

Monterey Regional Water Supply Reliability Collaboration
Division of Ratepayer Advocates

Draft Meeting Notes, Ninth Meeting

October 31, 2007

Location: MBEST Center, 3180 Imjin Road, Marina, CA 93933
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Overview of Goals for Meeting # 9

Meeting #9 (October 31, 2007) Proposed Milestones

- Discussion of issues associated with actual implementation of regional project components.
- Discussion of additional environmental analysis needed to support the regional project strategy.
- Discussion of financing alternatives.

Materials provided at the meeting included the following:

"Meeting #9 Agenda, 10-31-07"

"Draft Monterey Regional Water Supply Reliability Planning Milestones" *updated version*

"Draft Meeting #8 Notes 10-31-07"

Review of Notes from Meeting # 8

Several comments were made about the notes specifically, while others were statements or questions directed at other REPOG participants that stemmed from concepts in the notes. These comments are grouped in the parking lot issues section.

- The Leadership Task Force will form soon, it has not already formed (p.5).
- Sentence removed referring to the League of Women Voters.
- "Diabolical plans and secret agendas" joke has been removed.
- Statement about sentences regarding the urban/agriculture ratio of Salinas Basin groundwater has been attributed to a commenter, not Cal Water.

Discussion of Issues Associated with Implementation

Several local agencies are discussing the regional components that were presented last month and are moving ahead with negotiating some of the issues associated with implementation.

Discussion about Growth and the Regulatory Phase I Process

Commenter asked if the implementing agencies made commitments to use water from the 12,500AF category of components for growth rather than to address regulatory requirements.

Points of those who responded are as follows:

- The concern here is to find an alternative to the Coastal Water Project that is designed to meet regulatory requirements. Before the REPOG moves further along its participants will have to identify which projects are meeting those requirements. Cal Am may discuss with the project sponsors how to reach an agreement regarding the projects that are paid for by other agencies and satisfy the regulatory requirements which Cal Am is “on the hook” for.
- There is disagreement about the issue of supplying water for growth within the REPOG. Comments were made to participants to take these concerns to the meetings where general plans are being discussed and leave the REPOG to identify projects to meet the needs that have been articulated.
- Implementation of the phases of the regional plan was discussed briefly in light of the concern that enough water would be developed in time to satisfy the regulatory mandates. Phase I viability may be under question if projects are viewed as satisfying growth needs rather than regulatory needs.
- The Water Management District worked for several years with its constituents, the cities within the district, not special interests, to designate the amount of water that is required. The result was that 5,000 AF of water was added onto the amount required to meet the legal obligation in 1995, when the regulatory issue was defined.
- The distinction created with the regional plan between Phase I and II is somewhat arbitrary. Some of opportunities among regional components in Phases I and II to access environmental remediation for the seawater intrusion of the basin rely on both of those phases to be collaborative.
- When the discussion about the water demands was held, one participant questioned the handling of the data behind the decisions by the districts. This participant was not asking the MPWMD or its constituents to redo the plans; rather the request was to share the data. The data was shared, so if other members of the REPOG feel there is a need to go back and address the question of whether water for growth was folded into the regulatory demand number, he or she is advised to take it back to the cities and their planning process.

Implementation of the Regional Plan and Cal Am and the Coastal Water Project (CWP)

Until these agencies that are in the REPOG can pursue making components happen, Cal Am has no choice but to pursue the CWP. The REPOG is focused on getting to point where it would be difficult for Cal Am to ignore that its members are serious. The REPOG and members of the regional plan technical work group will ensure more detailed planning work is performed by encouraging the agencies that are committed to do so fund the regional planning effort. Over the next few months the details of the regional plan will move to a higher level and will “show a more serious face”.

Financing Alternatives

One of the concerns of the agencies working together regionally is how to reduce the costs of planning and constructing the water supply projects for ratepayers in Monterey County. The most viable way of approaching State agencies for grants is to act regionally to ensure the best chance of success.

