STATE OF CALIFORNIA - NATURAL RESOURCES AGENCY GAVIN NEWSOM, *GOVERNOR*

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Th3a & 4a

A-3-MRA-19-0034 / 9-19-0918

September 17, 2020

EX PARTE FORMS

UPDATED SEPTEMBER 9, 2020

Received 09.09.2020

EX PARTE COMMUNICATION DISCLOSURE FORM

Filed by Commissioner: Dayna Bochco

1) Name or description of project: Cal Am

2) Date and time of receipt of communication: Sept 8, 2020 4 pm-5:15pm

3) Location of communication: Zoom

(If not in person, include the means of communication, e.g., telephone, e-mail, etc.)

4) Identity of person(s) initiating communication: Susan McCabe, McCabe & Company

5) Identity of person(s) on whose behalf communication was made:

6) Identity of persons(s) receiving communication:

me

7) Identity of all person(s) present during the communication:

Kathryn Horning, Corporate Counsel, California American Water
Ian Crooks, Vice President, Engineering, California American Water
Susan McCabe, McCabe & Company
DJ Moore, Counsel, Latham & Watkins

Complete, comprehensive description of communication content (attach complete set of any text or graphic material presented):

See Attached

9/9/2020
Date

Dayna Bochco
Signature of Commissioner

TIMING FOR FILING OF DISCLOSURE FORM: File this form with the Executive Director within seven (7) days of the ex parte communication, if the communication occurred seven or more days in advance of the Commission hearing on the item that was the subject of the communication. If the communication occurred within seven (7) days of the hearing, provide the information orally on the record of the proceeding and provide the Executive Director with a copy of any written material that was part of the communication. This form may be filed with the Executive Director in addition to the oral disclosure.

DJ Moore did most of the presentation. He had the Applicants' booklet on the screen and we went through it virtually page by page —- skipping a few slides at the end.

We started with the problems with the Pure Water Expansion project. he said that M1 Water Board denied their EIR citing contracts for supply did not exist, a dispute with Salinas Basin re Ag runoff use and technological problems in the original Pure Water launch. He says they are 8 months behind.
Mr. Moore cited an experts analysis that they commissioned that specified that Pure Water Expansion: over relies on storage and collection Acquifier, and insufficient waste water supply. Moore mentioned that Pure Water has only met 58% of their Phase 1 supply, and that CCC staff's analysis would demand 100% of all sources mentioned in the staff report to meet the expected need and not further rely on Carmel RIver.
The Expansion would require additional wells, at least reach 4 deep wells, since the first two aren't giving enough supply and this will increase the Expansions costs, which have already doubled.
One claim, which i had missed in our staff report, is that the Expansion relies on 1,300 acr feet per year from the Carmel River over the 3,376 that is cited as the new River max. Moore said that in drought years, which we have had every decade for a long time, this water would not be available from the RIver and then the Expansion would not meet the minimum requirements. He said Gov Newsome requires any water plan to be able to withstand 6 years of drought.
He said that staff cited 8000 acre ft for Wastewater but the EIR says it's only 5,811. Further, since Demand is going down, as staff said, the wastewater supply will go down commensurately.
There is new Seaside Ground Water Basin info from the Watermaster: Seaside Basin is seeing signs of seawater intrusion and will require 1,000 acre feet (per year? Not clear). This is where Expansion is to store water. Expansion can't provide the replenishment, only desal can do that.
We were at about PGE 13 of the presentation: the rest of presentation is more about the Cal Am Desal project. moore state that staff relied heavily on the Stoltz memo, and even if you accept it, it shows that the Expansion barely meets demand, and when there is drought, it will not meet minimums.
They stated that their rates are goverend by CPUC and it has only approved a $37 - $40 increase in monthly rates to the district. I asked how this equated to the $6,000+ per acre ft costs of desal. How could they recover their costs, since Desal notoriously gets more expensive during building. They said the CPUC would govern here. SO, not clear.
Environmental Justice
Cal Am has a 30% discount program which they are in the process of improving. They are providing cheap water to Castroville.

Vernal Pools and Wetlands will not by affected, and if extensive monitoring shows later they are, Cal Am has a heavy mitigation package.
I asked about Marina: why are they so opposed. Moore said that the leaders there scared the public that they were taking their water. The maps show that the wells that Cal Am uses are far from Marina, not water Marina owns. Cal Am is taking "bad" water and Marina can't use that. Marina would have to do their own desal to use it.

I asked about CEMEX, saying that all this industrial uses the State has been trying to get off the beach keep being reused to the detriment of the environment and public access. Moore said that the well field is far less intrusive —- it's 1/4 of the 400 acres. Also, they are contributing to the funds to get the restoration of the site done —- at the moment it is at 15 acres and he indicated that they would go higher.

Th 3a & 4a

EX PARTE COMMUNICATION DISCLOSURE FORM

Filed by Commissioner: Steve Padilla

1) Name or description of project: Application No. 9-19-0918 (California American Water Co., Seaside, Monterey Co.)

RECEIVED
SEP 08 2020

2) Date and time of receipt of communication: 9/2/2020, 1pm
3) Location of communication: Web Conference
(If not in person, include the means of communication, e.g., telephone, e-mail, etc.)
4) Identity of person(s) initiating communication: Sara Wan
5) Identity of person(s) on whose behalf communication was made: Marina Coast Water District and Western Alliance for Nature
6) Identity of persons(s) receiving communication:
Commissioner Steve Padilla
7) Identity of all person(s) present during the communication:
Keith Van Der Maaten, Peter Mayer, Ruth Muzzin, Howard Wilkins, Tom Moore, Sara Wan, Commissioner Padilla and his staff member Tony Cruz.

Complete, comprehensive description of communication content (attach complete set of any text or graphic material presented):

The representatives of Marina Coast Water District and Western Alliance for Nature expressed their support for the staff recommendation. Further, the representatives discussed the importance of environmental justice and the issues of supply and demand surrounding Pure Water Monterey and its expansion. They asserted that PWM and the PWME work now and will work in the future as there is sufficient water to meet demands and to stop over drafting of the Carmel River.

The representatives indicated that the project does not meet the public benefits requirements of 30260 in regard to public access, affordable housing, and sea level rise. They also raised the issues surrounding groundwater and why the model used needs more work. Additionally, in regard to mitigations, they pointed to the inadequacy of the HMMP and mitigations for impacts to ESHA and impacts of project on GDEs. They noted that the ponds in the coastal zone are interconnected.

Lastly, the representatives indicated that the project does not have pipeline and did not submit a necessary CDP for the outfall liner.

9/8/2020

Date

Signature of Commissioner

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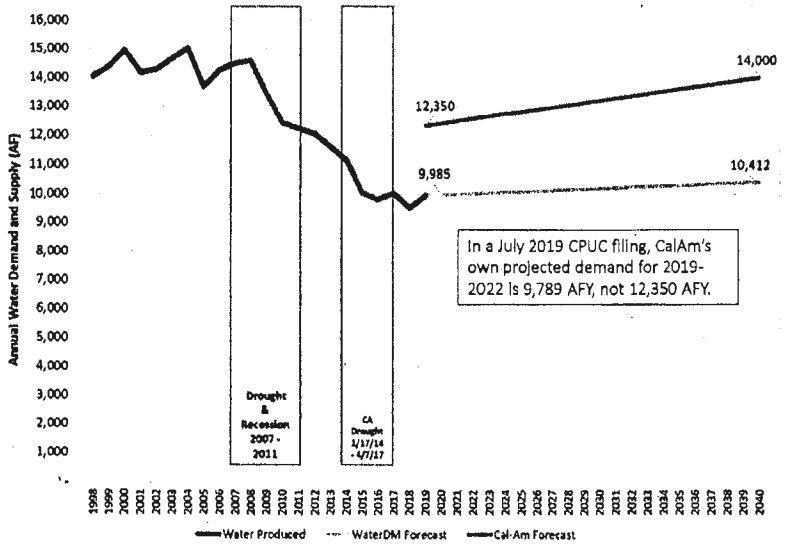
Regarding Water Supply and Demand in the California American Water Company's Monterey Main System

Expert Report and Recommendations of

Peter Mayer, P.E.

