



# Supplement to 2/13/2020 MPWMD Board Packet

Attached are copies of letters received between January 11, 2020 and February 13, 2020. These letters are listed in the February 19, 2020 Board packet under Letters Received.

Author	Addressee	Date	Topic
Peter Le	MPWMD Board	2/13/2020	Why Marina must oppose the proposed expansion of the Pure Water Monterey
George M. Soneff	David Stoldt	2/10/2020	MPWMD Potential Effort to Condemn the Monterey Water System
Hans Uslar	David Stoldt	2/5/2020	Availability of Water for Affordable Housing in the City of Monterey
Hans Uslar	David Stoldt	2/4/2020	Supply and Water Demand for the Monterey Peninsula
Hans Uslar	David Stoldt	2/4/2020	Monterey Peninsula city Managers Respond to Supply and Water Demand for the Monterey Peninsula
Aaron Blair	David Stoldt	1/30/2020	City of Sand City response to the December 3, 2019 report on Supply and Demand for Water on the Monterey Peninsula
Ben Harvey	David Stoldt	1/27/2020	City of Pacific Grove Response to December 3, 2019 report on Water Supply and Demand for the Monterey Peninsula
George M. Soneff	David Stoldt	1/27/2020	Monterey Peninsula Water Management District's Potential Effort to Condemn the Monterey Water System
Fred Meurer	MPWMD Board	1/21/2020	Express concern re the report on Supply and Demand for Water on the Monterey Peninsula
Maddie Halloran	MPWMD	1/8/2020	Thanks for support of 38 <sup>th</sup> Annual Salmonid Restoration Conference

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## Arlene Tavani

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**From:** PETER LE <peter381@sbcglobal.net>  
**Sent:** Thursday, February 13, 2020 11:52 AM  
**To:** Arlene Tavani  
**Subject:** Why Marina must oppose the proposed expansion of the Pure Water Monterey

Dear Ms. Tavani:

Please provide this letter to all Directors of your Board.  
 Thank you.

Peter Le

February 13, 2020

Why Marina must oppose the proposed expansion of the Pure Water Monterey (PWM) Advanced Water Purification (AWP) Plant (or Phase 2) and demand changes to the proposed expansion?

Many people and organizations did not support the proposed Cal Am desalination plant. Instead, they support the proposed alternative expansion of the Pure Water Monterey (PWM) advanced water purification plant (or Phase 2). There are many valid reasons to support this expansion alternative (or Phase 2) and I do not need to repeat the valid reasons here. Phase 1 has recently obtained approval to inject 3,500 AFY and 200 AFY reserve to the Seaside aquifers.

Essentially, the proposed expansion of the PWM advanced water purification plant will produce an additional 2,250 acres feet per year (AFY) that will be injected into the Seaside basin and later extracted for use by Monterey Peninsula cities. This new supply will satisfy water demands for many years.

Monterey One Water (M1W), in conjunction with Monterey Peninsula Water Management District (MPWMD), has prepared and distributed for comments the Draft Supplemental Environmental Impact Report (DSEIR) for this expansion alternative (or Phase 2).

The deadline to submit comments on the Draft Supplemental EIR was January 31, 2020. Marina Coast Water District has submitted written comments on the Draft Supplemental Environmental Impact Report (DSEIR) to Monterey One Water on January 30, 2020. You should review the comments from MCWD to obtain further information and details.

So, what are the real reasons that we, all Marina Coast Water District (MCWD) ratepayers and all Marina residents, must oppose the proposed expansion of the PWM advanced water purification plant and demand changes to this proposed expansion? Some of the main reasons are listed below:

1. Monterey One Water (M1W) has entered into contracts to supply Marina Coast Water District (MCWD) with 1,427 acres feet per year of recycled water or advanced treated water. Monterey One Water supplies MCWD 600 AFY in Phase 1. Now M1W needs to honor the senior contractual rights of MCWD and supply MCWD with an additional 827 acres feet per year (AFY) of advanced treated

water before supplying any additional advanced treated water to Cal Am. That means M1W can only inject 1,423 AFY into the Seaside basin, NOT 2,250 AFY as proposed. The Draft Supplemental EIR conveniently ignored the existing contracts and MCWD's senior contractual rights.

2. Monterey One Water must delete or eliminate all proposed Cal Am distribution system elements in the Draft Supplemental EIR since these proposed Cal Am facilities appear to serve the proposed Cal Am desalination plant and do not serve the proposed PWM expansion. Monterey One Water seems to violate California Environmental Quality Act (CEQA) in including these Cal Am new elements that serve the proposed Cal Am desalination plant in this Draft Supplemental EIR.
3. The proposed modifications to Cal Am's distribution system listed in the Draft Supplemental EIR appear to accommodate the proposed Cal Am desalination plant will need to submit to California Public Utilities Commission (CPUC) for review and approval and for conformance to CEQA laws. These Cal Am facilities cannot be included in this Draft Supplemental EIR. Both Monterey One Water and Cal Am appear to violate California Environmental Quality Act (CEQA) in doing so. Cal Am paid Monterey One Water about \$341,000 to include Cal Am's new desalination facilities in this Draft Supplemental EIR; thus, appears to circumvent CEQA's laws and also appears to circumvent CPUC regulations and restrictions placed on Cal Am desalination project.
4. The PWM expansion needs to consider and use of existing MCWD 100% owned pipelines instead of construction new pipelines unnecessarily in conformance with CEQA. CEQA laws require Monterey One Water to consider alternatives.
5. The existing conveyance pipe which was owned 100% by Marina Coast Water District (MCWD) was designed to carry 3,500 AFY and 200 AFY reserve for Monterey One Water, and 1,427 AFY (600 AFY for Phase 1 and 827 AFY for Phase 2, the proposed expansion) for MCWD for a total of 5,127 AFY. Now Monterey One Water assumed that this pipe can carry an additional 2,250 AFY for a total of 7,377 AFY. The Draft Supplemental EIR did not include any engineering analysis showing that it is feasible to carry an additional 2,250 AFY.
6. The PWM expansion needs approval from MCWD Board of Directors for conveying additional water in MCWD's owned pipes and using the existing reservoir owned by MCWD assuming these usages do not adversely impact existing MCWD facilities as demonstrated in all engineering analysis that have not been done and nor included in the Draft Supplemental EIR. The Draft Supplemental EIR did not describe or show the need to obtain approval from MCWD.
7. Additionally, M1W must pay MCWD for additional capital costs, operation and maintenance costs to carry and store additional advanced treated water in MCWD 100% owned facilities.
8. M1W must credit MCWD for overpayment of capital cost of the existing advanced water treatment plant and overpayment of the maintenance and operating costs of the existing advanced water treatment plant if the proposed expansion proceeds.
9. Additionally, all existing agreements between Monterey One Water and MCWD need to be amended to reflect new changes, after the proposed expansion has been changed appropriately and deemed feasible, and all the capital costs, operation and maintenance costs need to be updated, and the current shared costs also need to be updated.
10. Again, Marina is being taken advantaged by Monterey One Water, Monterey Peninsula Water Management District and Peninsula cities. That is another example of environmental INJUSTICE.

Public Water Now which represents Cal Am customers is unlikely to oppose the proposed expansion and/or demand changes to the proposed expansion since the proposed expansion benefits them greatly at the expense of MCWD ratepayers.

Citizens Just for Water which represents all MCWD ratepayers needs to re-examine this proposed expansion more thoroughly and evaluates the negative and adverse impacts to Marina residents such as ignoring senior contractual rights to supply additional water to MCWD and MCWD ratepayers are required to pay more than its fair share on the proposed expansion. At the very least, Citizens Just for Water needs to have at least one public meeting to discuss and address the above adverse impacts to Marina residents instead of keeping silence on this matter.

Citizens Just for Water should invite the General Manager of Monterey One Water to this public meeting to answer the above concerns. If a public meeting is not possible, Citizens for Just Water should obtain written answers from Monterey One Water and communicate their responses to its members and all Marina residents the reasons why it still supports this proposed expansion while there are so much inequities to Marina residents and such potential violations of CEQA laws by Monterey One Water and Cal Am on this proposed expansion as described in details above.

Ratepayers of MCWD already had bad deals from Monterey One Water in Phase 1. Monterey One Water charges Cal Am about \$2,200 per acre foot for the advanced treated water while it costs MCWD about \$3,200 per acre foot for the same water. In 2019 even though MCWD does not use a drop of this water because it does not have distribution systems to deliver this water to parks and landscaped areas, MCWD still has to pay Monterey One Water about two million dollars. Will Monterey One Water use 600 AF of MCWD's water and supply it to Cal Am?

The proposed expansion project is very complicated. I only highlight the above comments within the time I had. I believe that there are other adverse issues that impact MCWD ratepayers I will discover later. It's worth noting that all project documents and executed agreements between various public agencies are public documents and most of them are not included in the agenda packets and/or posted on agencies' websites of Monterey One Water, Marina Coast Water District, Monterey Peninsula Water Management District, Monterey County Water Resources Agency, Fort Ord Reuse Authority, County of Monterey, and California Public Utilities Commission.

The above comments are my own. These comments are not from any other individual or from any private or public organizations, and do not necessarily represent the views of Marina Coast Water District or its Board of Directors.

Peter Le

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manatt

George M. Soneff  
Manatt, Phelps & Phillips, LLP  
Direct Dial: (310) 312-4186  
gsoneff@manatt.com

RECEIVED

FEB 11 2020

MPWMD

February 10, 2020

**VIA FEDERAL EXPRESS & EMAIL (DSTOLDT@MPWMD.NET)**

David J. Stoldt, General Manager  
Monterey Peninsula Water Management District  
5 Harris Court, Bldg. G  
Monterey, CA 93940

Re: Monterey Peninsula Water Management District's Potential Effort to Condemn  
the Monterey Water System

Dear Mr. Stoldt:

Thank you for your February 5 email on behalf of the Monterey Peninsula Water Management District ("District") in response to my January 27 letter.

As you are no doubt aware, Monterey LAFCO's Municipal Services Review recognizes the class of services provided and the functions of the District:

"The Monterey Peninsula Water Management District (MPWMD) is a water resource planning/management entity, and does not provide water service to retail customers. The principal retail water purveyor on the Monterey Peninsula is the California American Water (CAW), which is an investor-owned private utility. The District provides technical support and regulatory oversight to CAW, and other smaller water systems.

"Most of the District's functions are regulatory in nature. . . ."

(LAFCO of Monterey County Final Municipal Services Review for the Monterey Peninsula Area, January 4, 2007, p. 123)

My January 27 letter asked that the District acknowledge its obligation to obtain LAFCO approval before it may expand its services and functions, and to confirm that the District will obtain that approval prior to considering adoption of a Resolution of Necessity to condemn Cal Am's Monterey Peninsula water system.

Your February 5 email was not responsive to our request about this vital process, suggesting that the District may believe it is exempt from the LAFCO review and approval obligations outlined in my letter.

David J. Stoldt  
 February 10, 2020  
 Page 2

Review of expansion proposals by special districts is among the LAFCO core “watchdog” functions. The process can be expected to add considerable time and costs to the District’s proposed project. Another special district, the South San Joaquin Irrigation District, spent many years and many millions of dollars in that LAFCO process when it attempted to expand into providing retail electric service using eminent domain, and in 2018 its project was ultimately rejected in court as a result of its failure to obtain valid LAFCO approval. Attachment A to this letter provides further legal background about the California Legislature’s 2009 changes to the LAFCO Act that strengthened the required review as a result of the irrigation district’s expansion proposal in San Joaquin.

We believe your Board of Directors and the public you represent deserve a forthright answer to whether the District contends it is exempt from the LAFCO process for special district expansion, and how that process will affect your published budgets and timelines. None of the timelines and budgets circulated thus far by the District acknowledge the need to comply with that process. Your email does not provide the transparency the public deserves, especially given the \$1 million plus in public funds that the District has already committed to its expansion plan. If the District does intend to comply with the LAFCO process, your Board and the public should be able to see that process reflected in the timelines and budgets the District presents, along with a discussion about the ramifications and costs of potential disapproval by LAFCO.

Accordingly, Cal Am renews the requests made in my January 27 letter for an answer about the District’s intentions concerning this mandatory regulatory process.

Sincerely,



George M. Soneff  
 Manatt, Phelps & Phillips, LLP

cc: David Laredo, Esq., MPWMD Counsel (dave@laredolaw.net)  
 Kate McKenna, AICP, Executive Officer, Monterey LAFCO  
 (mckennak@monterey.lafco.ca.gov)  
 Alvin Edwards – Chair (alvinedwards420@gmail.com)  
 George Riley (georgetriley@gmail.com)  
 Molly Evans (water@mollyevans.org)  
 Jeanne Byrne – Vice Chair (jcbarchfaia@att.net)  
 Gary D. Hoffmann, P.E. (gqhwd1000@gmail.com)  
 Dave Potter - Mayoral Representative (dpotter@ci.carmel.ca.us)  
 Mary Adams - Monterey Co. Board of Supervisors Rep. (district5@co.monterey.ca.us)

David J. Stoldt  
 February 10, 2020  
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## ATTACHMENT A

### **Additional Background re Need for LAFCO Review**

The District should recognize that the LAFCO Act was amended just over a decade ago, in 2009, to strengthen the need for LAFCO review in situations such as this. The amendments were introduced and adopted as Assembly Bill 2484 as a response to South San Joaquin Irrigation District's legal challenge (*South San Joaquin Irrigation District v. Superior Court*, 162 Cal.App.4th 146 [2008]). The legislative record shows the amendments were designed to impose both procedural and fiscal discipline on LAFCOs' review of special district expansion proposals. The procedural discipline is achieved by requiring LAFCO to treat the applications as a request for "change of organization," which requires that specific "determinations" be made by Resolution. The fiscal discipline is manifest by the requirement that LAFCOs must reject a proposal unless "sufficient revenues" were either demonstrated by the special district or mandated by LAFCO through a new "sufficient revenue source" approved by LAFCO through specific conditions. (Govt. Code §56824.14[a].)

First, as to the procedures required. The 2009 amendments added new subdivision (h) to §56021, mandating that proposals by a special district seeking to add new services (i.e., proposals such as the District's) constitute a **Change of Organization**.<sup>1</sup> This means that the District's proposal must be processed by Monterey LAFCO in the same manner and under the same procedures as, for example, a city incorporation, consolidation of cities, or formation or dissolution of a special district. (See, Govt. Code §56021(a), (b), (h) and (i).) All LAFCO determinations concerning a "Change of Organization" must comply with the provisions of Part 3, Ch. 6 of the LAFCO Act (Govt. Code §§56880-56898). The Chapter (labeled "COMMISSION DECISION") requires, for example, that in deciding upon a Change of Organization, LAFCO "shall adopt a resolution making determinations approving or disapproving the proposal" within 35 days after the hearing (§56880), and shall then mail a copy of the resolution to the affected parties (§56882).

Second, as to fiscal review required of LAFCO. The 2009 legislation amended §56824.14(a) to require that when a special district applies to expand its services, LAFCO must determine whether the special district will have "sufficient revenues" to carry out the new service. The statute provides that proposals which fail to prove sufficient revenues "shall not be approved," but also gives LAFCO the ability to issue a "conditional approval" based upon the concurrent approval of other revenue sources. The statute—with the additions made in 2009 in boldface—states in relevant part:

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<sup>1</sup> In 2011, the subdivision was renumbered, and is now §56021(m).



