



Supplement to 7/20/2020 MPWMD Board Packet

Attached are copies of letters received between June 9, 2020 and July 15, 2020. These letters are listed in the July 20, 2020 Board packet under Letters Received.

Author	Addressee	Date	Topic
Barbara Moore	MPWMD Board	6/15/20	6/15/20 Board Meeting Agenda Item 33 – Letter to the California Coastal Commission
Troy Ishikawa	MPWMD Board	6/15/20	6/15/20 Board Meeting Agenda Item 33 – Letter to the California Coastal Commission
Charles Mendez	MPWMD Board	6/14/20	6/15/20 Board Meeting Agenda Item 33 – Letter to the California Coastal Commission
Diana Hoag	MPWMD Board	6/14/20	6/15/20 Board Meeting Agenda Item 33 – Letter to the California Coastal Commission
Peggy Brown	MPWMD Board	6/14/20	6/15/20 Board Meeting Agenda Item 33 – Letter to the California Coastal Commission
Renee Franken	MPWMD Board	6/14/20	6/15/20 Board Meeting Agenda Item 33 – Letter to the California Coastal Commission
Karen & Martin Wiskoff	MPWMD Board	6/14/20	6/15/20 Board Meeting Agenda Item 33 – Letter to the California Coastal Commission
Michael Baer	MPWMD Board	6/13/20	6/15/20 Board Meeting Agenda Item 33 – Letter to the California Coastal Commission
Melodie Chrislock	MPWMD Board	6/12/20	6/15/20 Board Meeting Agenda Item 33 – Letter to the California Coastal Commission
Monterey County Elected Leaders	Juaquin Esquivel copy to MPWMD Board	6/11/20	6/15/20 Board Meeting Agenda Item 33 – Letter to the California Coastal Commission
Ron Stefani	Richard Svindland copy to Dave Stoldt	6/8/20	Pure Water Monterey Project – Cost, Operational Performance and Status
Gregory J. Ford	David J. Stoldt	6/4/20	Reinstate 6.083 acre-feet annually of water credits that expired on December 22, 2019

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From: bdmoore100@aol.com
To: [comments](#)
Subject: Item 33 letter to California Coastal Commission
Date: Monday, June 15, 2020 9:38:43 AM

Dear Board Members:

I am a homeowner in Monterey. I strongly urge you to write the California Coastal Commission and ask them to deny Cal Am's request for a permit for its desal project.

Among the reasons I urgently request you do this are:

There are now three studies/reports that show that the demand for water can be met with water from the Pure Water Monterey Project and the Expansion of the project combined with other existing sources.

The actual use of water is far less than assumed by the CPUC when it approved Cal Am's desal project. The current demand of about 9,800 AFY is more recent and more reliable than the nearly 14,000 AFY forecast by the CPUC. Cal Am is even using the lower figure in its proposal to the CPUC for yet another rate increase when we already pay more for water here than anywhere else in the nation.

The desal project will exacerbate even further the huge amount of money we pay. It will be more than 6 times as expensive as the PWM and Expansion (\$7,000 per acre foot versus \$2,300 per acre foot).

The PWM Expansion cost is \$2,300 per acre foot versus the Cal-Am Project at \$7,000 per acre foot. Cal-Am's Project will cost an estimated \$1.2 billion over 30 years compared to only \$190 million for the Pure Water Monterey Expansion. We cannot afford the exorbitant cost, and it is especially galling that we would be paying for water we do not need.

People in our community have made it very clear they do not support this hugely expensive, unnecessary desal project which will be very detrimental to our very special environmental conditions. You represent the people in the community, and we rely on you to do the right thing.

In this instance, the right thing is to tell the Coastal Commission your board does not support Cal-Am's desal project and urge it to deny the requested

permit.

Barbara Moore

From: [Troy Ishikawa](#)
To: [comments](#)
Subject: June 15, 2020 MPWMD Meeting Agenda #33
Date: Monday, June 15, 2020 1:23:19 PM

Dear MPWMD Board:

I support MPWMD board to send a letter to the CCC recommending Agenda #33-B draft. The MPWMD board should recommend to the CCC to support Pure Water Monterey Expansion project. These are five reasons NOT to support desal.