WaterDM
DEMAND MANAGEMENT

1



WaterDM Forecast of Future Average Annual Production

2

Cal-Am Monterey Main System current supply sources and forecast demand, 2020 - 2030

Cal-Am Water Supply (AF)	2020	2021	2022	2023	2024*	2025	2026	2027	2028	2029*	2030
Carmel River	8,310	8,310	3,376	3,376	3,376	3,376	3,376	3,376	3,376	3,376	3,376
Deductions Pursuant to Cease & Desist Order											
Missed milestone	(250)	(1,250)									
ASR Injection Water	(600)	(600)									
Sand City Deduction	(150)	(150)									
Carmel River Carryover Credit	750	750									
Carmel River Permit 21330	250	300	300	300	-	300	300	300	300	-	300
Carmel River Total (net)	8,310	7,360	3,676	3,676	3,376	3,676	3,676	3,676	3,676	3,376	3,676
Seaside Basin	1,820	1,734	1,474	1,474	1,474	1,474	1,474	1,474	1,474	1,474	1,474
ASR recovery		764	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Sand City Desal	150	150	150	150	150	150	150	150	150	150	150
Pure Water Monterey	*1,750 inject*	*3,500 inject*	3,500	3,500	2,500	3,500	3,500	3,500	3,500	2,500	3,500
Withdrawal from Storage Reserve to Meet Demand					75		20	42	64	185	207
Total	10,280	10,008	10,100	10,100	10,075	10,100	10,120	10,142	10,164	10,185	10,207
Continued Efficiency Forecast	*9,985*	*10,008*	*10,030*	*10,053*	*10,075*	*10,098*	*10,120*	*10,142*	*10,164*	*10,185*	*10,207*

**Drought year*

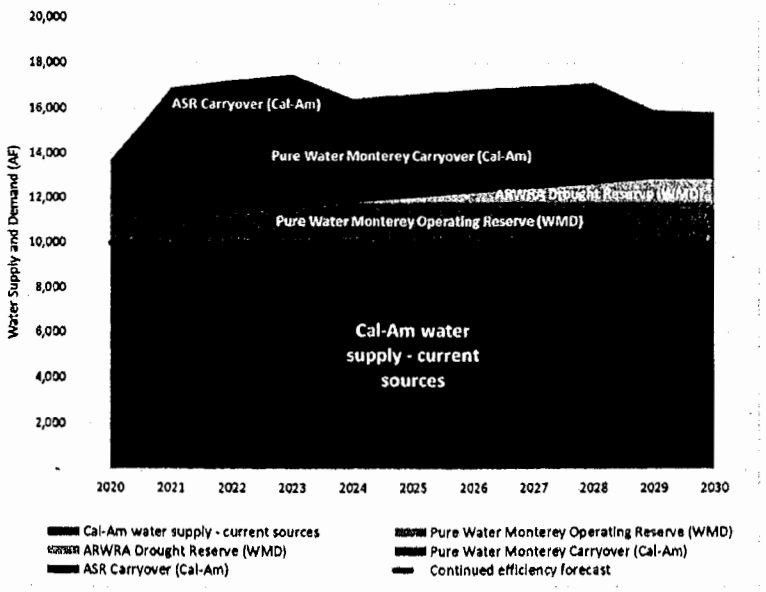
3

Potential buildup of Seaside Basin groundwater reserve, 2020-2030

Groundwater Storage (AF)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
ASR Carryover (Cal-Am)	1,644	1,644	1,644	1,644	369	369	349	307	243	-	-
PWM Operating Reserve (WMD)	1,000	1,000	1,250	1,500	1,750	1,750	1,750	1,750	1,750	1,750	1,750
ARWRA Drought Reserve (WMD)	-	-	-	-	-	200	400	600	800	1,000	1,000
PWM Carryover (Cal-Am)	750	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	3,108	3,001
End of Year Groundwater Storage	**3,394**	**6,894**	**7,144**	**7,394**	**6,369**	**6,569**	**6,749**	**6,907**	**7,043**	**5,858**	**5,751**

4

Cal-Am Monterey Main System current supply sources, forecast demand, and potential buildup of Seaside Basin groundwater reserve, 2020-2030



5

Conclusions

- Without Pure Water Monterey Expansion or Desal, Cal-Am can comply with the cease and desist order and eliminate its illegal Carmel River diversions by 2022.
- Cal-Am does not need to use any injected Pure Water Monterey water before 2022 so it can build up its carryover underground storage reserve in the Seaside Basin to draw on, if necessary, in 2022 and beyond.

WaterDM
DEMAND MANAGEMENT

6

Th 3a & 4a

EX PARTE COMMUNICATION DISCLOSURE FORM

Filed by Commissioner: Steve Padilla

1) Name or description of project: A-3-MRA-19-0034 & 9-19-0918 (Cal-Am Monterey Peninsula Water Supply Project)
2) Date and time of receipt of communication: September 3, 2020, at 2pm
3) Location of communication: Telephone
4) Identity of person(s) initiating communication: Melodie Chrislock
5) Identity of person(s) on whose behalf communication was made: Public Water Now
6) Identity of persons(s) receiving communication: Commissioner Steve Padilla
7) Identity of all person(s) present during the communication: Melodie Chrislock, Commissioner Padilla, and his staff member Tony Cruz.

Complete, comprehensive description of communication content (attach complete set of any text or graphic material presented):

Ms. Chrislock expressed concern that Cal Am ratepayers, which include over 4,000 Public Water Now members, will pay for the desal plant if built, but have had no voice in the process. She indicated that the desal plant is expected to increase water bills to an unaffordable level and that the Monterey Peninsula has the most expensive water in the country.

She also indicated that an expansion of Pure Water Monterey is the community's choice since it would only cost a fraction of the Cal Am desal plant. She explained that many in the community have toured the Pure Water Monterey plant that is currently in operation and applaud it as a great environmental solution.

Lastly, she indicated that the first phase of Pure Water Monterey, along with the community's conservation efforts, have solved the long-standing problem of illegal overdrafting of the Carmel River. She added that without any new water supply, they will be within their legal diversion limits by the State's December 2021 CDO deadline.

She referenced a document by the Water Supply Planning Committee and a wastewater sources chart which are attached to this ex parte.

9/8/2020

Date

Signature of Commissioner

TIMING FOR FILING OF DISCLOSURE FORM: File this form with the Executive Director within seven (7) days of the ex parte communication, if the communication occurred seven or more days in advance of the Commission hearing on the item that was the subject of the communication. If the communication occurred within seven (7) days of the hearing, provide the information orally on the record of the proceeding and provide the Executive Director with a copy of any written material that was part of the communication. This form may be filed with the Executive Director in addition to the oral disclosure.

WATER SUPPLY PLANNING COMMITTEE

DISCUSSION

2. REQUIREMENTS FOR LIFTING OF THE CEASE AND DESIST ORDER AND MORATORIUM ON NEW SERVICE CONNECTIONS

Meeting Date:	**June 1, 2020**	**Budgeted:**	**N/A**
From:	**David J. Stoldt General Manager**	**Program/ Line Item No.:**	**N/A**
Prepared By:	**David J. Stoldt**	**Cost Estimate:**	**N/A**

General Counsel Approval: N/A
Committee Recommendation:
CEQA Compliance: N/A

THIS REPORT WAS BEEN REVISED IN AUGUST 2020 TO REFLECT CORRECTIONS IN THE HISTORICAL PUMPING DATA

SUMMARY: Last month, staff described how annual compliance with the Cease and Desist Order (CDO) Effective Diversion Limit (EDL) is calculated. This discussion item covers the mechanics for lifting the CDO, as well as the process for cancelling the moratorium on new service connections.

DISCUSSION:

Lifting the CDO: The CDO is issued by the State Water Resources Control Board (SWRCB) and is directed to California American Water Company (Cal-Am). Ordering paragraph 15 (p.27) states:

> "15. The conditions of this Order, WR 2009-0060 and State Water Board Order 95-10 shall remain in effect until (a) Cal-Am certifies, with supporting documentation, that it has obtained a permanent supply of water that has been substituted for the water illegally diverted from the Carmel River and (b) the Deputy Director for Water Rights concurs, in writing, with the certification."

Thus, the process of lifting the CDO starts with a discretionary action of Cal-Am and requires a response from the SWRCB. One can reasonably assume that Cal-Am could provide certification at, or shortly after, start-up of a new water supply. The SWRCB response could take 2-3 months. The worst case would be if the SWRCB desires to see performance of the new water supply over time.

How much water supply is needed to lift the CDO? There are two "tests" to examine. Test 1 would focus solely on replacing unlawful pumping. Using the five-year average pumping through Water Year 2019, the test would look like this:

Test 1 - Water for the River	AFA
5-Year Average of Pumping from the Carmel River:	6,314
Legal Right to Pump from the Carmel River:	3,376
Replacement Supply Needed:	2,938

This test would imply that Pure Water Monterey, at 3,500 AFA, would be sufficient to lift the CDO, however it is not. Test 2 examines water supply required to meet customer demand:

Test 2 - Water for Customer Demand	AFA
Carmel River Supply	3,376
Seaside Basin Supply	774
ASR Supply	1,300
Sand City Desal Supply	94
Pure Water Monterey Supply	3,500
Total Supply	9,044
5-Year Average Customer Demand	9,825
Additional Supplies Needed to Lift CDO	781

However, a new supply substantially in excess of this amount is needed to meet growth in demand. Because future growth in consumer demand for water will take time to materialize, the additional water supply to meet future growth is presently available to allow the banking of water for future needs. Additionally, for several years the actual available from Sand City desalination and Table 13 water rights would yield additional supplies. However, ASR could be lower until additional accumulation occurs. Finally, an additional 700 AF becomes available after 25 years of in-lieu recharge of the Seaside Basin is concluded.