David J. Stoldt  
 February 10, 2020  
 Page 4

(a). . .The commission shall not approve a proposal for the establishment of new or different functions or class of services within the jurisdiction boundaries of a special district unless the commission determines that the special district will have sufficient revenues to carry out the proposed new or different functions or class of services except as specified in paragraph (1).

(1) The commission may approve a proposal for the establishment of new or different functions or class of services within the jurisdictional boundaries of a special district where the commission has determined that the special district will not have sufficient revenue to provide the proposed new or different functions or class of services, if the commission conditions its approval on the concurrent approval of sufficient revenue sources pursuant to Section 56886. In approving a proposal, the commission shall provide that if the revenue sources pursuant to Section 56886 are not approved, the authority of the special district to provide new or different functions or class of services shall not be established. (§56824.14(a)(1); underlined emphasis added.)

The June 4, 2008 report from the Senate Local Government Committee evidencing legislative intent explains the reasoning behind these changes, stating in relevant part:

**SENATE LOCAL GOVERNMENT COMMITTEE**

Senator Gloria Negrete McLeod, Chair

BILL No. AB 2484

HEARING: 6/4/08

AUTHOR: Caballero

FISCAL: No

VERSION: 5/21/08

CONSULTANT: Detwiler

**SPECIAL DISTRICTS' POWERS**

**Background and Existing Law**

Local agency formation commissions (LAFCOs) are the Legislature's watchdogs over cities and special districts' boundary changes which are known as 'changes of organization.'

Most special districts provide fewer services than those authorized by the state laws creating them. In the past, a special district could start delivering one of its so-called latent powers even if another local government already

David J. Stoldt  
February 10, 2020  
Page 5

provided the same service in the same area. To avoid duplication, the Legislature allowed LAFCOs to gain control over special districts' latent powers as a condition of adding representatives of independent special districts as LAFCO members.

After receiving a major study of LAFCOs' powers, the Legislature rewrote the procedures for control over special districts' latent powers. A special district that wants to provide a new or different service must hold a noticed public hearing before formally applying to the LAFCO. The district's application must include a five-part plan for services. The LAFCO must hold its own noticed public hearing before acting on the district's application. The LAFCO can approve, approve with conditions, or disapprove the district's latent powers application (AB 948, Kelley, 2001). When a district challenged the San Joaquin LAFCO's authority to control its latent power to provide retail electric service, the District Court of Appeal upheld the statute in April 2008.

Some LAFCOs and special districts want further statutory changes. They want LAFCOs to treat latent powers applications the same way that they handle boundary changes. They want to make sure that LAFCO doesn't approve a latent powers request if the district can't afford the new service. They want to require LAFCO approval before a district divests itself of a service.

#### Proposed Law

**Assembly Bill 2484 prohibits a local agency formation commission (LAFCO) from approving a special district's application to establish new or different functions or classes of services unless LAFCO determines that the district will have sufficient revenues. If the district lacks those revenues, AB 2484 allows LAFCO to approve the district's application if it imposes a condition that requires the approval of sufficient revenue sources. If the revenue sources are not approved, the district cannot provide the new services. (emphasis added.)**

The bill expands the definition of a "change of organization" to include a special district's proposal to provide new services or divest itself of existing services. The bill clarifies that only a special district's legislative body can apply to LAFCO to provide a new service or divest itself of a service. The bill expands the required contents of a district's plan for services by requiring officials to explain which services they intend to provide or stop providing. (emphasis added.)

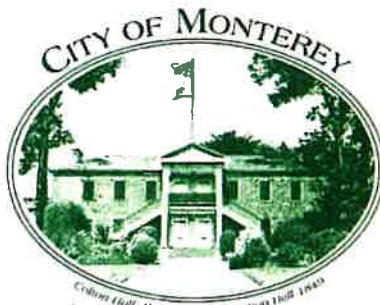
David J. Stoldt  
February 10, 2020  
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\* \* \*

### Comments

1. No hollow shells. AB 2484 fills the gap between local enthusiasm and fiscal reality. The bill's key reform requires LAFCO to deny a district's request to exercise a latent power if the district can't pay for the new service. When local boosters want their special district to deliver a popular service, AB 2484 requires LAFCO to ask the tough question: who's going to pay? Unless the district can point to revenues from special taxes, benefit assessments, or fees, the bill requires LAFCO to say "no." By imposing fiscal discipline on LAFCOs and special districts, AB 2484 avoids what some observers call hollow shells; governments with promising surfaces, but empty inside. (emphasis added.) \* \* \*

Thus, it will be essential for Monterey LAFCO to make the determination about whether the District can demonstrate that it will have "sufficient revenues" to provide retail water service after prosecuting what will be the largest eminent domain action in the state's history, taking account of all costs and operational challenges the District would encounter.



RECEIVED  
FEB 19 2020  
MAYOR

Mayor:  
CLYDE ROBERSON

Councilmembers:  
DAN ALBERT  
ALAN HAFFA  
ED SMITH  
TYLER WILLIAMSON

City Manager:  
HANS USLAR

February 5, 2020

David Stoldt  
General Manager  
Monterey Peninsula Water Management District  
P.O. Box 85  
Monterey, California 93940

**Re: Availability of Water for Affordable Housing in the City of Monterey**

Dear Dave,

I am writing to inform you of the decision of the Monterey City Council at the January 21, 2020 Council meeting to authorize City staff to request that the Monterey Peninsula Water Management District allocate 17 AF water to the City for the development of affordable housing on City owned properties. It is our intent to issue a RFP, which makes this commitment of available water. We hope that you will place this item on the Board's agenda for decision making.

The State and the City of Monterey are currently experiencing both high housing costs and a low inventory of affordable housing units. Our City has a Regional Housing Needs Assessment (RHNA) goal of building 650 housing units by 2023, and is currently on track to produce only 380 units, missing the RHNA goal by 270 units. Although the City is on track to produce enough market rate homes, it is not currently on track to meet the moderate, low, and very low income targets established in the RHNA goal.

The Council's direction comes as a result of a staff analysis of City owned properties and their potential to be redeveloped for affordable housing. The analysis was included was presented to the Council at the January 21 meeting. A key finding of the analysis is that the City owned sites under consideration lack the quantity of water credits needed to support redeveloping the sites for affordable housing. Based on the initial analysis, the City owned sites have combined water credits of 1.02 acre feet, but construction of the new affordable housing units would require 17 acre feet of water.

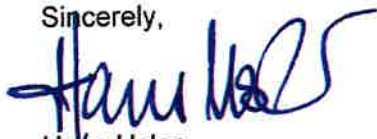
After reviewing the staff analysis of City owned sites, the City Council made the determination that the lack of available of water credits is an impediment to developing affordable housing in the City of Monterey.

The City Council believes that by identifying adequate sites and securing water and funding, the City may have an opportunity to partner with one or more developers to construct new affordable housing on City owned sites. With City staff having identified viable sites for affordable housing, the next step is to identify additional water credits to support the development of the needed affordable housing units.

Additionally, at the public meeting, we also received a letter from the developer of 2600 Garden Road, Monterey. The current project has water to create 59 new residential 2 or 3 bedroom units. Currently 12 units will be allocated to affordable housing. The developer has informed us that he could add another 35 units to the build out, make them ALL affordable units if he would receive an additional allocation of 1.68af of water. Pending verification from the Water District, we urge you and the board to consider allowing the additional water for this site. Imagine 94 units with 47 of them affordable. Imagine how many residents, commuters, constituents could possibly benefit from this project. Please work with your board to find a path forward to allocate the requested drop of water.

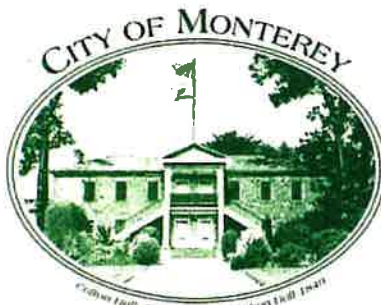
I look forward to hearing from you and District staff.

Sincerely,



Hans Usler  
City Manager

cc: Monterey City Council  
Kim Cole, Community Development Director



FEB 10 2020

M.F. D

Mayor:  
CLYDE ROBERSON

Councilmembers:  
DAN ALBERT  
ALAN HAFER  
ED SMITH  
TYLLER WILLIAMSON

City Manager:  
HANS USLAR

February 4, 2020

David Stoldt  
General Manager  
Monterey Peninsula Water Management District  
P.O. Box 85  
Monterey, CA 93940

**Re: Supply and Water Demand for the Monterey Peninsula**

Dear Dave,

The City of Monterey staff appreciates the opportunity to review and comment on the Monterey Peninsula Water Management District's report titled "Supply and Water Demand for the Monterey Peninsula".

Mr. Stoldt requested that staff should review the AMBAG housing growth scenarios.

The bottom line: The use of AMBAG's growth scenario is not advisable for a variety of reasons outlined below. The described path for the peninsula water supply will not match tomorrow's State mandate for thousands of additional housing units.

AMBAG's growth scenario, established six years ago, does not consider current and planned legislative mandates to increase the construction of housing. As such, while the AMBAG numbers are applied correctly, it is clear from our current housing and homeless crisis that the Supply and Demand numbers need to be achieved very soon. Figure 3 of the GM's memo projects that the underlying water solutions will need 30 years to catch up with the current AMBAG housing numbers. Waiting 30 years is not an option because local governments need to provide more housing solutions today.

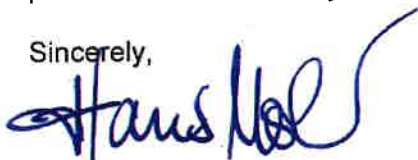
The weakness of using the RHNA allocation is that the City will receive an increased RHNA allocation every 7-8 years pending certification. The water requirements will be cumulative. Recent literature indicates that we could expect our RHNA allocation to increase beyond 650 units every 7-8 years. Over a twenty-year period, we may have a minimum need of 1,625 new units or 250 af of water (0.15af per unit).

A current estimate developed in 2020 by Economic Planning Systems (EPS) for the City of Monterey defines a need of an additional 1,700 housing units by the end of 2030 with 40% of them for affordable housing. This represents a need for 255 af within the next 10 years.

In 2019 only 14 new accessory dwelling units were constructed. ADUs should be part of the solution to the affordable housing crisis but this immediate solution is currently stymied by water supply constraints. As a conservative estimate we believe that Monterey could become home to 250 to 500 ADUs in the next five years if water is provided. These units should be seen as additional resources of needed housing above and beyond the RHNA estimates.

It is also important to note that the City has a Water Waiting List. The City has not accepted new water waiting list applications since 2018. The current list requires approximately 36 acre feet to exhaust and is attached as Attachment 2. This data is not part of the water memo yet.

Sincerely,

A handwritten signature in blue ink, appearing to read "Hans Uslar". The signature is stylized and cursive.

Hans Uslar  
City Manager

cc: Monterey City Council  
Kim Cole, Community Services Director  
Grant Leonard, Administrative Analyst, Housing & Property Management

## Attachment 1

Address	AM	M	L	VL	Year Entitled	Year Finaled
Various SF Homes	55					2015
Various SF Homes	2					2016
Various SF Homes	2					2017
255 Foam	6				2013	2018
201 Cannery Row	5				2015	2018
777 Taylor	1				2015	2018
669 Van Buren		1		18	2015	2017
457 Wave	4				2016	
103 Flagg Hill	1				2018	2019
Tyler and Pearl	5		1		2018	
606 Anthony	1				2018	
551 Foam	2				2018	
471 Wave	4				2018	
1230 Sixth	1				2019	
442 Hawthorne	1				2019	
2200 North Fremont	32		8		2019	
200 Glenwood	40				2019	
22 Spray	1				2019	
595 Munras	8	1	1		2019	
799 Cannery Row	4				2019	
851 Cannery Row	1				2019	
300 Cannery Row	8		2		2019	
591 East Franklin	3	1	2	1	2020	



2000 Garden Road	29	4	3		2020
2560 Garden Road	41	6	6		2020
2600 Garden Road	47	5	5		2020
<b>ADU's</b>					
960 Alameda Avenue		1			2017
480 San Bernabe		1			2017
47 Via Cimarron		1			2017
13 El Caminito del Norte		1			2017
40 Cielo Vista Drive		1			2017
35 Linda Vista Drive		1			2017
821 Filmore		1			2017
816 Jessie		1			2017
448 Ramona Avenue		1			2018
575 Oak Street		1			2018
1420 Munras		1			2018
76 Cuesta Vista		1			2018
923 Fountain Avenue		1			2018
7 Greenwood		1			2019
<b>Total</b>	<b>304</b>	<b>32</b>	<b>28</b>	<b>19</b>	<b>383</b>
<b>RHNA</b>					
<b>Monterey</b>	<b>272</b>	<b>119</b>	<b>102</b>	<b>157</b>	<b>650</b>

Attachment 2

**WATER WAITING LIST  
COMBINED CHART  
LISTED CHRONOLOGICALLY**

	<b>PROJECT/ NAME</b>	<b>TYPE OF PROJECT</b>	<b>ADDRESS</b>	<b>DATE SUBMITTED</b>	<b>WATER REQUEST (AF)</b>	<b>PROPOSED WATER USE (AF)</b>	<b>CUMULATIVE TOTAL</b>
1	Sumida	New SFR	36 Via Castanada	2/7/2003	0.242	0.242	<b>0.242</b>
2	St. John's Greek Church	New Comm	3051 Monterey/Salinas Hwy	4/6/2003	0.706	0.706	<b>0.948</b>
3	Real	New SFR	50 Porta Vista Pl	7/15/2003	0.166	0.249	<b>1.114</b>
4	Real	New SFR	48 Porta Vista Pl	7/15/2003	0.166	0.249	<b>1.28</b>
5	Real	New SFR	54 Porta Vista Pl	7/15/2003	0.166	0.249	<b>1.446</b>

6	Real	New SFR	52 Porta Vista Pl	7/15/2003	0.166	0.249	<b>1.612</b>
7	Takigawa	New SFR	689 Newton St	7/28/2003	0.242	0.242	<b>1.854</b>
8	Tringali	New SFR	780 Lyndon St	8/21/2003	0.249	0.249	<b>2.103</b>
9	Real	SFR Remodel	46 Porta Vista	8/26/2003	0.043	0.154	<b>2.146</b>
10	Carey Trust	New SFR	845 Filmore St	9/14/2003	0.201	0.201	<b>2.347</b>
12	Jack Stracuzzi	New Comm	798 Wave Street	4/12/2004	0.267	0.267	<b>2.614</b>
13	S. Shaw/Hare on Houston	Comm TI	578 B Houston Street	4/30/2004	0.057	0.034	<b>2.671</b>
14	Richards, Robt & Richard	New SFR	879 Newton Street	5/7/2004	0.245	0.245	<b>2.916</b>
15	Dinner, Chris & Denice	New SFR	418 High Street	2/11/2005	0.249	0.249	<b>3.165</b>
16	Hamilton, Maurice & Vivian	New SFR	23 Yerba Buena Ct	2/14/2005	0.246	0.246	<b>3.411</b>