- 1) Cal-Am does not have secure ground water rights to pump from an overdrafted sub-basin.
- 2) Cal-Am cannot legally export water from another district's water source according to the Monterey County Water Resources Agency Act.
- 3) The proposed pumping would violate a 1996 Annexation Agreement and groundwater mitigation framework for Marina area lands which limits CEMEX pumping to 500 AFY.
- 4) The project wells are designed to increase seawater intrusion which is inconsistent with the Central Coast Water Resources Control Board Basin Plan prohibition on deliberate contamination of groundwater.
- 5) The proposed slant well pumping is inconsistent with the Sustainable Groundwater Management Act (SGMA) because it would deplete groundwater quantity and further degrade groundwater quality by increasing seawater intrusion.

Finally, the PWM Expansion project does no harm to Marina's groundwater. The PWM Expansion project benefits ratepayers into supporting a superior environmentally and cost savings project already pumping recycled water into the Seaside Basin.

Sincerely,

Troy Ishikawa
Carmel, CA

From: [charles mendez](#)
To: [comments](#)
Subject: Letter to coastal commission
Date: Sunday, June 14, 2020 5:42:30 PM

Hello. I support that you send the drafted letter 33-B in support of the PWN version. We do not want or need a huge Desal plant that will force the Cal Am customers pay more than 1.2 billion dollars ++. PWN will solve the overdraft of the Carmel river with plenty of water at a fraction of the cost to the consumers. Don't let the few elected officials, which do not include thousands of the customers who don't even have a voice in the matter, that support the Cal Am plan force this Desal plant. Thank you for your time.

Charles Mendez
Del Rey Oaks

From: [Doane Hoag](#)
To: [comments](#)
Subject: Cal Am coastal permit for desalination
Date: Sunday, June 14, 2020 7:05:51 PM

I strongly oppose the Cal Am desalination plant. Please advise the **Coastal Commission to deny the Coastal Development Permit for California American Water Company's proposed desalination facility. We have a more than adequate alternative in the PWM recycle plant and expansion will take care of the coastal needs without the tremendous expense and environmental hazards a desalination plant will present.**

R. Doane Hoag
3268 Camino del Monte
Carmel, CA 93923

From: [Peggy Brown](#)
To: [comments](#)
Subject: Item #33 6/15 Board Meeting
Date: Sunday, June 14, 2020 5:11:07 PM

Dear All,

As 20 year residents of Seaside and ratepayers to Cal-Am, we strongly urge you to send a letter to the CCC denying Cal-Am's Desal project. My family and neighbors would rather support an environmentally safer and less expensive alternative source for our water. Thank you for your consideration.

Scott and Peggy Brown
Seaside, Ca

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Sent from Gmail Mobile

From: [Renee Franken](#)
To: [comments](#)
Subject: Item 33 on Agenda
Date: Sunday, June 14, 2020 4:31:34 PM

Dear Board Members,

I am urging the board to send a letter to the California Coastal Committee that asks the CCC to deny Cal Am's request for a permit for its desal project. As you have heard all the arguments before, I will keep it brief.

1. The need for water over the next 30 plus years is about 9800 afy and that can be met by existing sources and the expansion of the water reclamation project.
2. The desal project is 6 times as expensive as the expansion of the water reclamation project.
3. The desal proposal by Cal AM will have major detrimental environmental effects which the water reclamation project does not.
4. Using the water produced by the water reclamation project, will allow our area to meet the State's Cease and Desist Order. The approval of the desal project is not required.
5. The rate payers of this area are already laboring under the highest water rates in the country. Approval of the proposed desal plant will double those rates.

There is time to evaluate whether any sort of desal project will be necessary for the Peninsula in the future. Don't saddle us with a \$1.2 billion monstrosity that is not needed.

Sincerely,

Renee Franken

From: wiskoff@aol.com
To: [comments](#)
Subject: PUBLIC COMMENT ITEM #33
Date: Sunday, June 14, 2020 3:10:18 PM

Chair Alvin Edwards and the Board of Directors
 Monterey Peninsula Water Management District

Dear Chair Edwards and Directors:

As 33-year California American Water ratepayers, we urge you encourage the California Coastal Commission to **DENY** a permit for Cal Am's proposed desalination facility.

WE SUPPORT the Pure Water Monterey Expansion for all the reasons stated in your own letter #33-B (reproduced below), and we urge you to send this letter to the California Coastal Commission.

Sincerely,

Karen & Martin Wiskoff
 Monterey, California

 Via email: John.Ainsworth@coastal.ca.gov

RE: Application No. 9-19-0918 and Appeal No. A-3-MRA-19-0034 (California American Water Company)

Dear Mr. Ainsworth:

On behalf of the Board of the Monterey Peninsula Water Management District, I am writing to encourage the California Coastal Commission to deny the Coastal Development Permit for California American Water Company's proposed desalination facility.

