in the other. Because cost information was not grouped into the same category, Ms. Walling could not compare “apples to apples” across projects to analyze which desalination project is likely to be more cost-effective.
- Conservation and recycling are likely to be less expensive per acre-foot than desalination. Specific information on projects that could be implemented in this region in these two areas would be required to take the next step with this model and reach conclusive findings.
- Ms. Walling described the direction of water flowing in the Monterey region in one of her slides. Green squares represent supply sites. Water flows through green lines to red dots, which are demand sites. The way that WEAP knows the direction of water flow is the user embeds information in the model on where the priorities are for water. Cal Am service demand area gets the highest priority for the water. If there is extra water it will go to a second priority, the ASR unit. Other regional demands are the third priority.
- Ms. Walling’s assumptions to accomplish test results are:
 - Projected water demand rates from the information presented during the February 28th REPOG meeting are correct.
 - As of 2009, pumping of the Carmel River would be limited to the number used in the original CWP.
 - Conservation projects are assumed to begin in 2009 and last until 2019; if demand is increasing after 2019 it cannot be mitigated by increased conservation.
 - Each desal plant operates at full capacity continuously.
 - Statewide conservation estimates were used. This would need to be updated with regional data.
 - Both desalination projects would be located at the Moss Landing facility.
 - The Monterey Bay Regional Desalination Project, described in the Cal Am documentation, would produce 20,000AF, and the Cal Am Coastal Water Project would produce approximately 12AF.
- Comments were made on the applicability of this research to Monterey region.
 - This tool could illuminate some engineering issues quite well; however the political and institutional aspects of the problem are left out of the analysis.
 - The demands on the system on a peak summer day and on a typical winter day should be used to incorporate actual water cycle operations in order to make decisions regarding how to load the ASR system in the winter and how large the desal plant has to be in the summer to meet demand.
 - Demand hardening in conservation should be also considered when making assumptions about how much demand can be reduced during the time frame of the analysis.

Please refer to Ms. Walling’s presentation for more information at <http://urbanwater.ucsc.edu/monterey/documents.html>

Introduction to the Monterey Regional Water Supply Reliability

Collaboration Website *Catherine Borrowman, UCSC Research Specialist*

- The website is intended to be a vehicle for communication and has been prepared with limited staff time. The purpose of website is to let people know the status of this regional group’s process.
- The website editors, Steve Kasower and Lynn Maack, vetted all the content on the website, which is presented here in draft form.

- Are there things that the website designer should do differently? Do members of the REPOG have ideas with publicity and marketing to allow the website to play a useful role in this region as a public information tool?
- Ms. Borrowman described the content currently displayed in the site, the navigation system, and the way the site is designed to allow for future informational delivery needs with this group.
- Shall this website show the general public who is attending and participating in the REPOG group? The agencies will be listed, however if other individuals wish to be included, they can contact Ms. Borrowman directly or make a note on the sign in sheet.

Discussion of Next Meeting Date/Agenda

Meeting #6 (June 27, 2007) Proposed Milestones

- Status Report on member agencies' agreements to implement components of the regional plan.
- Discussion of remaining implementation issues and analytical needs.
- Discuss the direction the group is going and identify any needed course corrections.

Meeting Attendees

Andy Bell, MPWMD
 Dave Berger, MPWMD
 Catherine Borrowman, DRA/UCSC
 Janet Brennan, League of Women Voters
 Diana Brooks, DRA
 Amy Campbell, AMBAG
 Sarah Corbin, Surfrider
 Brad Damitz, MBNMS/NOAA
 Manuel Fierro, Citizens for Public Water
 Paul Findley, RBF Consulting
 John Fischer
 Skip Griffin, Water Standard Company
 Tanya Gulesserian, California Unions for Reliable Energy
 Robert Guidi, Presidio Monterey
 Brent Haddad, DRA/UCSC
 Sarah Hardgrave, RBF
 Maryann Hulsman, ESA
 Steve Kasower, DRA/UCSC
 Margie Kay
 Steve Leonard, Cal Am
 Lynn Maack, DRA
 Roger Masuda, Griffith & Masuda
 Steve Matarazzo, City of Sand City
 Kenneth Nishi, MCWD
 David Pendergrass, MPWMD
 Nancy Pratt, CPW
 Danilo Sanchez, DRA
 Jim Smith, Cal Water
 Eric Tynan, Castroville WD
 Judson Vandevere, Citizens for Public Water
 Cynthia Walker, DRA
 Lisa Walling, DRA
 Curtis Weeks, MCWRA
 Abby Young, DRA/UCSC
 Eric Zigas, ESA/CPUC