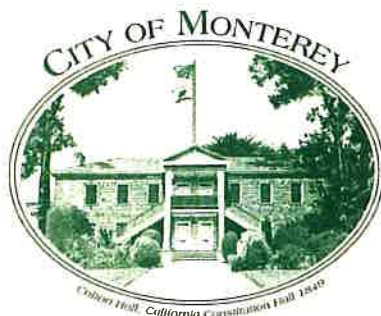
17	Cardinale, Frank	SFR Remodel	774 Spencer St	7/11/2005	0.039	0.166	<b>3.45</b>
18	Ocean View Plaza	New Comm	457-470-570 Cannery Row	7/21/2005	27.89	27.89	<b>31.34</b>
19	Khalsa, Satkirtan	SFR Remodel	643 Ramona Ave	10/17/2005	0.101	0.234	<b>31.441</b>
20	Hallisey, Mary	New SFR	747 Filmore St	2/13/2006	0.219	0.219	<b>31.66</b>
21	Baldwin, Richard & Margaret	New SFR	4 Cramden Drive	3/8/2006	0.243	0.243	<b>31.903</b>
22	Machado, Stephen & Jennifer	New Multi Res	801 Lyndon St	3/23/2006	0.392	0.392	<b>32.295</b>
23	Mickel, Steve	New SFR	78 Via Ventura	3/24/2006	0.164	0.164	<b>32.459</b>
24	Giammanco, Vince	New SFR	30 Boronda Lane	5/30/2006	0.074	0.181	<b>32.533</b>
25	Mr. & Mrs. Galt	SFR Remodel	119 Montecito	8/14/2006	0.167	0.328	<b>32.7</b>
26	Dr. Jorge Duarte	New Comm	499 Webster	9/1/2006	0.058	0.274	<b>32.758</b>

27	Dale & Tracy Hogan	New SFR	140 Tide Ave	6/23/2007	0.047	0.248	<b>32.805</b>
28	Aburndale, LLC	SFR Remodel	17 Mar Vista Dr	9/24/2007	0.02	0.164	<b>32.825</b>
29	Lavorini Four LLC	New SFR	136 Tide Ave	10/16/2007	0.2475	0.2475	<b>33.073</b>
30	Natalie Webb	SFR Remodel	835 Oak Street	3/13/2009	0.047	0.181	<b>33.12</b>
31	Davi	SFR Remodel	2050 Marsala Circle	5/17/2008	0.023	0.162	<b>33.143</b>
32	Tackabery	New SFR	132 Tide Avenue	8/8/2008	0.231	0.231	<b>33.374</b>
33	Beardsley	New Mixed- Use	201 Cannery Row	1/15/2009	0.01306	0.614	<b>33.387</b>
34	Henry's BBQ	Comm TI	401 Lighthouse Avenue	1/29/2009	0.5	0.74	<b>33.887</b>
35	Malibu Tan & Surf	Comm TI	2024 Del Monte Ave #B	9/10/2009	0.2128	0.3969	<b>34.099</b>
36	Strangio	New Multi Res	600 Irving Avenue	10/21/2009	0.5295	0.6165	<b>34.629</b>

37	Smith, Rick	New SFR	140 Stephen Place	1/15/2013	0.248	0.248	<b>34.877</b>
38	Kashti, Rick & Christine	SFR Remodel	416 English Ave	2/5/2014	0.02		<b>34.897</b>
39	Olsen, Monique	New SFR	1880 Prescott Ave	10/9/2015	0.174	0.174	<b>35.0709</b>
40	Dale & Tracy Hogan	New SFR	150 Seafoam Ave	12/22/2016	0.091	0.091	<b>35.1619</b>
41	Adrian	Existing SFR on well	5 Overlook Place	12/19/2018	0.307	<b>0.307</b>	<b>35.4689</b>

**Total: 35.4689**





Mayor:  
CLYDE ROBERSON

Councilmembers:  
DAN ALBERT  
ALAN HAFFA  
ED SMITH  
TYLLER WILLIAMSON

City Manager:  
HANS USLAR

February 4, 2020

David Stoldt  
General Manager  
Monterey Peninsula Water Management District  
P.O. Box 85  
Monterey, CA 93940

**Re: Monterey Peninsula City Managers Respond to Supply and Water Demand for the Monterey Peninsula**

Dear Dave,

The following proposal is submitted on behalf of the City Managers of the Cities of Carmel by the Sea, Del Rey Oaks, Monterey, Pacific Grove, City of Sand and Seaside.

First of all, thank you again for allowing us to review the Supply and Demand Memo. We appreciate the opportunity to verify the correct use of the AMBAG numbers in the memo. This letter proposes an additional process of verification of the numbers used in the memo. We feel that this approach is appropriate and timely.

Our group of Monterey Peninsula City Managers has discussed the memo titled "Supply and Demand for Water on the Monterey Peninsula". It is in the best interest of our communities to ensure that our future water supply allows our elected officials the highest degree of flexibility in making policy decisions on various levels. Stated more simply: today's water constraints and restrictions clearly show that our current water supply affects our peninsula's quality of life. Two examples: The existing water supply prohibits compliance with State laws mandating increased affordable housing projects, thus driving up rents as housing inventory becomes more and more scarce. Likewise, commercial property owners cannot provide entrepreneurial opportunities to businesses based on market needs, but instead are restricted to comply with water usage tied to the individual property.

Here is what we propose:

First, we request sufficient time to allow a professional independent third party with requisite expertise to review the Supply and Demand memo. We do not have the expertise on staff to adequately assess the various water sources and associated supplies mentioned in your memo. It is necessary to have a peer review conducted by experts selected by our Cities. We know that our suggested peer review will be non-controversial and will provide clarity between your forecast model as well as Cal-Am's analysis conducted by Hazen & Sawyer.



Secondly, we suggest that the District simultaneously submit the Supply and Demand Memo to the State Water Resources Control Board (SWRCB) for review and ask if the SWRCB would consider lifting the CDO and meter moratorium based on the presented rationale. This would allow us all the benefit of any questions posed by the SWRCB, as well as their view of the memo's impact on the lifting of the CDO.

Third, we suggest that the District also submit the Supply and Demand Memo to the Watermaster TAC and Board to review the content and to respond to any assumptions or implications of the document on the Seaside Basin and its management, and in particular, the availability of non-native water to address potential basin issues.

It would help all stakeholders to have these steps implemented in order to inform the discussion of the Water Management District in the consideration of the water resources and acreages as outlined in the Supply and Demand Memo.

Our suggested path forward is respectfully requesting that our Cities be allowed a thorough review. The future of our peninsula and the quality of life of our residents requires this prudent approach.

On behalf of the Monterey Peninsula City Managers,

Hans Usler  
City of Monterey

cc: Chip Rerig, City Administrator, City of Carmel  
Dino Pick, City Manager, City of Del Rey Oaks  
Craig Malin, City Manager, City of Seaside  
Aaron Blair, City Manager, City of Sand City  
Ben Harvey, City Manager, City of Pacific Grove

Carmel City Council  
Del Rey Oaks City Council  
Seaside City Council  
Sand City Council  
Pacific Grove City Council  
Monterey City Council

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FEB 05 2020

MPWMD



January 30, 2020

Mr. David J. Stoldt  
General Manager  
Monterey Peninsula Water Management District  
MPWMD  
P.O. Box 85  
Monterey, CA 93942-0085

**Re: City of Sand City response to the December 3, 2019 report on Supply and Demand for water on the Monterey Peninsula**

Dear Mr. Stoldt,

Thank you for the opportunity to review and respond to the Monterey Peninsula Water Management District's report titled "Supply and Demand for Water on the Monterey Peninsula" dated December 3, 2019 (attached).

After reviewing the report, I do have a couple concerns with the use of AMBAG's growth scenario as the sole method for determining the long-term water needs of the municipalities within the Monterey Peninsula for a variety of reasons, including:

The current and planned legislative State mandates for thousands of additional housing units and accessory dwelling units (ADUs) throughout our region will likely have the effect of increasing housing density far beyond AMBAG's projected growth scenario. The changes required by the new state laws will necessarily increase water demand.

Additionally, the City of Sand City is uniquely positioned regionally to serve not only as a hub for transit solutions, but as a hub for smart growth housing developments as seen with the approved South of Tioga project on ten acres. This project alone has been projected to add at least 800-900 residents to our City, and includes a hotel with 216 rooms, two multi-family residential developments that will provide 356 residential units which includes 52 affordable units.

We look forward to participating in future discussions and decisions regarding long term Water Supply and Demand needs that affect Sand City.

Please feel free to call me with any questions,

Sincerely,



Aaron Blair

City Manager, Sand City, CA  
1 Pendergrass Way Sand City, CA 93955  
Ph. 831.394.3054

Attachments

1. December 3, 2019 Supply and Demand for Water on the Monterey Peninsula report

Cc: Honorable Mayor Mary Ann Carbone  
George Riley, Division 2, Monterey Peninsula Water Management District Board of Directors  
Vibeke Norgarrd, City Attorney



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JAN 31 2020

MPWMD

CITY OF PACIFIC GROVE  
300 Forest Avenue □ Pacific Grove, California

January 27, 2020

Mr. David J. Stoldt  
General Manager  
Monterey Peninsula Water Management District  
MPWMD  
P.O. Box 85  
Monterey, CA 93942-0085

**RE: City of Pacific Grove response to December 3, 2019 report on Water Supply and Demand for the Monterey Peninsula**

*Dave*  
Dear Mr. Stoldt:

Thank you for the opportunity to review and respond to your December 3, 2019 Supply and Demand for Water on the Monterey Peninsula report (attached).

In January of 2005, the Pacific Grove City Council authorized the submittal (attached) of the Long-Term Water Needs Estimates December 2004 for Monterey Peninsula Water Management District. Since that time, the City *has not* undertaken a comprehensive effort of its own to review, analyze or update its stated long-term water needs.

Much has changed since the 2005 long-term water needs submittal, that suggests anticipated water demand has and will increase. Notably, there is a state-wide heightened push for affordable housing that affects Pacific Grove. To facilitate this, the housing permit process is being streamlined, and substantive land-use changes are under consideration that encourage affordable housing development within Pacific Grove. These changes will necessarily increase water demand. Legislation relating to accessory dwelling units and lot subdivisions are key components of this effort.

Other changes will impact the City's water demand as well. The City's Regional Housing Needs Allocation numbers, cited in Appendix B of the December 3, 2019 report, will likely increase. In addition, just this month, the City Council approved its own Local Coastal Plan, bringing Coastal Development Permit (CDP) authority to the City once anticipated California Coastal Commission certification takes place in March of 2020. The City anticipates transfer of authority from the Coastal Commission to the City will stimulate development activity, thereby increasing water demand.

It is important to note that the City's General Plan is out of date, having last been updated in 1994. The City anticipates undertaking a General Plan update in the near future, which will likely increase water demand.

Beyond legislative changes, additional economic development has come to Pacific Grove since 2005, notably (but not limited to) two large (2) proposed hotel projects. Plans have been approved for the 125 room Hotel Durrell located within the downtown, and environmental review is underway for a completed application for a proposed 225 room luxury hotel and related uses at the American Tin Cannery (ATC) site.

The City also notes regulatory changes are underway that may cause transfer of federal facilities within the City that are likely to increase water use.

Accordingly, for the City to properly furnish the Monterey Peninsula Water Management District with a thoughtful and comprehensive revised water demand, the City must first undertake a formal effort to quantify new and expanded water uses based upon authorization received from the City Council.

The City looks forward to participating in future discussions and decisions regarding long term Water Supply and Demand needs that affect Pacific Grove and surrounding land-use jurisdictions.

Please feel free to contact me with any questions or concerns about this matter that you may have.

Sincerely,



Ben Harvey  
City Manager

Attachments

1. December 3, 2019 Supply and Demand for Water on the Monterey Peninsula report
2. City of Pacific Grove Long-Term Water Needs Estimates December 2004 for Monterey Peninsula Water Management District

cc: Honorable Mayor and Members of the City Council  
Jeanne Byrne, Vice Chair, Monterey Peninsula Water Management District Board of Directors  
Anastazia Aziz, Community Development Director  
David C. Laredo, City Attorney  
John Kuehl, Chief Building Official

## **Supply and Demand for Water on the Monterey Peninsula**

Prepared by David J. Stoldt, General Manager  
Monterey Peninsula Water Management District  
Revised December 3, 2019

At its September 16, 2019 meeting, the Board accepted a report titled "*Supply and Demand for Water on the Monterey Peninsula*", which was Exhibit 9-A of the Board packet. The report was reviewed by members of the public, local organizations, and state agencies. While publicly vetted, only three sets of comments were received: (a) California American Water provided a comment letter October 15, 2019, and (b) The Coalition of Peninsula Businesses provided letters September 15, 2019 and September 24, 2019. All three comment letters argued that the findings in the report contradict those of the California Public Utilities Commission, but the letters did not provide any substantive alternate assumptions or facts. The District's General Manager has encouraged the parties to provide their own forecast of growth and/or market absorption of water demand, but they have failed to do so.

At the November 14, 2019 Coastal Commission hearing former Pacific Grove mayor Bill Kampe did raise two substantive issues regarding the report: (a) pre-Cease and Desist Order (CDO) market absorption of water demand may have been constrained in some jurisdictions due to a lack of water allocation, and (b) new statewide focus on housing will require water.

Additionally, subsequent to the release of the initial report the 2019 water year was completed, providing an additional data point on current customer demand.

This revised report provides an update intended to address three items:

1. What is average current demand with the additional water year in the data?
2. What water will be required to meet future housing needs?
3. What might be the market absorption of water based on an objective third-party growth forecast?

As a result, certain figures or tables from the September 2019 *Supply and Demand for Water on the Monterey Peninsula* report were updated and included in this revision.

With the approval of the Monterey Peninsula Water Supply Project (MPWSP) and the continued environmental work on Pure Water Monterey (PWM) expansion as a back-up option, it is an opportune time to examine available supplies and their ability to meet current and long-term demand. This memorandum will also look at the changing nature of demand on the Monterey Peninsula, the underlying assumptions in the sizing of the water supply portfolio, and indicators of the market's ability to absorb new demand.

## Supply

Available sources of supply are shown in Table 1 below and are described in the discussion that follows. Despite the California Supreme Court's decision to not hear the two petitions for writ of review, there remains the risk of additional legal challenges and not all permits have been issued for California American Water's (Cal-Am) MPWSP desalination plant. For these reasons, supply has been shown with both desalination and with PWM expansion.

Table 1  
Monterey Peninsula Available Supply  
(Acre-Feet Annually)

Supply Source	w/ Desalination	w/ PWM Expansion
MPWSP Desalination Plant	6,252	0
Pure Water Monterey	3,500	3,500
PWM Expansion	0	2,250
Carmel River	3,376	3,376
Seaside Basin	774	774
Aquifer Storage & Recovery (ASR)	1,300	1,300
Sand City Desalination Plant	94	94
<b>Total Available Supply</b>	<b>15,296</b>	<b>11,294</b>

There also exists approximately 406 additional acre-feet of other available supplies as discussed on the next page.

*Desalination:* The 6.4 million gallon per day (MGD) MPWSP desalination plant is expected to deliver 6,252 acre-feet annually (AFA).<sup>1</sup> It is likely to begin deliveries in mid-2022, considering final permits in early 2020, a 21-month construction period, and 6-month commissioning and start-up window.<sup>2</sup>

*Pure Water Monterey:* Monterey One Water's (M1W) project is expected to come online in February 2020 and begin deliveries of 3,500 AFA to Cal-Am in mid-2020. It completed its 14-day test in December 2019.