How does the moratorium on the setting of new meters get cancelled? The moratorium was established by the California Public Utilities Commission (CPUC) in Decision 11-03-048 in March 2011. Ordering paragraph 5 of the Decision states:

> "5. Upon the receipt by California-American Water Company of the written concurrence of the Deputy Director of Water Rights of the State Water Resources Control Board with California-American Water Company's finding that a permanent supply of water is ready to serve as a replacement for the unlawful diversions of Carmel River water, California-American Water Company shall file a Tier 1 advice letter transmitting the written concurrence and removing from its tariffs the special condition contained in Ordering Paragraph 1 of this decision."

Ordering paragraph 1 is the moratorium. The time for review of a Tier 1 advice letter by CPUC Division of Water and Audits staff is 30 days from the service date, hence if Cal-Am was ready in advance they could file the Tier 1 advice letter shortly after receipt of the SWRCB letter and the

moratorium would be lifted 30 days later, if the advice letter is not challenged.

Monterey One Water
Providing Cooperative Water Solutions

Source Water for Pure Water Monterey and PWM Expansion – 2018

The 9-year average (2010 – 2019) for Ocean Discharge (excess wastewater) is 7,634 acre-feet

This chart reflects the wastewater sources to which Monterey One Water has contractual rights. It is the worst case scenario and does not include roughly 2,000 acre-feet of agricultural wash water which is not being utilized in the Base PWM project or the proposed expanded PWM project.

	OCEAN DISCHARGE	RECLAMATION DITCH	BLANCO DRAIN	OUTSIDE BOUNDARIES	RIGHTS FROM ARWRA	TOTAL
TOTAL RIGHTS	6,294	1,014	2,620	1,363	308	11,599 AFY
PWM BASE	2,865	578	1,419	204	---	5,066 AFY
[illegible] WATER	3,429	436	1,201	1,159	308	6,533 AFY

Available for Potential PWM Expansion and/or CSIP Annexation

	OCEAN DISCHARGE	RECLAMATION DITCH	BLANCO DRAIN	OUTSIDE BOUNDARIES	RIGHTS FROM ARWRA	TOTAL
H2O AMBASE	3,429	436	1,201	1,462	308	6,836 AFY
PWM EXP.	1,670	135	312	936	33	3,086 AFY
[illegible] WATER	1,759	301	889	526	275	3,750 AFY

Add'l Available for Potential CSIP Annexation

Received 09.08.2020

EX PARTE COMMUNICATION DISCLOSURE FORM

Filed by Commissioner: Dayna Bochco

1) Name or description of project: CalAm

2) Date and time of receipt of communication: Sept 7, 2020 2 – 3 pm

3) Location of communication: Zoom

(If not in person, include the means of communication, e.g., telephone, e-mail, etc.)

4) Identity of person(s) initiating communication: Sara Wan, Consultant for MCWD, Consultant for Western Alliance for Nature

5) Identity of person(s) on whose behalf communication was made:

6) Identity of persons(s) receiving communication:

me

7) Identity of all person(s) present during the communication: Sara Wan

Keith Van Der Maaten, General Manager MCWD, Ruth Stoner Muzzin, Outside CPUC Counsel, Partner at Friedman & Springwater LLP, Howard F. Wilkins III, Outside Environmental Law Counsel, Partner at Remy Moose Manley LLP

Complete, comprehensive description of communication content (attach complete set of any text or graphic material presented):

See Attached

9/8/2020
Date

Dayna Bochco
Signature of Commissioner

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The presentation was divided up fairly evenly among the participants. Ms. Wan started, giving some history of the project and making it clear they agreed with the staff report. I was shown several slides that I am attaching here.
Ms. Wan said that the project fails all 3 tests of Sec. 30360, that the only ones benefiting from the projects are a few farming interests and Cal Am. She said the EJ issues are extreme and Cal Am is trying to trade the interests of a small # of lower income people in Castroville (outside the Cal Am district) for the 50,000 or so low income folks in Marina and Seaside. Cal Am's water rates are the highest in the state and will go higher. They claim to have lower rates but ignore their surcharges. Marina has a plethora of industrial uses and by continuing the use of the CEMEX plant as desal, they will continue to use them instead of giving the site the remediation promised in the CEMEX settlement.

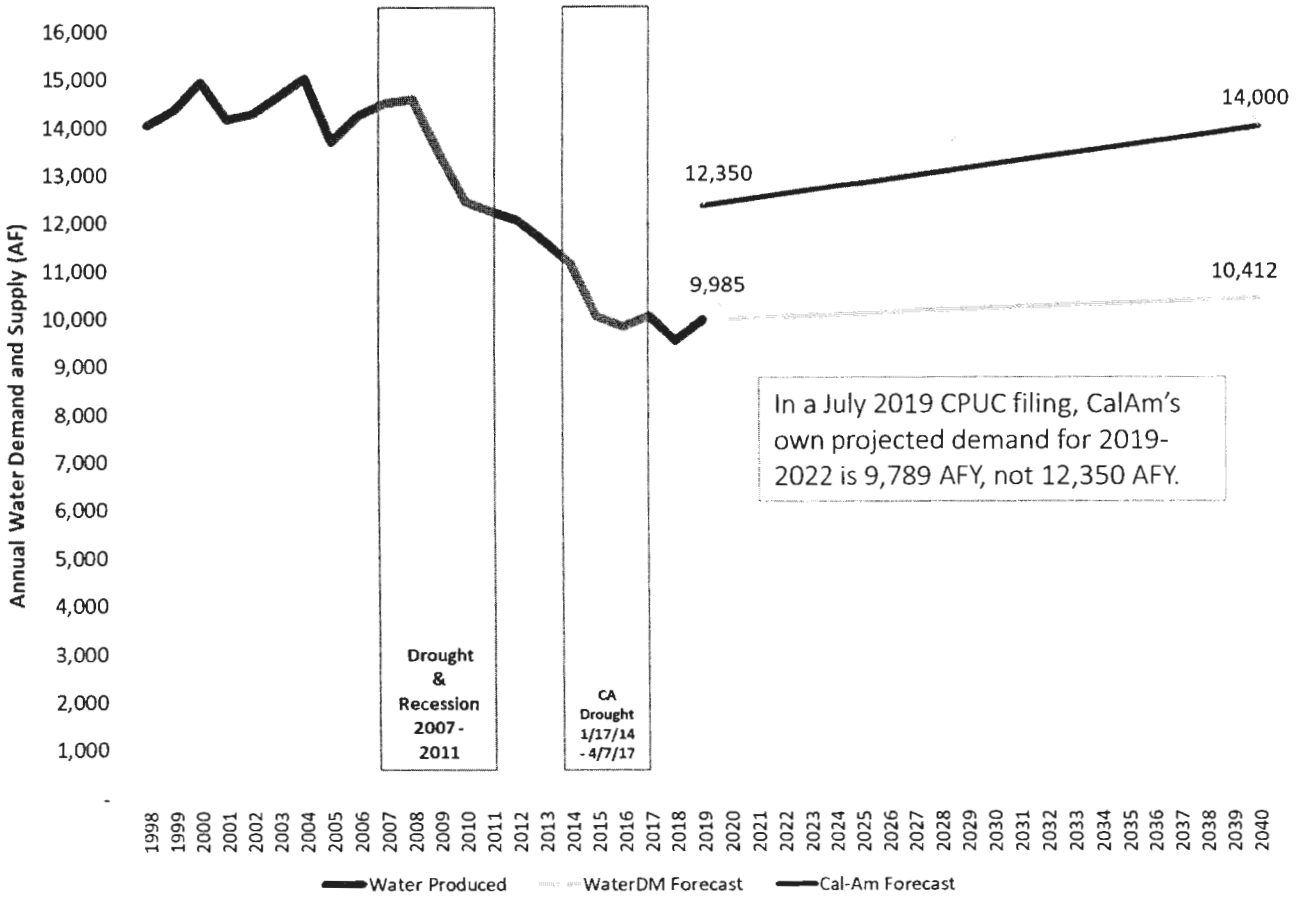
Ms. Muzzin said that there is enough water now to meet demand over the next 5-10 years, and with the Expansion, there will be plenty for 20 years and beyond. Cal Am is ignoring the environmental issues and continues to misrepresent the present state of demand – in spite of acknowledging that instead of the 12000 acre ft they used for CPUC, there is really less than 10,000 acre feet needed. Marina Water District hired their own very respected hydrologist (Peter Mayer) who proved the stats that Cal Am can meet the govt's requirement to lessen their draw from the Carmel River, with the resources available without the desal plant and all of that added cost.

Mr. Van Der Maaten said that Cal Am exaggerates the early glitches in the Pure Water Project – glitches that are being fixed and normal to new water projects. All 4 of the approved wells will be up to capacity by 2021 and that the Projects will be buioding a reserve that Cal Am can rely on. The Water Board did not approve their SEIR because the member of the Board who works for Cal Am blocked it. Cal Am was in favor of the Expansion when it was only a backup for Desal, but does.

