

other water related subjects to libraries in Monterey County, and provides numerous opportunities for the public to learn about local water issues.

The District participated in the Water Awareness Committee of Monterey County's 3rd Annual Xeriscape Design Awards at the Monterey County Fair by judging the garden displays. New for 2007 was a water "passport" program (Water Adventure Travels). This program provided visitors with an opportunity to "earn while they learn." Various water-related booths gave visitors a stamp for visiting. By visiting all the related booths (and receiving stamps), visitors had an opportunity to participate in a drawing for several water saving prizes. Prizes included a High Efficiency washing machine, a dual-flush toilet, a SMART irrigation system controller and a \$150 gift certificate.

District staff attended a "Water Conservation Practioner" workshop that covered conservation practices, ideas and technology. The information presented confirmed the success of the District's conservation policies and practices. Two District staff continued their training by testing and becoming certified Water Conservation Practioners.

District staff handed out water conservation devices and information at Pacific Grove's Good Old Days Celebration. The booth was located at the "Green Spot," an area dedicated to environmental protection, and was showcased by several large posters about steelhead, river restoration and the rebate program. Visitors learned about the District's extensive activities and programs.

District staff participated in several meetings with Cal-Am staff regarding implementation of the District's Expanded Water Conservation and Standby Rationing Program. Subjects included completion of landscape irrigation audits, public outreach, addressing distribution system losses and other topics related to conservation and contingency planning for possible future rationing. Representatives from Cal-Am and the District met in San Francisco to organize and coordinate ideas and future conservation budgets for Cal-Am's upcoming General Rate Case. Cal-Am and District staff met with Association of Monterey Bay Area Governments (AMBAG) staff to coordinate their energy conservation public information campaign with our planned communications on linen/towel/restaurant water conservation signs that are available locally.

District staff partnered with Cal-Am, AMBAG, the Monterey County Hospitality Association, Marina Coast Water District, Soquel Water and Santa Cruz Water to design and printed linen and towel placards for a local reuse program. In addition, a restaurant table tent informing customers that water is provided only on request was developed. The Monterey Peninsula products were distributed by door-to-door visitations by District and Cal-Am staff. Additional distribution and messages of product availability were distributed by the MCHA.

District staff attended an Urban Drought Workshop sponsored by the California Urban Water Conservation Council and the California Department of Water Resources. The District's Expanded Water Conservation and Standby Rationing Plan and the draft Contingency Implementation Plan for Stages 4-7 were mentioned repeatedly as models for other agencies to follow. The Monterey area is a leader in development of a current drought response plan. Copies of the District's documents were forwarded to the California Urban Water Conservation Council and Department of Water Resources for inclusion on their websites.

B. Water Distribution Management (Water Permits)

Description and Purpose

The District balances water supply and demand through the MPWMD Water Allocation Program by carefully tracking the amount of allotted water used by member jurisdictions. A number of ordinances have been adopted over the years to modify the permit program. A comprehensive listing of ordinance affecting this program is included in the Monthly Water Allocation Program Report.

In 1990, the District revamped its water allocation program, doing away with allocations based on a percentage of the total available production. Instead, a new process was initiated whereby only newly developed water supplies are available for new and/or expanding uses through an allocation by jurisdiction system. In mid-1993, the Paralta Well project received a use permit for operation, thereby making new water from the well available for the District to allocate to its eight member jurisdictions. The District allocated 358 AF for new Cal-Am metered sales, including 308 AF to the eight jurisdictions and 50 AF to a District "reserve" for community benefit projects.

Beginning with the release of the Paralta water for use, District staff established procedures for closely tracking the amount of water permitted to new and expanded water uses. Each jurisdiction in the District was given a portion of the water to use for permitting. Each applicant for water must receive the jurisdiction's authorization for a specific quantity of water before applying to the District for a water permit. The District evaluates the project's water demand and issues a permit for the project description as depicted on the final construction documents. At the time the water permit is issued, the jurisdiction's water allocation is debited. Monthly reports show the amount of water remaining in the allocation and the permit activity for the month.

In addition to water available from the eight jurisdictions within the District, there are several finite water entitlements: Water West, a water company purchased by Cal-Am in the early 1990's has an independent allocation of water for properties within the boundaries of the former system. Properties located in the Quail Meadow's subdivision also have an independent entitlement of water.

Implementation and Activities During 2007-2008

- **Permit Activity** -- From July 1, 2007 through June 30, 2008, a total of **1,108** water permits were issued. As shown in **Table IV-1**, **14** new houses and **437** residential remodels/additions were permitted in the Cal-Am system. There were **52** non-residential water permits issued for remodels/additions and changes in use in the Cal-Am system. As of June 30, 2008, a total of **119.645 AF** of water remained available for use in the areas served by the Monterey Division of Cal-Am. This includes water from pre- and post-Paralta allocations and water added to a jurisdiction's allocation from Water Use Credit transfers and public retrofits.
- **Reclamation** – The Carmel Area Wastewater District/Pebble Beach Community Services District (CAWD/PBSCD) Recycled Water Project began operation in 1994, producing reclaimed water to replace potable water previously used to irrigate golf courses and recreational open space in the Del Monte Forest (Pebble Beach area). At the start of operation, the District released water entitlements to the project sponsors for their fiscal participation: The Pebble Beach Company

received 365 AF, Macomber Estates received 10 AF, and the Griffin Trust received 5 AF. The District retains 420 AF of the project's estimated savings of 800 AF/year; none of the District share has been allocated.

Ordinance No. 109. In May 2004, the Board adopted Ordinance No. 109 (amending Rule 23.5) to enable financing of upgrades to the CAWD/ PBCSD Recycled Water Project. This ordinance enabled water entitlements held by the PBC to be made available to properties throughout the Del Monte Forest in order to finance the Project Expansion. Ordinance No. 109 also provided a framework for several ancillary agreements for financing, construction and operation, and sale of recycled water.

In April 2005, the first Water Use Permits were issued to property owners in the Del Monte Forest who purchased water from the PBC. By June 30, 2008, the District had issued Water Use Permits allowing 68.600 AF to be transferred from the PBC to independent property owners in the Forest. Property owners taking advantage of this program pay PBC for a portion of their entitlement and receive documentation of their purchase. The District processes and records a Water Use Permit on the title of the property that provides notice of the amount of water entitlement available. Regular water permits are required when the property owner desires to use the Water Use Permit.