*Pure Water Monterey Expansion:* The expansion of Pure Water Monterey is expected to yield 2,250 AFA.<sup>3</sup> The Notice of Preparation indicates source waters for the expansion are secure: "No new source water diversion and storage sites are necessary to achieve the Expanded

<sup>1</sup> CPUC Decision 18-09-017, September 13, 2018, page 70; Amended Application of California-American Water Company (U210W), Attachment H, March 14, 2016

<sup>2</sup> [www.watersupplyproject.org/schedule](http://www.watersupplyproject.org/schedule)

<sup>3</sup> Notice of Preparation of a Supplemental Environmental Impact Report and Public Scoping Meeting Notice, page 4, May 15, 2019

*PWM/GWR Project's recycled water yield objective of an additional 2,250 AFY of replacement supplies. The Expanded PWM/GWR Project is designed to utilize existing M1W contractual rights to source waters and wastewaters.* There are several different configurations of source waters that could be utilized for the expansion, but one proposed alternative is 81% contractual rights to wastewater and excess secondary effluent and 19% of Blanco Drain and Reclamation Ditch waters. This project could come online by January 2022.

*Carmel River:* Cal-Am has legal rights to 3,376 AFA from the Carmel River comprised of 2,179 AFA from License 11866, 1,137 AFA of pre-1914 appropriative rights, and 60 AFA of riparian rights. This does not include what is referred to as Table 13 rights, discussed under "*Other Available Supplies*" below.

*Seaside Basin:* The 2006 Seaside Groundwater Basin adjudication imposed triennial reductions in operating yield for Standard Producers such as Cal-Am until the basin's Natural Safe Yield is achieved. The last reduction will occur in 2021 and Cal-Am will have rights to 1,474 AFA. However, with the delivery of a long-term permanent water supply, the company would like to begin replacing its accumulated deficit of over-pumping by in-lieu recharge by leaving 700 AFA of its production right in the basin for 25 years. Hence, only 774 AFA is reflected as long-term supply available, although the additional 700 AF becomes available again in the future.

*Aquifer Storage & Recovery:* There are two water rights that support ASR. Permit 20808A allows maximum diversion of 2,426 AFA and Permit 20808C allows up to 2,900 AFA for a total of 5,326 AFA. However, these are maximums that may only be close to being achieved in the wettest of years. Based on long-term historical precipitation and streamflow data, ASR is designed to produce 1,920 AFA on average. The MPWSP assumes a lesser amount of 1,300 AFA to be conservative.

*Sand City Desalination Plant:* The Sand City plant was designed to produce a nominal 300 AFA, but has failed to achieve more than the 276 AF in 2011. Due to source water quality issues and discharge permit requirements the plant has averaged 188 AFA the past four years including water year 2019. The intakes will likely be augmented and production increased (see "*Other Available Supplies*", below.) Here only the 94 AFA of long-term production legally committed to offset Carmel River pumping is included.

*Other Available Supplies:* In 2013, Cal-Am received Permit 21330 from the State Water Board for 1,488 AFA from the Carmel River. However, the permit is seasonally limited to December 1 through May 31 each year and subject to instream flow requirements. As a result, actual production will vary by water year. Here, we have assumed 300 AFA on average. For the Sand City desalination plant the amount produced in excess of 94 AFA is available for general Cal-Am use and eventually to serve growth in Sand City. With new intakes, we have assumed average production of 200 AFA or 106 AFA of other available supply. There is also available unused



capacity in the Seaside Basin which annually is reallocated to the Standard Producers such as Cal-Am as “Carryover Credit” under the adjudication decision. Such Carryover capacity has been on the order of 400 AFA recently. While not insignificant, Carryover Credit has not been included in the 406 AFA of “Other Available Supplies” stated earlier.

### Historical Water Demand for which MPWSP Desalination Plant is Sized

The MPWSP was initially sized solely as a replacement supply<sup>4</sup> for current customer demand, but this has changed over time as described below. Consideration was also given to peak month and peak day. Additional demand was recognized to accommodate legal lots of record, a request by the hospitality industry to anticipate a return to occupancy rates similar to that which existed prior to the World Trade Center tragedy, and to shift the buildout of Pebble Beach off the river.<sup>5</sup> Table 2 below shows the demand assumptions used in sizing the MPWSP. Each component is discussed below.

Table 2  
Water Demand Assumed in Sizing the MPWSP  
(Acre-Feet Annually)

Demand Component	Acre-Feet Annually
Average Current Customer Demand	13,290
Legal Lots of Record	1,181
Tourism Bounce-Back	500
Pebble Beach Buildout	325
<b>Total Water Demand</b>	<b>15,296</b>

*Average Current Customer Demand:* The Application of Cal-Am to the California Public Utilities Commission (CPUC) in April 2012 utilized 13,290 AFA which was the 5-year average demand for 2007-2011.<sup>6</sup> As stated earlier, this was to be replacement supply and the Application stated “At this point future demands of the Monterey System have not been included in the sizing of the plant.”<sup>7</sup> At that time, the 5-year average maximum month was 1,388 AF and the highest month was 1,532 AF.<sup>8</sup>

In a January 2013 CPUC filing, average demand was reiterated by Cal-Am to be 13,290 AFA but Cal-Am added that the plant would need to be increased larger by approximately 700 acre-feet per year for the in-lieu recharge of the Seaside Basin.<sup>5</sup> However, as can be seen in comparing

<sup>4</sup> Direct Testimony of Richard C. Svindland, April 23, 2012, pages 4,5,7

<sup>5</sup> Supplemental Testimony of Richard C. Svindland, January 11, 2013, pages 4-5

<sup>6</sup> Direct Testimony of Richard C. Svindland, April 23, 2012, page 21

<sup>7</sup> Direct Testimony of Richard C. Svindland, April 23, 2012, page 36

<sup>8</sup> Direct Testimony of Richard C. Svindland, April 23, 2012, page 22

Tables 1 and 2 above, supply equals demand at 15,296 AFA without changing the size of the plant from the initial Application.

In a 2016 update to the CPUC, Cal-Am recognized that average demand had declined in the intervening three years.<sup>9</sup> The 5-year average had declined to 10,966 AFA and the maximum month declined to 1,250 AF. At the time of the 2016 update, Cal-Am suggested that it should size the plant based on the backward-looking 10-year average demand and maximum month, instead of the 5-year average in the original Application, as well as several alternate assumptions about return of water to the Salinas Valley. They concluded *“we do not believe the size of the plants should be changed.”*<sup>10</sup>

In a September 2017 filing to the CPUC, Cal-Am acknowledged continuing declines in demand, but indicated that the plant sizing remained appropriate saying *“We anticipate demand to rebound over time after these new water supplies are available, the drought conditions continue to subside, the moratorium on new service connections is lifted, and strict conservation and water use restrictions are eased.”*<sup>11</sup> The company also for the first time introduced the use of future population and demand as a way to “normalize” the average demand used in sizing, a departure from the “replacement supply” basis under the initial Application in 2012.<sup>12</sup> This resulted in their estimate of average “current” system demand of 12,350 AFA. This amount, combined with the same lots of record, tourism bounce-back, and Pebble Beach buildout results in demand of 14,355 AFA – a reduction from the initial Application – but the company asserted that the plant need not be resized because this would allow it to run at 86% capacity, a more reasonable operating rate compared to the 95% posed in the original Application. The CPUC, in its September 2018 Decision, determined that Cal-Am’s overall future water demand will be approximately 14,000 AFA<sup>13</sup> and agreed that “current” demand was 12,350 AFA, therefore the 6.4 MGD desalination plant is warranted.

*Legal Lots of Record:* The 2012 Application to the CPUC also included 1,181 AFA for Legal Lots of Record.<sup>14,5</sup> Legal lots of record are defined as lots resulting from a subdivision of property in which the final map has been recorded in cities and towns, or in which the parcel map has been recorded in Parcels and Maps or Record of Surveys. Lots of record may include vacant lots on vacant parcels, vacant lots on improved parcels, and also included remodels on existing improved, non-vacant parcels. Ultimately, not all legal lots are buildable. While the District is the source of the 1,181 AFA estimated demands for the lots of record, the number was lifted from the 2009 Coastal Water Project environmental impact report.

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<sup>9</sup> Supplemental Testimony of Richard C. Svindland, April 14, 2016 (Errata), pages 7-11

<sup>10</sup> Supplemental Testimony of Richard C. Svindland, April 14, 2016 (Errata), page 9

<sup>11</sup> Direct Testimony of Ian Crooks Errata Version, September 27, 2017, page 10

<sup>12</sup> Direct Testimony of Ian Crooks Errata Version, September 27, 2017, pages 11-13

<sup>13</sup> CPUC Decision 18-09-017, September 13, 2018, page 68

<sup>14</sup> Direct Testimony of Richard C. Svindland, April 23, 2012, pages 22, 37.

*Tourism Bounce-Back:* The 500 AFA for economic recovery was originally proffered by the hospitality industry to handle a recovery of occupancy rates in the tourist industry in a post-World Trade Center tragedy setting.<sup>15, 5</sup> The industry felt that their most successful occupancy rates were in the three years prior to September 11, 2001 and felt 500 AFA would provide a buffer for a return to that level.

*Pebble Beach Buildout:* Ever since the State Water Board issued Order 95-10 and the Cease and Desist Order (CDO) it has recognized the Pebble Beach Company's investment in the Reclamation Project and the Company's right to serve its entitlements from the Carmel River. However, the State Water Board has stated a desire to have the Pebble Beach entitlements shifted away from the river and be satisfied by a new supply. At the time of the 2012 Application, the Pebble Beach company had approximately 325 AF of entitlements still available.

### **Current Water Demand Assumptions**

The original MPWSP desalination project plant sizing was done almost eight years ago in 2012. With the passage of time and the opportunity to perform deeper research, it is possible to revisit the assumptions about consumer demand for water in the current context.

*Average Current Customer Demand:* Figure 1 on the next page shows water production for customer service, a proxy for customer demand, for the past twenty-one-year period, updated for 2019 data. As can be seen, demand has been in decline, but somewhat leveled out over the past five years.

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<sup>15</sup> Direct Testimony of Richard C. Svindland, April 23, 2012, page 37

**Figure 1**  
**Annual Water Production for Customer Service (Demand)**  
**Last 21 Years**  
**(Acre-Feet)**

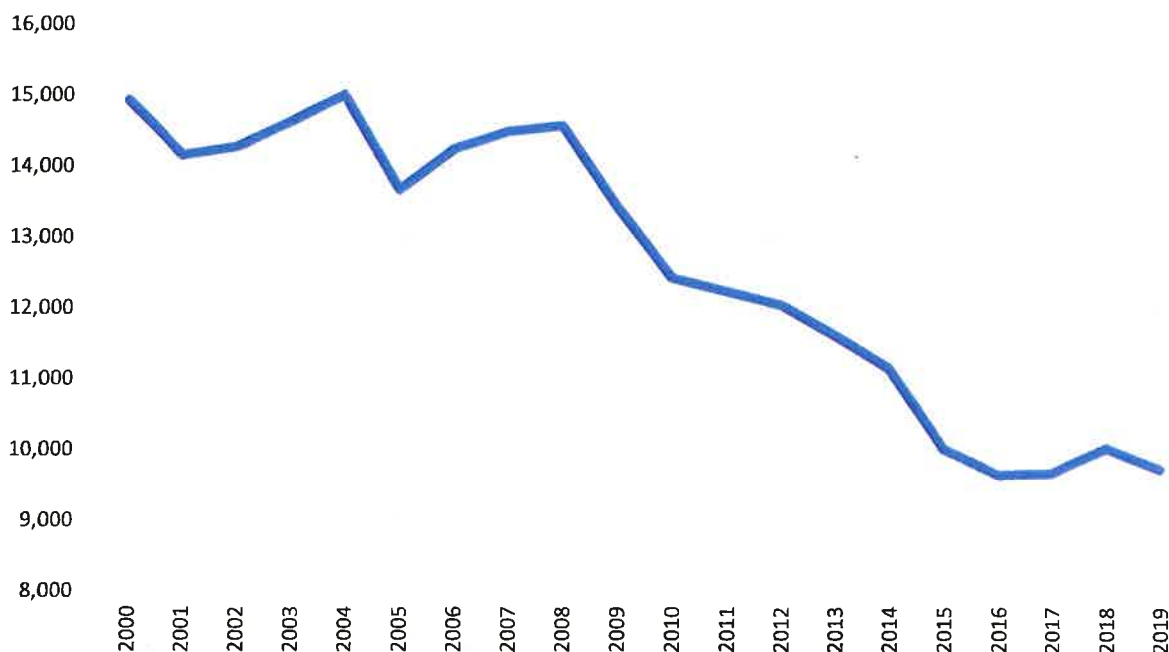


Table 3 shows how the 10-, 5-, and 3-year average demand compares to the CPUC and Cal-Am's most recent 12,350 AFA assumption.

**Table 3**  
**Alternate Average Current Customer Demand Assumptions**  
**Updated for 2019 Water Year**  
**(Acre-Feet)**

Period	Amount	Difference to CPUC/Cal-Am #
CPUC/Cal-Am Assumption	12,350	
10-Year Average - Actual	10,863	1,487
5-Year Average - Actual	9,825	2,525
3-Year Average - Actual	9,817	2,533

The trend is similar for peak month demand: 10-year maximum month through 2018 was 1,111 AF, the 5-year max was 966 AF, and the 3-year max was 950 AF, requiring approximately 15 MGD of firm capacity. By comparison, the maximum month at the time the plant was first sized was 1,532 AF. The proposed desalination plant, in conjunction with the other production

facilities can meet peak month/peak day requirements. Pure Water Monterey expansion adds 4 new extraction wells, two for production and two for redundancy. Preliminary analysis shows that peak month/peak day can be met with both supply alternatives.

Hence, the case could be made that the average customer demand assumption in the sizing of the MPWSP should be 9,817 to 10,863 AFA.

*Legal Lots of Record:* The 1,181 number is derived from the October 2009 Coastal Water Project Final Environmental Impact Report and references a 2001 District analysis as the source. It was actually sourced from a Land Systems Group Phase II February 2002 interim draft report that used the number 1,181.438 AF. A calculation error was corrected and the report was subsequently updated in June 2002 and the number was revised to 1,210.964. However, the earlier number seems to have been used going forward. Both versions did not include vacant lots on improved parcels in the unincorporated County. Table 4 shows how the corrected number was calculated.

Table 4  
Legal Lots of Record Estimates (2002)  
Unincorporated County Not Included  
(Acre-Feet)

Type of Parcel	Amount
Vacant Lots on Vacant Parcels	729.9
Vacant Lots on Improved Parcels	288.2
Anticipated Remodels (10 years)	192.8
<b>Total</b>	<b>1,210.9</b>

Table 5  
Assumptions Driving the Legal Lots of Record Conclusions

Category	Units on Vacant Parcels	Units on Improved Parcels	Estimated Number of Remodels	Water Use Factor	Total Water Usage
Single Family Dwellings	688	152		0.286 AF	240.2
Multi-Family Dwellings	846	204		0.134 AF	140.7
Commercial/Industrial	556	288		0.755 AF	637.2
Residential Remodels			3765	0.029 AF	109.2
Commercial Remodels			513	0.163 AF	83.6
	<b>2,091</b>	<b>789</b>	<b>4,278</b>		<b>1,210.9</b>

Since the study, the District's conservation programs have resulted in reductions in the average water use factors. For example, with single-family water use at 0.2 AFA, multifamily use at 0.12 AFA, and commercial customer connections averaging 0.66 AFA (2016 data), these changes

alone would reduce the total above by 167.1 AF. Further, some of these lots may have been built upon, others determined unbuildable. Many of the remodels have likely occurred. General plans have been rewritten and housing elements recalculated. These factors taken together could result in another 150 AF reduction in the assumption.

