

ITEM: PUBLIC HEARING

9. CONSIDER ADOPTION OF APRIL THROUGH JUNE 2021 QUARTERLY WATER SUPPLY STRATEGY AND BUDGET

Meeting Date:	March 15, 2021	Budgeted:	N/A
From:	Dave Stoldt, General Manager	Program/ Line Item No.:	N/A
Prepared By:	Jonathan Lear	Cost Estimate:	N/A

General Counsel Review: N/A

Committee Recommendation: N/A

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

ESA Compliance: Consistent with the September 2001 and February 2009 Conservation Agreements between the National Marine Fisheries Service and California American Water to minimize take of listed steelhead in the Carmel River and Consistent with SWRCB WR Order Nos. 95-10, 98-04, 2002-0002, and 2016-0016.

SUMMARY: The Board will accept public comment and take action on the **April through June 2021** Quarterly Water Supply Strategy and Budget for California American Water's (CalAm's) Main and Satellite Water Distribution Systems (WDS), which are within the Monterey Peninsula Water Resources System (MPWRS). The proposed budget, which is included as **Exhibit 9-A**, outline monthly production by source of supply that will be required to meet projected customer demand in CalAm's Main and Laguna Seca Subarea systems, i.e., Ryan Ranch, Bishop, and Hidden Hills, during the **April through June 2021** period. The proposed strategy and budget is designed to maximize the long-term production potential and protect the environmental quality of the Seaside Groundwater and Carmel River Basins.

Exhibit 9-A shows the anticipated production by CalAm's Main system for each production source and the actual production values for the water year to date through the end of **February 2021**. Cal-Am's annual Main system production for Water Year (WY) 2021 will not exceed 8,784 acre-feet (AF). Sources available to meet customer demand are 1,474 AF from the Coastal Subareas of the Seaside Groundwater Basin as set by the Seaside Basin Adjudication Decision and 7,310 AF from the Carmel River as set by WRO 2016-16. Additional water projects and water rights available are an estimated 900 AF of Pure Water Monterey Injection over this quarter, an estimated 1,100 AF from ASR Phase 1 and 2 storage remaining from WY 2020, an estimated 150 AF from the Sand City Desalination Plant, and an estimated 100 AF from CalAm's Table 13 water rights. Under Table 13 water rights, CalAm is allowed to produce water for in-basin uses when bypass flows are in excess of permit conditions. This water budget proposes to produce 950 AF of Pure Water Monterey, so 50 AF will be removed from storage for this quarter. The schedule of production from the Carmel Valley Alluvial Aquifer is consistent with State Water Resources Control Board (SWRCB) Order Nos. 95-10, 98-04, 2002-0002, and 2016-0016. In compliance with WRO 2016-0016, any water diverted under these rights must be used to reduce unlawful diversion from the Carmel River Basin.

According to the Seaside Basin Adjudication Decision, CalAm's production has been reduced to 0 AF. It is recognized that CalAm will need to produce water to serve its customers in the Hidden Hills Distribution System and production in Laguna Seca will be tracked as a ministerial component of tracking production against the Adjudication Decision. CalAm has completed an intertie between the Monterey Main System and the Bishop and Ryan Ranch Systems that allows for transfer of water between the systems.

RECOMMENDATION: The Board should receive public input, close the Public Hearing, and discuss the proposed quarterly water supply budget. District staff recommends adoption of the proposed budget. The budget is described in greater detail in **Exhibit 9-B**, Quarterly Water Supply Strategy Report: **April – June 2021**.

BACKGROUND: The Water Supply Strategy and Budget prescribes production within CalAm's Main and Laguna Seca Subarea systems and is developed on a quarterly schedule. Staff from the District, CalAm, the National Marine Fisheries Services (NMFS), State Water Resources Control Board's Division of Water Rights (SWRCB-DWR), and the California Department of Fish and Wildlife (CDFW) cooperatively develop this strategy to comply with regulatory requirements and maximize the environmental health of the resource system while meeting customer demand. To the greatest extent pumping in the Carmel Valley is minimized in the summer months and the Seaside wells are used to meet demand by recovering native water and banked Carmel River water. Also, it was agreed that CalAm will operate its wells in the Lower Carmel Valley in a downstream to upstream order.