Ordinance No. 132. In January 2008, the Board adopted Ordinance No. 132 (adding Rule 23.6) to allow the expansion and extension of the Cal-Am System to provide connections to, and potable water service for the use on and benefit of property located within Sand City. This rule enables the issuance of Sand City Water Use Permits for new and expanded water uses on Sand City sites, in a cumulative amount of no more than 206 acre feet per year.

- **Interagency Coordination** -- District staff continues extensive coordination with community development personnel from the local jurisdictions to facilitate communication regarding the Water Permit process. Presentations on the local water supply situation are given regularly, and meetings are held to discuss permit procedures and to answer questions about allocation management. Through these meetings, rapport has been developed with the local agencies, making the management of water supplies more productive and accurate.

Table IV-1

CAW Permits Issued by MPWMD in Fiscal Year 2007-2008

Main California American Water System Permits Issued (July 2007-June 2008)			
Type of Use	No. of Permits	Use (acre-feet)	Average Use Per Permit (acre-feet)
PARALTA & PRE-PARALTA			
New Residential	14	2.174	0.156
<i>Pebble Beach Entitlements*</i>	7	3.029	0.433
Residential Remodels/Additions	437	1.368	0.004
<i>Pebble Beach Entitlements*</i>	48	3.606	0.076
New Non-Residential	3	6.006	2.002
<i>Pebble Beach Entitlements*</i>	0	0	0
Non-Residential Remodels/Additions	52	1.574	0.031
<i>Pebble Beach Entitlements*</i>	1	0.015	0.015

*Pebble Beach Entitlements are tracked separately from Main CALIFORNIA AMERICAN WATER System permits.

V. MONITOR WATER USAGE

A general mitigation identified in the Findings for the Final Allocation EIR (Finding No. 403) was to adopt Option V production limits as the new allocation maximum. This was achieved by the passage of Ordinance No. 53, "Selecting Water Supply Option V to Implement the Water Allocation Program," on December 13, 1990, effective January 1, 1991. The Ordinance entailed a monitoring component to track California American Water (Cal-Am) and non-Cal-Am production.

A companion Ordinance No. 52, "Implementing the Water Allocation Program, Modifying the Resource System Supply Limit and Causing a Temporary Limit on the Issuance of Water Connection Permits," was also passed on December 13, 1990. The Ordinance entailed a monitoring component to track the number of permits issued as well as the amount of water represented by the permits.

A. Monitor Production and Compliance with MPWMD and SWRCB Limits

Description and Purpose

The adoption of Ordinance No. 70 in June 1993 revised the Monterey Peninsula Water Resource System (MPWRS) supply limit from an annual production limit of 19,881 AF to 20,673 AF per year. The Cal-Am annual production limit of 16,744 AF (Option V from Finding No. 403 of the Final Water Allocation Program EIR; Ordinance No. 53) was revised to 17,619 AF, and the non-Cal-Am production limit of 3,137 AF was revised to 3,054 AF per year. This new water supply limit reflected the 385 AF of new water production from the Paralta Well and minor adjustments to reflect the integration of the Water West system into the Cal-Am system, the annexation of Quail Meadows Subdivision into Cal-Am, and the refinement of the non-Cal-Am production estimate.

Ordinance No. 83, adopted in April 1996, set Cal-Am's annual production limit at 17,621 acre-feet and the non-Cal-Am annual production limit at 3,046 acre-feet, based on permanent reductions in water use by non-Cal-Am water users in exchange for water service from Cal-Am. As part of the agreement, 15% of the historical non-Cal-Am production was set aside to meet the District's long-term water conservation goal. Based on these changes, a new limit for the MPWRS as a whole was set at 20,667 AF/year.

The Cal-Am production limit was again amended in February 1997, when Ordinance No. 87 was adopted as an urgency ordinance to provide a special community benefit reserve allocation of 19.6 acre-feet per year of production to the Community Hospital of the Monterey Peninsula. Ordinance No. 87 increased the total annual Cal-Am production limit to 17,641 AF/year, but did not change the non-Cal-Am limit. Thus, the new limit for the MPWRS as a whole is 20,687 AF/year.

In addition to District-imposed production limits as part of its Water Allocation Program, Cal-Am must also comply with limits set by the State Water Resources Control Board (SWRCB) in 1995 as part of Order WR 95-10. The Order includes a provision that Cal-Am water diversions (surface and groundwater production) from the Carmel River basin should not exceed 11,990 AF in Water Year (WY) 1996, and not exceed 11,285 AF in WY 1997 and subsequent years. A water year begins on October 1 and ends on September 30 the following year. The District program to monitor water use includes tracking Cal-Am compliance with the SWRCB goals.

Implementation and Activities During 2007-2008

District staff continued to manage the overall supply budget, sending periodic reports to the cities and/or county and providing updates and general information as needed. The monitoring programs initiated by Ordinance Nos. 52 and 53 continue to be implemented. As noted in Section III-C of this report, beginning with the 2001-2002 Annual Report, the District changed the reporting period for the Well Registration and Reporting Program from a Reporting Year (July 1-June 30) to a Water Year (October 1-September 30) to be consistent with the SWRCB Order reporting requirements, and other hydrological reporting programs. The 2000-2001 Annual Mitigation Report was the last report in which ground water production within the District was presented in a Reporting Year format. Water production tables for the current year in this report use WY 2008 (October 1, 2007 through September 30, 2008) data.

As shown in **Table V-1**, total water produced within the Monterey Peninsula Water Resources System during WY 2008 was 17,191 AF, or 39 AF less (0.2% decrease) than the MPWRS production of 17,230 AF in WY 2007. Cal-Am's 2008 production of 14,225 AF was an increase of 114 AF compared to WY 2007. Non-Cal-Am 2008 production of 2,966 (including surface diversions) was a decrease of 153 AF (5% decrease) compared to WY 2007. In WY 2008, Cal-Am accounted for about 83% of total production within the MPWRS.

Regarding compliance with limits imposed by MPWMD as part of the Water Allocation Program, Cal-Am water production from the MPWRS in WY 2008 was 14,225 AF, or 81% of the 17,641 AF annual limit (3,416 AF lower than the limit). (**Table V-1**). Please refer to Section III-C for more information.