Compared to the 1,890 units from the 2002 Land Systems Group study shown above, going forward, AMBAG's Regional Housing Needs Allocation (RHNA) Plan: 2014-2023 showed 1,271 additional housing units expected in the 6 cities for a ten-year period. This is shown in Appendix B of this report. Assuming single-family water use at 0.2 AFA and multifamily use at 1.2 AFA, this equates to approximately 395-405 AFA over a 20-year period<sup>16</sup>. Most of AMBAG's projected growth occurs in Seaside and Monterey, which if slated for the former Fort Ord would not be served by Cal-Am. Unfortunately, it is not possible to accurately distinguish the Cal-Am served housing growth from the non-Cal-Am housing growth, but the 405 AFA likely overstates the Cal-Am growth. The AMBAG assumptions appear consistent with the Land Systems Group estimates. The RHNA is expected to be updated soon and the allocation could change. The water for housing can be thought of as captured within the population growth component of the third-party growth forecast discussed later in this report and in Appendix A.

The case could be made that the legal lots of record demand assumption in the sizing of the MPWSP should be 864 to 1,014 AFA.

*Tourism Bounce-Back:* As stated earlier, the 500 AFA for economic recovery was originally suggested by the hospitality industry to account for a recovery of occupancy rates in the tourist industry in a post-World Trade Center tragedy setting.<sup>5, 15</sup> Representatives of the Coalition of Peninsula Businesses indicated in testimony that the hospitality industry was hurt by the recent recession and that occupancy rates needs to increase by 12 to 15 percent to re-attain the levels of decades ago.<sup>17</sup> It is true that the Salinas-Monterey market was one of five California markets, out of 22, to experience double digit declines after the events of 2001, from 71.8% in 2000 to 63.0% in 2001.<sup>18</sup> It is also true that the decline persisted and was still down when the MPWSP desalination plant was sized, with occupancy rates of 62.8% in 2011-12 and 64.1% in 2012-13.<sup>19</sup> However, occupancy rates have since recovered with no notable increase in water demand. Hotel occupancy locally is back at approximately 72% and is estimated by Smith Travel Research to be higher for better quality properties on the Monterey Peninsula.<sup>20, 21</sup> The commercial sector water demand is shown below in Table 6 for the year prior to the World Trade Center tragedy, the year of the MPWSP plant sizing, and the most recent year. As can be

<sup>16</sup> Appendix B of this report

<sup>17</sup> Testimony of John Narigi (to CPUC), September 29, 2017, page 5

<sup>18</sup> HVS San Francisco, August 19, 2003

<sup>19</sup> Monterey County Convention and Visitors Bureau Annual Report 2012-13, page ii

<sup>20</sup> Fiscal Analysis of the Proposed Hotel Bella Project, Applied Development Economics, April 6, 2016

<sup>21</sup> Cannery Row Company, January 9, 2019

seen, commercial demand, which is heavily influenced by the hospitality industry remains in decline, despite the already absorbed “bounce-back” in occupancy rates.

Table 6  
Commercial Sector Water Demand  
Selected Years  
(Acre-Feet)

Year	Demand
2001	3,387
2012	2,770
2018	2,442

There is a secular change in commercial demand that is due to permanent demand reductions resulting from targeted rebate programs, conservation standards for the visitor-serving sector since 2002, mandatory conservation standards for other commercial businesses instituted in 2013, and commercial inspection/enforcement by the District. A “bounce-back” of 500 AFY would represent an increase in water use demand of 20% in the entire commercial sector, not just the hospitality industry. The District does not view this as likely in the near-term, nor due to a return to higher occupancy rates.

Hence, the case could be made that the tourism bounce-back demand assumption in the sizing of the MPWSP should be 100 to 250 AFA.

*Pebble Beach Buildout:* As cited earlier, at the time of the 2012 Application, the Pebble Beach company had approximately 325 AF of entitlements still available and that number was added to the MPWSP sizing needs. However, the final environmental impact report certified in 2012 envisioned 145 AFA for the buildout projects and 154 AFA in other entitlement demand.<sup>22</sup>

The other entitlement demand goes away when a new water supply comes online because homeowners will have no reason to pay \$250,000 per AF for an entitlement when connecting directly to Cal-Am is possible when the moratorium on new service connections is lifted. In the ten years since the CDO was imposed, Pebble Beach entitlement water demand has averaged 4.9 AF added each year. It is reasonable to assume only another 15 AFA during the next three years before a permanent water supply is online.

The project buildout is 145 AFA not 325 AFA used in project sizing. Further, the buildout number includes estimated water use that may never materialize in decades, if ever. Table 7 shows the elements that comprise the Pebble Beach buildout.

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<sup>22</sup> Pebble Beach Final Environmental Impact report (FEIR), April 2012, Appendix H “Water Supply and Demand Information for Analysis”

**Table 7**  
**Components of Pebble Beach Buildout**  
**(Acre-Feet)**

Project	Demand
Lodge	13.11
Inn at Spanish Bay	12.85
Spyglass Hotel	30.59
Area M Residential	10.00
Other Residential	77.00
Driving Range	0.33
Roundabout	0.70
<b>Total</b>	<b>144.58</b>

Two elements of the project warrant greater discussion: "Other Residential" includes 66 single family residences at 1.0 AF each and 24 residences at 0.50 AF each (and a decrement of 1 AF in the total calculation for other reasons.) District research in 2006 determined the average large lot Pebble Beach home utilized 0.42 AFA. Building conservation standards have increased since then. Many of the proposed homes are not utilized year-round. The estimate could be overstated by one-third or more. Spyglass Hotel is not currently being pursued and there are no plans to do so in the near-term. The project could be a decade or two away, if ever.

Hence, the case could be made that the Pebble Beach buildout demand assumption in the sizing of the MPWSP should be 103 to 160 AFA.

#### **Summary of Demand v. Supply**

Table 8 shows the range of demand estimates that have been established in the foregoing analysis. These long-term demand estimates can be compared to existing current demand to determine how much water supply is needed.

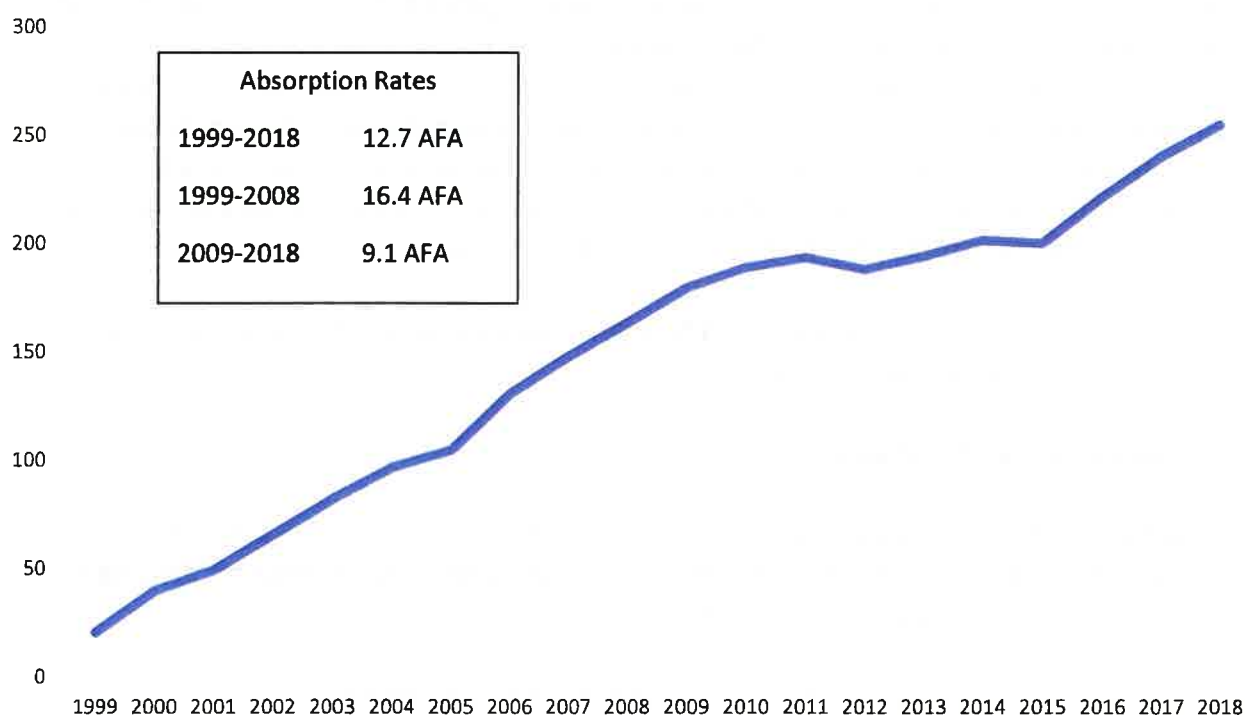
**Table 8**  
**Range of Potential Demand Scenarios in MPWSP Sizing**  
**(Acre-Feet)**

Demand Component	Current Project	Revised High	Revised Low
Average Current Customer Demand	13,290	10,863	9,817
Legal Lots of Record	1,181	1,014	864
Tourism Bounce-Back	500	250	100
Pebble Beach Buildout	325	160	103
<b>Total Water Demand</b>	<b>15,296</b>	<b>12,287</b>	<b>10,884</b>



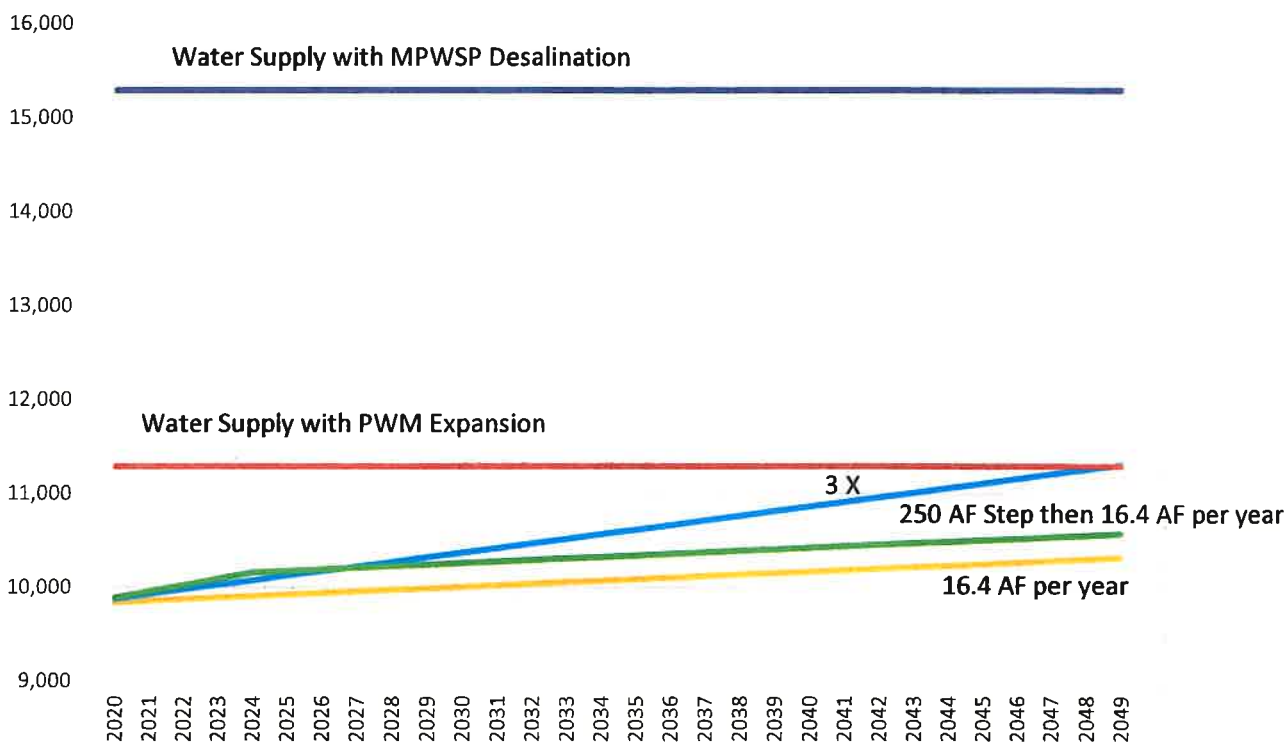
However, the ability of the Monterey Peninsula to generate or “absorb” the housing and commercial growth will help determine when such water supply is needed. Figure 2 shows the past 20 years of market absorption of water demand based on water permits issued. The average growth or absorption in water use was 12.7 AF per year. The first decade preceded the CDO and was a period of relative economic stability, available property, no moratorium on new service connections, and lower water rates resulting in 16.4 AF per year of absorption. The second decade was after the CDO and moratorium on service connections and understandably had a lower absorption rate of 9.1 AF per year.

Figure 2  
Market Absorption of Water Demand  
Last 20 Years  
(Acre-Feet)



By adopting assumptions about current demand and market absorption rates, it can be determined the sufficiency of certain supply alternatives over time. In Figure 3, the current demand assumption of 9,825 AF (most recent 5-year average) is shown with three market absorption rates: (a) 16.4 AF per year (pre-CDO decade rate), (b) three times that rate, and (c) 250 AF over the first five years on top of the pre-CDO rate. These are also compared to the two supply alternatives in Table 1.