- Pure Water Monterey (PWM) expansion is a feasible alternative to the desalination facility. PWM is an advanced water purification facility that is already producing water for potable supply. The expansion could be constructed in approximately 20 months.
- PWM expansion has less adverse environmental impact than the proposed desalination facility, and no new construction in the coastal zone.
- PWM expansion is more than sufficient to lift the Cease and Desist Order in our community. Based on the most recent pumping and demand history, only approximately 800 acre-feet per year (afy) of new supply is required to do so – at 2,250 afy PWM expansion is more than sufficient.
- Based on the report titled "*Supply and Demand for Water on the Monterey Peninsula*" adopted by the District on May 18, 2020, PWM expansion provides a new water supply sufficient to meet the future needs of the Peninsula for the next 20 to 30 years.
- While both proposed water supply projects meet the current and future needs of the Peninsula, PWM expansion will save the ratepayers approximately \$1 billion compared to desalination over a 30-year lifecycle.

Desalination can be looked at for providing the next increment of water needed on the Peninsula, and perhaps regionally, somewhere down the road when additional supplies appear to be required.

Thank you for your consideration of the District's position.

Sincerely,

The Board of Directors
Monterey Peninsula Water Management District

From: [Michael Baer](#)
To: [Arlene Tavani](#)
Subject: letter from Baer on Item #33
Date: Saturday, June 13, 2020 10:59:41 AM

Dear Chair Edwards and MPWMD Board members,

I am writing to you about item 33, the choice to send one letter, or its opposite, or neither.

The idea of sending a letter of support for CalAm's desal plant, 1) in the wake of measure J's results and your legal obligation to pursue its feasibility, 2) in the wake of your May 18 vote to adopt the water supply and demand analysis of your executive, and 3) in the wake of your potential legal wrangling with M1W on non-adoption of its FEIR that you invested \$750,000 on, borders on the absurd.

Plus, it is obviously not reflective of the views of the majority of your board members. That draft letter (33-A) also references 2012 as the point at which the board supported the desal plant, and ignores the drastically shifting landscape on the water demand and supply situation in the intervening years.

So the question really is whether to endorse denial of the coastal permit or remain neutral.

Rather than focus *solely* on the water supply issues with your support for Pure Water Monterey expansion (which is not actually before the Commission), I think it is imperative to include arguments about water rights, specifically the lack of them in this case. This is pertinent to your purview in light of potential eminent domain proceedings. Just as CalAm does not have the water rights to pursue its desal dreams, neither does the water district. It behooves you to take this opportunity to get on the record in support of water rights law. Allegedly, we are a nation of laws, and this is your chance to reaffirm that view to the world.

Choosing to do nothing is a mistake in my view. It implies your disinterest in the proceeding. If your Board chooses not to take a side, I still feel a letter is in order, expressing your support of the Commission and its staffs deliberate and hard work on the issue, and that you are watching the proceeding with interest.

Finally, I suggest an edit to any draft letter. Both letters use "I" rather than "we." You are a board, a collective, hence "we" is the appropriate term.

Thanks to you all for your service to the community. Stay safe in the time of covid.

Regards,

Michael Baer

From: [MWChrislock](#)
To: [Arlene Tavani](#)
Subject: Letter to the Board
Date: Friday, June 12, 2020 11:33:50 AM
Attachments: [PWN - PWM X vs Desal.pdf](#)

MPWMD Board members,

This is PWN's response to the May 8th letter from SWRCB Executive Director Eileen Sobeck which appeared to pressure the Coastal Commission on Cal Am's behalf. Her letter ignored the PWM Expansion as the more feasible solution of ending the illegal diversions from the Carmel River.

Over the past two weeks, more than 50 individuals sent their own unique letters to the SWRBC and those copied below.

Melodie Chrislock



May 27, 2020

Mr. Joaquin Esquivel, Chair
Board of Directors
State Water Resources Control Board

Re: SWRCB Position on Monterey Peninsula Water Supply

Dear Chair Esquivel and Directors,

Many of Public Water Now's 4,000 members have contacted me to complain about the letter your Executive Director Eileen Sobeck sent to the Coastal Commission on May 8, 2020.

Ms. Sobeck was quoted extensively in local papers implying that your agency only sees one solution to meeting the CDO and is pressuring the Coastal Commission to approve Cal Am's desal. Sobeck's public comment at the Coastal Commission last November appeared to reinforce this same attitude.

We are concerned that your board may not have all the facts in this situation. If you only hear from Cal Am, you are certainly not getting the whole story.

