

Submitted by  
staff at 6/17/13  
Board meeting.

**ITEM: PUBLIC HEARING**

**22. CONSIDER ADOPTION OF JULY THROUGH SEPTEMBER 2013  
QUARTERLY WATER SUPPLY STRATEGY AND BUDGET**

<b>Meeting Date:</b>	<b>June 17, 2013</b>	<b>Budgeted:</b>	<b>N/A</b>
<b>From:</b>	<b>David J. Stoldt, General Manager</b>	<b>Program/ Line Item No.:</b>	<b>N/A</b>
<b>Prepared By:</b>	<b>Kevan Urquhart/ Jonathan Lear</b>	<b>Cost Estimate:</b>	<b>N/A</b>

**General Counsel Review:** N/A

**Committee Recommendation:** N/A

**CEQA Compliance:** Notice of Exemption, CEQA, Article 19, Section 15301 (Class 1)

**ESA Compliance:** Consistent with the September 2001 and February 2009 Conservation Agreements between the National Marine Fisheries Service and California American Water to minimize take of listed steelhead in the Carmel River and Consistent with SWRCB WR Order Nos. 95-10, 98-04, 2002-0002, and 2009-0060.

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**SUMMARY:** The Board will accept public comment and take action on the July through September 2013 Quarterly Water Supply Strategy and Budget for the California American Water (Cal-Am) Main and Laguna Seca Subarea Water Distribution Systems (WDS). The proposed budget, which will be presented at the meeting as **Exhibits 22-A and 22-B**, shows monthly production by source of supply that is required to meet projected customer demand in Cal-Am's Main and Laguna Seca Subarea systems, i.e., Ryan Ranch, Bishop, and Hidden Hills, during the July through September 2013 period. The proposed strategy and budget is designed to maximize the long-term production potential and protect the environmental quality of the Seaside Groundwater and Carmel River Basins. The item exhibits were not available in advance due to tight scheduling for this month's Board meeting, but are included with this revised report.

**Exhibit 22-A** shows the anticipated production by Cal-Am's Main system for each production source and the actual production values for the Water Year (WY) 2013 to date through the end of May 2013. The anticipated production values assume that Cal-Am's annual main system production will not exceed 12,856 acre-feet (AF), which includes 2,669 AF of native water from the coastal subareas of the Seaside Groundwater Basin, 300 AF from the Sand City Desalination Plant, 644 AF from Aquifer Storage and Recovery (ASR) projects (i.e., 131 AF from WY 2012 injection; 295 AF from WY 2013 injection; 218 AF remaining from pre-permanent water rights injection), and 9,243 AF from the Carmel River Basin. The 218 AF is the remaining amount to be recovered from injection during the 10-year injection testing period prior to issuance of permanent ASR water rights in WY 2008. The total from the Carmel River Basin is consistent with State Water Resources Control Board (SWRCB) Water Rights Order Nos. 95-10, 98-04, 2002-0002, and 2009-0060. In addition, Cal-Am has a native water allocation of 147 AF from production from its satellite systems in the Laguna Seca Subarea of the Seaside Basin, that when combined with the 2,669 AF from the coastal subareas, results in a total native water allocation of 2,816 AF. The combined total from the Seaside Basin is consistent with the Seaside Basin Adjudication Decision. For the purpose of this budget, it is assumed that "critically dry" inflow conditions will occur for the last quarter of WY 2013.

**Exhibit 22-B** shows the anticipated production by Cal-Am's Laguna Seca Subarea systems for each production source and the actual production values for WY 2013 to date through the end of May 2013. Please note that the anticipated production values assume that Cal-Am's annual Laguna Seca Subarea systems' production will not exceed 147 AF from the Laguna Seca Subarea of the Seaside Groundwater Basin, whereas actual demand will exceed that amount.

**RECOMMENDATION:** The Board should receive public input, close the Public Hearing, and discuss the proposed quarterly water supply budget. District staff will recommend adoption of the proposed budget. The budget is described in greater detail in **Exhibit 22-C**, Quarterly Water Supply Strategy Report: July – September 2013.

