

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

Draft Meeting Notes Version 2, Seventh Meeting

August 29, 2007

Location: MBEST Center, 3180 Imjin Road, Marina, CA 93933
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Overview of Goals for Meeting # 7

Meeting #7 (August 29, 2007) Proposed Milestones

- Review of new analytical work.
- Status report from group members on their agency progress on authorities and agreements.
- Reminder of the time schedule of the Environmental Analysis by the team performing the work for the CPUC.
- Discussion of additional analytical work that is needed for the successful implementation of the regional plan.

The purpose of this meeting is to look at options involved in an integrated phased plan. The REPOG is considering these options based on stated preference in previous meetings to move ahead with easy to implement, early projects.

Materials provided at the meeting included the following:

“Meeting #7 Agenda, 8-29-07”

"Regional Urban Water Supply Evaluation: Programmatic Evaluation Matrix – DRAFT, August 29, 2007, REPOG Meeting"

"Regional Urban Water Supply Evaluation: Project Information – DRAFT, August 29, 2007, REPOG Meeting"

Regional Urban Water Supply Evaluation: Presentation – DRAFT, August 29, 2007, REPOG Meeting"

"Monterey Regional Plenary Oversight Group, Articles of Confederation Agenda Draft 8-29-07"

"Draft Meeting #6 Notes 6-27-07"

Review of Notes from Meeting # 6

One comment was made about the notes.

- The following point was clarified: news readers in a poll of voters in Pacific Grove reported that 75% of that group read the Monterey Co. Herald, 48% read the Pacific Grove Bulletin, and 25% read The Monterey County Weekly and the Carmel Pine Cone.

Discussion of the Draft Monterey Regional Plan Overview

Members of the Regional Plan Working Group, DRA/UCSC Study Team/RMC Water and Environment

(Comments have been grouped below according to the heading on the slide in the presentation in which the comment was delivered. Please refer to the presentation and the programmatic evaluation matrix for full information about the concepts presented in the Regional Plan Overview.)

The regional planning group is interested in focusing on two aspects of the regional plan work: pursuing options that are easy, quick, and feasible, and discussing how to phase in the more difficult components. Lyndel Melton and Stephanie Hughes of RMC Water & Environment presented an overview of the regional urban water supply evaluation work. They discussed the approach used and preliminary results in order to solicit feedback from REPOG participants. Mr. Melton explained that the task of the regional plan work group is to come up with an alternative to a single large seawater desalination plant that will stand up well to scrutiny.

- Evaluation was performed on a component level and a programmatic level.

Water Supply Needs

- Water supply needs were discussed by communities/service areas: MPWMD, MCWD, Castroville, Salinas, Moss Landing, North county. Existing supply needs in AFY were attributed to the MPWMD area to meet the current shortfall of 12,500 of replacement water. Future supply needs for each area were presented. The 17,000 AFY future supply need for MPWMD is within the Cal Am service area and does not include private water customers in the region. All participants were referred to the "Monterey Regional Demands" table produced with data from all the cities in the MPWMD jurisdiction, presented to the REPOG in the February 28, 2007 meeting. To access this table, click on the link for the "Monterey Regional Demands 2/9/2007" document from: <http://ciwr.ucsc.edu/monterey/meetings/index.html>
- North Monterey areas include Prunedale, Granite Ridge, North Highlands.
- Comment was made that the concept of rebound, the individual usage increase in a normally water constrained area when a new supply project is put in place, is factored into the future water supply estimate. The water demand numbers supplied by MPWMD do include a 20% rebound factor.
- North County has severe water supply problems today, necessitating that the number will be revised for existing supply needs.
- The water supply numbers of 12,500 and 17,000 are the result of a 2 year process with public agencies and public input, Policy Advisory Committee (PAC) and Technical Advisory Committee (TAC) of all the jurisdictions.
- The EIR will compare supply numbers against build out in the general plan.
- Marina Coast Water District future water supply need of 2,400 AF is likely an understatement. FORA is looking at redoing the reuse plan. The size of the water augmentation project is too small for the base reuse plan. Future water needs therefore

are understated. The economics of modular growth of a water supply project may be preferable when dealing with the MCWD's situation to anticipate future adjustments to the water supply needs.

- The REPOG is looking at this at the level of B52 reconnaissance, while the community may need to discuss the general plan and future water supply needs further in another forum, here it is important to work with the future water supply numbers that are currently available to develop a regional supply plan.