Implementation and the Monterey Regional Leadership Task Force

- The meeting scheduled for October 26th was not held due to concerns raised about supply projects in the area of one of the supervisors. The MOU was taken off the agenda

- for the meeting. The conveners of the Leadership Task Force want to have 100% support among the supervisors and will work on rescheduling the first meeting.
- How likely is it that the MOU will be intact at the first meeting? If the County agrees to a different version of the MOU than the other members, won't the process include another round of approvals? This situation is not anticipated by the conveners.
 - Mr. Kasower prepared a presentation on the regional plan components regarding projects for the Leadership Task Force.
 - What is the relationship between the REPOG and the Task Force? The Monterey Regional Water Supply Reliability Collaboration was convened to identify a water supply alternative preferable to the Coastal Water Project. The idea behind this collaboration was the proposition that if this group convenes regionally and looks more broadly at water supply opportunities than seawater desalination there was an opportunity to find more economically feasible alternatives. The alternative water supply projects would be selected if they could be more easily implemented, and met other criteria that the group defined. The draft regional supply plan is now composed of components such as conservation, storm water, water reuse, and brackish water desalination. The REPOG was directed to move forward irrespective of whether the Leadership Task Force formed. The meetings to develop the Memorandum of Understanding were attended by representatives of our process to establish some basis for excitement about regional collaboration with water supply planning. The Monterey Regional Water Supply Reliability Collaboration process has been named in the MOU as one worthy of attention. The official relationship is not yet established because the Leadership Task Force has not officially started. The REPOG has no authority to build projects, rather the REPOG has the charge to analyze the opportunities that exist in the region to discover synergies that might otherwise not be apparent, and design strategies to successfully implement regional water supply projects in a collaborative manner.
 - Will the Leadership Task Force forge those agreements among water agencies regarding cost sharing of project components? No. Rather, the Task Force will "cheerlead and facilitate". The General Managers have to make the decisions about cost sharing with their Boards. The agreement has got to be a contract between sponsoring agencies.
 - The decision making process between the role of the Leadership Task Force and the role of the water agencies in the field of developing water supply projects was questioned. A point of clarification was made about these roles because the commenter suggested that policy makers should propose and define the details of projects instead of technical experts. The process of developing water supply projects is based upon the labor of technical experts who are guided by policy makers. The charge of special district is to decide policy for regional entities. Boards of districts review projects. Experienced technical people develop the details of new projects.

Discussion of Environmental Issues, Agriculture and Urban Collaboration, and Financing

Environmental Impact Review

The REPOG will have to continue defining the regional alternative to take advantage of the opportunity to be considered in the CWP EIR process. When would the REPOG need to produce enough detail to have meaning in the EIR schedule? The EIR draft is expected in mid 2008. The EIR process started with the Notice of Preparation in 2006. The team is looking equally at two choices and receiving comments on another set of alternatives which include the seawater conversion vessel, the national refractories site plant, and the components of this group's regional alternative. The EIR team needs to know the details of the water supply components such as the location, how the water supply works, the source of feed water and discharge. The CPUC can only direct Cal Am to take a course of action. In the EIR there will be some discussion of the alternatives. An explanation will be provided for the reasons why the desalination project can get smaller. If financial agreements and memos of understanding are made between Cal Am and water agencies in the region to supply water to meet the regulatory requirements, Cal Am can then come to the Commission and state there is another way forward. That is not the project before the CPUC at this point. The EIR team is prepared to look at the alternative to the extent

that that it decreases the need for desalinated water. The desal plant with ASR is the focus of the EIR group. Can you demonstrate the project components would have less environmental impact than the CWP?