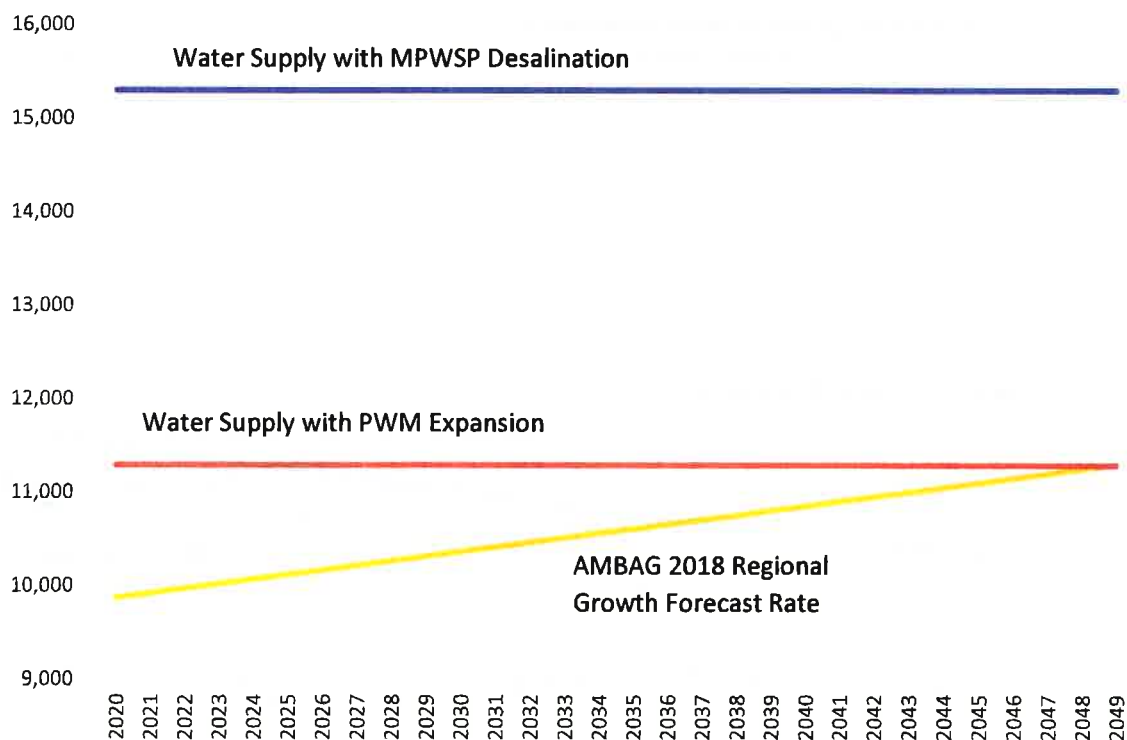
**Figure 3**  
**Market Absorption of Water Demand Compared to Water Supply**  
**Current Demand at 5-Year Average**  
**(Acre-Feet)**



This chart shows that, assuming a starting current demand at the 5-year average, both water supply alternatives meet 30-year market absorption at the historical rate, 250 AF in the first 5 years on top of the historical rate, and at 3-times the historical absorption rate.

Rather than to rely on pre-CDO absorption of water demand or alternative theoretical future demand scenarios, as was done in the September report, it is instructive to instead look at a regional growth forecast by an objective third-party. Here, as shown in Appendix A, we evaluated AMBAG's 2018 Regional Growth Forecast, specifically the subregional population forecast as a proxy for residential water demand, and the subregional employment forecast, using job growth as a proxy for commercial water demand. (Certainly, other factors could be considered.) Using this methodology, the total water demand increase in the 20 year study period is 984 AF or 49.2 AFA. Applying the 49.2 AFY linearly across a 30-year horizon results in the demands shown in Figure 4 on the next page.

**Figure 4**  
**Market Absorption of Water Demand Compared to Water Supply**  
**Current Demand at 5-Year Average**  
**AMBAG 2018 Regional Growth Forecast**  
**(Acre-Feet)**



This chart shows that, assuming a starting current demand at the 5-year average (inclusive of water year 2019), both water supply alternatives meet 30-year market absorption at the AMBAG 2018 Regional Growth Forecast rate.

**Additional Factors Affecting Future Demand**

**Cost:** The future water supply will significantly impact rates. It is expected that the combined cost of new water supply and regular annual rate increases will almost double a residential ratepayer’s water bill by 2023. Rules of price elasticity suggest the cost of water might dampen demand. The cost of each major component of supply is shown below:

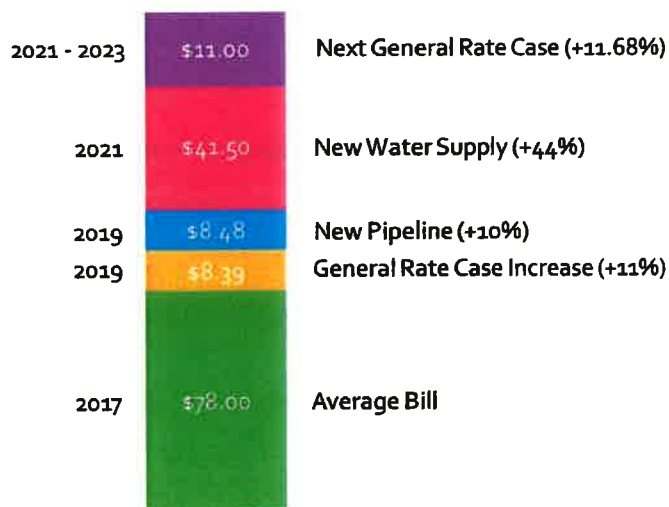
Desalination Plant	\$6,094 per acre-foot <sup>23</sup>
Carmel River:	\$271 per acre-foot <sup>24</sup>
Seaside Basin:	\$130 per acre-foot <sup>25</sup>
Pure Water Monterey:	\$1,976 per acre-foot <sup>26</sup>
PWM with Expansion:	\$2,077 per acre-foot <sup>25</sup>

Further, if the desalination plant capacity is not fully utilized, the cost per acre-foot rises due to the fixed costs, as shown below.

Production by Desal Plant – AF	<u>6,252</u>	<u>5,000</u>	<u>4,300</u>
Variable Cost (\$ Million)	7.8	6.2	5.4
Fixed Cost (\$ Million)	<u>30.3</u>	<u>30.3</u>	<u>30.3</u>
Total Annual Cost to Customer	38.1	36.5	35.7
Cost per Acre-Foot	\$6,094	\$7,308	\$8,294

The rate impact can be seen in Figure 5 below, which is calculated based on full utilization of the desalination plant.

Figure 5  
Ratepayer Impacts of New Water Supply<sup>27</sup>



<sup>23</sup> Attachment C-3 California American Water Company Advice Letter 1220 "Total Yr 1 Cost to Customer" \$38.1 million, divided by 6,252 acre-feet per year

<sup>24</sup> MPWSP Model- V 2.1 submitted to CPUC; February 2018 and October 2017 versions, 6.4 MGD scenario, "Avoided Costs" worksheet

<sup>25</sup> MPWSP Model- V 2.1 submitted to CPUC; February 2018 and October 2017 versions, 6.4 MGD scenario, "Avoided Costs" worksheet

<sup>26</sup> Presentation by Monterey One Water at June 27, 2019 Monterey Peninsula Regional Water Authority meeting

<sup>27</sup> "Your Rates Are Changing" California American Water mailer, April 2019 and "Notice of General Rate Case Application filed" July 2019

*Legislation:* On May 31, 2018, Governor Brown signed two bills which build on the ongoing efforts to “make water conservation a California way of life.” SB 606 (Hertzberg) and AB 1668 (Friedman) reflect the work of many water suppliers, environmental organizations, and members of the Legislature. The mandates will fall on urban water suppliers – not customers.

Specifically, the bills call for creation of new urban efficiency standards for indoor use, outdoor use, and water lost to leaks, as well as any appropriate variances for unique local conditions. Each urban retail water agency will annually, beginning November 2023, calculate its own *objective*, based on the water needed in its service area for efficient indoor residential water use, outdoor residential water use, commercial, industrial and institutional (CII) irrigation with dedicated meters, and reasonable amounts of system water loss, along with consideration of other unique local uses (i.e., variances) and “bonus incentive,” or credit, for potable water reuse, using the standards adopted by the State Water Board.

The indoor water use standard will be 55 gallons per person per day (gallons per capita daily, or GPCD) until January 2025; the standard will become stronger over time, decreasing to 50 GPCD in January 2030. For the water use objective, the indoor use is aggregated across population in an urban water supplier’s service area, not each household. Presently, the average June 2014-May 2019 gallons per capita per day for the Cal-Am Monterey system is 57 gpcd. Hence, existing users are unlikely to increase their water consumption with the availability of new water supply.

### **Principal Conclusions**

- Either supply option can meet the long-term needs of the Monterey Peninsula
- Either supply option is sufficient to lift the CDO
- The long-term needs of the Monterey Peninsula may be less than previously thought
- Several factors will contribute to pressure on decreasing per capita water use

## Appendix A

### Water Required to Meet AMBAG 2018 Regional Growth Forecast

Water Required for Population Growth<sup>28</sup>

	Monterey	Pacific Grove	Carmel-by-the-Sea	Sand City	Seaside	Del Rey Oaks	County <sup>29</sup>	TOTAL
Population in 2020	28,726	15,349	3,833	544	34,301	1,949	7,182	<b>91,884</b>
Population in 2040	30,976	16,138	3,876	1,494	37,802	2,987	7,541	<b>100,814</b>
Increase	2,250	789	43	950	3,501	1,038	359	<b>8,930</b>
GPCD <sup>30</sup>	56.8	56.8	56.8	56.8	56.8	56.8	56.8	<b>56.8</b>
Acre-Feet per Year	143 AF	50 AF	3 AF	60 AF	223 AF	66 AF	23 AF	<b>568 AF</b>

\*: Likely overstates population growth in Cal-Am service area due to some growth attributable to the Fort Ord build-out.

Water Required for Employment Growth<sup>31</sup>

	Monterey	Pacific Grove	Carmel-by-the-Sea	Sand City	Seaside	Del Rey Oaks	County <sup>32</sup>	TOTAL
Jobs in 2020	34,434	5,093	2,998	1,569	10,161	371	4,300	<b>58,926</b>
Jobs in 2040	40,173	5,808	3,378	1,810	11,299	432	4,845	<b>67,745</b>
Increase	16.7%	14.0%	12.7%	15.4%	11.2%	16.4%	12.7%	
Commercial Consumption in 2019 <sup>33</sup>	1,371 AF	248 AF	203 AF	54 AF	282 AF	21 AF	651 AF	<b>2,830 AF</b>
Commercial Consumption in 2040 <sup>34</sup>	1,600 AF	283 AF	229 AF	62 AF	314 AF	24 AF	734 AF	<b>3,246 AF</b>
Increase	229 AF	35 AF	26 AF	8 AF	32 AF	3 AF	83 AF	<b>416 AF</b>

Using this methodology, total water demand increase in 20 year period is 984 AF or 49.2 AFY.

<sup>28</sup> Association of Monterey Bay Area Governments. 2018. "2018 Regional Growth Forecast." Table 8, page 32

<sup>29</sup> Uses Cal-Am service area population reported in SWRCB June 2014 – September 2019 Urban Water Supplier Monthly Reports (Raw Dataset), minus urban areas, escalated at 5%.

<sup>30</sup> SWRCB June 2014 – September 2019 Urban Water Supplier Monthly Reports (Raw Dataset); Average gallons per capita per day for August 2018 – July 2019; [www.waterboard.ca.gov](http://www.waterboard.ca.gov)

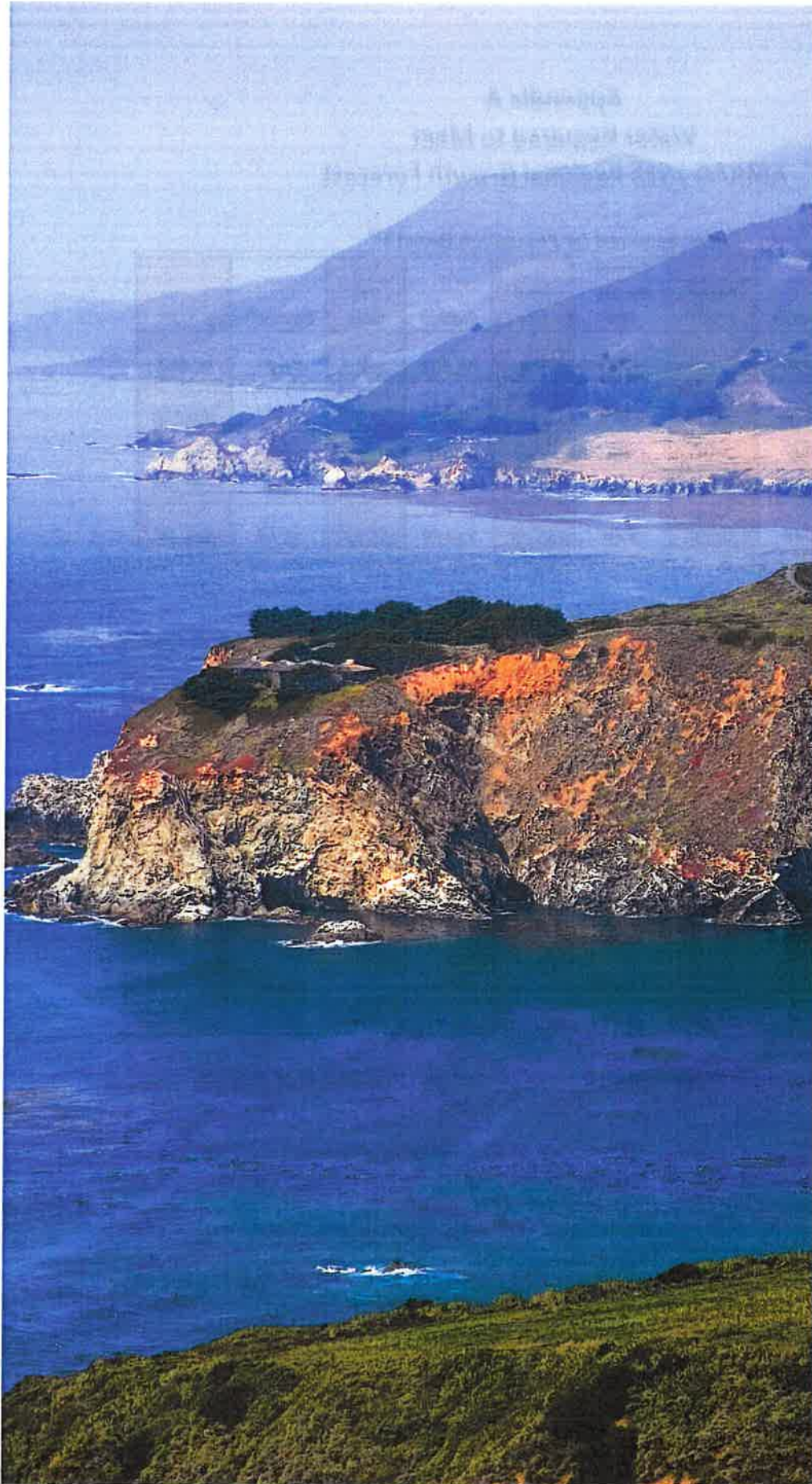
<sup>31</sup> Association of Monterey Bay Area Governments. 2018. "2018 Regional Growth Forecast." Table 7, page 30

<sup>32</sup> California Employment Development Department, Monthly Labor Force Data for Cities and Census Designated Places. November 15, 2019. Sum of Carmel Valley Village CDP and Del Monte Forest CDP. Escalated at same rate as Carmel-by-the-Sea.