If flows exceed 20 cfs at the District's Don Juan Gage, CalAm is allowed to produce from its Upper Carmel Valley Wells, which are used to supply water for injection into the Seaside Groundwater Basin. The permitted diversion season for ASR is between December 1 and May 31. Diversions to storage for ASR will be initiated whenever flows in the river are above permit threshold values. For planning purposes, the QWB group schedules diversions to ASR storage based on operational days that would occur in an average streamflow year. CalAm may also divert under Table 13 Water Rights for in-basin use within Carmel Valley when flows are adequate. This schedule is estimated with average year streamflow conditions and daily demand for Carmel Valley. CalAm will schedule the recovery of Pure Water Monterey water stored in the Seaside Basin with the goal of removing all water injected over the operational reserve for WY 2021. There is also a projected goal of producing 25 AF of treated brackish groundwater from the Sand City Desalination Plant in each of these three months.

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

EXHIBITS

9-A Quarterly Water Supply Strategy and Budget for Cal-Am Main System: April - June 2021

9-B Quarterly Water Supply Strategy and Budget Report: April - June 2021

EXHIBIT 9-A

California American Water Main Distribution System Quarterly Water Supply Strategy and Budget: April - June 2021 Proposed Production Targets by Source and Projected Use in Acre-Feet

SOURCE/USE	MONTH			YEAR-TO-DATE		
	Apr-21	May-21	Jun-21	Oct-20 to Feb-21	% of YTD	% of Annual Budget
Source						
	Low Flow Trigger					
Carmel Valley Aquifer						
Upper Subunits	0	0	0	108		
Lower Subunits	422	518	266	1,714	120%	42%
ASR Diversion	100	50	0	66		
Table 13 Diversion (Service)	<u>0</u>	<u>0</u>	<u>0</u>	17		
Total	522	568	266	1,905		
Seaside Groundwater Basin						
Coastal Subareas	0	0	50	808	105%	55%
ASR Recovery	0	0	0	0		
Sand City Desalination	25	25	25	49	39%	16%
Pure Water Monterey	250	250	450	902		
Total	275	275	525	857		
Use						
Customer Service	697	793	791	2,679	81%	31%
Table 13 In Basin use	0	0	0			
ASR Injection	<u>100</u>	<u>50</u>	<u>0</u>	66		
Total	797	843	791			

Notes:

1. The annual budget period corresponds to the Water Year, which begins on October 1 and ends on September 30 of the following Calendar Year.
2. Total monthly production for "Customer Service" in CAW's main system was calculated by multiplying total annual production (8,784 AF) times the average percentage of annual production for April, May, and June (8.2%, 9.0%, and 8.9%, respectively). According to District Rule 160, the annual production total was based on the assumption that production from the Coastal Subareas of the Seaside Groundwater Basin would not exceed 1,474 AF and production from Carmel River sources, without adjustments for water produced from water resources projects, would not exceed 7,310 AF in WY 2021. The average production percentages were based on monthly data for customer service from WY 2013 to 2015.
3. Maximum daily diversion values for ASR are based on an average diversion rate of approximately 18.5 AF per day from CAW's sources in the Carmel River Basin. Total monthly production is estimated by multiplying the maximum daily production by operational days per month for "Below Average" flow conditions at the Sleepy Hollow Weir.
4. The production targets for CAW's wells in the Seaside Coastal Subareas are based on the assumption that sufficient flow will occur in the Carmel River at the targeted levels, to support ASR injection. It is planned that Coastal Subarea pumping will not occur, or will be proportionally reduced, if ASR injection does not occur at targeted levels.
5. The production targets for CAW's wells in the Seaside Coastal Subareas are based on the need for CAW to produce its full Standard Allocation to be in compliance with SWRCB WRO No. 2016-0016.
6. It should be noted that monthly totals for Carmel Valley Aquifer sources may be different than those shown in MPWMD Rule 160, Table XV-3. These differences result from monthly target adjustments needed to be consistent with SWRCB WRO 98-04, which describes how Cal-Am Seaside Wellfield is to be used to offset production in Carmel Valley during low-flow periods. Adjustments are also made to the Quarterly Budgets to ensure that compliance is achieved on an annual basis with MPWMD Rule 160 totals.
7. Table 13 values reflect source/use estimates based on SWRCB Permit 21330, which allows diversions from the CVA for "In Basin use" (3.25 AFD) when flows in the River exceed threshold values. In accordance with Water Rights Permits 21330 and CDO2009-0060, water produced and consumed under this right is subtracted from the CVA annual base amount. Actual values will be dependant on the number of days flows exceed minimum daily instream flow requirements.