Not want to give up their Desal project. The CPUC did not get the full info on the Expansion, but now the EIR is completed and they will see that it is more than sufficient. The Expansion has all the contracts it needs to deliver more than enough water. The Expansion has the pipelines to deliver and Cal Am does not. Cal Am represents that it will share Marina's pipeline, but Marina has consistently told them it can't accommodate Cal Am.

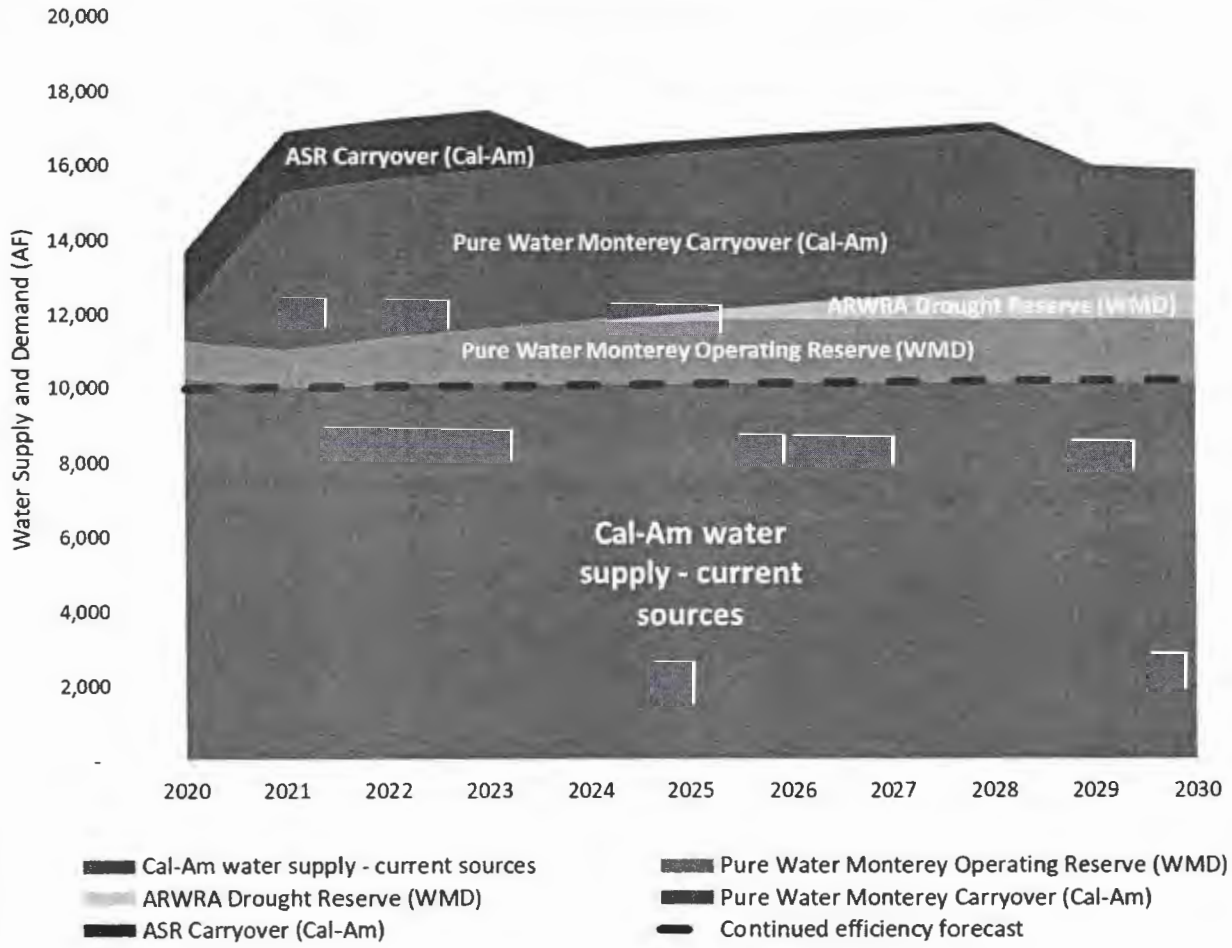
I asked why Cal Am would be so insistent on such an expensive project if not needed. They explained that the CPUC did a very unusual thing in their approval: they said Cal Am can't recover costs of the desal plant until it is up and running. Cal Am has expended $100M on the project already that would have to be born (at least, at the moment) by shareholders, not rate payers. They felt that this showed that CPUC was being very careful about the shifting of costs, since this is an unusual step.

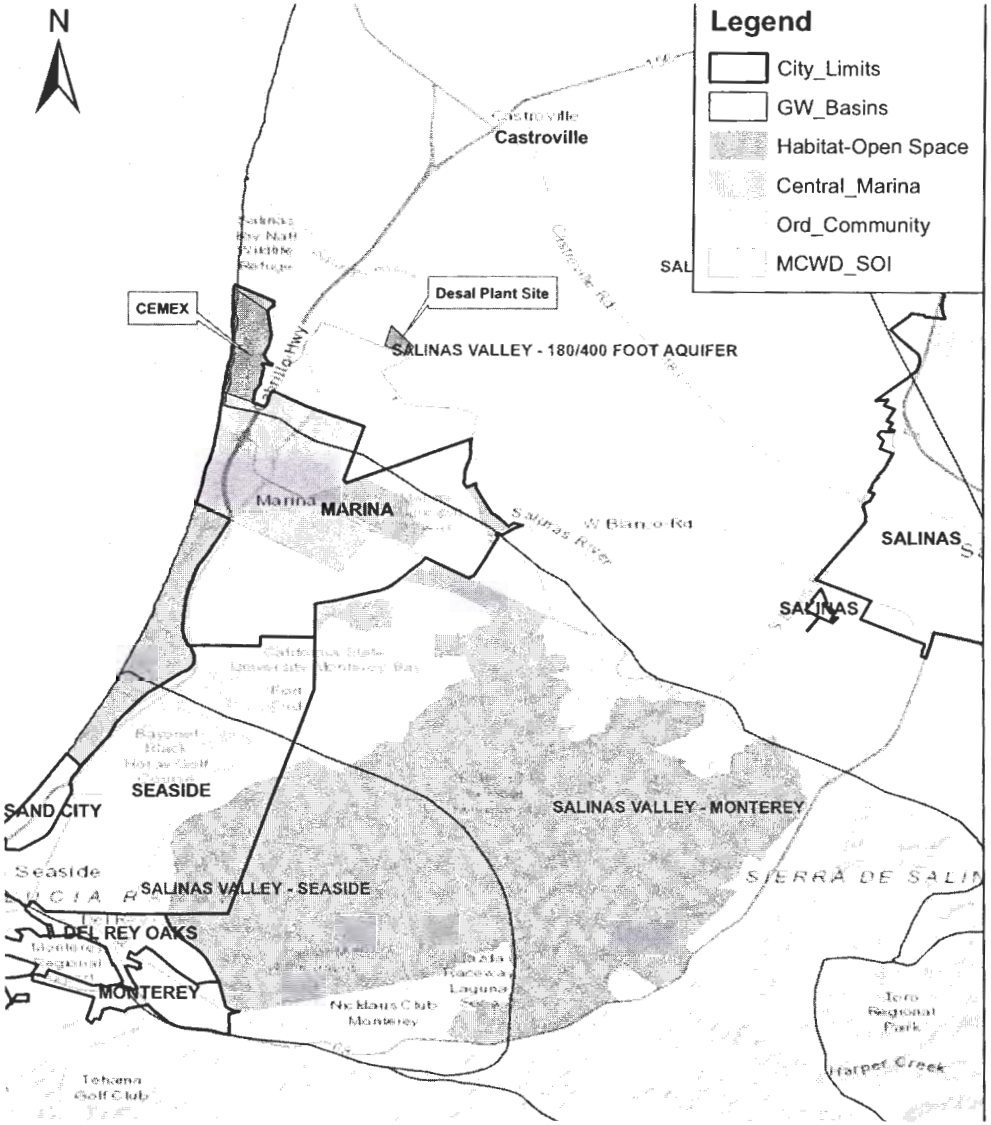
They went on to reiterate many of the points made in the staff report: Cal Am must move the wells within 20 yrs but have no property rights to do so, they can't prove that the groundwater under the wetlands and vernal pools won't be significantly drawn down without actually doing the project, which makes mitigation at this phase impossible. Not an acceptable scenario under the Coastal Act. They don't have the water rights and, unlike ocean desal, they must prove that they do before getting their CDP. And since they can't, nor can they prove mitigation plans, or distribution plans, they are not a complete project under the Coastal Act and can't be approved.