<sup>33</sup> Cal-Am. 2019. "Customers and Consumption by Political Jurisdiction"

<sup>34</sup> Assumes escalation at same rate as job growth 2020 to 2040





# A

## Regional Growth Forecast

Table 7: Subregional Employment Forecast

Geography	2015	2020	2025	2030	2035	2040	Change 2015-2040	
							Numeric	Percent
AMBAG Region	337,600	351,800	363,300	374,100	384,800	395,000	57,400	17%
Monterey County	203,550	211,799	218,203	224,207	230,212	235,822	32,272	16%
Carmel-By-The-Sea	2,935	2,998	3,096	3,195	3,289	3,378	443	15%
Del Rey Oaks	359	371	387	404	418	432	73	20%
Gonzales	4,477	4,963	5,064	5,166	5,278	5,371	894	20%
Greenfield	7,024	7,552	7,729	7,813	7,911	7,982	958	14%
King City	4,441	4,692	4,862	5,013	5,154	5,287	846	19%
Marina	6,340	6,649	6,886	7,140	7,373	7,620	1,280	20%
Monterey	34,030	34,434	35,970	37,405	38,814	40,173	6,143	18%
Pacific Grove	5,000	5,093	5,272	5,466	5,637	5,808	808	16%
Salinas	64,396	67,270	69,660	71,958	74,160	76,294	11,898	18%
Sand City	1,517	1,569	1,633	1,698	1,758	1,810	293	19%
Seaside	9,650	10,161	10,455	10,726	11,020	11,299	1,649	17%
Soledad	3,442	3,584	3,694	3,786	3,885	3,978	536	16%
Balance Of County	59,939	62,503	63,497	64,438	65,516	66,390	6,451	11%
San Benito County	18,000	19,240	19,957	20,617	21,264	21,913	3,913	22%
Hollister	13,082	14,035	14,608	15,132	15,650	16,172	3,090	24%
San Juan Bautista	559	591	615	639	662	685	126	23%
Balance Of County	4,359	4,614	4,734	4,846	4,951	5,056	697	16%
Santa Cruz County	116,050	120,761	125,141	129,275	133,324	137,265	21,215	18%
Capitola	7,062	7,199	7,464	7,727	7,979	8,228	1,166	17%
Santa Cruz	40,986	43,090	44,647	46,153	47,616	49,085	8,099	20%
Scotts Valley	7,475	7,612	7,820	8,004	8,180	8,349	874	12%
Watsonville	22,644	23,482	24,382	25,200	26,008	26,772	4,128	18%
Balance Of County	37,883	39,339	40,826	42,191	43,541	44,831	6,948	18%

Sources: Data for 2015 from InfoUSA and the California Employment Development Department.

Forecast years were prepared by AMBAG and PRB.



Table 8: Subregional Population Forecast

Geography	2015	2020	2025	2030	2035	2040	Change 2015-2 040	
							Numeric	Percent
<b>AMBAG Region</b>	<b>762,676</b>	<b>791,600</b>	<b>816,900</b>	<b>840,100</b>	<b>862,200</b>	<b>883,300</b>	<b>120,624</b>	<b>16%</b>
<b>Monterey County</b>	<b>432,637</b>	<b>448,211</b>	<b>462,678</b>	<b>476,588</b>	<b>489,451</b>	<b>501,751</b>	<b>69,114</b>	<b>16%</b>
Carmel-By-The-Sea	3,824	3,833	3,843	3,857	3,869	3,876	52	1%
Del Rey Oaks	1,655	1,949	2,268	2,591	2,835	2,987	1,332	80%
Gonzales	8,411	8,827	10,592	13,006	15,942	18,756	10,345	123%
Greenfield	16,947	18,192	19,425	20,424	21,362	22,327	5,380	32%
King City	14,008	14,957	15,574	15,806	15,959	16,063	2,055	15%
Marina	20,496	23,470	26,188	28,515	29,554	30,510	10,014	49%
Marina balance	19,476	20,957	22,205	22,957	23,621	24,202	4,726	24%
CSUMB (portion)	1,020	2,513	3,983	5,558	5,933	6,308	5,288	518%
Monterey	28,576	28,726	29,328	29,881	30,460	30,976	2,400	8%
Monterey balance	24,572	24,722	25,324	25,877	26,456	26,972	2,400	10%
DLI & Naval Postgrad	4,004	4,004	4,004	4,004	4,004	4,004	0	0%
Pacific Grove	15,251	15,349	15,468	15,598	15,808	16,138	887	6%
Salinas	159,486	166,303	170,824	175,442	180,072	184,599	25,113	16%
Sand City	376	544	710	891	1,190	1,494	1,118	297%
Seaside	34,185	34,301	35,242	36,285	37,056	37,802	3,617	11%
Seaside balance	26,799	27,003	27,264	27,632	28,078	28,529	1,730	6%
Fort Ord (portion)	4,450	4,290	4,340	4,490	4,690	4,860	410	9%
CSUMB (portion)	2,936	3,008	3,638	4,163	4,288	4,413	1,477	86%
Soledad	24,809	26,399	27,534	28,285	29,021	29,805	4,996	20%
Soledad balance	16,510	18,100	19,235	19,986	20,722	21,506	4,996	30%
SVSP & CTF	8,299	8,299	8,299	8,299	8,299	8,299	0	0%
<b>Balance Of County</b>	<b>104,613</b>	<b>105,361</b>	<b>105,682</b>	<b>106,007</b>	<b>106,323</b>	<b>106,418</b>	<b>1,805</b>	<b>2%</b>
<b>San Benito County</b>	<b>56,445</b>	<b>62,242</b>	<b>66,522</b>	<b>69,274</b>	<b>72,064</b>	<b>74,668</b>	<b>18,223</b>	<b>32%</b>
Hollister	36,291	39,862	41,685	43,247	44,747	46,222	9,931	27%
San Juan Bautista	1,846	2,020	2,092	2,148	2,201	2,251	405	22%
Balance Of County	18,308	20,360	22,745	23,879	25,116	26,195	7,887	43%
<b>Santa Cruz County</b>	<b>273,594</b>	<b>281,147</b>	<b>287,700</b>	<b>294,238</b>	<b>300,685</b>	<b>306,881</b>	<b>33,287</b>	<b>12%</b>
Capitola	10,087	10,194	10,312	10,451	10,622	10,809	722	7%
Santa Cruz	63,830	68,381	72,091	75,571	79,027	82,266	18,436	29%
Santa Cruz balance	46,554	49,331	51,091	52,571	54,027	55,266	8,712	19%
UCSC	17,276	19,050	21,000	23,000	25,000	27,000	9,724	56%
Scotts Valley	12,073	12,145	12,214	12,282	12,348	12,418	345	3%
Watsonville	52,562	53,536	55,187	56,829	58,332	59,743	7,181	14%
Balance Of County	135,042	136,891	137,896	139,105	140,356	141,645	6,603	5%

Sources: Data for 2015 are from the U.S. Census Bureau and California Department of Finance.

Forecast years were prepared by AMBAG and PRB.

**Appendix B**  
**Water Required to Meet**  
**Regional Housing Needs Allocation Plan: 2014-2023**

2014-2023 RHNA Goals by Local Jurisdiction<sup>35</sup>

	Monterey	Pacific Grove	Carmel-by-the-Sea	Sand City	Seaside	Del Rey Oaks	TOTAL
Total Allocation	650	115	31	55	393	27	1,271
Very Low (24.1%)	157	28	7	13	95	7	307
Low (15.7%)	102	18	5	9	62	4	200
Moderate (18.2%)	119	21	6	10	72	5	233
Above Moderate (42%)	272	48	13	23	164	11	531

\*: Does not include unincorporated Monterey County, which might be 15-25 additional AFY to full build-out

Estimated Water Required to Meet RHNA Goals on the Monterey Peninsula

	TOTAL RHNA GOAL	Water Required (AFY) <sup>36</sup>	Factor Used
Very Low (24.1%)	307	37	0.12 AFA (multi-family)
Low (15.7%)	200	24	0.12 AFA (multi-family)
Moderate (18.2%)	233	37	0.16 (half single family/half multi-family)
Above Moderate (42%)	531	92	0.173 (2/3 single family/1/3 multi-family)
<b>Total Allocation/Water Required</b>	<b>1,271</b>	<b>190</b>	

Over two similar 10-year periods, total water required for housing calculated with this methodology is 380 AF over twenty years, or 395 – 405 AF including estimate for unincorporated County (footnote above.)

<sup>35</sup> Association of Monterey Bay Area Governments. ND. "Regional Housing Needs Allocation Plan: 2014-2023." Available at: [https://ambag.org/sites/default/files/documents/RHNP%202014-2023\\_Final\\_revised.pdf](https://ambag.org/sites/default/files/documents/RHNP%202014-2023_Final_revised.pdf).

<sup>36</sup> Calculated based on the RHNA goals for the six cities in the Monterey Peninsula and MPWMD's water use factors for single family units (0.2 AFA) and multi-family units (0.12 AFA).





# REGIONAL HOUSING NEEDS ALLOCATION PLAN: 2014 - 2023

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

## Regional Housing Needs Allocation Plan: 2014 - 2023

**RHNA Allocation**

Geography	Total Allocation	Very Low (24.1%)	Low (15.7%)	Moderate (18.2%)	Above Moderate (42.0%)
<b>AMBAG Region</b>	<b>10,430</b>	<b>2,515</b>	<b>1,640</b>	<b>1,900</b>	<b>4,375</b>
<b>Monterey County</b>	<b>7,386</b>	<b>1,781</b>	<b>1,160</b>	<b>1,346</b>	<b>3,099</b>
Carmel-By-The-Sea	31	7	5	6	13
Del Rey Oaks	27	7	4	5	11
Gonzales	293	71	46	53	123
Greenfield	363	87	57	66	153
King City	180	43	28	33	76
Marina	1,308	315	205	238	550
Monterey	650	157	102	119	272
Pacific Grove	115	28	18	21	48
Salinas	2,229	538	350	406	935
Sand City	55	13	9	10	23
Seaside	393	95	62	72	164
Soledad	191	46	30	35	80
Balance Of County	1,551	374	244	282	651
<b>Santa Cruz County</b>	<b>3,044</b>	<b>734</b>	<b>480</b>	<b>554</b>	<b>1,276</b>
Capitola	143	34	23	26	60
Santa Cruz	747	180	118	136	313
Scotts Valley	140	34	22	26	58
Watsonville	700	169	110	127	294
Balance Of County	1,314	317	207	239	551



## CITY COUNCIL AGENDA REPORT

**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

**FROM:** COMMUNITY DEVELOPMENT DIRECTOR

**MEETING DATE:** JANUARY 5, 2005

**SUBJECT:** Long Term Water Needs Estimates for Pacific Grove

### RECOMMENDATION

Authorize Submittal of Long Term Water Needs Estimates to the Monterey Peninsula Water Management District.

### DISCUSSION

The Monterey Peninsula Water Management District (MPWMD) has requested that Pacific Grove provide long-term water needs estimates based on build-out projections contained in our General Plan. These long-term water estimates, along with estimates from other communities on the Monterey Peninsula, will be used in planning for the Monterey Peninsula's future water needs.

Attached with this Agenda Report is the Long Term Water Needs Assessment Report. The estimates contained in the report were based on general plan projections and projections of a former Water Issues Committee from 1999 that developed water needs estimates for a twenty-year period. The MPWMD also asked that Pacific Grove provide a "contingency" amount of water. Staff used a contingency of 20% feeling that this would provide sufficient water to have on hand in the event of an unanticipated water need and to cover reductions in water use tracking due to conservation efforts.

Although the MPWMD requested only counts in various categories, staff has also provided the related water demand in acre-feet using Water Management District factors. The City's representative on the MPWMD Technical Advisory Committee, which includes membership from other jurisdictions in the service area of the MPWMD, has advised that other jurisdictions are intending to provide this same information.

It is expected that the estimates contained in the Long Term Water Assessment will be the precursor to future projections and requests for additional information. Staff will keep Council informed of developments as they occur.

### FISCAL IMPACT

Undetermined.

RESPECTFULLY SUBMITTED BY:

REVIEWED BY:

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JON M. BIGGS  
COMMUNITY DEVELOPMENT DIRECTOR

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ROSS G. HUBBARD  
CITY MANAGER





## CITY OF PACIFIC GROVE

### LONG TERM WATER NEEDS ASSESSMENT DECEMBER 2004

#### for MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

	<u>Number</u>	<u>WMD Water<sup>2</sup> Use Factor</u>	<u>Acre Feet</u>
1. <u>Potential new dwelling units in single-family districts<sup>1</sup></u>			
• Building sites from multiple lot parcels, (hidden lots/vacant lots on improved parcels)	133	.286	38.04
• New subdivisions, SFD	61	.286	17.45
• Second units	3,426	.087 <sup>3</sup>	298.06
• Vacant sites	68	.286	19.45
<b>Water needs: Single-Family Districts -</b>			<b>373.00</b>
2. <u>Potential new dwelling units in multi- family and commercial districts<sup>1</sup></u>			
• Commercial districts	1,128	.134	151.15
• Under-utilized multi-family sites	566	.134	75.84
• Building sites derived from multiple lot parcels in R-2 Districts	12	.134	1.61
• Vacant sites	37	.134	4.96
<b>Water needs: Multi-Family and Commercial District Dwelling Units -</b>			<b>233.56</b>
3. <u>Single-Family residential additions and remodels<sup>4</sup>, including demolition/ rebuild<sup>5</sup></u>			
• Remodel—one additional full bath	362	.047	17.01
• Remodel—two additional full baths	362	.094	34.03
• Demolition/rebuild: 2005-2025	200	.094	18.80
<b>Water needs: remodels, additions, Rebuilds-</b>			<b>69.84</b>
<b>(This equates to 6,984 Fixture Units)</b>			
4. <u>Commercial water requirements<sup>6</sup></u>			
• Group I Commercial Uses – Low to Moderate	635,000 sf	.00007	44.45
• Group II Commercial Uses – High Use	635,000 sf	.0002	127.00
• Visitor Accommodations <sup>7</sup>	318 rooms	.21	66.78
<b>Water needs: Commercial -</b>			<b>238.23</b>

	<u>Acre Feet</u>
5. <u>Public water requirements</u>	<b>25.00</b>
<i>Estimated Long Term Water Needs</i>	<b>939.63</b>
Contingency: 20% of Base Water Needs	<b>187.93</b>
<b>Total estimated water needs, 2000-2020</b>	<b>1127.56</b>

**Notes:**

1. Projections are based on the City of Pacific Grove General Plan, adopted 1994. See: *Figure 2-4, Residential Unit Development Potential, p. 12.*

2. Water factors are those used by Land Systems Group in their calculation of potential water use on vacant lots for the Monterey Peninsula Water Management District. See: *Table 4: Water Requirements of Vacant Lots by Zoning. Final Report to MPWMD (Lot Study) p. 23.*

3. This water use factor is based on typical secondary unit water demand in Pacific Grove.

4. There was an annual average of 580 remodels/additions in Pacific Grove during the years 1999-2003 and, on average, 6.25% of these projects included the addition of plumbing fixtures. It is estimated that during the time period 2005 – 2025 there will be 724 projects involving remodels and additions that will include the addition of plumbing fixtures. It is further estimated that half the projects would add one bath and half would add two baths.

5. A building trend that has been noted in Pacific Grove is demolition of older, non-historic houses to make way for new, usually larger, dwellings. This trend is expected to continue. Demolition/rebuilds are estimated to occur at the rate of ten per year and during the 2005-2025 time frame. Each new unit is estimated to require .094 more fixture units than the structure it replaces.

6. "In 1988, the City estimated that remaining commercially-zoned, vacant parcels could accommodate about 270,000 square feet of new commercial development. In addition, the amount of commercial space that could be added under the General Plan and zoning theoretically could exceed one million square feet." Pacific Grove General Plan, Land Use, Chapter 2, p 12.