Regarding compliance with SWRCB Order WR 95-10, Cal-Am production from the Carmel River Basin in WY 2008 for the SWRCB tally was 10,775 AF. This number is derived from the 10,835AF Carmel Valley Cal-Am well total shown in **Table III-1** minus the 60 AF that were injected into the Coastal Subareas of the Seaside Basin as part of the Seaside Basin ASR program that is under a separate permit from the SWRCB Order 95-10 tally. Thus, Cal-Am diversions were 510 AF (4.5%) below the 11,285 AF diversion limit from the Carmel River Basin imposed by the SWRCB. WY 2008 was the eleventh straight year in which compliance with Order WR 95-10 was achieved. A major purpose of the District's *Expanded Conservation Plan and Standby Rationing Program* is to ensure continued compliance with the Order. The community was in Stage 1 of the conservation program throughout the 2007-2008 reporting period.

B. Water Use Trends

Description and Purpose

Based on data provided by Cal-Am, District staff tracks water use (Cal-Am metered sales) over time to assess community water use trends. This can be used in water supply planning (augmentation) as well as development of conservation programs (e.g., assess the degree of conservation savings needed and the effectiveness of conservation programs).

Implementation and Activities During 2007-2008

Water use trends may be tracked by using production at the well-head, as described above, or by considering Cal-Am metered sales information. **Figure V-1** provides water use trends from 1980 through 2008 as represented by consumption in AF per Cal-Am connection (AF/connection) for customers in the Cal-Am's Monterey District (i.e., the "Main System"). This is based on Cal-Am annual data reports that provide water use information for each political jurisdiction and system subunits as well as several user classifications. For WY 2008, the use per connection is based on Cal-Am's total metered sales¹ (12,190 AF) divided by Cal-Am's total customers (38,383) and equaled 0.318 AF/connection.

Water consumption per connection in WY 2007 was again one of the lower rates on record, due in part to increased awareness of the need for conservation. **Figure V-1** indicates that water use per connection for the past 19 years (1989-2008) is significantly less than in the preceding 10 years (1981-1989). The sharp decline during WY 1989, WY 1990, and WY 1991 is attributable to mandatory water rationing. Since that time, annual water consumption has been relatively stable, ranging from approximately 0.31 AF/connection to 0.40 AF/connection. Notably, water consumption in WY 2008 (0.318 AF/connection) was 37 percent less than the pre-drought consumption in RY 1987 (0.503 AF/connection).

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Prepared by Water Demand Division
Finalized: September 26, 2009

¹Excludes Cal-Am satellite systems with separate well sources (Ryan Ranch, Hidden Hills, Bishop, Ralph Lane, Chualar and Ambler). Also excludes water supplied to MPWMD by Cal-Am wells to irrigate Carmel River riparian vegetation as part of the Allocation EIR Mitigation Program.

Table V-1
MPWMD ALLOCATION LIMIT COMPARED TO WATER PRODUCTION² IN THE
MONTEREY PENINSULA WATER RESOURCE SYSTEM
 Data from Water Years 2007 and 2008

WATER USER	ALLOCATION LIMIT	WY 2007 PRODUCTION	% LIMIT	WY 2008 PRODUCTION	% LIMIT
Cal-Am	17,641 AF	14,112 AF	80%	14,225	81%
Non-Cal-Am	3,046 AF	3,119 AF	102%	2966 AF	97%
TOTAL	20,687 AF	17,231 AF	83%	17,191	83%

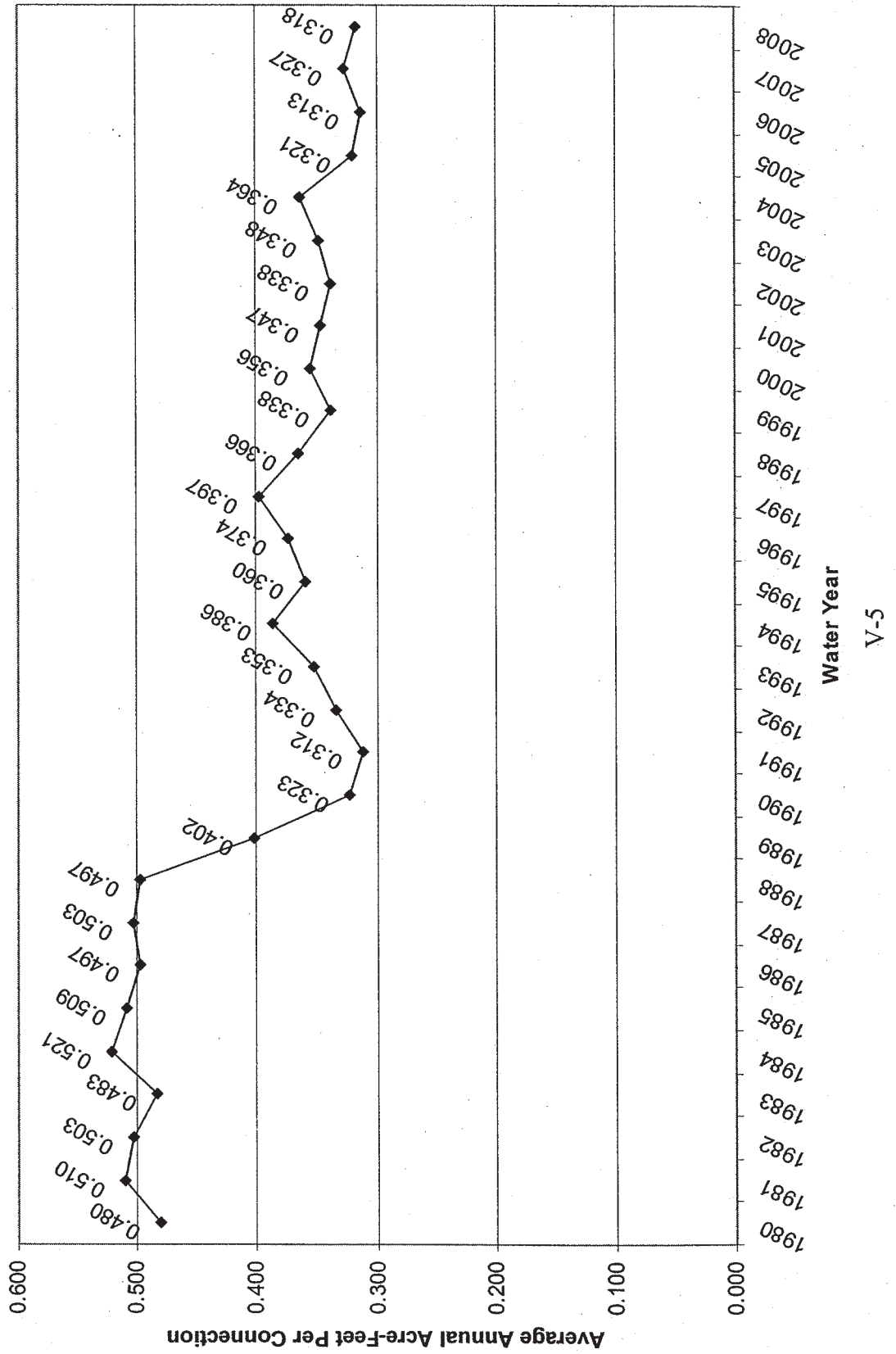
Notes:

1. MPWRS includes production from the Carmel River and underlying Carmel Valley alluvial aquifer and Coastal Subareas of the Seaside Groundwater Basin.
2. The Water Year (WY) runs from October 1 to September 30; see Section III-C for more information.
3. The non Cal-Am Production figures include non Cal-Am surface water diversions.

Source: MPWMD production reports

² Production values (Table V-1 above) are based on amount of water diverted and pumped and are therefore higher than the metered sales figures for water delivered to customers (Figure V-1 below).

Figure V-1 California American Water Use Per Connection for Main System Users: 1980 – 2008



VI. AUGMENT WATER SUPPLY

The Findings for Adoption of the Water Allocation Program EIR identified a set of general mitigation measures that relate to increasing the water supply. Finding No. 403-A states that the District shall pursue construction of a major, long-term water supply project to provide water for restoration of the environment and for public water supply. Finding No. 403-B states that the District should pursue a series of smaller "near-term" water supply projects to provide additional water for drought protection and some new growth until the long-term project is completed.

In 1996, District efforts related to both long-term and near-term projects were consolidated into the MPWMD Water Augmentation Plan (WAP). The first WAP report was received by the Board in December 1996, and specific goals were adopted in January 1997. Revised WAP objectives were set in January 1998, April 2000, and March 2001. In September 2001, the MPWMD Board set its top five strategic planning initiatives, three of which entailed augmenting the water supply. Periodic Board workshops were held to receive progress reports and provide policy guidance. For the past several years, the MPWMD Board has held either annual or semi-annual Strategic Planning Workshops to set goals and objectives to guide District activities. Objectives adopted in May 2007 and in February 2008 guided action in the July 2007 through June 2008 period.

To maintain consistency with the Water Allocation Program EIR, the following sections describe MPWMD efforts for long-term and near-term projects separately. In practice, District water augmentation efforts are integrated. For aquifer storage and recovery (ASR), the long-term MPWMD Phase 1 ASR Project and associated water rights will be described under Section VI-A; the annual ASR testing activities will be discussed under Section VI-B.

The following paragraphs provide a more detailed setting due to the complexity of the water supply situation. This background information is followed by a review of action in July 2007 through June 2008. Please refer to quarterly water supply project updates in the January, April, July and October Board agenda materials for additional information. District staff also makes monthly presentations to the Board on water augmentation activities. All this information is available on the District website at: <http://www.mpwmd.dst.ca.us/asd/board/meetings/meeting.htm>. Updated weekly information is also available in the General Manager's letter to the Board at: <http://www.mpwmd.dst.ca.us/gmletters/gmletters.htm>.

A. Long-Term Water Supply Project

Description and Purpose

Carmel River Basin Setting: In November 1995, the electorate did not approve the then-proposed 24,000 acre-foot (AF) New Los Padres Dam and Reservoir (NLP) Project, and did not authorize the District to issue revenue bonds for the project. Since then, the District has focused its efforts on non-dam alternatives through its Water Augmentation Plan and Strategic Planning Workshops. The District extensively participated in the 1999-2002 California Public Utilities Commission (CPUC) "Plan B" process to identify a non-dam alternative to the NLP; and the District continues to work with California American Water (CAW) and other local agencies on water supply solutions.

The State Water Resources Control Board (SWRCB) decisions on Carmel River issues in July 1995 continued to influence water augmentation efforts through June 2008. The SWRCB Order WR 95-10 identified an estimated 10,730 acre-feet per year (AFY) of historical unpermitted CAW diversions from the Carmel River that must be replaced by another water project or projects. Order 95-10 includes a "one-for-one replacement" requirement, whereby any new water that is developed must first completely offset the 10,730 AFY unlawful diversions from the Carmel River before any water can be used for new construction or remodels that intensify water use in the CAW system. Thus, near-term projects could potentially serve as a source of "supplemental water" to provide for the needs of existing legal lots of record and other future needs only when Order 95-10 requirements have been fully satisfied by a larger project or series of projects.

Community water augmentation efforts have focused on compliance with Order 95-10 as a primary goal. Project proposals since 1996 have included: CAW Carmel River Dam and Reservoir Project (CRDRP), off-stream reservoir storage, ASR, local and regional desalination projects, reclamation for irrigation or groundwater recovery, and storm water reuse. Since 1996, MPWMD environmental review efforts as a lead agency under the California Environmental Quality Act (CEQA) have focused on CAW's CRDRP (application was denied in August 2003); an MPWMD proposal to construct a local 8,400 AFY desalination project in Sand City; as well as the MPWMD Phase 1 ASR Project. MPWMD is also a responsible agency or active participant in other agencies' environmental review of water supply proposals as described below.

Seaside Basin Setting: Though much attention is focused on the Carmel River Basin due to Order 95-10, management of the Seaside Basin also has important ramifications for long-term community water supply. SWRCB Order 95-10 directs CAW to maximize pumping in the Seaside Basin to the extent practicable in order to reduce diversions from the Carmel River. Thus, since 1995, the Seaside Basin has become an increasingly important source of water supply. Unfortunately, it has also exhibited signs of stress from over-pumping due to Order 95-10 as well as significant increases in non-CAW use. In December 2000, the MPWMD Board directed staff to begin planning activities to prepare a Seaside Basin Groundwater Management Plan (SBGMP) in compliance with protocols set by the State of California (AB 3030 as amended by SB 1938), in coordination with major well owners in the basin. In 2002, the District began evaluating two conceptual interim ordinances that would be in place until the long-term SBGMP is adopted, but this effort was terminated in 2004. Concurrently, staff continued public outreach on the SBGMP itself.