Agriculture and Urban Collaboration

- A sustainable concept is presented as a new criterion for the regional water supply plan: the plan components should promote a more symbiotic relationship between urban and agricultural sectors of the natural resource equation with fresh water supplies.
- The Cal Water Service Company mentioned that thanks to leadership of the Monterey County Water Resources Agency there is the basis for an agriculture and urban coexistence in this county. It wasn't always this way.
- Suggestion was made to word statements in REPOG documents in such a way to enhance collaboration. The Monterey region already treats wastewater and Castroville farmers use the recycled water for crops. Looking ahead is there a way the regional plan can be formulated to find areas that will continue this coexistence? There has been some recognition of both sides of the equation in the past; in the near future there will be opportunities for both urban and agricultural interests to uncover areas common interest and even of conflict. This group needs to be committed to resolve these issues. The Monterey Regional Water Supply Reliability Collaboration approach to solving water supply problems does not include water transfers to the urban sector from agriculture. It should be clear in REPOG communications that this group's objectives are to enhance the economic value of water and all values with water (e.g. environmental quality, agricultural benefits, and urban supply reliability) for all members of the economic sectors in our region. Participant asked how to implement the idea and get people who represent agricultural interests to the table. Response included the advice that part of the regional plan's investment in brackish desalination component would set the stage for eliminating seawater intrusion problems. This might set the stage to have discussion items in common, and may attract the participation of representatives of the agricultural sector in Monterey County.
- The concept of agricultural and urban cooperation has been incorporated into the work the County has been doing.
- Issue relating to regional project identifies brackish water. People want to know what is going on when you suggest using their water and transporting it to another basin. Salinas basin water has been identified as the source water for the desalination component. The cleanup of the basin water and the utility of the seawater intrusion barrier must be understood, or defined, by representatives of the agricultural community's beneficiaries. Views from representatives of agricultural communities should be incorporated into the design of the brackish source water component of the desalination plant that is a part of the regional plan.
- Will the Leadership Task Force be engaged with the agricultural community? MCWRA is their representative currently.
- How can the Castroville Seawater Intrusion Project fit in the plan? Is Monterey County ready for indirect potable reuse (IPR)? Suggestion was made to take river water, make it potable, then take 10,000 AF of recycled water flowing into the Monterey Bay and store it to use for agricultural purposes. Seems like it would be more accepted for the public if recycled used for agricultural purposes and potable used for urban.
- Are there any potential cost savings? The 10,000 AF of recycled water from MRWPCA is available in the wintertime. Once the recycled water is treated it can be stored in the Seaside Basin for use when demand is higher.
- The institutional situation is more complicated than just developing projects around the ideas just discussed. The water right, developed by agency, paid for from bonds, stipulates that the place of use will be in the Salinas Valley. It would be more helpful to discuss projects that are not as far along in implementation as the SVWP. The first 10,000 AF already has a CEQA document and financing. SVWP water is already allocated.

- Methodology behind the REPOG meetings is to invite people to become engaged. For urban and agricultural collaboration to be successful it is important to pay attention to when people are motivated to get involved, (i.e. when you hear the pipeline goes down the middle of your street). The “chunk” of water that benefits agricultural interests may become our calling card. If they see it in their interest, they will come participate. There are already a few key agricultural leaders in the REPOG email distribution list.
- Representatives of agricultural districts are sensitive about the issue of monitoring water pumping with meters and financing on a local level.

Financing

- John Woodling from the Department of Water Resources could discuss his perspective of funding projects with a regional coalition which might be useful for this group to hear.
- Participant asked Cal Am representative how much of the planning costs of the Coastal Water Project are site specific. Are some pieces of work general enough to be applied to another project? The response was that the ASR component can be used with any project, but the Moss Landing studies are site specific.
- A comment was made that local financing for further analytical work with regional supply planning must be discussed at some point.
- When will the DRA led process end? The UCSC Study Team group will be finished with its contract when it can ascertain enough engineering cost data for regional plan and compare it to the CWP. The UCSC Study Team has contracted for 12 REPOG Meetings as well (we are in meeting #9). At some point the DRA will decide if there is a reason to continue to participate in the implementation phase.
- Part of the value of the DRA-led process is that the public has been invited as equal participants. The MOU group has not stated what level of engagement will be pursued with the public.
- MOU group has been hesitant to form and commit funds to regional water supply planning. How easy will it be to find money to keep going? If the ratepayers are going to be looking at some choices to avoid paying the bill for the CWP, they need to be willing to engage in a more complex set of actors involved with the regional approach. There is a fragmentation of the effort, costs, and resources. Until we know there will be a process to bring that together, it is uncertain in its outcome. The participant expressed interest in the hearing about a strategy that is designed to ensure there is some magnet in the middle to center the process.
- The Study Team will continue to push forward with examining the data with the hope that one day there will be a ribbon cutting ceremony and the new project suite has come online. However it is beyond the responsibility of the DRA to continue that far in the future without the beneficiaries of the regional plan funding the process. The DRA has been visionary and bold. After the DRA is satisfied with the result of the regional dialogues then this group can engage in a conversation for this regional collaboration to continue.
- Water agency managers recognize that these dialogues are useful and a good form of public outreach. The next step is a technical planning work that will support the forward movement of the dialogue and better define the alternative regional plan. The REPOG would be assured if there is a component or mechanism that refers to public participation from the MOU group. Mr. Melton’s analysis has been paid for by the agencies as a “down payment”, an initial contribution.
- This group is trying to craft a set of projects that result in a minimal amount of money paid by the ratepayer.
- Issue public vs. private. Issue to look at public wholesale water agency that involves members of groups that will put together wholesale water supply projects and then sell it to Cal Am. What may be needed is one water agency to sell the water.
- The REPOG engaged in a discussion with RMC’s Mr. Melton to determine if there is a cost estimate for the work product that will provide enough detail to be included in the EIR. Mr. Melton and the UCSC Study Team will determine how to get to that final end product, working directly with the agencies that sponsor these projects. These are pieces that have been developed by technical staff from participating agencies. Time to look in