Cal Am has had 25 years to solve the problem of overdrafting the Carmel River. But in the last five years, three of our public agencies working together have solved our water shortage with the Pure Water Monterey Project. The attached chart compares this project with Cal Am's desal.

We are deeply concerned that your agency is undermining this sound and environmentally preferred solution in favor of Cal Am's desal. Pure Water Monterey (PWM) is by far the most promising water supply project the Peninsula has had in 25 years. By late summer, Cal Am will be able to draw this water from storage in the Seaside Basin. Over 500 AF of the 1,000 AF operating reserve has already been injected. Pure Water Monterey will provide the Peninsula with 3,500 AFY, and its Expansion could add another 2,250 AFY. This would meet the Peninsula's needs for decades to come.

Ms. Sobeck's argument about the continued overdrafting of the Carmel River and the danger to its ecosystem is based on the false assumption that Pure Water Monterey and its Expansion cannot meet the Peninsula's long-term demand. This is not true. We were surprised to hear NOAA echoing these same mistaken assumptions at the March Coastal Commission meeting.

Three current water supply and demand reports have all confirmed that the Pure Water Monterey expansion of 2,250 AF is enough water for growth and development for 30 years. All three agree. Can they all be wrong? Why does Ms. Sobeck continue to quote outdated information from the CPUC? That data is from 2007 to 2016, and it never looked at how fast growth and development would actually absorb a new water supply. Please review all of the current

reports.

Water demand on the Peninsula has dropped radically. We don't need 14,000 AFY. Our five-year average demand is 9,825 AF. Building a desal plant to provide water that won't be needed for 30 to 50 years is a bad idea. Cal Am's desal is not in the public interest.

Cal Am and its supporters in the business community still want desal at all costs, literally. They will tell you Pure Water Monterey has problems. It doesn't. PWM engineers are in the anticipated process of fine-tuning this innovative project. Four deep injection wells were in the original PWM plans, but only two were built to keep costs down. To meet its maximum injection potential, one more deep well may be needed.

The difference in cost between the two projects is staggering. Over 30 years, Cal Am's desal would cost an estimated \$1.2 billion. The Pure Water Monterey Expansion would cost \$190 million. We can solve our water shortage for \$1 billion less with the PWM Expansion. On the Monterey Peninsula, where people pay hundreds, sometimes thousands of dollars a month for water, this is crucial to the community's economic wellbeing.

Cal Am is oblivious to the public interest. Its only goal is to increase its capital investments and shareholder return with its 9.2% return on this desal plant. It does not make money on conservation or public projects, so it prefers capital investments. But Cal Am has already driven our water costs through the roof. They are the highest in the nation, and this desal would double our water bills.

Cal Am has been manipulating this situation. The supplemental EIR for the PWM Expansion was not certified by the Monterey One Board. This was not because the project is infeasible, but because of Cal Am's pressure and promises to the Board. This was an EIR for the expansion of an already approved and operating project. No deficiencies were found. There were no environmental reasons not to certify it.

But Cal Am did not want it certified, so they asked the Monterey One Board to

reject it. Now they are using this to claim the project is not feasible.

Politics are the problem here. The vote was close, 11 to 10, to deny certification of the SEIR.

Those voting against certification were the Salinas Valley interests. They don't have to pay for this desal, and they don't receive water from the Pure Water Monterey project.

But they receive something else. Cal Am plans to give Ag interests in Castroville desalinated water from the project for \$110 an acre-foot and charge Cal Am ratepayers the real cost, about \$7,000 AF. This highly subsidized water is the only reason the SEIR was not certified.

Ag interests on the M1W Board don't want the Expansion to replace Cal Am's desal. They wouldn't get the cheap water they've been promised. Their goal is to make the Expansion look infeasible to the Coastal Commission and to you, even if it means discrediting their own innovative project.

This is an outrageous situation. Why should the Peninsula pay \$1.2 billion for a desal plant we don't need to solve a seawater intrusion problem we didn't create.

But this is how Cal Am operates. This is why voters want them gone. We had no say in this desal. We never voted for it.

The solution to meet the CDO and lift the moratorium is the Expansion of Pure Water Monterey. This could happen much sooner than desal. But Cal Am is blocking the PWM Expansion because it knows that it would eliminate the need for its proposed desal project.

Cal Am refuses to sign a WPA for the 2,250 acre-feet from the PWM Expansion. They are essentially holding our water supply hostage.

We hope you understand that Cal Am is the reason the Peninsula has not met

the CDO. They are the ones to blame for their failures, not the Coastal Commission and not our community.