Complicating this task was litigation filed by CAW on August 14, 2003 requesting a Court adjudication of the Seaside Basin. The lawsuit involved issues such as: prioritization and quantification of water rights within the basin; rights to aquifer storage within the basin; rights to artificially introduce non-native water into the basin through direct injection or spreading grounds; a judicial determination that the basin is in overdraft; and the appointment of a Watermaster to manage the basin water rights and resources. The District was recognized as an interested party and participated in all proceedings, including a non-jury trial in December 2005. District staff served as expert witnesses in the hearing and helped prepare extensive pre-trial documentation.

Judge Robert Randall rendered a Final Decision on March 27, 2006. The complex and lengthy Decision determined that the Seaside Basin is in overdraft; quantified water rights for parties with overlying water rights; and set a reduced "natural safe yield" and a near-term "operating yield"

allowed to be produced by certain parties as they work toward a “physical solution” (including ASR and wastewater reclamation) to eliminate the overdraft. A nine-member Watermaster Board was created to implement the Decision with continued oversight by the Court. The MPWMD holds one seat on the Watermaster with two out of 13 votes. A MPWMD Board member serves as the MPWMD representative to the Watermaster Board. The Watermaster has held monthly meetings since its formal commencement on April 5, 2006.

District staff sits on the Watermaster Technical Committee and contributes data and analysis for several technical reports required by the Court. MPWMD staff and consultants, along with other partners, have been retained by the Watermaster to provide contract technical services, including project management, data collection, and preparation of documents required by the Court as part of the Seaside Basin Monitoring and Management Program.

MPWMD Board Priorities in 2007-2008: At the Board’s April 19, 2007 Strategic Planning Workshop, three-year goals were confirmed and six-month objectives for the April-September period were developed. These were formally adopted at the May 21, 2007 meeting. These goals and objectives remained in effect until late February 2008 because the normal fall Strategic Planning Workshop was delayed until February 13, 2008 to allow two new Board members elected in November 2007 to take office, receive committee assignments, and become more familiar with District programs. New goals and objectives were adopted at the February 28, 2008 meeting. The goals and objectives set in 2007, which were in effect through February 2008 are listed below (due dates shown in italics):

Goal: Determine and participate in long-term water supply solution(s)

- **LS1:** Continue participation in California Public Utilities Commission (CPUC) Coastal Water Project (CWP) process, including environmental review and Division of Ratepayer Advocates (DRA) processes (*ongoing*).
- **LS2:** Provide technical support or guidance to the Monterey Regional Water Pollution Control Agency (MRWPCA) for its Groundwater Replenishment Project in the Seaside Basin (*ongoing*).
- **LS3:** Present to the Board for consideration a Memorandum of Understanding (MOU) for participation in the Monterey Bay Regional Water Solutions Task Force to evaluate regional water supply solutions (*6/30/07*).
- **LS4:** Present to the Board the Community Advisory Committee (CAC) Report on projects listed in the matrix of water supply alternatives (*9/30/07*).
- **LS5:** Revise the matrix of water supply alternatives (using the quantified supply target) to incorporate results of the revised Bookman-Edmonston/GEI report evaluating desalination projects (*revised to 02/28/08*).

Goal: Complete Aquifer Storage and Recovery (ASR) Phase 1 and Expanded ASR Project(s)

- **ASR1:** Secure State Water Resources Control Board (SWRCB) water rights permit for Phase 1 ASR Project (if not, team will prepare for water rights hearing) (*completed 12/31/07*)
- **ASR2:** Complete Well #2 for Phase 1 ASR, including final facilities design and contractor selection (*revised to 3/31/08*).
- **ASR3:** Determine the feasibility of a dual-well injection test and report results to the General

- Manager (*feasibility assessment completed by 12/31/07*).
- **ASR4:** Facilitate determination and schedule for completion of necessary infrastructure improvements to the California American Water (CAW) system to ensure they are in place to support Phase 1 ASR (*1/31/08*).
 - **ASR5:** Confirm water storage rights with the Watermaster (*01/24/08*).
 - **ASR-E1:** [Expanded Objective] Complete negotiations with CAW for joint ownership of water rights, to obtain future ASR and other water rights permits (*September 2008*).
 - **ASR-E2:** [Expanded Objective] Develop a project description and yield estimate for expanded ASR, and present to the Board (*03/31/08*).

The six-month goals and objectives adopted on February 28, 2008 through July 2008 include (due dates shown in italics):

Goal: Determine and participate in long-term water supply solution(s)

- **LS1:** Present to the Legislative Committee a briefing paper on the draft Cease and Desist Order (CDO) [issued by SWRCB] (*02/15/08*)
- **LS2:** Recommend to the Board for action a MPWMD position on the Draft CDO (*02/28/08*).
- **LS3:** Lobby local, state and federal legislators and boards regarding the MPWMD position on the draft CDO (*prior to draft CDO hearing*).
- **LS4:** Prepare and coordinate testimony for the draft CDO hearing based on Board policy and direction (*prior to draft CDO hearing*).
- **LS5:** Refine and present to the Board the matrix of water supply alternatives (using the quantified supply target) (*03/17/08*).
- **LS6:** Ensure that CAW presents updated water supply proposals, alternatives and timeline (*03/27/08*).
- **LS7:** Prioritize water supply alternatives (*04/21/08*).
- **LS8:** Ensure the remaining entities adopt a Memorandum of Understanding (MOU) for participation in the Monterey Bay Regional Water Solutions Task Force to evaluate regional water supply solutions (*4/21/08*).
- **LS9:** Provide technical support or guidance to the Monterey Regional Water Pollution Control Agency (MRWPCA) for its Groundwater Replenishment Project in the Seaside Basin (*ongoing*).

Goal: Complete ASR Phase 1 and Expanded ASR Project(s)

- **ASR1:** Notify and make a presentation to the Watermaster, informing them of MPWMD's water storage rights (*06/30/08*).
- **ASR2:** Conduct a dual-well injection test and report results to the Board (*06/30/08*).
- **ASR3:** Achieve consensus with CAW on final MPWMD and CAW Phase 1 ASR facilities design, including a schedule (*08/01/08*).
- **ASR4:** Achieve consensus with CAW on the yield and schedule for the next phase of ASR expansion (*08/01/08*).
- **ASR5:** Complete negotiations with CAW for joint ownership of water rights to obtain future ASR and other water rights permit(s) (*08/01/08*).