WaterDM Forecast of Future Average Annual Production

Cal-Am Monterey Main System current supply sources, forecast demand, and potential buildup of Seaside Basin groundwater reserve, 2020-2030




N
Legend
City_Limits
GW_Basins
Habitat-Open Space
Central_Marina
Ord_Community
MCWD_SOI
Castroville
CEMEX
Desal Plant Site
SALINAS VALLEY - 180/400 FOOT AQUIFER
Castroville Blvd
Castroville Blvd
Marina
MARINA
W Barloy Rd
Salinas River
SALINAS
SALINAS
SEASIDE
SAND CITY
SALINAS VALLEY - MONTEREY
Seaside
SALINAS VALLEY - SEASIDE
SIERRA DE SALIN
DEL REY OAKS
MONTERREY
Nicklaus Club Monterey
Toro Regional Park
Harper Creek
Tehama Golf Club

Source Waters Available for PWM in General

Priority	Source Water	Quantity of Water Available to M1W in a Typical Year (Acre Feet per Year)
1	Secondary Effluent to Ocean Outfall	5,811
2	Reclamation Ditch	808
3	Blanco Drain	2,620
4	AWW**	3,099
5	Recycle Sump #1*	41
6	Recycle Sump #2*	104
7	Approved PWM Project and MCWD AWPF Backwashes*	290
8	Proposed Modifications AWPF Backwashes (only available for Modifications) *	152
9	SVRP Backwash*	515
10	Boronda*	95
11	Farmworker Housing*	18
12	M1W's ARWRA Summer Water (ARWRA Section IV 4.01 1(d))	650
13	SRDF Screening ***	95
14	Salinas IWTF Pond System ***	150

	Acre-Feet
Total Available	14,448
Less "Contingent" supplies	(3,344)
Required for PWM Phase 1	(4,320)
Required for PWM Expansion	(3,081)
Excess "Leftover" Source Water	3,703
Excess "Leftover" w/Contingent	7,047

Received 09.08.2020

EX PARTE COMMUNICATION DISCLOSURE FORM

Filed by Commissioner: Roberto Uranga

1) Name or description of project: A-3-MRA-19-0034 & 9-19-0918 (Cal-Am Monterey Peninsula Water Supply Project)
2) Date and time of receipt of communication: Sept. 2, 2020 at 1:00pm
3) Location of communication: Telephone
(If not in person, include the means of communication, e.g., telephone, e-mail, etc.)
4) Identity of person(s) initiating communication:
Anne Blemker
5) Identity of person(s) on whose behalf communication was made:
Cal-Am
6) Identity of persons(s) receiving communication:
Roberto Uranga
7) Identity of all person(s) present during the communication:
Ian Crooks, Kathryn Horning, DJ Moore, Susan McCabe, Anne Blemker, Celina Luna

Complete, comprehensive description of communication content (attach complete set of any text or graphic material presented):

I had a briefing with Cal-Am representatives to discuss the Monterey Peninsula Water Supply Project. The representatives provided background, discussed project benefits and addressed technical issues that are being analyzed in advance of the September hearing. They described the various challenges facing both the Phase 1 Pure Water Monterey Project (which they said is behind schedule and will not provide the amount of water promised) and the Pure Water Monterey expansion (PWMe) project, including how PWMe will not allow for adequate drought reserve or realistic growth in the region. With PWMe and no desalination project, if there were to be salt water intrusion in the Seaside Basin, the only significant source water would be the Carmel River. They concluded that Cal-Am's proposed water supply project allows for a more balanced approach to help the steelhead with less dependency on the Seaside Basin and long-term sustainable water supply regardless of drought or growth.

09/04/2020

Date

Signature of Commissioner

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RECEIVED

SEP 08 2020

EX PARTE COMMUNICATION DISCLOSURE FORM

Filed by Commissioner: Steve Padilla

1) Name or description of project: A-3-MRA-19-0034 & 9-19-0918 (Cal-Am Monterey Peninsula Water Supply Project)
2) Date and time of receipt of communication: September 1, 2020, at 3pm
3) Location of communication: Web Conference
   (If not in person, include the means of communication, e.g., telephone, e-mail, etc.)
4) Identity of person(s) initiating communication: Alison Mc Leod
5) Identity of person(s) on whose behalf communication was made: City of Marina
6) Identity of persons(s) receiving communication:
   Commissioner Steve Padilla
7) Identity of all person(s) present during the communication: City of Marina City Manager Layne Long, City Attorney Skip Spaulding, Mayor Pro Tem Gail Morton, Alison MacLeod, Commissioner Padilla and his staff member Tony Cruz.

Complete, comprehensive description of communication content (attach complete set of any text or graphic material presented):

The representatives emphasized the detrimental ground water impacts presented by the applicant's proposal. They utilized state-of-the art three-dimensional imagery to clearly distinguish between saline and intruded groundwater and usable freshwater. Their analysis indicated that the CPUC estimate that 1-6% of freshwater could be drawn as a result of the project was inaccurate, as their more recent analysis indicates as much as 33% could be drawn and depleted. This analysis validates the City's concern regarding water supply. The representatives also asserted that the demand estimates put forth by the applicant are exaggerated and that the plan designs are greatly oversized. They pointed out that the cost to low-income consumers would be inflated as a result. Regarding ESHA, Cal Am has not proposed an adequate mitigation plan and can only be allowed under 30260 with mitigations to the maximum extent feasible. Regarding wetlands, they asserted that Marina has seven vernal pool complexes within the coastal zone which are groundwater dependent and appear to be connected to the watershed. Regarding coastal access and SLR, the coastal erosion is a huge issue as the project design plans indicated it would be confined and unable to retreat or adapt. They asserted that Cal Am's acquisition of the right of way at the Cemex site is in conflict with the settlement agreement regarding the disposition of that site. Finally, they indicated that Pure Water Monterey is a regional solution that can go forward, is prepared to go forward, but was "muzzled" by political influence.

9/8/2020

Date

Signature of Commissioner

Received 08.26.2020

EX PARTE COMMUNICATION DISCLOSURE FORM

Filed by Commissioner: Steve Padilla

1) Name or description of project: A-3-MRA-19-0034 & 9-19-0918 (Cal-Am Monterey Peninsula Water Supply Project)
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3) Location of communication: Chula Vista City Council, 276 Fourth Avenue Chula Vista, CA
(If not in person, include the means of communication, e.g., telephone, e-mail, etc.)
4) Identity of person(s) initiating communication:
Anne Blemker
5) Identity of person(s) on whose behalf communication was made:
Cal-Am
6) Identity of persons(s) receiving communication:
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7) Identity of all person(s) present during the communication:
Ian Crooks, Kathryn Horning, DJ Moore, Susan McCabe, and Commissioner Padilla

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9/2/2020

MONTEREY PENINSULA

WATER SUPPLY PROJECT

California American Water

Coastal Commission Hearing 9.17.20

Agenda Items Th3a & 4a

These materials have been provided to Coastal Commission staff

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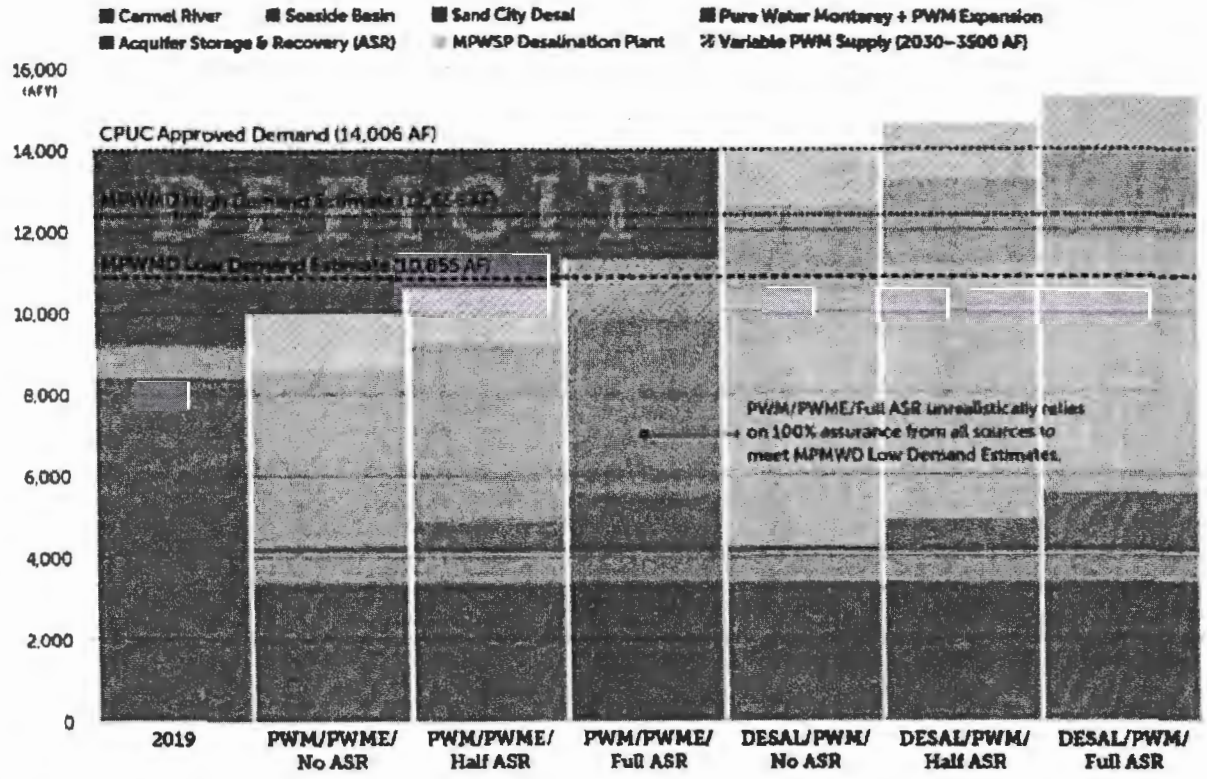
COMPARISON OF EXPANSION AND MPWSP SUPPLIES TO DEMAND