Recycled water is the future of water for California according to your own policy. We hope you will contact Monterey One and talk with their staff. Perhaps come and see this amazing project for yourselves. Our community is very excited to have a cost-effective, environmentally sustainable solution to meet our long-standing water shortage and our long term needs.

The good news is that the Pure Water Monterey project currently in operation will leave us only 800 AFY short of complying with the CDO on December 2021. And while neither the PWM Expansion nor Cal Am's proposed desal will be built by then, the Expansion can produce the needed 800 AF much sooner than desal.

Please let the Coastal Commission do its job without pressure or interference. We ask you to support the best option to meet the CDO, not the one Cal Am is selling you. We ask you to remain neutral and look at the facts and the science.

Sincerely,

Melodie Chrislock, Managing Director

PUBLIC WATER NOW

<http://www.publicwater.org>

mwchrislock@redshift.com

cc:

Eileen Sobeck, California Water Boards

Jennifer Epp, California Water Boards

Michael Lauffer, California Water Boards

Steven Westhoff, California Water Boards

John Ainsworth, Coastal Commission

Tom Luster, Coastal Commission

Alison Dettmer, Coastal Commission

Steve Padilla, Chair, Coastal Commission
Dayna Bochco Coastal Commission
Effie Turnbull-Sanders, Coastal Commission
Dr. Caryl Hart, Coastal Commission
Sara Aminzadeh, Coastal Commission
Donne Brownsey, Coastal Commission
Linda Escalante, Coastal Commission
Mike Wilson, Coastal Commission
Carole Groom, Coastal Commission
Katie Rice, Coastal Commission
Erik Howell, Coastal Commission
Roberto Uranga, Coastal Commission
Thomas Gibson, California Natural Resources Agency
Mark Gold, California Natural Resources Agency
Scott Morgan, Department of Water Resources
David Sandino, Department of Water Resources
Mathew Dumloa, Office of Lieutenant Governor Eleni Kounalakis

Letter from Monterey County Elected Leaders to the State Water Resources Control Board

June 11, 2020

Joaquin Esquivel, Chair
Board of Directors
State Water Resources Control Board

Dear Chair Esquivel and Board Members:

As elected leaders in Monterey County, it is our responsibility to advocate for the economic and environmental well-being of our citizens. We were concerned to read the letter from your Executive Director, Eileen Sobeck, to the California Coastal Commission that made several statements that need correction in regard to California American Water's proposed desalination plant.

We write to express our concerns about why this desalination plant is not the right solution for our region and should be set aside in favor of our Pure Water Monterey facility.

We support timely compliance with the SWRCB's Cease and Desist Order (CDO) on the Carmel River. Expansion of the Pure Water Monterey (PWM) recycling plant is the fastest way to meet the CDO. Cal-Am's desalination plant is not needed to meet the Peninsula's water demand and is rife with legal and environmental complications that will only further delay compliance.

Our PWM plant has now been celebrated by both the Newsom Administration and the Environmental Protection Agency for its innovative treatment of agricultural and municipal wastewater and its use of on-site landfill gas. PWM also comports with the SWRCB's policy to maximize water recycling in California.

The Pure Water Monterey is easily capable of meeting water demand on the Monterey Peninsula.

The CPUC's 2018 decision to approve Cal-Am's desalination plant was based on antiquated data from 2007 to 2016 that assumed a demand of 14,000 acre-feet per year for the Monterey Peninsula.

Yet three recent studies and reports by local public agencies show the Monterey Peninsula's real water demand over the last five years is 9,825 AFY. These reports confirm that expanding Pure Water Monterey's current yield of 3,500 AFY by 2,250 acre feet would provide ample water to eliminate illegal diversions from the Carmel River and meet demand for at least 30 years.

In order to justify building a desalination plant that would yield an additional 6,200 AFY and over \$100 million in corporate profits, Cal-Am has disputed the 9,825 AFY demand figure. Yet in Cal-Am's current General Rate Case before the CPUC, Cal-Am's David Mitchell testified that our demand would be 9,338 AF in 2021, 9,478 AF in 2022, and 9,610 AF in 2023.

Despite the overwhelming evidence that the 14,000 AFY estimate is grossly inaccurate, Ms. Sobeck wrote,

"Even though actual water use within Cal-Am's Monterey District service area in recent years has been lower than the Public Utilities Commission's estimated current demand, State Water Board staff does not have a basis for concluding that the Public Utilities Commission's prior analysis and determinations regarding the water demand, sizing, reliability, or diversity of supply were unreasonable, invalid, or outdated."