Implementation and Activities During 2007-2008

Because this 2007-2008 report addresses two sets of objectives, certain objectives from 2007 and 2008 were merged to avoid redundancy, and the numbering system was changed to reflect the more recent February 2008 Strategic Plan. The following paragraphs are organized as follows:

Goal: Determine and participate in long-term water supply solution(s)

- Water Supply Alternatives
- Draft Cease and Desist Order by SWRCB

Goal: Complete ASR Phase 1 and Expanded ASR Project(s).

The following subsections first briefly highlight action on each water supply objective in the July 2007 through June 2008 period. Subsequent paragraphs provide background information to provide the context and setting for the action. An MPWMD Board Special Workshop on water supply alternatives was held on March 27, 2008, which summarized much of the work in the 2007-2008 reporting period. For detailed information, please refer to the District website at: http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2008/20080327/0327agenda_rev.htm.

GOAL: DETERMINE AND PARTICIPATE IN LONG-TERM WATER SUPPLY SOLUTION(S)

Objectives for Water Supply Alternatives

Objective (2007 Plan): Continue Participation in CPUC Coastal Water Project Process, including Environmental Review and Division of Ratepayer Advocates Processes

2007-2008 Highlights: The General Manager or his designee participated in monthly stakeholder meetings to review alternatives to the CWP to serve as a regional water supply project (or combination of projects) for northern Monterey County, including the Monterey Peninsula. At its March 27, 2008 special workshop on water supply alternatives, the District Board heard a presentation on the "Sustainable Water Supply Program for Monterey County," a conceptual regional plan that has been developed by the Regional Plenary Oversight Group (REPOG), sponsored by the CPUC/DRA.

Background: District staff has met with and assisted CPUC staff and consultants since mid-2006 to help the CPUC better understand existing and future community needs, and how those needs may relate to the Coastal Water Project (CWP) proposed by CAW as well as various potential alternatives. The CPUC issued a Notice of Preparation (NOP) of a Draft EIR for the CWP on September 29, 2006, and the District submitted comments in November 2006. The primary components of the CWP are a 10 million-gallon-per-day (mgd) desalination project at Moss Landing, a conveyance pipeline to the Peninsula (with associated structures), and ASR producing a minimum of 1,300 AFY. The NOP identified alternative desalination site locations, intake and discharge operations, desalinated water conveyance systems, and project sizes.

Beginning in January 2007, the DRA hosted monthly meetings with a variety of agencies and public interest groups to review alternatives to the CWP to serve as a regional water supply project (or combination of projects) for northern Monterey County, including the Monterey Peninsula. The MPWMD Board at its January 25, 2007 meeting directed District staff to participate in this process. The General Manager or his designee has participated since that time.

At its March 27, 2008 special workshop on water supply alternatives, the District Board heard a presentation on the "Sustainable Water Supply Program for Monterey County," a conceptual regional plan that has been developed by the Regional Plenary Oversight Group (REPOG), sponsored by the CPUC/DRA. This regional plan is also expected to be evaluated in the Draft EIR, anticipated for release in first quarter 2009. The concept is evolving, and consists of incremental, multiple components, including: conservation, stormwater reuse, ASR, recycled water from the MRWPCA regional treatment plant for non-potable uses (agricultural and urban) and groundwater injection for potable use, brackish-water desalination project in North Marina area, diversion from the lower Salinas River ("rubber dam"), and pumping water from the Salinas Groundwater Basin.

Objective (2007 Plan): Present to the Board the Community Advisory Committee Report on Projects Listed in the Matrix of Water Supply Alternatives

2007-2008 Highlights: With assistance from District staff, the Community Advisory Committee reviewed the seven water supply projects in the MPWMD Comparative Matrix from February through July 2007, and provided comments on merits or drawbacks of each alternative. The CAC then consolidated the information, and issued a report on its findings, which was accepted by the Board at its September 17, 2007 meeting.

Background: The Community Advisory Committee was envisioned as a means to expand public input on the decision-making process regarding proposed water supply projects. The CAC structure and charge were approved by the Board at its December 11, 2006 meeting. In brief, the 14-member ad hoc CAC was comprised of two representatives appointed by each Board member – one individual and one community group representative. The CAC reviewed the seven water supply projects in the MPWMD Comparative Matrix and provided comments on merits or drawbacks of each. Notably, the Board did not seek CAC consensus on a preferred project. The CAC reviewed projects from February through July 2007, consolidated information, and issued a report, which was accepted by the Board at its September 17, 2007 meeting. The CAC received presentations on the following projects (sponsor in italics): Aquifer Storage and Recovery (*MPWMD*); Regional Urban Water Augmentation Project (*Marina Coast Water District*); Groundwater Replenishment Project (*MRWPCA*); 8,400 AFY Desalination Project near Sand City (*MPWMD*); Coastal Water Project (*CAW*); North Monterey County Desalination Project (*Pajaro/Sunny Mesa Community Services District*); and Seawater Desalination Vessels (*Water Standard Company*). Materials associated with each CAC meeting may be found at the District website at:

<http://www.mpwmd.dst.ca.us/asd/board/committees/cac/2007/2007.htm> .

For more information on the CAC itself, refer to the District website at:

<http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2006/20061211/16/item16.htm> .

Because the CAC is an ad hoc committee and completed its assigned duties, it did not meet after September 2007.

Objective LS5 (continued in 2008): Refine and Present to the Board the Matrix of Water Supply Alternatives, using the Quantified Supply Target

2007-2008 Highlights: The 2008 updated matrix was received by the Board at its March 17, 2008 meeting, as scheduled. It incorporated the consultant information received in February 2008 and suggestions from the Community Advisory Committee received in September 2007. Minor refinements were made to the matrix for the March 27, 2008 special workshop on water supply alternatives. The current matrix includes three shore-based desalination projects as well as preliminary information on the ship-based Seawater Conversion Vessels (SCV) technology, now known as the "Offshore Desalination Project" (ODP). The matrix also includes information on the MPWMD ASR Project and two projects featuring purified recycled water, one combined with desalination.

