

HYBRID REGIONAL PLAN UPDATE

Because of requirements to reduce water taken from the Carmel River, the California Public Utilities Commission (CPUC) ordered California American (Cal Am), the Peninsula's major water purveyor, to develop a water supply project. CalAm's proposal, known as the Coastal Water Project (CWP), focuses on a seawater desalination plant either at Moss Landing or North Marina. A draft environmental impact report (DEIR) evaluated the impacts of plants at these locations along with an alternative developed by local agencies referred to as the Regional Plan. The CPUC ultimately approved the Regional Plan. Due to a number of factors, CalAm withdrew its support of the Regional Plan and is developing an alternative to be presented to the CPUC in April 2012.

Because each of the three alternatives evaluated in the Coastal Water Project had serious pitfalls, a group of community-based, non-profit, non-governmental organizations developed the Hybrid Regional Plan in 2009. Important information has been developed in the last two years, and this update is intended to address new issues and concerns.

The Hybrid Regional Plan is NOT a new approach. Rather, it is a mix of the best elements evaluated in the CWP DEIR, as well as some projects already in place. As discussed below, the Hybrid Regional Plan

- Increases the use of lowest cost water-supply options
- Simplifies environmental review by supporting elements of projects already evaluated in the DEIR
- Focuses first on meeting the urgent water needs of Monterey Peninsula residents and ratepayers
- Avoids extracting water from the Salinas Basin
- Ensures that Peninsula ratepayers are directly represented in the project's implementation
- Is an incremental approach, allowing project effectiveness, cost and environmental impacts to be accurately assessed before irrevocable commitment to the next phase.

To-date, the Hybrid Regional Plan Update has been endorsed by the League of Woman Voters of the Monterey Peninsula, Carmel Valley Association, and LandWatch Monterey County. It continues to represent a milestone in community agreement at the grass-roots level, since many of these organizations have never endorsed previous water supply proposals.

BACKGROUND

The Monterey Peninsula has serious water supply problems. California American (CalAm), which is the major water purveyor for the area, is under State order (SWRCB Order 95-10) to significantly reduce extractions from the Carmel River. Additionally, the Seaside Basin has been recently adjudicated resulting in a court order to reduce water pumping from the Basin. The Monterey Peninsula has a new opportunity to address these issues with the demise of the Regional Plan.

GENERAL CRITERIA FOR AN UPDATED HYBRID REGIONAL PLAN

The Hybrid Regional Plan was developed in response to issues related to the Regional Plan and the large desalination facility that would extract source water from the Salinas Valley Groundwater Basin. A new opportunity to develop a water supply alternative that specifically addresses regulatory requirements for the Monterey Peninsula is now available with the demise of the Regional Project.

The Updated Hybrid Regional Plan is based on the following criteria:

- A sustainable water supply that begins with existing resources before relying on desalination.
- Size of desalination facility based on meeting demand after quantification of water availability for alternatives identified above.
- Public financing of major capital projects including desalination facility.
- Representation of Monterey Peninsula ratepayers in terms of project management and oversight.
- Timely project implementation with consideration given to potential impediments.
- Updated demand projections.
- Water for growth addressed in a subsequent phase.

UPDATED HYBRID REGIONAL PLAN

A sustainable water supply that begins with existing resources before relying on desalination

Legally available water from the Carmel River and Seaside Basin is approximately 3,300 AFY and 1,500 AFY, respectively. Conservation could add another 300 AFY. This estimate is based on data in the Coastal Water Project EIR showing a range of 300 to 1,000 AFY. Aquifer Storage and Recovery (ASR Phases I and II) could yield an average of 1,900 AFY or more; the number is reduced to 1,500 AFY to account for ASR permit requirements (Permit 20808C). Reclaimed water for landscaping (RUWAP) was estimated to reduce the CalAm water demand by 300 AFY for the Peninsula in the CWP EIR. Seaside Groundwater Replenishment can yield 2,700 AFY based on the latest estimates from Monterey Regional Water Pollution Control Agency. The estimate of a 700 AFY reduction in unaccounted for water (leakage) is from an Administrative Law Judge draft opinion. Interim use of Sand City water is 300 AFY. Based on a demand of 13,580 AFY which includes 2010 water demand of 12,400 and an added 1,180 AFY for drought reserve, the size of the desalination plant would be 2,980 AFY. (Table 1)