Example of Incremental Implementation

- The example of incremental implementation shows the thinking process of where the regional plan work group is heading. The components are arranged by the criteria that the first two, conservation and stormwater, are pieces of "low hanging fruit" with no reason to avoid using each immediately for water supply needs.
- For the Salinas groundwater basin, Cal Water is moving forward with its water management supply plan to develop additional groundwater supplies, projects are being implemented. The Seaside ASR project is moving forward.
- The collaboration between Marina Coast and MRWPCA with the recycled water component in this example is making progress. Some permits and agreements are in place, but the project process will include more permits, agreements, and financing. There is probably more than 300 AF available on the regulatory side. The regional supply of 3,000 could be useful for, among other things, the redevelopment of the former Fort Ord.
- Groundwater replenishment is in its early stage, and would be built upon the economic basis of the recycled water system being in place. The project would take advanced treated recycled water and deliver it to the Seaside groundwater basin for replenishment.
- There is an opportunity to take surface water and groundwater and use them conjunctively. For instance, MPWMD has defined an "in lieu" project with no capital cost involving the Carmel River and the groundwater basin.
- The type of approach that might make sense with desalination is to build a system based on the type of components that are available, take advantage of those things that are able to be implemented in a quick and timely fashion, and continue to work on those that need more refinement, more effort to be implemented. The regional plan work group needs to be able to make the decision of what kind of sizing, location, operational constraints, and associated environmental issues that need to be addressed in order to develop a desal plant.

Programmatic Evaluations

- In a programmatic evaluation, the regional supply required might provide the regional plan work group with considerations such as economic savings with the combination of water supply solutions from different areas.

Decision Tree

- The point of the decision tree diagram is to go step by step through each project and come up with the supply number that is likely to be implemented. It is then possible to apply the criteria to each additional supply project to objectively view it in light of the other decisions that have already been made on the tree diagram.

Criteria Summary

- At the program level the unit cost of water supply becomes more important when planners look at all the supply projects together rather than at the project level.

Considerations for Component Criteria

Considerations for Programmatic Criteria

Component Evaluation – Projects Evaluated

- More information about storm water projects would be helpful for the regional plan work group. How much additional volume is there beyond what is already being captured? In new development in Marina, storm water is being captured and percolates into the aquifer and may be otherwise treated and used.

Programmatic Evaluation Replacement Supply: 12,500 AFY

Comments on the programs presented for the replacement supply:

- Institutional hurdles are likely to slow the schedule for implementation of any project including taking water from the Salinas River. This is a significant issue. Fundamental institutional roadblocks and restrictions in place would make it difficult to access Salinas River water.
- This programmatic evaluation suggests for members of the REPOG that the future of water planning using this process will allow participants to understand the baseline estimate of the grouping of water supply options on a technical level as political controversies associated with each program alternative are explored and debated. This kind of process of evaluating water supply programs will allow participants to discuss these issues in a refined way. For example, B is a great alternative but it will have controversies that are different than D. That is where the regional plan group is concentrating its effort: to stage not just the harvest of the low hanging fruit, but how more complicated projects fit together as we move through these additional phases. The pattern of this process is to organize the ideas of participants in an easy fashion to grapple with these issues.
- Is there a more acceptable number, a lower number than 5,000 from the Salinas River? Salinas Valley Water Project has two phases and in the second one there is 5,000 to 7,000 acre feet available. If the regional plan group uses the decision chart to investigate the choices, the group might consider if it is worthwhile to request 2,000 instead of 5,000.
- Seaside ASR does not have a maximum size for future planning. The 920 AF estimated for Seaside ASR is based on using the two existing wells.
- If a water supply is less reliable than others, a community makes a capital investment and may not be able to retrieve water from it every year.

Programmatic Evaluation Regional Supply: 25,400 AFY (plus Salinas)

Discussion of scenarios for regional supply:

- The reason for the change from 300 AF to 3,000 AF for the recycled water estimate is based on the development of the former Fort Ord.
- The most difficult issues for communities to address that involve significant tradeoffs are expensive desal, seawater desal, Salinas River institutional hurdles, and indirect potable reuse. The regional plan work group and the REPOG participants need to put these issues into a context and analyze what the most appropriate direction forward is for this regional community.
- Permitting is in place for the use of the Salinas River. It appears on the regional supply chart that Salinas River water is more easily done than can be inferred from the previous discussion. It is included as part of the solution to reaching 25,000 AF. The public accepts use in the Salinas Valley only. In the real world it is not low hanging fruit for use outside of the Salinas Valley. The regional plan group may have underestimated the public resistance with this supply source in this programmatic evaluation matrix. Water transfer suggestion from Lake Nacimiento was challenged on technical and legal grounds.
- The issue of inter-basin water transfer should be confirmed by reading the Agency Act.
- Approved development is a definite future water supply consideration, regardless of the slowing market for housing in the former Fort Ord. The position of mayors and other leaders on the regional water supply task force is to consider all factors in responding to and meeting approved development needs. The regional plan work group should consider the timelines associated with development-related water demands.
- If planners assume the Monterey region will overcome the water crisis with precipitation-based supply methods, the over-pumping will not stop. Is the REPOG expecting to supply enough water so people will live without water restrictions? Is this what the community wants? Is this what the community can afford?
- Conservation numbers need to be examined in far more detail, more aggressively in future analytical work. Groundwater depletion and the adjudication of the basin requires a sustainable yield.
- Questions about economic tradeoffs: what happens to a community depending on river water with an extreme drought? If an area does not have water, behavior changes in extreme ways that impact economic lives in the community.

- If there is a paradigm shift among the public about living with water restrictions, if people adopt a conservation mindset and use water based on what is available within the area, instead of turning to a big desal plant, this heightened awareness may give more priority to conservation, groundwater replenishment, and ASR.
- Our water forecasts may be inflated because they may be based on past weather and water use patterns. Growth concerns Peninsula residents in many respects, however if water forecasts are inaccurate and there is a shortage when new service connections are established that count on sufficient supply, the problem gets more intense for existing residents.
- What needs to be included in a full analysis for the regional water supply plan is information about decision makers. A suggestion was made to identify clearly on the matrix who decides if a project will take place. The response to this suggestion was to wait and see how the regional plan proceeds with agency sponsors who step forward. At that point it becomes clear what the governing process is for those projects.
- Santa Clara Valley Water District is closer to the vision of water planning for economic vitality. One of the things that drives SCVWD is Silicon Valley knocking on the door saying, are you saying we have to shut down our semiconductor wafer factory? They are doing a lot of planning to make sure that they have reliability in dry years because the economic impact of not having water far outweighs the cost of desalinated water.

Well Selection Greatly Impacts Desal Evaluations

- Whether the source of water is from the ocean or from intruded groundwater has a big impact on the cost per installation.

Next Steps

- Members of the Regional Plan Working Group DRA/UCSC Study Team/RMC Water and Environment are to prepare final evaluation matrices and a summary memorandum. Ultimately the goal is to develop a replacement supply for SWRCB 95-10 and the Seaside basin while moving forward with a regional solution for the future.

EIR Timing and the Remaining Work of the Regional Plan Group and the REPOG

- The EIR team is interested in seeing what water supply plan alternative is presented by the REPOG for consideration in the Coastal Water Project EIR Alternatives Section.
- What is needed from the REPOG is an explanation of the program, the interest level of the likely sponsors for these projects, and some level of detail that will allow the EIR team to compare and contrast the alternative program to the CWP. The EIR team will focus on the Cal Am project and its customers, unless there is some other implementation story to be told. It would be helpful to include site specific information and a summary of what is meant by the array of projects presented in the matrix. It would be helpful to state if a project is likely to be implemented, and in what timeframe if possible.
- If the Commission discusses how to weave the CWP into the regional plan process, it would help the Commission if the REPOG can establish the fabric of where it wants to go. If the Commission seems to see a regional solution nexus, maybe the CWP could fit back into that.
- The future Commission order could look something like "Move forward with 4,500 today with this supply scenario, and if other supplies are not online by X date, the CWP will come into the supply regime."
- The Draft EIR is likely to be completed by the second quarter of 2008. That is contingent upon seeing how the regional dialogue process plays out as well as receiving responses to the data requests issued to Cal Am. It is a soft date.
- In October and November the impact assessment will be written by the EIR team. If the EIR team has sufficient information from the REPOG it will be evaluated in time with the other CWP materials.
- The RMC/Study Team and regional plan work group has 6 weeks to come to a conclusion to decide on a regional solution. Project sponsors will need to be contacted to see if there is a sufficient level of buy-in prior to the PUC public hearing.
- When do decision makers chime in? The Commission would like info to evaluate the statements made by leaders in the Monterey region during the comment period of the Draft EIR in 2008. Until then, through the regional dialogue process, if entities like

MCWRA could issue statements, for example about the intended water uses of the Salinas Valley Water Project for Granite Ridge, then the Commission would have more information available to evaluate a regional water supply plan.

