



November 5, 2020

VIA E-MAIL AND HAND DELIVERY

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Re: California-American Water Company Monterey Peninsula Water Supply Project – Consolidated Coastal Development Permit Application

Dear Mr. Luster:

Enclosed please find California-American Water Company's (CalAm) consolidated Coastal Development Permit (CDP) application for components of the Monterey Peninsula Water Supply Project (Project) located within the Coastal Zone of the City of Seaside and unincorporated Monterey County¹ and the Coastal Commission's original jurisdiction.

The overall Project, including components not covered by this application, consists of seven subsurface intake slant wells, a desalination facility, and associated source and product water distribution infrastructure.² The proposed development that is subject to this application and within the Coastal Zone in Seaside and unincorporated County involves the installation, operation, and maintenance of four pipeline segments—the Transmission Main, Source Water,

¹ Pursuant to Public Resources Code, section 30601.3, both the City of Seaside and Monterey County have agreed that the Commission may conduct a consolidated review of those Project components within the respective local governments' Coastal Zones.

² CalAm filed a separate CDP application with the City of Marina for the subsurface slant wells and associated pipelines within Marina's Coastal Zone. On March 7, 2019, the Marina Planning Commission denied CalAm's local CDP application. CalAm and other parties appealed the denial to the Commission. That appeal remains pending. (See Commission Appeal No. A-3-MRA-19-034.)

Desalinated Water, and Castroville Pipelines. In addition, within the Commission's retained jurisdiction and also subject to this application, CalAm proposes to install, operate, and maintain a segment of the Transmission Main Pipeline and portions of the Project's subsurface intake slant wells that extend seaward of the mean high tide line.

In coordination with Commission staff, CalAm withdrew Application No. 9-19-0918 on September 16, 2020. Since withdrawing that application, CalAm has refined the Project components within the Coastal Zone to address several of staff's previously stated concerns and further avoid or minimize impacts to coastal resources.

- **Environmentally Sensitive Habitat Areas (ESHA).** CalAm now proposes to mitigate the Project's potential temporary and permanent ESHA impacts using a 3:1 mitigation ratio. As CalAm explained in prior submittals to the Commission, the Project has the potential to temporarily impact 15.306 acres of ESHA and permanently impact 2.181 acres of ESHA for a total of approximately 17.5 acres. Using a 3:1 mitigation ratio, CalAm would need to restore 52.5 acres. However, Commission staff has identified the Project's entire footprint within the Coastal Zone as potentially containing ESHA. While CalAm disagrees with that assertion, and has prepared detailed biological studies demonstrating that the 17.5 acres of temporary and permanent ESHA impacts is accurate, as a Project benefit, CalAm is proposing to mitigate the entire 35 acres of potential impact identified by staff despite not being required to do so. Specifically, CalAm is proposing a 3:1 mitigation ratio be applied to the full 35 acres of potential ESHA impact identified by Commission staff, resulting in a ***total proposed mitigation acreage of 105 acres***. With this Project benefit of an additional 52.5 acres of ESHA restoration, CalAm would provide nearly five times the amount of mitigation CalAm previously proposed prior to the scheduled September 2020 hearing, and twice the amount of ESHA restoration CalAm believes is required to mitigate the Project's potential ESHA impacts at a 3:1 ratio. As part of this application, CalAm is submitting an updated Habitat Mitigation and Monitoring Plan that describes in detail the measures CalAm proposes to implement to restore or improve 105 acres of ESHA within the Coastal Zone.
- **Wetlands and Vernal Ponds ESHA.** In response to staff's concerns about monitoring of and potential impacts to vernal ponds in Marina, CalAm previously proposed an Adaptive Management Program. CalAm has begun implementing its proposed program to confirm that the Project will not result in adverse impacts to these vernal ponds. As part of this effort, Geoscience prepared a recent assessment of the Armstrong Ranch Ponds, which is included with this application. To conduct the assessment, Geoscience installed monitoring wells and obtained groundwater data which show that there is no hydrogeological connection between the Armstrong Ranch Ponds – the ponds that are closest to the CEMEX site – and the Dune Sand Aquifer. Accordingly, the Armstrong

Ranch Ponds would not be impacted by Project pumping. Further, CalAm has retained Balance Hydrologics, Inc. to conduct additional monitoring and tracking of hydrologic conditions as part of the Adaptive Management Program for the other nearby vernal ponds in Marina.