Background: Since Fall 2004, the District has prepared an annual Comparative Matrix of Water Supply Alternatives spreadsheet to compare various projects for subjects such as cost and financing, implementation timeline, water yield, environmental review, and others. For background information on the 2004 and 2005 matrices, please refer to the District website at: <http://www.mpwmd.dst.ca.us/pae/matrix/matrix.htm>. For the October 2006 matrix, visit: <http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2006/20061016/13/item13.htm>.

As part of development of the October 2006 matrix, in February 2006 the District Board approved retaining a team of water supply engineering design experts led by Bookman-Edmonston/GEI Consultants to conduct an independent technical evaluation of three proposed desalination projects previously reviewed in the 2004 and 2005 matrices: (1) Coastal Water Project at Moss Landing proposed by CAW; (2) the Monterey Bay Regional Desalination Project at Moss Landing proposed by Pajaro/Sunny Mesa Community Services District; and (3) MPWMD 8,400 AFY desalination project proposed in the Sand City area. This effort culminated in a report presented to the Board at its June 29, 2006 special workshop. Copies of the full report are available at the District office, and presentation materials may be viewed at the District website at: <http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2006/20060629/0629agenda.htm>.

At the June 2006 workshop, a number of questions and comments were posed by the Board and public. At its July 17, 2006 meeting, the Board determined it would defer action on amending the B-E/GEI contract and preparing a final report until after the September 25, 2006 Board Strategic Planning Workshop. A summary of comments by the Board, the public, and project proponents, including copies of written comments received was provided to the Board in a memorandum from the District Engineer dated September 12, 2006. At its October 16, 2006 meeting, the Board determined that it wished to add review of the ODP technology to the scope of work. The Board approved a B-E/GEI contract amendment at its February 22, 2007 Board meeting to include formal responses to questions and more detailed information about the ODP technology. For more information about the B/E-GEI contract review in January 2007, please refer to the District website at: <http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2007/20070222/17/item17.htm>.

B/E-GEI prepared a draft report evaluating four desalination projects in the matrix, which was received by the Board on July 16, 2007. Three sets of comments were received by the August 17, 2007 deadline. The consultant scope of work was amended by the Board on September 17, 2007 to address these comments, which included substantial new data from the ODP proponents. The B/E-GEI final report was received at the Board's February 28, 2008 meeting. Consult the District website at: <http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2008/20080228/20/item20.htm>.

The 2008 updated matrix was received by the Board at its March 17, 2008 meeting, as scheduled. It incorporated the consultant information received in February 2008 and suggestions from the Community Advisory Committee received in September 2007. Minor refinements were made to the matrix for the March 27, 2008 special workshop on water supply alternatives. Refer to the District website at: <http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2008/20080317/15/item15.htm> and http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2008/20080327/0327agenda_rev.htm.

Water Supply Target: One Matrix component addresses how well various projects meet the water supply targets adopted by the Board in 2007, based on a series of meetings in 2006 and 2007. A staff-recommended value of 12,500 AFY for existing needs was presented to the Board for its consideration at the November 20, 2006 meeting. For more information, refer to the District website at: <http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2006/20061120/12/item12.htm>.

A special workshop was held on May 18, 2006 to address future water needs, based primarily on projections made by the Technical Advisory Committee (TAC), comprised of jurisdiction planning staff. The TAC evaluated water needs associated with various types of uses anticipated at "build-out," based on current General Plans. The TAC estimated that 4,545 AFY above existing needs would be required, as described in the District website at:

<http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2006/20060518/01/item1.htm>.

No changes to the May 2006 estimate were proposed in November 2006.

The staff recommendation of 12,500 AFY for existing needs and 4,545 AFY for future needs was accepted by the Board in November 2006 to submit to the jurisdictions for comment with requested written comment by March 15, 2007. A special workshop of the jurisdictions' TAC and Policy Advisory Committee (PAC) was held on January 9, 2007, where District staff reviewed the development of its assumptions in detail, with emphasis on existing needs. The TAC at its January 23, 2007 meeting accepted the information on existing needs. The jurisdictions provided feedback in February and March 2007. Jurisdiction comments were reviewed and the Board approved the 12,500 AFY and 4,545 AFY yield targets at its meeting of April 16, 2007. Refer to the District website at: <http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2007/20070416/14/item14.htm>.

Objective LS6 (new in 2008): Ensure That CAW Presents Updated Water Supply Proposals, Alternatives and Timeline

2007-2008 Highlights: As scheduled, CAW Vice President Tom Bunosky made a presentation about the Coastal Water Project to the MPWMD Board at its March 27, 2008 Special Workshop. He described the regulatory situation, CAW efforts on the Project, and updated timelines. Project completion is not envisioned until late 2015 or early 2016, based

on current progress on the EIR.

The CAW presentation is on the MPWMD website at:

http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2008/20080327/ppt/1_files/frame.htm.

Objective LS7 (new in 2008): Prioritize Water Supply Alternatives

2007-2008 Highlights: At its March 27, 2008 Special Workshop, The Board directed staff to revive pursuit of the 8,400 AFY MPWMD desalination project, and identify it as the "MPWMD 95-10 Project." On April 21, 2008, the Board directed staff and consultants to prepare a Constraints Analysis report before committing significant funds and resources towards evaluation of the desalination project in an EIR.

Background: At its March 27, 2008 Special Workshop on water supply alternatives, the Board received: (1) an update from CAW on its Coastal Water Project (see Objective LS6 above); (2) information on the cost and timeline associated with completing a Final EIR on the 8,400 AFY MPWMD Seawater Desalination Project in the Sand City area; (3) a brief presentation by Water Standard Company on offshore ship-based desalination facilities; and (4) an overview by MPWMD staff on the major water supply alternatives evaluated to date. The Board began initial discussions on which water supply alternatives should be pursued by the District in the near-term. The Board directed staff to revive pursuit of the MPWMD desalination project, which had been tabled in 2004. A new name, the "MPWMD 95-10 Project," was suggested, as a key goal is compliance with SWRCB Order WR 95-10.

The Board also directed staff to develop a scope of work and cost estimate for engineering and environmental consultant contracts associated with the certifying a Final EIR for the Project, to be considered at the April 21, 2008 Board meeting. Given uncertainties and disagreement about the feasibility of the project, the Board, on April 21, 2008, directed staff and consultants to prepare a Constraints Analysis report before committing significant funds and resources towards evaluation of the project in an EIR. This effort was given a mid-August 2008 completion goal, and will be addressed in the 2008-2009 Mitigation Program Annual Report.