- Does that accomplish anything if the REPOG or the regional plan work group makes a decision on site locations for a desal plant, i.e. not Moss Landing but in Marina or Sand City?
- Concerning Marina, Cal Am's Proponent Environmental Assessment has dealt with that as an alternative, although it has not been fleshed out yet.

Status Report on the Formation of the Monterey Regional Water Solutions Task Force

Keith Israel, Monterey Regional Water Pollution Control Agency

The group is composed of regional leaders, mayors, and leaders of water/wastewater districts. There have been a series of meetings, of which the last meeting was July 23, 2007. The draft MOU has been held up with some questions about the meaning of words like "management" and "conservation". Version 6 of the MOU was not adopted because even the replacement words were not good enough. FORA, the biggest representative body gave the task to a group to pick a version to adopt. Others are asked to adopt the FORA version. Prior to another meeting the County will need to adopt it, which means another meeting may take place in late September or the first part of October. Everyone has been contributing \$5,000 to this process. They want to move the process along so that the alternative project can be presented to the PUC.

Public Information and Involvement Working Group: Articles of Confederation Update

Sarah Corbin, Member of the Public Information and Involvement Group

The Public Information and Involvement Work Group has proposed that participants of the REPOG consider the revision of the "Articles of Confederation" that state how members of this collaboration all cooperate together and for what purpose. Changes made to the new version are: comments from the previous meeting have been integrated into this document, and the names of everyone who has attended and participated in this process are placed at the end of the document. Further suggestions?

To get NOAA's agency on this doc will take a process that may be difficult, but NOAA is encouraged to engage in it. NOAA also suggested not to put the names of individuals on it since it is really the agency that is participating, sending representatives who are available to various meetings.

The alternative to listing names is that people participate but don't want to be identified. People were either here or not here. If government has a problem stating that representatives were at a meeting taking part in a process then citizens need better government.

Revised name suggestions include Articles of Participation, Statement of Participation, or Statement of Collaboration.

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

There is a new report being produced that should be of interest to the REPOG. Fourteen members, primarily composed of members of the public, participate in a work group for the MPWMD's review of 7 projects in its matrix. The report would show how people feel about the pros and cons of the proposals. To find out when this draft report will be made available to the public, contact Andy Bell.

On September 27, 2007 NOAA will be hosting a meeting of community leaders, regulators, and managers to talk about regional issues such as the pipeline that the Water Standard Co. would require for the seawater desalination vessel.

Discussion of Next Meeting Date/Agenda

- Meeting #8 (September 26, 2007)

The September meeting may need to be longer for the regional plan work group to winnow down alternatives that have some substance for the next REPOG.

Meeting Attendees

Andrew Barnsdale, CPUC
Andy Bell, MPWMD
Catherine Borrowman, CIWR, UCSC
Tom Bunosky, California American Water
Janet Brennan, Public
Diana Brooks, Division of Ratepayer Advocates
Al Budris, Public
Sarah Corbin, Surfrider Foundation
Libby Downey, City of Monterey City Council
Manuel Fierro, Citizens for Public Water
John Fischer, Public
Skip Griffin, PBS&J, Water Standard Co.
Rito Guerra, Representative Abel Maldonado
Robert Guidi, U.S. Army Public Works
Stephanie Hughes, RMC
Monica Hunter, Planning and Conservation League Foundation
Diana Ingersoll, City of Seaside
Keith Israel, MRWPCA
Steve Kasower, CIWR, UCSC
Judi Lehman
Lynn Maack, DRA
Roger Masuda, Griffith & Masuda
Steve Matazarro, City of Sand City
Lyndel Melton, RMC
Ken Nishi, Marina Coast Water District
Tim O'Halloran, City of Seaside
Dave Pendergrass, MPWMD
George Riley, CPW
Tom Rowley, Monterey Peninsula Taxpayers Association
Nancy Selfridge, City of Monterey City Council
Nihar Shah, Division of Ratepayer Advocates
Jim Smith, California Water Service Co.
Andy Sterbenz, Marina Coast Water District
Eric Tynan, Castroville Water District
Judd Vandevere, Citizens for Public Water
Eric Zigas, ESA Water, representing the CPUC EIR process