**BACKGROUND:** The Quarterly Water Supply Strategy and Budget pertains to production within Cal-Am's Main and Laguna Seca Subarea systems for the three-month period of July, August, and September 2013. Staff from the District, the California Department of Fish and Wildlife (CDFW), Cal-Am, and National Marine Fisheries Service (NMFS) met to cooperatively develop this strategy on June 11, 2013. Based on current river flow, reservoir and Carmel Valley Alluvial Aquifer storage conditions, and the rainfall that has occurred to date, it was determined that "critically dry" year inflows would be used to assess Cal-Am's operations and set monthly production targets for Cal-Am's systems for the next quarter. The water supply strategy for the coming quarter, **Exhibits 22-A, 22-B, and 22-C** have been prepared and posted as quickly as possible on the District's web page, and are available at the Board Meeting. Minor changes in projected target values for the lower Carmel River Aquifer sources are due to incorporation of the most recent actual production data available from Cal-Am monthly reports.

The permitted diversion season for ASR ended May 31, and does not begin again until December 1 of this year, which will be during the following water year, WY 2014.

It is expected that Cal-Am will not divert any water from San Clemente Reservoir through the Carmel Valley Filter Plant during this quarter, based on past practice and their September 2001 and February 2009 Conservation Agreements with the NMFS. Cal-Am will operate its wells in the Lower Carmel Valley in a downstream-to-upstream order. If actual natural river inflows are less than projected for the budget period, the group will reconvene and adjust the Los Padres Dam release rates accordingly.

Rule 101, Section B of the District Rules and Regulations requires that a Public Hearing be held at the time of determination of the District water supply management strategy. Notice of this Public Hearing has been published in The Herald. Adoption of the quarterly water supply strategy and budget is categorically exempt from the California Environmental Quality Act (CEQA) requirements as per Article 19, Section 15301 (Class 1). A Notice of Exemption will be filed with the Monterey County Clerk's office, pending Board action on this item.

## **EXHIBITS**

**22-A** Quarterly Water Supply Strategy and Budget for Cal-Am Main System: Jul - Sep 2013

**22-B** Quarterly Water Supply Strategy and Budget for Cal-Am Subsystems: Jul - Sep 2013

**22-C** Quarterly Water Supply Strategy and Budget Report: Jul - Sep 2013

**California American Water Main Distribution System  
Quarterly Water Supply Strategy and Budget: July - September 2013**

**Proposed Production Targets by Source and Projected Use in Acre-Feet**

SOURCE/USE	MONTH			YEAR-TO-DATE		
	Jul-13	Aug-13	Sep-13	Oct-12 - May-13	% YTD	% of Annual
<b>Source</b>						
Carmel Valley Aquifer						
Upper Subunits	0	0	0	350	N/A	N/A
Lower Subunits (95-10)	1,078	1,055	961	4,661	78.9%	50.2%
Lower Subunits (ASR)	0	0	0	295	20.4%	20.4%
<b>Total</b>	<b>1,078</b>	<b>1,055</b>	<b>961</b>	<b>5,306</b>		
Seaside Groundwater Basin						
Coastal Subareas	253	500	0	1,666	112.1%	62.4%
ASR Recovery	0	13	500	131	100.2%	20.4%
Sand City Desalination	25	25	25	122	61.1%	40.7%
<b>Total</b>	<b>1,356</b>	<b>1,593</b>	<b>1,486</b>	<b>1,919</b>		
<b>Use</b>						
Customer Service	1,356	1,593	1,486	6,931	91.8%	53.9%
Phase 1 ASR Injection	0	0	0	295	20.4%	20.4%
<b>Total</b>	<b>1,356</b>	<b>1,593</b>	<b>1,486</b>	<b>7,226</b>		

Notes:

1. The budget reflects "Critically Dry" inflow conditions and assumes that the monthly unimpaired inflows at the San Clemente Dam site during the July-September 2013 period will equal flows occurring during the period in WY 2007, i.e., 158, 107, and 127 AF, respectively.
2. The annual budget period corresponds to the Water Year, which begins on October 1 and ends on September 30 of the following Calendar Year.
3. Total monthly production for "Customer Service" in CAW's main system was calculated by multiplying total annual production (12,856 AF) times the average percentage of annual production for July, August, September (10.8%, 10.6%, and 9.8%, respectively). According to District Rule 162, the annual production total was based on the assumption that production from the Coastal Subareas of the Seaside Groundwater Basin would not exceed 2,669 AF and production from Carmel River sources, without adjustments for water produced from water resources projects, would not exceed 10,187 AF in WY 2013.
4. It should be noted that in September of 2012 WY, CAW utilized 106.86 AF of the 324.76 AF pre permanent water rights injection water volume. This leaves the remaining volume of 217.90 AF, which has been allocated to Coastal Seaside and is planned to be produced in this water year.
5. The production targets for CAW's wells in the Upper Subunits of the Carmel Valley Aquifer are set at 0, based on CAW's goal to avoid use of these wells, year round. However, production could be higher under existing State water rights and interagency operating agreements.
6. The production targets for CAW's wells in the Seaside Coastal Subareas are based on the assumption that sufficient flow will occur in the Carmel River at the targeted levels, to support ASR injection. It is planned that Coastal Subarea pumping will not occur, or will be proportionally reduced, if ASR injection does not occur at targeted levels.
7. The production targets for CAW's wells in the Seaside Coastal Subareas are based on the need for CAW to produce its full native water allocation during WY 2013 to be in compliance with SWRCB WRO No. 95-10.
8. Year to date production numbers are estimated pending finalization of CAW production data.

**California American Water Laguna Seca Subarea Distribution Systems  
Quarterly Water Supply Strategy and Budget: July - September 2013**

**Proposed Production Targets by Source and Projected Use in Acre-Feet**

SOURCE/USE	MONTH			YEAR-TO-DATE		
	Jul-13	Aug-13	Sep-13	Oct-12 - May-13	% YTD	% of Annual Budget
<b>Source</b>						
Seaside Groundwater Basin						
Laguna Seca Subarea	18	18	17	216	274.3%	146.8%
Other	0	0	0	0	0.0%	0.0%
<b>Use</b>						
Customer Service	18	18	17			
<b>Total</b>	<b>18</b>	<b>18</b>	<b>17</b>	<b>216</b>		

Notes:

1. The annual budget period corresponds to the Water Year, which begins on October 1 and ends on September 30 of the following Calendar Year.
2. Total monthly production for "Customer Service" in CAW's Laguna Seca Subarea systems was calculated by multiplying total annual production (147AF) times the average percentage of annual production for July, August, and September (12.2%, 12.0%, and 11.3%, respectively). The annual production total was based on the assumption that production from the Laguna Seca Subarea of the Seaside Groundwater Basin would not exceed 147 AF. The 147 AF annual production limit is specified in the Seaside Basin Adjudication Decision and is subject to change.
3. It should be noted that, based on recent historical use, actual monthly use will likely exceed the proposed monthly production target. In this context, the production targets represent the maximum monthly production that should occur so that CAW remains within its Standard Production Allocation for the Laguna Seca Subarea specified in the Seaside Decision. However, because the Seaside Decision allows CAW to combine its production in the Coastal Subareas with its production in the Laguna Seca Subarea in determining compliance, CAW can use production savings in the Coastal Subareas to offset overproduction in the Laguna Seca Subarea.
4. "Other" production sources refer to supplies transferred to Laguna Seca Subarea customers from CAW's Carmel River sources or water rights acquired from other producers in the Seaside Basin to produce additional water. For example, under emergency conditions, water can be transferred from sources that serve customers in CAW's main system, via an existing interconnection, to customers in CAW's Ryan Ranch system.

## EXHIBIT 22-C

### **Quarterly Water Supply Strategy and Budget Report California American Water Main Water Distribution System: July - September 2013**

#### 1. Management Objectives

The Monterey Peninsula Water Management District (District) desires to maximize the long-term production potential and protect the environmental quality of the Carmel River and Seaside Groundwater Basins. In addition, the District desires to maximize the amount of water that can be diverted from the Carmel River Basin and injected into the Seaside Groundwater Basin while complying with the instream flow requirements recommended by the National Marine Fisheries Service (NMFS) to protect the Carmel River steelhead population. To accomplish these goals, a water supply strategy and budget for production within California American Water's (Cal-Am) Main and Laguna Seca Subarea water distribution systems is reviewed quarterly to determine the optimal strategy for operations, given the current hydrologic and system conditions, and legal constraints on the sources and amounts of water to be produced.