The overview of the MPWMD 95-10 Project (8,400 AFY desalination), initial discussion of setting priorities, and information for the April 21, 2008 meeting may be viewed at the MPWMD website at: <http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2008/20080327/02/item2.htm>; <http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2008/20080327/03/item3.htm>; and <http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2008/20080421/23/item23.htm>.

Objective LS8 (continued in 2008): Ensure the Remaining Entities Adopt an MOU for Participation in the Monterey Bay Regional Water Solutions Task Force to Evaluate Regional Water Supply Solutions

2007-2008 Highlights: The District General Manager regularly met with other water agency managers (Managers Working Group) regarding interagency cooperation and regional water supply planning. In July 2007, the District Board endorsed a Final Draft Memorandum of

Understanding (MOU) to Form the Monterey Bay Regional Water Solutions Task Force, which was distributed to all member entities for final approval in Summer/Fall 2007. However, in May 2008, the Board was advised by Supervisor Dave Potter that Monterey County had identified concerns with the MOU as crafted, and a renewed effort is needed to develop a new mutually acceptable agreement.

Background: District staff has coordinated with MRWPCA, Monterey County Water Resources Agency (MCWRA), Marina Coast Water District (MCWD) and other entities on regional water supply solution opportunities. Throughout the year, the General Manager participates in Monterey County-led meetings of a Managers Working Group comprised of water/wastewater districts and cities from the Monterey Peninsula and north Monterey County, including the northern Salinas Valley, regarding a potential governance structure for a regional water supply planning entity currently known as the Monterey Bay Regional Water Authority (MBRWA). At its March 22, 2007 meeting, the District Board approved in concept a draft Memorandum of Understanding to Form the Monterey Bay Regional Water Solutions Task Force, and urged other entities to consider it as well and/or offer suggested changes. The MOU proposed to form a committee comprised of a representative from the County Board of Supervisors, affected water district/agency governing boards, and city councils. At its meeting of June 18, 2007, the MPWMD Board approved a revised Draft MOU to form the Task Force and a contribution of \$5,000 towards technical analyses that the Task Force will require. Entities involved in the MBRWA met on July 23, 2007 and endorsed the Final Draft MOU, which was distributed to all member entities for final approval in Summer/Fall 2007. Additional information may be found at the MPWMD website at: <http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2007/20070618/25/item25.htm>.

At the February 13, 2008 Strategic Planning Session, Director Potter volunteered to ensure that all participating entities adopt the MOU by April 21, 2008. However, he reported to the Board in May 2008 that Monterey County had identified concerns with the MOU as crafted, and a renewed effort in is progress to develop a new mutually acceptable agreement. No timeline was identified for this County effort.

Objective LS9 (continued in 2008): Provide Technical Support or Guidance to MRWPCA for its Groundwater Replenishment Project in the Seaside Basin

2007-2008 Highlights: MPWMD staff participated in technical coordination meetings for the Groundwater Replenishment Project (GRP), and provided technical assistance to the GRP consultant team, as requested, including review of technical and planning documents.

Background: The Groundwater Replenishment Project (GRP) entails potential injection or percolation of highly purified recycled water in to the Seaside Groundwater Basin. It is modeled after a successful replenishment project in Orange County, California. Studies are underway to determine whether a similar type of project is feasible in the Seaside Basin east of General Jim Moore Boulevard. At its November 20, 2006 meeting, the MPWMD Board adopted Resolution No. 2006-05 expressing support for the MRWPCA replenishment efforts. The resolution text may be viewed at: <http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2006/20061120/04/item4.htm>. Subsequently, MPWMD staff has participated in many GRP technical coordination meetings, and has provided technical assistance to the GRP consultant team, as requested, including review of

technical and planning documents.

Objectives for Draft Cease and Desist Order

On January 15, 2008, the SWRCB issued a draft Cease and Desist Order (CDO) against CAW. The draft states that compliance with Order 95-10 – specifically, the requirement to find a replacement water supply to offset unlawful diversions from the Carmel River Basin – has not yet been achieved after 12 years. The draft CDO states that water diversions to serve the community continue to have adverse impacts to fish, wildlife and their habitat, with particular reference to federally protected species such as the Carmel River steelhead run. The draft CDO proposed a cutback in CAW water diversions that would be equivalent to another 15% reduction from current community use beginning October 1, 2008 to a 50% reduction in community water use by the year 2014. Extensive fines could be levied against CAW, which potentially could pass them on to the community, if compliance was not achieved. Given that the Monterey Peninsula already has one of the lowest water use rates in the state, concerns were expressed about the feasibility of the prescribed cutbacks in the CDO, and/or the economic and quality of life impacts to the community.

CAW protested the draft CDO and was granted a formal hearing before the SWRCB. The District and several other parties filed the requisite paperwork to be parties in this proceeding. The hearing in Sacramento was split into two parts:

- Part 1: June 19 and 20, 2008; CAW compliance with Order 95-10 and state water code.
- Part 2: July 23-25 and August 7-8, 2008; recommended content of final CDO, and rationale for any suggested changes from the draft CDO.

The District staff and legal counsel fully participated in all hearings, as well as follow-up briefs through Fall 2008. To date, no action has been taken by the SWRCB on this matter. In addition, the SWRCB held a public hearing to take policy statements in Monterey on April 1, 2008. The District's Public Outreach Committee also prepared an informational flier about the CDO that was mailed to all District households prior to the April 1, 2008 hearing. A total of 35 people made presentations to the SWRCB officials present on April 1, with many more in attendance.

The following four objectives were developed at the District Board's February 13, 2008 Strategic Planning Session and adopted by the Board on February 28, 2008, to address the CDO:

Objective LS1: Present to the Legislative Committee a Briefing Paper on the Draft CDO

Highlights in 2007-2008: The Legislative Advocacy Committee was formed in February 2008; members are Directors Dave Potter, Bob Brower and Judi Lehman. Staff prepared a briefing paper on the contents of the CDO and ramifications to the community on February 15, 2008, as scheduled. The paper also reviewed various policy issues for discussion.

Background: Information on the Legislative Advocacy Committee may be viewed on the District website at: <http://www.mpwmd.dst.ca.us/asd/board/boardpacket/2008/20080228/03/item3.htm>.