



November 5, 2019

Dayna Bochco, Chair
California Coastal Commission
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Subject: Agenda Item Thursday 8a - Appeal No. A-3-MRA-19-0034 (California American Water Company, et al., Monterey Co.); Agenda Item Thursday 9a - Application No. 9-19-0918 (California American Water Co., Seaside, Monterey Co.)

Dear Chair Bochco and Coastal Commissioners:

LandWatch supports the Coastal Commission staff recommendations to deny a coastal development permit for Cal-Am's proposed desalination facility. As the staff report concludes:

- The project is inconsistent with the City of Marina's Local Coastal Plan policies and the Coastal Act regarding Environmentally Sensitive Habitat Areas (ESHA), coastal hazards, and placement of fill in coastal waters.
- The project does not qualify for the Coastal Act Section 30260 exception to permit a coastal-dependent industrial facility that is inconsistent with these policies:
 - the project cannot meet the first element of the Section 30260 test because there is a feasible alternative in a different location that is less environmentally damaging;
 - the project cannot meet the second element of the Section 30260 test because denial of the permit will not adversely affect public welfare, but will in fact promote public welfare; and
 - the project cannot meet the third element of the Section 30260 test because it has not been mitigated to the maximum extent feasible.

The desalination project fails the first element of the Section 30260 test because Pure Water Monterey expansion is a **feasible alternative** that is **less environmentally damaging** than the desalination project (Staff report, pp. 80-83). It is feasible because it can be accomplished successfully in a reasonable period of time. Phase 1 of the Pure Water Monterey plant will start delivering 3,500 AFY of water to the Peninsula by the end of 2019. The Supplemental EIR for the Pure Water Monterey expansion is about to be released. The expansion will meet the December 2021 Cease and Desist Order deadline and will do so with much less schedule risk than desalination (Staff Report, pp. 98, listing critical risks for desalination).

Pure Water Monterey expansion is feasible because it, along with other available water supplies will meet foreseeable demand on the Monterey Peninsula for at least twenty years. The Monterey Peninsula Water Management District's September 2019 *Supply and Demand for Water on the Monterey Peninsula* provides important new information that was not available to the California Public Utilities Commission. The District's current analysis firmly establishes that Cal-Am can meet foreseeable demand with either the Pure Water Monterey expansion or the desalination facility (Staff Report, pp. 82-94).

However, a critical problem with the desalination facility is that it would generate much more water than is foreseeably demanded. This would raise water rates substantially because smaller delivered quantities of desalinated water would have to cover the same large fixed costs. Table 7 of the staff report shows that the cost per acre foot of water with the desalination plant running at 70% capacity would be \$8,294/AF. This compares with \$6,094/AF with the plant running at full capacity, a level that would not be reached for many years, if ever (Staff Report, p. 92). By contrast, water from the Pure Water Monterey expansion would cost \$2,100/AF (Staff Report, p. 98).

Even with the extremely optimistic demand at three times the historic absorption rate, the desalination plant will not run at capacity for decades. The Water Management District concludes that Pure Water Monterey expansion is sufficient until 2043. With water rates certain to rise, it is equally certain that demand will not reach three times the historic absorption rate -- unless the basic economic law of supply and demand miraculously doesn't apply to desalinated water, as Cal-Am appears to argue. Consider that there are more than 9,000 housing units with water entitlements that have been approved but not built throughout Monterey County, including more than 700 within the Monterey Peninsula Water Management District.

In sum, Pure Water Monterey expansion is a feasible alternative because it meets the project objectives for the Cal-Am project and meets the same nine criteria that the California Public Utilities Commission applied when it approved the initial 3,500 AFY from the Pure Water Monterey project (Staff Report, pp. 94-99).

Pure Water Monterey expansion is less environmentally damaging. It will have no impact on coastal environmentally sensitive areas (Staff Report, pp. 34-47). It will have far, far fewer greenhouse gas emissions (Staff Report, pp. 59-6). Because it is inland, it is not subject to coastal hazards, such as beach erosion or other impacts from sea level rise (Staff Report, p. 53). It will not require fill to coastal waters, e.g., new or modified outfall diffuser or monitoring buoys. And unlike the desalination plant, Pure Water Monterey expansion won't discharge brine or have other discharge-related water quality impacts (Staff Report, p. 57).

The desalination project also fails the second element of the Section 30260 test because denial of the Cal-Am project permits would not adversely affect public welfare (Staff Report, pp. 104-105). Water costs and rates would be significantly lower if the Cal-Am project is not built. Environmental impacts would be fewer and less significant (Staff Report, p. 99). There will be fewer and less significant impacts to lower income communities and communities of color (Staff Report, pp.68-76). Denial of the permit will not thwart the public's water needs currently or in the near decades.

The desalination project fails the third element of the Section 30260 test as well because the Commission cannot find that project is mitigated to the maximum extent feasible. For example, the proposed mitigation strategy would result in a net loss of habitat. And Cal-Am has not provided sufficient information to evaluate the impacts and required mitigation for all aspects of the project.

In conclusion, Cal-Am can meet its legal obligations through the feasible alternative of Pure Water Monterey expansion. This alternative would meet the long-term needs of the Monterey Peninsula with water that would cost only one third as much as desalination water. Pure Water Monterey expansion is less risky technologically and operationally, and more socially just. It is also readily available and supported by a majority of the Peninsula's residents, who just last year voted to buy-out Cal-Am.

LandWatch has long advocated for timely and affordable solutions to sustainable water on the Monterey Peninsula. We ask that you support your staff's recommendation so Cal-Am's desalination project can be put to bed and Pure Water Monterey expansion can be brought online as soon as possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael DeLapa". The signature is stylized with a large, looped initial "M" and a long, sweeping underline.

Michael DeLapa
Executive Director