Such a conclusion suggests an unfortunate bias in favor of a project that our constituents do not need and cannot afford. After the Coastal Commission staff recommended denial of Cal-Am's desalination permit last November, Cal-Am and its allies launched a sabotage campaign to derail the expansion of Pure Water Monterey.

Unfortunately, Ms. Sobeck's letter was recently used by Cal-Am and its allies on the Monterey One Water board as arguable rationale for their ongoing effort to deny approval of the final SEIR for the PWM expansion. Despite their efforts, we remain confident that the PWM Expansion will be approved.

We urge the Board to seriously consider the devastating consequences that an unnecessary desalination plant would have on the people and the environment of the Monterey Peninsula.

Environmentally, Cal-Am's desal plant would destroy 7 acres of Marina's beautiful coastal dunes. This desal plant would use a massive 38,000-megawatt hours of power from PG&E and become the region's largest emitter of greenhouse gases on the coast at a time when climate change is getting worse. The plant also creates gross environmental injustice for the lower-income, predominantly minority communities of Marina and Seaside.

Groundwater rights issues have not been addressed. Cal-Am's desalination plant would draw up to 17,300 AFY from the already overdrafted Salinas Valley Groundwater Basin. Under the SGMA definition of groundwater, most of the desal's source water is groundwater. Cal Am has no legal right to this water and the Agency Act prohibits exportation of groundwater from the Basin. Moreover, the project will - by design - exacerbate seawater intrusion, which endangers Marina's long-term water supply. It will also lower groundwater levels in the Dune Sand Aquifer, adversely impacting groundwater dependent ecosystems in the project area, including Coastal wetlands.

Economically, Cal-Am's desal would cost \$1.2 billion over 30 years compared to \$190 million for the Pure Water Monterey Expansion. Constructing and financing the desalination plant would double water bills when our constituents already pay some of the highest water bills in the nation. This increase would make the cost of living and doing business here unaffordable and would undoubtedly force residents and small businesses to leave our region. And this would make economic recovery from Covid-19 even more difficult.

Because of all these potential obstacles our local public agencies, despite Cal-Am, have worked together to solve our water supply problem with the Pure Water Monterey project and its proposed Expansion.

As it currently stands, Cal-Am only needs an additional 800 AFY to fully comply with the Cease and Desist order and the Seaside Basin overdraft payback. The additional 2,250 AFY from the Pure Water Monterey Expansion can easily provide this. Spending \$1.2 billion for a desal plant is not warranted.

All that stands in the way of the Expansion of Pure Water Monterey is Cal Am's refusal to sign a Water Purchase Agreement. The CPUC has the power to move this solution forward by requiring Cal-Am to purchase the necessary replacement water from the Pure Water Monterey Expansion. Problem solved.

We urge your agency to support this solution.

Respectfully,

Senator Bill Monning, California State Senate, District 17
Assemblymember Mark Stone, California State Assembly, District 29
Jane Parker, Monterey County Supervisor District 4
Clyde Roberson, Mayor of Monterey
Ian N. Oglesby, Mayor of Seaside
Bruce Delgado, Mayor of Marina
Alison Kerr, Mayor of Del Rey Oaks
Jason Campbell, Seaside City Council
Jon Wizard, Seaside City Council
Jenny McAdams, Pacific Grove City Council
Tyller Williamson, Monterey City Council
Alan Haffa, Monterey City Council
Jeff Baron, Carmel City Council
Tom Moore, Marina Coast Water District Board, President
Jan Shriner, Marina Coast Water District Board, Vice President
Matthew Zefferman, Marina Coast Water District Board
Lisa A. Berkley, Marina City Council
Gail Morton, Marina City Council, Mayor Pro Tem
Regina Gage, Salinas Valley Memorial Hospital Board, Vice President

Cc:

Eileen Sobeck, California Water Boards
Jennifer Epp, California Water Boards
Michael Lauffer, California Water Boards
Steven Westhoff, California Water Boards
John Ainsworth, Coastal Commission
Tom Luster, Coastal Commission
California Coastal Commission
California Public Utilities Commission
Wade Crowfoot, California Natural Resources Agency
Mark Gold, California Natural Resources Agency
Thomas Gibson, California Natural Resources Agency
Scott Morgan, Department of Water Resources
David Sandino, Department of Water Resources
Mathew Dumloa, Office of Lieutenant Governor Eleni Kounalakis
Jennifer Lucchesi, State Lands Commission
Jared Blumenfeld, California Environmental Protection Agency

June 8, 2020

VIA ELECTRONIC MAIL

Richard Svindland, President
California American Water
655 W. Broadway, Suite 1410
San Diego, CA 92101

Re: Pure Water Monterey Project - Cost, Operational Performance and Status

Dear Mr. Svindland:

This letter is in response to your May 9, 2020 correspondence, providing clarification and corrections to certain misconceptions. It does not respond to the merits and/or potential feasibility of the proffered Expanded Pure Water Monterey Project in Section D. of that correspondence, given Monterey One Water Board's April 27, 2020 action [1] denying certification of *Final Supplemental Environmental Impact Report*; and, [2] denial of Conditional Project Approval.