Public financing of major capital projects including desalination facility

A desalination facility should be publicly owned and financed. It has been estimated that a publically financed facility could be many millions of dollars less expensive over a 30 year period than one that is privately financed. This is due to the fact that the return provided by the CPUC to regulated utilities is approximately twice the rate for financing by municipal bonds. In addition, the accelerated depreciation rules applied by the CPUC in rate-setting further increase the rates in the first 10 to 15 years when compared to public financing.

Representation of Monterey Peninsula ratepayers for project management and oversight

The Monterey Peninsula Water Management District which is directly elected by the voters within the CalAm service area should be the managing agency for developing and overseeing the overall program. Individual components of the program should also be developed by public agencies. The agency to develop the desalination facility is still unclear with several options available including a project by the Monterey Peninsula Water Management Agency, a joint effort by CalAm and the Monterey Peninsula Water Management District, The People's Desal Plant, and the Deep Water Desal project.

Timely project implementation with consideration given to potential impediments

A desalination facility is the program element that is most likely to encounter delays. Delays may occur due to permit requirements from the California Coastal Commission and Regional Water Quality Control Board. Requirements for brine discharge are currently being reconsidered. Slant wells in the North Marina area that extract freshwater could raise water rights and illegal exportation issues. Finally, over 20 desalination facilities along the California coast have been in the planning stage for many years; however, there are only a few in actual operation including the Sand City desalination plant.

Updated demand projections

As noted above, water demand has been updated based on 2010 water demand of 12,400 AFY and 14,100 AFY adjusted for drought reserve and future Seaside basin needs. While 2010 was a wet year and experienced a weak economy, using this number is realistic since new water rates could depress demand even more. This is the preferred alternative. A total of 14,100 AFY demand is also addressed. This reflects 2007 water year which was a critically dry year with a good economy. Demand has declined in recent years because of tiered rate structure and conservation programs implemented by CalAm and the Monterey Peninsula Water Management District. The economic recession is also a factor.

Water for growth addressed in a subsequent phase

The Updated Hybrid Regional Plan only addresses current water demand based on regulatory requirements, leaving plans for growth (i.e., general plan buildout, lots of record, etc.) to a later phase. This approach avoids potential delays resulting from litigation and takes advantage of the environmental impact report prepared for the Coastal Water Project which evaluated three "no growth" alternatives for the Monterey Peninsula. It also takes advantage of the potential for increased water supplies from projects such as aquifer storage and recovery and groundwater replenishment.

TABLE 1
UPDATED HYBRID REGIONAL PLAN

Project Elements	2010 Water Year Wet Year/Poor Economy (AFY)	2007 Water Year Dry Year/Good Economy (AFY)	Comments
Demand	12,400	14,100	MPWMD data
Drought Reserve	1,180	1,180	Regional Plan (REPOG/Water for Monterey County)
Conservation	-300	-300	CWP DEIR, p. 5- identifies 300 to 1,000 AFY
Reduce Unaccounted for Water (replace Seaside pipelines) and Electronic Leak Monitoring	-700	-700	May 7, 2009 Admin- strative Law Judge draft opinion, p. 59 shows up to 1,000 AFY for replacement and 350 AFY for electronic leak monitoring. Conser- vative estimate used.
Total Demand	12,580	14,280	
Carmel River	3,300	3,300	
Seaside Aquifer	1,500	1,500	
ASR I and II	1,500	1,500	MPWMD/CalAm Proposed Project is 1,900 AFY; number reduced to be consistent with ASR permit. Additional water available when permit conditions met.
RUWAP – Reclaimed water for landscaping	300	300	Regional Plan
Seaside GWB Replenishment	2,700	2,700	MRWPCA Proposed Phase I
Interim Use Sand City	300	300	Regional Plan
Desal Plant	2,980	4,680	Supplements other projects
Water for Growth	Phase II	Phase II	
Total Water Supply	12,580	14,280	