Source: Hazen & Sawyer (2020)

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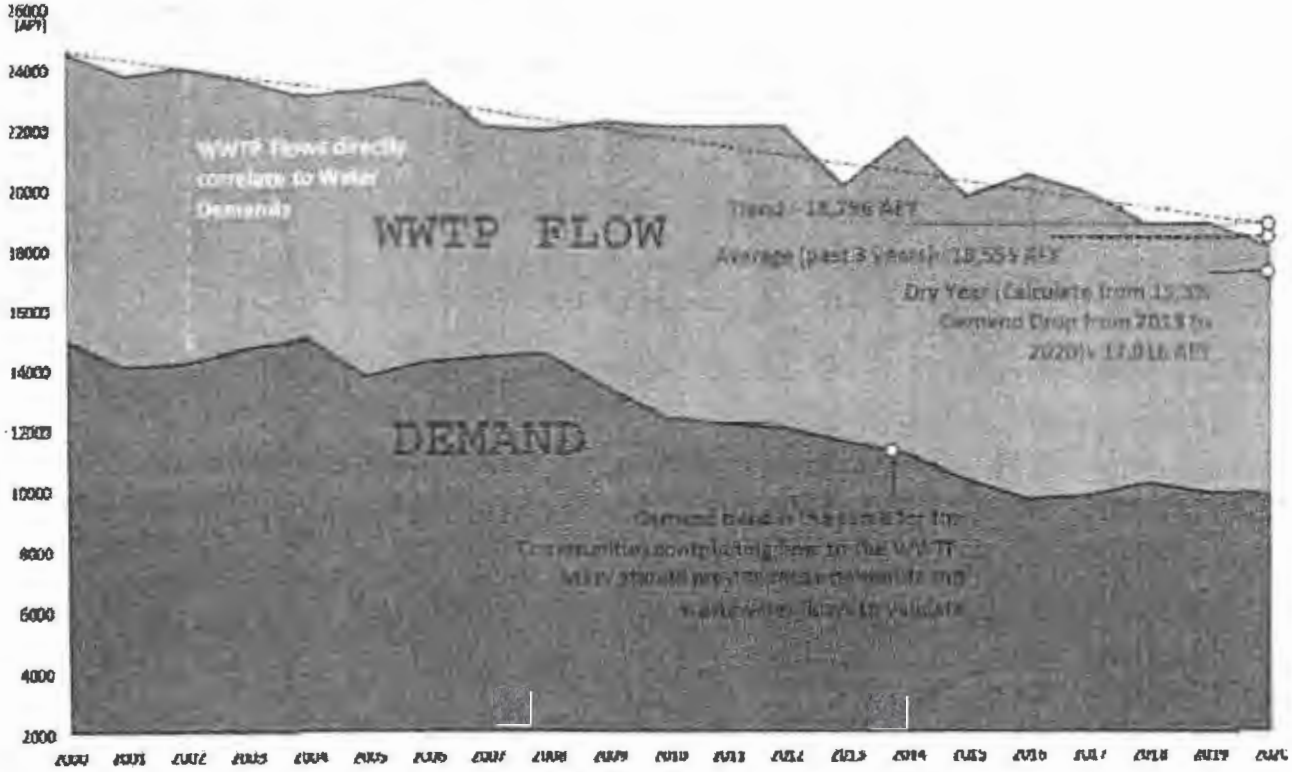
- Staff's analysis ignores evidence that wastewater flows have continued to decline overtime with Peninsula water demand
  - Expert analysis shows that due to reduced wastewater and existing demands for other source waters, there is not enough source water for the Expansion to meet its projections
  - Result is a supply deficit to the Peninsula of 1,083 AF in normal years up to 5,311 AF in a drought – based on ***limited supplies to both PWM Phase 1 and Expansion***

WASTEWATER FLOWS VS. DEMAND



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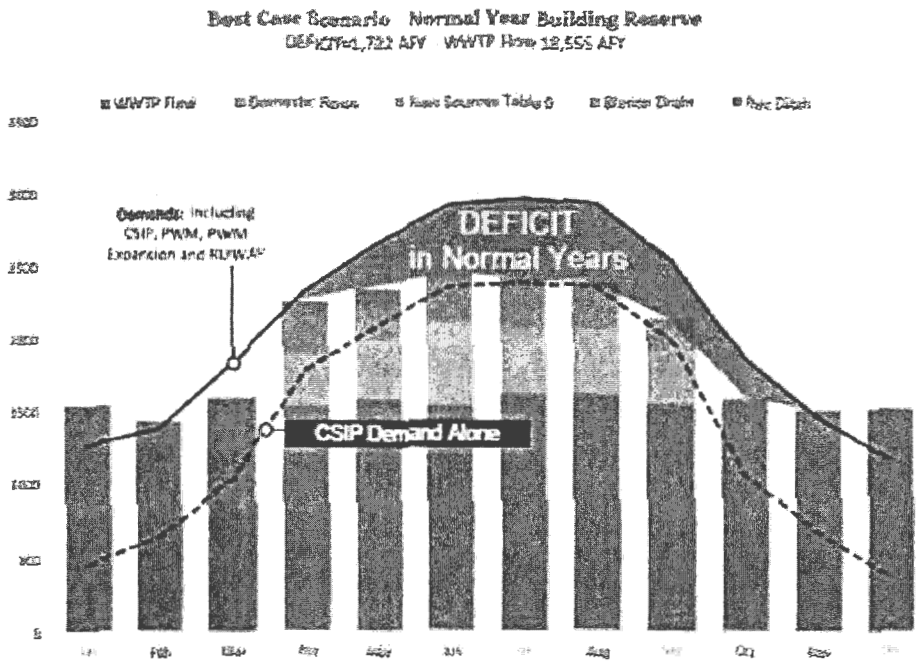
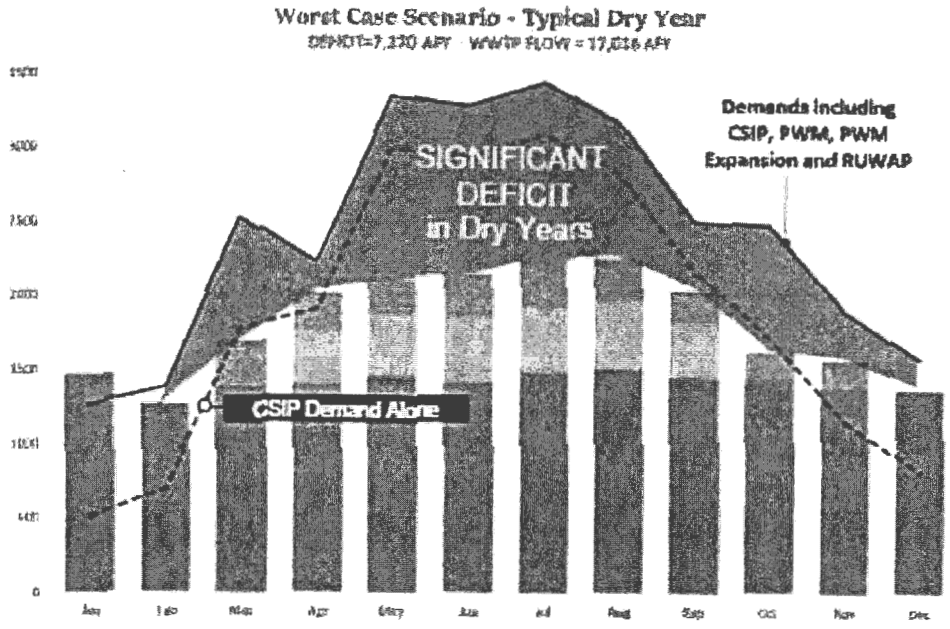
EXISTING DEMANDS EXCEED SOURCE WATER SUPPLIES FOR EXPANSION





Source: Hazen & Sawyer (2020)

EXPANSION CANNOT PROTECT SEASIDE GROUNDWATER BASIN

- Seaside Basin provides more than 3,000 AFY of groundwater for Peninsula and groundwater storage for ASR and PWM
- Without MPWSP, Seaside Watermaster cannot achieve protective water levels that have been identified as ***necessary to avoid seawater intrusion and irreversible loss of Seaside Basin storage***
    - If Seaside Basin storage is lost or reduced, other existing water supplies (ASR, groundwater, PWM) are in serious jeopardy
- Watermaster determined that ***1,000 AFY of additional replenishment water*** is necessary to protect Seaside Basin
    - ***MPWSP is only supply that could provide this supplemental water***
- Cal-Am also is required to replenish 700 AFY in the Seaside Basin for 25 years through "in lieu recharge" from MPWSP