more detail, engineering staff, consultants to flesh these things out more. Got a nod from managers to do that. Question of the EIR is a timing one. The Study Team appreciates the challenge of moving quickly to do a feasibility level analysis on these project components.

- It will be a “big ticket” item to do the planning. For two months, the REPOG vetted a regional plan. Some components are not as well defined and would require more discussion behind the capacities and the need that is being addressed.

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

- Clarification: leaders who are a part of the new Task Force are locally elected, not regionally elected as stated in Steven Kasower’s email inviting members of the REPOG to the meeting.
- Representation in North County on the Task Force is not likely to include Supervisor Lou Calcagno’s opinion about desalination, so, who will play this role?
- Sufficient representation by leaders from South County, south of Salinas, was questioned by a participant. Should Mayors of cities in South County be invited onto the Leadership Task Force?
- Suggestion was made to discuss representation issues further at the meeting of the Leadership Task Force, not at the REPOG.
- A participant asked, can the Carmel River Dam be improved seismically and the reservoir expanded? Another participant stated that this is a hopeless effort and should not be reviewed at this table. Eight years ago the State Legislature passed a bill to come up with an alternative to a dam on the Carmel River. The State Legislature and the Governor already decided that that would not be pursued. The final EIR has considered various alternatives, removing sediment from behind that dam structure to restore water supply has been considered, it is infeasible from an environmental standpoint. Public draft of EIR was distributed in June of 2006. Planning and Conservation League conducted two meetings with community to talk about technical issues. This EIR and EIS component allowed an equal component of analysis. Department of Water Resources held a public meeting in 2006 to make sure draft was reviewed, comments were taken. DRA participant elected to discuss the issue with the participant asking about the dam afterwards to share insights derived from previous analysis of the issue.

Discussion of Next Meeting Date/Agenda

- **Meeting #10 (December 18, 2007)**

Meeting Attendees

Dave Berger, MPWMD
Catherine Borrowman, UCSC
Janet Brennan, Public
Diana Brooks, DRA
Tom Bunosky, Cal Am
Madeliene Clark, Elkhorn Slough Coalition
Jerry Cole, CDM
Sarah Corbin, Surfrider
Chuck Della Sala, Mayor of Monterey
Conner Everts, Desal Response Group
John Fischer, Public
Max Gomberg, DRA
Deirdre Hall, Monterey Bay National Marine Sanctuary
Sarah Hardgrave, RBF
Jim Heitzman, MCWD
Maryann Hulsman, ESA
Monica Hunter, Planning and Conservation League Foundation

Keith Israel, MRWPCA
Steve Kasower, UCSC
Margie Kay, Public
Lynn Maack, DRA
Katie Mason, Armanasco Public Relations here representing Skip Griffin, PBS&J, Water Standard
Company
Roger Masuda, Griffith and Masuda
Steve Matarazzo, City of Sand City
Lyndel Melton, RMC Water and Environment
Ken Nishi, MCWD
Tim O'Halloran, City of Seaside
Dave Pendegrass, MPWMD
Chip Rerig, City of Monterey
George Riley, CPW
Adam Scow, Food & Water Watch
Peggy Shirrel, Harbor District
Jim Smith, Cal Water
Andy Sterbenz, MCWD
Cynthia Walker, DRA
Curtis Weeks, MCWRA
Eric Zigas, ESA