7. In 1999 the City estimated 270 guest rooms for the one Downtown block occupied by the Holman Building, which was approved for a hotel use in a 1994 ballot measure. The General Plan estimates an additional net gain of 48 motel units on four sites in the R-3-M Zone. Pacific Grove General Plan, Land Use, Chapter 2, p 17.

manatt

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JAN 28 2020

MPWMD

George M. Soneff  
 Manatt, Phelps & Phillips, LLP  
 Direct Dial: (310) 312-4186  
 gsoneff@manatt.com

January 27, 2020

**VIA FEDERAL EXPRESS & EMAIL (DSTOLDT@MPWMD.NET)**

David J. Stoldt, General Manager  
 Monterey Peninsula Water Management District  
 5 Harris Court, Bldg. G  
 Monterey, CA 93940

Re: Monterey Peninsula Water Management District's Potential Effort to Condemn  
 the Monterey Water System

Dear Mr. Stoldt:

We are counsel for California American Water ("Cal Am").

Following the November 6, 2018 passage of Measure J, the Monterey Peninsula Water Management District ("District") has been analyzing the feasibility of using the power of eminent domain to take Cal Am's Monterey Water System and replacing Cal Am as the retail water provider for Monterey.

Our review of the publicly available documents reveals numerous flaws in the District's feasibility analysis. This letter addresses one particularly glaring flaw: the District's failure to account—in terms of necessity, time or cost—for the fact that it lacks the legal authority to replace Cal Am as the water provider absent approval from the Monterey County Local Agency Formation Commission ("Monterey LAFCO"), as more fully explained below. We ask that the District agree to commence the LAFCO approval process forthwith, prior to expending any more public funds pursuing a project which Monterey LAFCO may or may not approve, with or without conditions that could materially affect the viability of the project.

#### Background

Cal Am has repeatedly informed the District that the Monterey Water System is not for sale. Thus, the only means available to the District to obtain ownership is by taking the facilities through eminent domain litigation. That litigation will be complex and costly. The court will first conduct a trial to decide whether, under the Eminent Domain Law, the District will be entitled to take the facilities. If the District prevails in the first trial, a second trial, probably decided by jury, will then be held to determine the amount of just compensation that must be paid to Cal Am for the system. While the District has estimated the water system value at

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David J. Stoldt  
 January 27, 2020  
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approximately \$513 million (Raftelis, “Monterey Peninsula Water Management District, Preliminary Valuation and Cost of Service Analysis Report,” Public Version Released 11-6-19, p. E-3 [“Raftelis Report”]), it acknowledges that the estimate does not include a computation of severance damages, which are likely to be substantial.<sup>1</sup> The District’s valuation estimate is hundreds of millions of dollars below what we estimate would be awarded in an eminent domain action.

In November 2019, after spending nearly \$650,000 on its analysis, the District concluded that its project is “financially feasible.” (December 16, 2019 MPWMD Board Meeting Agenda, Action Item No. 12.) The District previously decided financial feasibility was a threshold issue that must be answered before it would continue considering acquisition of the Monterey Water System.<sup>2</sup> In December 2019, the District allocated an additional \$1,241,000 in public dollars to further study its acquisition and operation of the Monterey Water System, with the goal of considering passage of a Resolution of Necessity in the summer of 2020 as part of the process of taking the system by eminent domain. (*Id.*) Before the District continues down this path and expends any more public funds, it must acknowledge the role Monterey LAFCO plays.

#### Necessity of Project Approval Under the LAFCO Act

As a special district, the District is subject to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Govt. Code §§56000 *et seq.*) (the “LAFCO Act”). Under the LAFCO Act, county Local Agency Formation Commissions provide essential oversight over local agencies to prevent waste of public resources and ill-advised expansion of

---

<sup>1</sup> The District acknowledges its legal obligation to pay severance damages to Cal Am for the financial harm caused to “satellite water systems” outside of the District’s jurisdictional boundaries and which will not be taken through eminent domain. (Raftelis Report, p. E-4.) However, the District’s analysis fails to attribute a dollar figure to this cost because it claims Cal Am “could mitigate some or all of its severance damages through the CPUC ratemaking process . . . .” (*Id.*) The District errs in the assumption it can force Cal Am’s remaining ratepayers to pay for the damages the District itself will cause if it proceeds with its takeover attempt. The District is the entity that must pay for the severance damages caused by its condemnation of property. (Code Civ. Proc. §§1263.410 *et seq.*)

<sup>2</sup> The District has stated that four factors must be satisfied to demonstrate “feasibility” under Measure J: (a) financial feasibility, (b) operational quality and delivery of service, (c) governance, and (d) legal permissibility. (MPWMD’s Report of the General Manager Required By Measure J, August 19, 2019, pp. 6-7.) The District decided that it would determine “financial feasibility” as an initial threshold matter: “The effort will be to first determine financial feasibility, and then consider operations, governance, and legal permissibility, before making a decision to move forward with preparation of a formal appraisal and presentation of an offer of just compensation.” (*Id.*, p. 7.) The District states that financial feasibility will be demonstrated if the District’s overall cost of retail water service will be less under the District’s ownership of the Monterey Water System and if “those savings inure to the ratepayers relatively quickly.” (*Id.*, p. 6.)

David J. Stoldt  
 January 27, 2020  
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powers. “LAFCOs have been described as watchdogs, guarding against the wasteful duplication of services that results from indiscriminate formation of new local agencies or haphazard annexation of territory to existing local agencies.” *San Joaquin County Local Agency Formation Comm’n v. Superior Court*, 162 Cal.App.4th 159, 166-67 (2008).

In *South San Joaquin Irrigation District v. Superior Court*, 162 Cal.App.4th 146 (2008), the Court of Appeal addressed the question of whether the South San Joaquin Irrigation District (a special district), which was statutorily authorized to provide electric service, was required to obtain approval from San Joaquin County LAFCO before it could legally expand to become the retail electric service provider in its district boundaries. The irrigation district’s plan was to provide the service by taking PG&E’s electric system using the eminent domain power. The Court held that LAFCO review and approval was a legal prerequisite, notwithstanding the district’s statutory authorization. The Court explained LAFCO oversight as to a special district’s exercise of its “latent” statutory powers:

“Special districts often are granted authority to provide services that they do not immediately exercise. For instance, a water district may be given the authority to provide sewer service, but does not in fact do so initially. Such powers are referred to as ‘latent powers.’ **A district’s decision to engage in new or different functions by exercising some or all of its latent powers has the potential to impact the balance of services in a County. [The LAFCO Act] requires special districts, prior to exercising latent powers, to present LAFCO with a detailed plan and to receive written approval from a LAFCO.**

\* \* \*

“This conclusion is consistent with the purposes of LAFCOs as ‘the watchdog’ the Legislature established to guard against the wasteful duplication of services . . . .” *Id.* at 156-57 (emphasis added)

Here also, the District’s proposed expansion of services—*i.e.*, to supplant Cal Am and become the retail water service provider in Monterey—would require the exercise of a latent statutory power as defined in the LAFCO Act. Specifically, since the District is not currently the retail water service provider, undertaking such a service would be deemed a “new or different function or class of service.” (Govt. Code, Art. 1.5, §§56824.10 *et seq.*)

Consistent with the legal authorities above, before it can become the retail water provider in Monterey, the District would have to submit an application to the Monterey LAFCO for approval. Such application must include a detailed plan for providing services, setting forth among other things (1) the total estimated cost to provide retail water service; (2) the cost to

David J. Stoldt  
January 27, 2020  
Page 4

customers (i.e., by customer class); and (3) the District's plan for financing its project to become the retail water provider. (Govt. Code §56824.12.) Monterey LAFCO must then, after a public hearing, approve or disapprove the District's application. Monterey LAFCO may approve the District's proposal only if it determines, based on the evidentiary record, that the District will have sufficient revenues to implement its proposal. (Govt. Code §56824.14[a].) If the District cannot make such a showing to Monterey LAFCO's satisfaction, then the application can be granted only if Monterey LAFCO concurrently conditions its approval on the District obtaining sufficient revenue and/or capital from other sources. (*Id.*)

Unless and until the Monterey LAFCO approves the District's proposal to become Monterey's retail water provider, the District cannot adopt a Resolution of Necessity to authorize the filing of an eminent domain action to attempt to take the facilities necessary to provide the service because the District would lack the legal authority to undertake the "project" that would be the basis for the Resolution of Necessity. Moreover, on a practical level, until the Monterey LAFCO determines what financial or other conditions it will impose, the District cannot know whether its takeover is financially feasible.

The District appears to have overlooked the requirement for Monterey LAFCO's approval. Continuing to expend substantial public funds to pursue the project in disregard of the mandatory LAFCO review process is unjustifiable. Accordingly, Cal Am requests that the District immediately acknowledge its obligation to obtain LAFCO approval, and to confirm that the District will undertake the process for that approval prior to considering adoption of a Resolution of Necessity. If the District contends that LAFCO approval is not required, we request that it explain its reasoning so that we can understand the District's position and evaluate whether a declaratory relief action would be in the interest of all concerned. We look forward to your timely response.

Sincerely,



George M. Soneff

cc: David Laredo, Esq., MPWMD Counsel (dave@laredolaw.net)  
Kate McKenna, AICP, Executive Officer, Monterey LAFCO  
(mckennak@monterey.lafco.ca.gov)



Monterey Bay Defense Alliance  
 P.O. Box 924  
 Monterey, CA 93942  
 21 Jan 2020

Monterey Peninsula Water Management District  
 5 Harris Ct, Bldg. G  
 Monterey, CA 93940

Chair Chairman and Members of the Board:

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*Emeritus Chair  
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*Secretary  
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*Treasurer  
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*At Large Member  
 Dick Elster*

*MBDA Staff  
 Mike Clancy*

I am writing on behalf of the Monterey Bay Defense Alliance (MBDA) to express our concern about the water supply and demand report prepared by Mr. Stoldt. If this report becomes the District's basis for determining the sizing and composition of our future water supply portfolio, we believe it will jeopardize the long term viability of important Department of Defense missions and organizations in Monterey.

The Department of Defense and each of the Services have issued guidance that critical infrastructure such as water supply must be reliable, resilient and capable of supporting both current and future missions. This is also a reasonable and responsible goal for each of our communities' future. Mr. Stoldt's recommend approach would not meet these goals.

Mr. Stoldt's faulty analysis has led him to conclude that the desalination plant is not needed. If the District were to follow his recommendation, the resulting water supply portfolio would not be resilient to drought, not have the capability to meet potential future military missions, and not even provide a water allocation to the military bases in our community as they have no "lots of record". We know from recent history that our local military missions can increase very quickly.

A portfolio without a desalination component would not be resilient in case of source water supply loss, system mechanical failure or system upset. The heavy reliance on reclaimed sewage, agricultural runoff and industrial waste dramatically undermines the supply protections and resiliency provided by the CPUC and State Water Board approved supply portfolio that includes desalination. The initial phase of this reclaimed sewage supply source is currently months behind schedule and over budget. Additionally, it is only treating domestic waste. There has been insufficient production testing of the system's capability to handle industrial waste and agricultural runoff.

I doubt that the engineers, architects or builders on your Board would ever intentionally jeopardize their professional license or professional credibility by designing, building or knowingly signing off on a project that you knew violated industry standards, the State Health and Safety code, and the State Code of Regulations. MR. STOLDT IS RECOMMENDING YOU DO JUST THAT by asking you to approve his very questionable supply and demand report as the foundation for sizing our future water supply. This issue should be about the responsible engineering and planning of critical infrastructure that meets industry standards and State of California codes - not local "growth" politics.

Mr. Stoldt's proposal does not consider or adequately address the issues raised in CalAm's previous technical and engineering reviews. The proposal ignores applicable California state water

codes and regulations. It also ignores national water industry requirements and programming standards for supply and demand calculations. The proposal essentially repeats the arguments previously made to the California Coastal Commission, but in no apparent way addresses the CPUC's or California Supreme Court's previous dismissal of this approach.

The proposal assumes near best case forecasts for supply and least case forecasts for demand, and then arrives at point estimates for the various supply and demand factors. This is not a professional or adequate approach for several reasons:

- a) Ignores any potential military mission growth.
- b) Ignores state housing requirements regarding the approval of Accessory Dwelling Units (ADU's).
- c) Underestimates RHNA requirements for housing which is a floor not a maximum.
- d) Ignores current housing shortage.
- e) Underestimates drought frequency and duration.
- f) Ignores climate change and the growing pressure it will place on our water supply.
- g) Overestimates long term probable ASR, Seaside Aquifer and Carmel River rights production capability.
- h) Underestimates economic recovery water needs.
- i) Ignores water history before the connection moratorium and mandatory state drought related cutbacks.

Mr. Stoldt's recommended approach does not consider the potential loss of Pure Water expansion source water due to technology changes or other higher Salinas Valley basin priorities. The recommendation also doesn't consider the potential supply impact of system upset due to drought, extended maintenance, human error, chemical/mechanical upset or unanticipated contamination. No system this complex is 100% reliable or online 100% of the time.

Certainly, before even considering Mr. Stoldt's Supply and Demand Report assumptions, your Board must obtain a written confirmation from the SWRCB that elimination of the desalination component of the supply portfolio in favor of an expanded Pure Water supply would be sufficient for them to lift the CDO. Otherwise, this approach guarantees that our perennial water scarcity will continue.

In conclusion, Mr. Stoldt's recommended project sizing and supply approach does not provide an adequate portfolio of water sources to protect our military missions or our greater community's needs against drought, climate change, economic demands or system failures. Adoption of critical infrastructure design and sizing based on best case "hopes", while ignoring history, industry standards and state regulations, would be an irresponsible act on the part of the Board.

Sincerely,



Fred Meurer  
Chair, Monterey Bay Defense Alliance

CC: Mr. Stoldt

# Salmonid Restoration Federation



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JAN 16 2020

MPWMD

January 8, 2020

Dear Monterey Peninsula Water Management District,

Thank you for your generous support of the upcoming 38th Annual Salmonid Restoration Conference, which will be held in Santa Cruz, California from March 31 to April 3, 2020. As a General Sponsor at the \$1000 level, you will receive two conference passes, your business name and logo on the cover of the Conference Proceedings and SRF website, and acknowledgement during Plenary announcements. We have emailed you a sales receipt for this amount, please let me know if you have not received it.

Salmonid Restoration Federation (SRF) is a non-profit organization that promotes stewardship, sustainable management, and restoration of California's salmon, steelhead, and trout populations and their habitat. We provide critical educational services for California's community-based salmonid restoration organizations and agencies by producing an annual conference, field schools, and workshops. SRF's statewide conference on salmonid restoration provides an opportunity to explore innovative watershed restoration projects, participate in technical workshops, attend concurrent sessions, and enjoy an exciting plenary session.

The Annual Salmonid Restoration Conference has become the largest salmon restoration conference in California. The 38th Annual Salmonid Restoration Conference will feature over 100 presentations and numerous field tours to exemplary restoration projects in the watersheds surrounding Santa Cruz. The Conference will also feature at least four intensive habitat restoration workshops and ten concurrent sessions.

Your sponsorship will enable us to produce a dynamic and informative conference at an affordable rate for participants. Your generous support helps to offset the costs associated with producing the conference and provides an opportunity to showcase your organization to a diverse range of professionals and fish enthusiasts. Your logo will remain indefinitely on the list of co-sponsors on the 38th Annual Salmonid Restoration Conference website, [www.calsalmon.org](http://www.calsalmon.org).

Thank you again for supporting the 38<sup>th</sup> Annual Salmonid Restoration Conference.

Best regards,

Maddie Halloran  
Project Assistant  
Salmonid Restoration Federation

*Salmonid Restoration Federation is a 501(c) 3 non-profit organization and all donations are tax-deductible.  
Our Federal Tax ID # is 68 0187121.*