#### 2. Quarterly Water Supply Strategy: July - September 2013

On June 11, 2013, staff from the District, Cal-Am, the California Department of Fish and Game (CDFG), NMFS, and met and discussed the proposed water supply strategy and related topics for the July - September 2013 period. The United States Fish and Wildlife Service (USFWS) was unable to attend, but staff from the State Water resources Control Board's, Division of Water Rights participated by conference call. Currently (as of June 1), flow in the Carmel River is regulated and Los Padres Reservoir (LPR) is below spill level. LPR is currently at ~96% of maximum effective storage capacity, i.e., 1,731 AF that occurs with the Los Padres Dam (LPD) spillway's notch flashboard removed, or 94% of the 1,775 AF of storage capacity achieved when the notch's flashboard is back in place. This is done in order to maximize any potential storage that can be gained each year, so that it can be allocated to sustaining minimum flows in the river over the summer and fall. Flow in the Carmel River is not continuous to the lagoon, and the lagoon mouth is closed. Rainfall during Water Year (WY) 2013 to date at San Clemente Dam in the upper watershed has totaled 14.47 inches or 70% of the long-term average to date at this site, and 68% of the long-term annual average of 21.37 inches. Further, unimpaired runoff at San Clemente Dam for WY 2013 through May has totaled approximately 26,898 AF or about 39% of the long-term annual average of 68,756 AF, making this a "Dry" Water Year Type, to date. However, it is projected that runoff during the fourth quarter of WY 2013 will be similar to a "Critically Dry" water year.

**Carmel River Basin** Given these conditions, and runoff to date, it was agreed that "Critically Dry" year inflows would be assumed to assess Cal-Am's operations during the July through September 2013 period. To meet customer demand, Cal-Am would operate its wells in the Lower Carmel Valley in a downstream-to-upstream sequence, as needed. For the quarterly budget, it was agreed that Cal-Am would attempt to produce no groundwater from its wells in the Upper Carmel Valley during this period. In addition, it is projected that Cal-Am would produce approximately 1,078, 1,055, and 961 AF of groundwater from its wells in the Lower Carmel Valley during July, August and September 2013, respectively. Minor changes in these

## EXHIBIT 22-C

### **Quarterly Water Supply Strategy and Budget Report California American Water Main Water Distribution System: July - September 2013**

projected target values from those prepared for the June 11 meeting are due to incorporation of the most recent actual production data available from Cal-Am monthly reports. The table shown as **Table 1** of Exhibit 10-A in the June 17, 2013 Board packet shows actual (bold type) and projected (italics) monthly releases and diversions from Los Padres and San Clemente Reservoirs for the October 2012 through April 2013 period. This table will be revised and updated as additional data are available through the end of WY 2013, so values in italics should be considered preliminary at this time.

**Seaside Groundwater Basin** It was also agreed that Cal-Am would target production at 250 and 500 AF of native production from their wells in the Coastal Subareas, for July and August, in addition to the planned 25 AF per month of production from the Sand City Desalination Plant, so as to achieve maximum utilization of the native water available in the basin under the Seaside Basin Adjudication Decision and in compliance with SWRCB Orders 95-10 and 2002-0060. Lastly, it was assumed that the remaining ASR recovery amounts of 13 and 500 AF of water would be recovered from the Seaside Basin in August and September, respectively. This amount is comprised of 295 AF of WY 2013 injection and 218 AF of pre-permanent water rights injection water during the 10-year injection testing period ( $295 + 218 = 513$  AF).

It was also agreed that only 18, 18, and 17 AF of groundwater would be budgeted from Cal-Am's wells in the Laguna Seca Subarea of the Seaside Basin for customers in the Ryan Ranch, Bishop, and Hidden Hills systems during July, August and September 2013, respectively. It is recognized that, based on recent historical use, Cal-Am's actual production from the Laguna Seca Subarea during this period will likely exceed the proposed monthly targets, which are based on Cal-Am's allocation specified in the Seaside Basin Adjudication Decision. In this context, the production targets represent the maximum monthly production that should occur so that Cal-Am remains within its adjudicated allocation for the Laguna Seca Subarea. Under the amended Seaside Basin Adjudication Decision, Cal-Am is allowed to use production savings in the Coastal Subareas to offset over-production in the Laguna Seca Subarea.