EXHIBIT 9-B

Quarterly Water Supply Strategy and Budget Report California American Water Main Water Distribution System: April – June 2021

1. Management Objectives

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

2. Quarterly Water Supply Strategy: April - June 2021

On March 5, 2021 the Quarterly Water Budget Group including staff from the District, CalAm, the National Marine Fisheries Services (NMFS), State Water Resources Control Board's Division of Water Rights (SWRCB-DWR), and the California Department of Fish and Wildlife (CDFW) met and discussed the proposed water supply strategy and related topics for upcoming quarter.

Carmel River Basin CalAm will operate its wells in the Lower Carmel Valley in a downstream to upstream sequence, as needed to meet customer demand. It was recognized by the group that WY 2021 began as if it was going to be a dry year, and the storms in later January - early February did not result in large sustainable flows on that Carmel River that would trigger sustained ASR Operations or Table 13 Diversions. The River dropped below flow triggers for diversion of ASR and Table 13 on February 3rd and with the dry forecast additional ASR injection will likely not occur in large volumes. For this quarterly water budget, it was agreed that CalAm would plan to produce water from the wells in the Upper Carmel Valley to support system demand will only occur when the river is not in the "Low Flow" regime. It was assumed that the low flow trigger would be met at some point during this quarter and without knowing if more rainfall would push the trigger into June, the group decided to assume the trigger would happen in May 2021. The group will be watching streamflow and when the low flow trigger occurs, to the maximum extent, pumping will be shifted away from the river wells and the Seaside well field will be used to meet system demand in the summer months. Any new sources of water reduce the water available to be pumped from the river on a one to one basis consistent with SBO 2016-0016.

Seaside Groundwater Basin Because flows in the Carmel River have fallen below values required for ASR diversions, CalAm has shut down wells in the Seaside basin to save Native Seaside Groundwater and Pure Water Monterey Recovery for summer months. Some of the Seaside wells are run during ASR diversions to maintain pressures and meet some Seaside demand allowing for larger daily injection totals for ASR injection. CalAm will continue to save Seaside Native Water until the low flow trigger occurs. At that time, the Seaside wells

EXHIBIT 9-B

will be utilized to recover Seaside Native Groundwater and stored Pure Water Monterey water for this quarter of the water year. There is also a goal to produce 25 AF of treated brackish groundwater from the Sand City Desalination Plant in each of these three months.

It is recognized that, based on recent historical use, CalAm's production from the Laguna Seca Subarea during this period cannot be reduced to zero, as is set by CalAm's allocation specified in the Seaside Basin Adjudication Decision. In this context, the production targets represent the maximum monthly production that should occur so that CalAm remains within its adjudicated allocation for the Laguna Seca Subarea. Under the amended Seaside Basin Decision, CalAm is allowed to use production savings in the Coastal Subareas to offset over-production in the Laguna Seca Subarea. However, the quarterly budget was developed so that CalAm would produce all native groundwater in the Coastal Subareas and Laguna Seca production would be over the Adjudication allotment. On February 5, 2020 the Seaside Groundwater Basin Watermaster Board voted to allow CalAm to claim carryover credits to cover the pumping over the Laguna Seca allotment in the interim prior to establishing a physical solution. Because of this decision, the Quarterly Water Budget Group decided that the table presenting the Laguna Seca allotment of zero would no longer be necessary as the Watermaster is now planning to handle the pumping over allotment with a different mechanism.