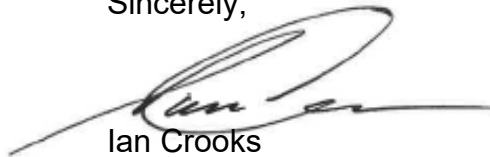
- **Environmental Justice.** CalAm is continuing to evaluate ways in which it can minimize the Project's costs, particularly for disadvantaged communities and low-income customers within its Monterey Main Service Territory. In particular, CalAm proposes to seek approval from the California Public Utilities Commission for an increase in the discount afforded to eligible low-income customers in this territory through its Customer Assistance Program (CAP) from 30% to 50%. Under a 50% discount, eligible single-family residences already enrolled in the CAP would only see their average monthly bills increase by approximately \$10-12 after Project implementation.

In addition, CalAm has reached out to the City of Marina to start a dialogue regarding Marina's concerns with the Project. CalAm and Marina are in the process of working to set up a time to discuss the Project.

Only the Project will provide the much-needed, long-term water supply for the Monterey Peninsula to promote development of affordable housing, avoid water rationing and ongoing service connection moratoria, and boost the Peninsula's economic vitality. An expansion of the Pure Water Monterey Groundwater Replenishment Project (PWM Expansion) currently remains infeasible as an alternative to the Project. Even if the PWM Expansion were approved and built, the Monterey Peninsula would experience a substantial water supply deficit without the Project—significantly worsening the Peninsula's existing water supply shortages and potentially resulting in water use restrictions and penalties on CalAm and its customers. Therefore, it is necessary for Cal-Am to continue pursuing the Project, which is why we are submitting the enclosed application to you today.

Thank you in advance for your diligence in processing the enclosed application. If you have any questions or concerns, please contact me at your earliest convenience.

Sincerely,



Ian Crooks
California American Water Company

cc: Kathryn Horning, California-American Water Company
DJ Moore, Latham & Watkins LLP
Winston Stromberg, Latham & Watkins LLP

Enclosures

**List of Attachments to California-American Water Company's
Coastal Development Permit Application Form**

Section I. Applicant

- I.2 Applicant's Representatives

Section II. Proposed Development

- II.1 Project Location
- II.2 Project Description
- II.8 Geology and Grading Technical Reports

Section III. Additional Information

- III.1 Existing Structures on Property
- III.4 Public Access Information
- III.7 Recreational Activities Information
- III.9 Floodplain Map
- III.11 State Historic Preservation Office Letter of Concurrence

Section IV. Required Attachments

- IV.1 Proof of Legal Interest in Property
- IV.2 Assessor's Parcel Maps
- IV.3 Regional and Local Approvals
- IV.4-5 Interested Parties List & Stamped Envelopes
- IV.6 Vicinity Maps
- IV.7 Project Plans
- IV.9 Final Environmental Impact Report/Environmental Impact Statement
- IV.10 Verification of Other Permits

Section V. Additional Materials

Environmentally Sensitive Habitat Areas

- A. Habitat Mitigation & Monitoring Program (Nov. 2020)
- B. Geoscience & AECOM Vernal Ponds Memorandum (Aug. 2020)
- C. Geoscience Groundwater Evaluation (Nov. 2020)
- D. AECOM Technical Memorandum re: Spoils Spreading (June 2020)

Coastal Hazards

- E. AECOM Sea Level Rise Analysis (Oct. 2019)

- F. AECOM Dune Migration Analysis (June 2020)
- G. AECOM Sea Level Rise Analysis Update (Aug. 2020)

Coastal Waters & Marine Resources

- H. AECOM Water Quality Monitoring Memo (Sept. 2019)
- I. Outfall Lining Proposal (Aug. 2020)

Groundwater

- J. HWG Critique of 2019 AEM Study (June 2020)
- K. HWG Critique of Weiss Report (Aug. 2020)

Environmental Justice

- L. Dudek Memorandum re: Environmental Justice (Nov. 2020)

Water Supply & Demand

- M. Memorandum re: Water Supply and Demand Analyses
 - 1. Hazen & Sawyer Memorandum (Aug. 11, 2020)
 - 2. Hazen & Sawyer Memorandum (Aug. 23, 2020)
 - 3. Hazen & Sawyer Memorandum (Sept. 10, 2020)
 - 4. Response to Holden Report
 - 5. MCWRA Letter (Sept. 11, 2020)
 - 6. City of Salinas Letter (Apr. 27, 2020)
 - 7. Monterey One Water Board Minutes
- N. Amended & Restated Water Recycling Agreement

Other

- O. Economic & Planning Systems Memorandum re: One-Time Economic Impacts of Project Construction (Aug. 2020)