CONCLUSION: EXPANSION NOT A FEASIBLE ALTERNATIVE TO DESAL

- Expansion does not have adequate source water to meet ***even the lowest Stoldt demand projection*** presented to the Commission (10,855 AFY)
    - Deficit remains assuming all other supplies available operate at full capacity
- With all of this uncertainty, Staff Report's water supply assumptions require both PWM Phase 1 and Expansion to work perfectly, 100% of the time
    - Perfect, 24/7 operations are neither reasonable nor realistic based on the evidence
- Relying only on PWM Expansion would
    1. Drastically ***reduce diversity and security of water*** supplies
    2. Not satisfy demand (especially in drought years)
    3. Keep Peninsula in ***state of water poverty***
    4. Risk Seaside Basin groundwater supplies
    5. Cause residents and businesses to face ***severe water rationing and restrictions on water usage***

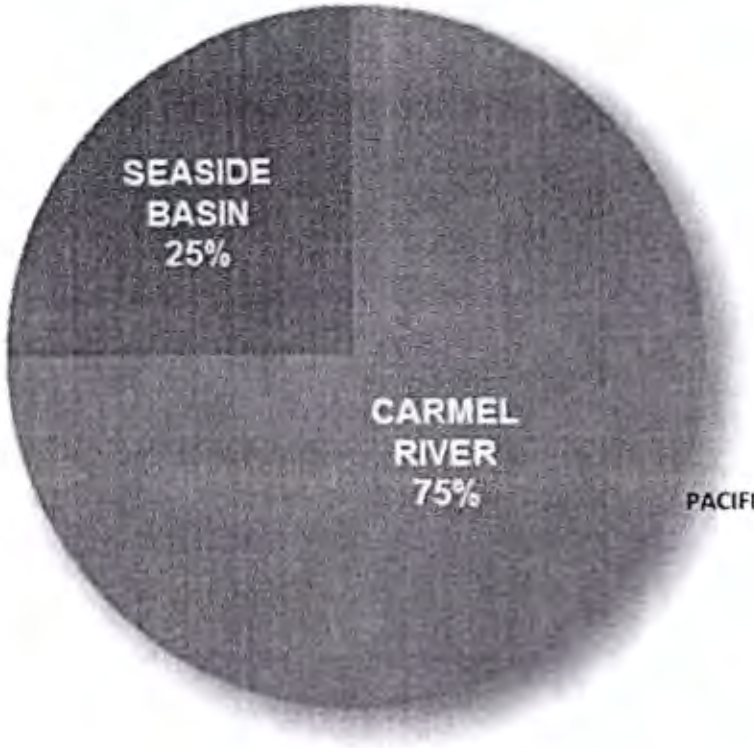
NEED FOR LONG-TERM, DROUGHT-PROOF WATER SUPPLY

- CDO requires Cal-Am to cease unauthorized Carmel River diversions by ***Dec. 31, 2021***
  - Failure to meet each Project milestone results in a further 1,000 AFY reduction in allowable River diversions
- Moratorium and no intensification of water use since 2009 CDO
  - ***No new connections permitted***—preventing residents and businesses from upgrading existing homes or businesses, developing legal lots purchased for homes, or developing affordable housing
  - No new business permitted to use a commercial space that uses more water than historical use, limiting business growth (e.g., juice shop cannot add ice maker or sink)
  - Extreme conservation in place—hotel laundry is sent out of area, costing local jobs and money
- Monterey Peninsula cities ***cannot promote or expand local economies or build affordable housing*** needed to meet State mandates

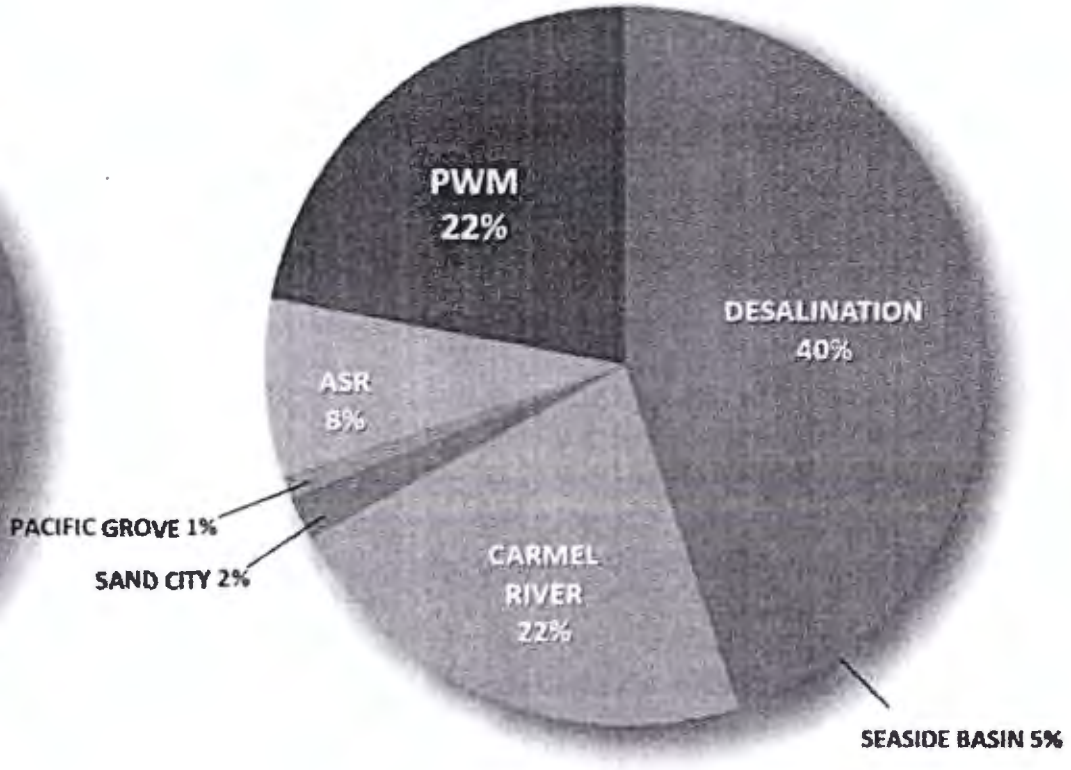
MPWSP IS THE RIGHT PROJECT AT THE RIGHT TIME

- PUC analyzed Project impacts over 6 years and unanimously approved it to meet PUC-determined water demand for Monterey Peninsula
  - Project uses ***intake technology preferred by federal and state resource agencies***
    - Contrast to "open ocean" intake systems, slant wells virtually ***eliminate any harm to sea life***
  - Slant well feasibility ***proven through test well*** at proposed site
    - Wells will ***extract from existing seawater intruded aquifers***, which will be conveyed to desalination plant for treatment
  - Virtually all impacts fully mitigated
  - PUC reduced Project size to include Pure Water Monterey recycled water and determined ***a desalination plant is necessary to meet Peninsula water demand***

WATER SUPPLY DIVERSIFICATION



HISTORIC SOURCES



FUTURE SOURCES

MPWSP BENEFITS

- Reliable, diverse, **adequate water supply** for Monterey Peninsula
- **Cease illegal diversions** from Carmel River; comply with State Water Board CDO
- Cease **Seaside Groundwater Basin** extractions beyond allocated limit
- Protect and promote **Monterey economy**
- Significant environmental benefits to **Carmel River**
- **Arrest seawater intrusion** for Salinas Valley Groundwater Basin
- Supply reliable and clean municipal water for **Castroville,** a **severely disadvantaged community** facing severe water supply constraints
- Subsurface slant wells virtually **eliminate harm to sea life**, are preferred choice of SWRCB, Monterey Bay National Marine Sanctuary, California Coastal Commission

SUPPLY AND DEMAND

- PUC is ***only agency with authority to determine utility system sizing***
  - PUC's decision clearly explains supply and demand conclusions and why it either rejected or accepted MPWMD positions
- Staff Report relies entirely on Stoldt memo and ignores responses from Cal-Am, Hazen and Sawyer, Coalition of Peninsula Businesses, Pebble Beach Company, and sworn testimony before the CPUC
  - Expansion supporters repackage ***arguments CPUC already rejected*** and make new unsupported claims and assumptions
  - Demand estimates do not comply with California Waterworks Standards and CPUC General Order 103-A, which mandate how water utility demand must be calculated
  - Make supply assumptions that ***do not account for prolonged drought conditions*** and speculate Cal-Am can obtain water from sources beyond its current legal rights