We all agree that the Pure Water Monterey Project is a critical component of the overall Monterey Peninsula Water Supply Project and that it is in the best interests of all parties and their constituents to ensure its full operation at the earliest possible date – M1W is employing best commercial efforts toward that important objective. It was thus disheartening to learn, two months after a March 9, status meeting among representatives of California American Water ["Cal Am"]; the Monterey Peninsula Water Management District ["MPWMD"]; and M1W that Cal Am claims that it "has repeatedly requested detailed information about the current status of the project, anticipated start dates, and any issues that may further delay the project."

- A. **Pure Water Cost Analysis** -- On April 29, 2020, M1W responded in writing¹ to your April 20, 2020 letter and provided additional financial information requested after the March 9, 2020 meeting between Cal Am, MPWMD, and M1W, where we provided back-up data supporting the 3-year summary of estimated costs. Apparently, it was not in the format desired by Cal Am. A revised financial table is attached which includes original projections from 2016.

- B. **Pure Water Monterey Start Date** – We confirm that the Performance Start Date provided in the April 29, 2020 letter to Cal Am remains the same (on or about August 10, 2020).

¹ April 29, 2020; Letter from M1W and MPWMD to California American Water

- c. **Pure Water Monterey Current Operations Status** – Within 60 calendar days following the Performance Start date, M1W will provide its Monthly Operations Report on Delivery Point Water Deliveries to Cal Am. Please note that this is not an enumerated requirement in the *Water Purchase Agreement* between Cal Am, MPWMD, and M1W. Reporting on source water percentages is not germane given that all waters are treated together before purification.
- D. **Expanded Pure Water Monterey Project** – Discussed in first paragraph above.
- E. **Conclusion** – M1W notes Cal Am’s desire for an independent project audit of the Pure Water Monterey Project. An audit is not an enumerated requirement in the *Water Purchase Agreement* between Cal Am, MPWMD, and M1W; it necessarily would have to be accomplished at Cal Am’s sole cost and expense. An audit could be performed reasonably after the Performance Start Date to avoid bogging down operations personnel during commencement of full operations. With concurrence of the MPWMD, M1W would be willing to enter into an amendment to the *Water Purchase Agreement* between Cal Am, MPWMD, and M1W for an audit, with the scope defined, and an auditor selected, by consensus.

M1W, however, is concerned that Cal Am apparently has not yet initiated the Tier 1 Advice Letter filing with the California Public Utilities Commission [“CPUC”]. Sufficient justification exists and has been provided to you to support the initial \$1,720/acre-ft amount [“soft cap”]. Because the CPUC Division of Water and Audits (DWA) must receive (electronically only during COVID-19) a protest or response within 20 days of the date the Advice Letter is served on the Service List, it is prudent to begin this process as soon as possible. We request Cal-Am propose an effective date to implement the Tier 1 approval consistent with the current projected Performance Start Date. Insofar as the time for review by DWA staff is 30 days from the service date, it is best to complete this aspect of the process by June 12th. Such a date will enable approval and implementation by July 7th .

Immediately upon CPUC approval of such [the “soft cap”], we encourage Cal-Am to file a Tier 2 Advice Letter seeking approval of the actual 2020-21 Company Water Rate. This timing would result in submission by July 8th and certainly no later than July 10th. While a Tier 2 advice letter carries the same 20-day protest or response period, the requested effective date cannot occur before 30 days from the service date. We ask that Cal-Am take all steps needed to support implementation of this rate by the Performance Start Date. As an alternative, Cal-Am could tender both the Tier 1 and Tier 2 advice filings simultaneously. This approach would allow more response time in the event a protest is filed with respect to either request.

Lastly, in order to avoid future communication issues among the parties, we suggest a monthly meeting among the principals, with notes taken, be held to resolve any contractual or high-level operational issues.

Please contact me directly with your reply.

Sincerely,



Ron Stefani
M1W Board Chair

Attachment

Cc: Chair Alvin Edwards – MPWMD
General Manager David Stoldt – MPWMD
Dave Laredo, Legal Counsel – MPWMD
Paul A. Sciuto, General Manager – M1W
Rob Wellington, Legal Counsel – M1W
Ian Crooks, VP Engineering, Cal-Am

	2016 Estimate	2019-20	2020-21	2021-22
Projected Revenues from Recycled Water Sales	6,290,893	3,941,000	9,402,600	11,014,000
Projected Expenses				
Power	809,030	742,000	1,583,000	1,925,000
Chemicals	723,694	683,000	1,445,000	1,749,000
Labor	492,212	362,000	1,025,600	1,077,000
Lease / Insurance	53,734	81,000	82,000	87,000
Parts/Material/Other	539,557	150,000	318,000	385,000
Capital Outlay	Unknown			200,000
Interest on loans for fronting of PWM reserves / electrical hookups	Not Anticipated			210,000
Funding of Replacement Fund Reserve	Unknown	650,000	431,000	463,000
Wastewater Charges	84,731	87,000	120,000	320,000
Overhead Allocation from Wastewater Fund	Unknown	86,000	120,000	320,000
Allocable Debt Service - MCWRA	151,117			
Allocable Debt Service - MCWD	300,930	94,000	366,000	366,000
Allocable Debt Service - MPWMD	3,135,888	1,006,000	3,912,000	3,912,000
Total Projected Costs	6,290,893	3,941,000	9,402,600	11,014,000
Less Costs Attributable to MCWD/MCWRA	452,047	94,000	366,000	1,249,671
Net Costs Attributable to MPWMD	5,838,846	3,847,000	9,036,600	9,764,329
MPWMD Cost Allocation	179,507	-	-	-
Cost Per Acre Foot	\$ 1,720	\$ 2,198	\$ 2,442	\$ 2,639
Based on Acre Feet	3,500	1,750	3,700	3,700



DEPARTMENT OF THE ARMY
 UNITED STATES ARMY INSTALLATION MANAGEMENT COMMAND
 HEADQUARTERS, US ARMY GARRISON, PRESIDIO OF MONTEREY
 1759 LEWIS ROAD, SUITE 210
 MONTEREY, CA 93944-3223

RECEIVED

June 4, 2020

JUN 15 2020

MPWMD

Mr. David J. Stoldt
 General Manager
 MPWMD
 P.O. Box 85
 Monterey, CA 93942

Dear Monterey Peninsula Water Management District (MPWMD) Board:

Per MPWMD Rule 70, the Presidio of Monterey (POM) is appealing the MPWMD's decision to deny the request to reinstate 6.083 acre feet annually (AFA) credits that expired on December 22, 2019. I initially sent a letter to Mr. David Stoldt, General Manager, on March 30, 2020 (Attachment 1) requesting reinstatement of the credits in the interest of national security. Ms. Stephanie Locke, Water Demand Manager, MPWMD, denied the request in a letter dated April 23, 2020 (Attachment 2). Ms. Locke cited Rule 25.5 as establishing a statutory time period for which water credits are valid and that this time period cannot be changed without modification to the MPWMD Rules and Regulations.

The POM is appealing this decision on the basis that Rule 25.5 does not explicitly state that water credits cannot be reinstated by MPWMD once expired, and that reinstatement is beneficial for the community. As Rule 25.5 does not prohibit reinstatement of water credits, reinstating the 6.083 AFA of water credits to the POM would not require MPWMD to change the Rules or Regulations. POM is appealing to the MPWMD Board to reconsider our request to reinstate these credits as the water credits are needed to support mission-critical future development projects for the POM. POM is home of the Defense Language Institute Foreign Language Center (DLIFLC), which provides vital foreign language training services and skills for military service members to sustain our nation's security (Attachment 3). These projects are critical to ensure the health and safety of our service members and staff that work and reside at POM and to meet projected population growth at the DLIFLC. Not having sufficient water credits available to move forward with any of these projects could jeopardize the DLIFLC mission. Maintaining DLIFLC's ability to train the linguists required to defend the nation's interests is beneficial to the Monterey Peninsula community.

-2-

On behalf of our military service members and staff at the POM who are working tirelessly every day to ensure the safety of our nation, we thank you for your consideration. The primary POC for this matter will be Ms. Erika Marx, Water Program Manager, Directorate of Public Works. Ms. Marx can be reached at (831) 242-7925 or erika.r.marx.civ@mail.mil. Please note that per Rule 60, the POM will pay the initial \$900 appeals fee; however, we will need to be informed in advance of any extra fees incurred beyond this.

Sincerely,



Gregory J. Ford
Colonel, US Army
Garrison Commander