ENVIRONMENTAL JUSTICE

- PUC—entity with exclusive jurisdiction to ensure that regulated utilities deliver water at reasonable rates—approved the Project's rates
- Average post-Project monthly bills for single-family residence would ***increase only an estimated $37 to $40*** from existing bills
  - In July 2019, CCC approved the Morro Bay Water Reclamation Facility, which is a ~$41 monthly water bill increase
- Cal-Am has ***robust ratepayer assistance program*** that discounts rates for low-income customers by 30%
- Project would provide reliable source of water for Castroville, a disadvantaged community facing serious water shortages
  - Castroville's supply wells are experiencing significant seawater intrusion
  - Project would reduce seawater intrusion into the SVGB, and Cal-Am would deliver potable water to Castroville at reduced rates

ESHA AND VERNAL PONDS

ESHA:

- EIR/EIS: ***no significant physical ESHA impacts with mitigation***
- No work during snowy plover nesting season without USFWS approval
- Comprehensive HMMP prepared for Coastal Zone impacts; includes restoration of ~14.6 acres at CEMEX site
- Proposed special condition to ensure Coastal Act compliance

Vernal Ponds:

- No evidence that local ponds depend on Dune Sand Aquifer
  - Urban development and agricultural irrigation have affected the existing functions of the ponds
- Comprehensive Adaptive Management Program Proposed
  - Includes long-term analysis to evaluate whether ponds are fed by Dune Sand Aquifer
  - Cal-Am would implement a ***Wetland Resiliency, Enhancement, or Restoration Plan*** to offset any adverse effects

PUBLIC ACCESS AND COASTAL HAZARDS

Public Access:

- Area fenced for slant wells is very small (<1 acre on 400+ acre property); most components buried underground
- No existing public access at site, and no impediment to lateral beach access
- Cal-Am proposed Special Condition providing for development of a Public Access Plan

Coastal Hazards:

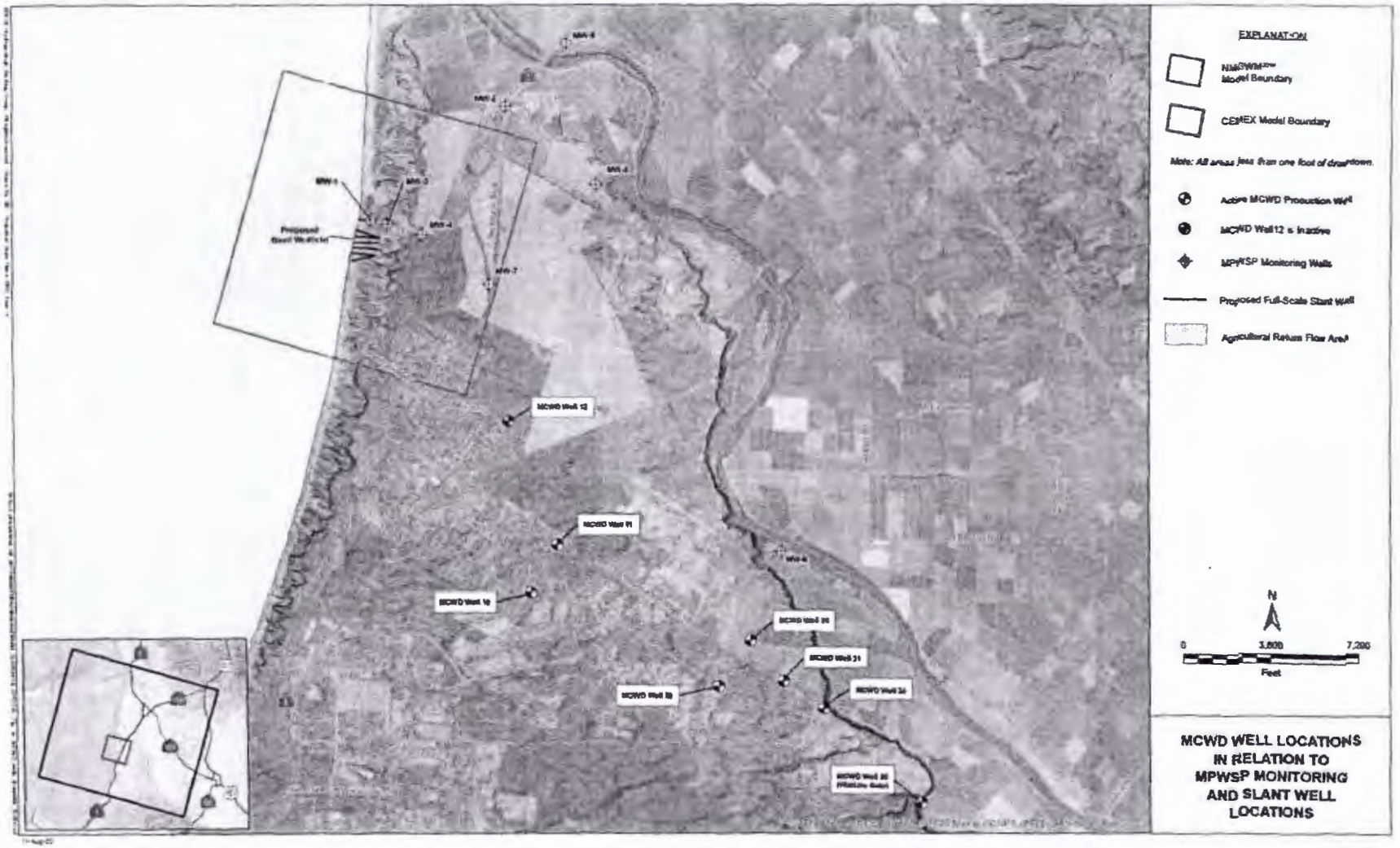
- Conservative sea level rise analysis confirms ***no coastal erosion impacts during the Project well lifetime*** (~25 years)
  - Analysis evaluated 3.8 ft of SLR by 2060—more conservative than new State principle of 3.5 ft of SLR by 2050
- Soft measures such as revegetation, monitoring, and maintenance should eliminate potential risks to well heads from sand burial
- Too speculative to analyze potential well relocation now

COASTAL WATERS AND MARINE RESOURCES

- Cal-Am proposes a less impactful outfall pipeline lining method to avoid impacts to coastal resources
  - EIR/EIS analyzed more impactful lining activities, and impacts determined to be less than significant
  - Alternative method involves cleaning and coating inside of existing pipeline for long-term maintenance; ***no groundbreaking in Coastal Zone***
  - Proposed Special Condition would require this alternative method of lining installation prior to Project operations
- Potential impacts from brine discharges were analyzed in detail and mitigation measures were developed with various parties including Surfrider Foundation and MPRWA
- Mitigation Measure 4.3-5 requires Cal-Am to perform water quality assessment prior to operations to ensure Ocean Plan compliance

NO ADVERSE GROUNDWATER IMPACTS

- EIR/EIS consultant team performed over six years of fieldwork and modeling, which was subject to extensive peer review and public comment
- Final EIR/EIS confirmed the ***Project will not adversely affect groundwater supplies***
    - Weiss' July 2020 Report confirmed ocean water percentage estimates consistent with the EIR/EIS—88 to 99%
- MCWD wells are not in the Dune Sand or 180 Foot Aquifers from which the Project will draw water
    - Closest municipal supply wells are over 2 miles away in deeper aquifers
    - ***Weiss confirmed no Project impacts to municipal supply wells***
- No new data undercuts years of data and Final EIR/EIS conclusion that ***water contaminated with seawater flows inland beneath the Project area***
- Project only will draw source water from capture zone with contamination ***46 to 60 times greater*** than drinking water standard
    - Findings of lower-TDS pockets do not show that the water is usable without desalination


EXPLANATION
Model Boundary
Model Boundary
Note: All areas less than one foot of drawdown
Active MCWD Production Well
MCWD Well 12 is Inactive
MPWSP Monitoring Wells
Proposed Full-Scale Slant Well
Agricultural Return Flow Area
N
0
3,600
7,200
Feet
MCWD WELL LOCATIONS IN RELATION TO MPWSP MONITORING AND SLANT WELL LOCATIONS

MPWSP COMPLIES WITH WATER RIGHTS AND GROUNDWATER LAWS

- PUC and State Water Board both confirmed Cal-Am may develop all necessary water rights for MPWSP
  - ***No water right required to pump seawater*** from beneath Monterey Bay
  - Small amount of brackish groundwater that Cal-Am will pump is not usable in the Basin without treatment, and thus is ***surplus water that Cal-Am may appropriate***
  - Cal-Am will not develop its water right until it has treated the surplus water
  - No one has a current right to use this brackish water because it has not been put to a beneficial use
- Project complies with Sustainable Groundwater Management Act (SGMA) by creating a seaward gradient in contaminated aquifers that will ***halt or reduce landward seawater intrusion***
  - Draft Groundwater Sustainability Plan from SVBGSA recommends installation of slant wells like MPWSP to create a seawater intrusion barrier to comply with SGMA


thank you
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831.236.7014
Kathryn D. Horning
Corporate Counsel
kathryn.horning@amwater.com
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Catherine Stedman
Manager External Affairs
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831.241.2990
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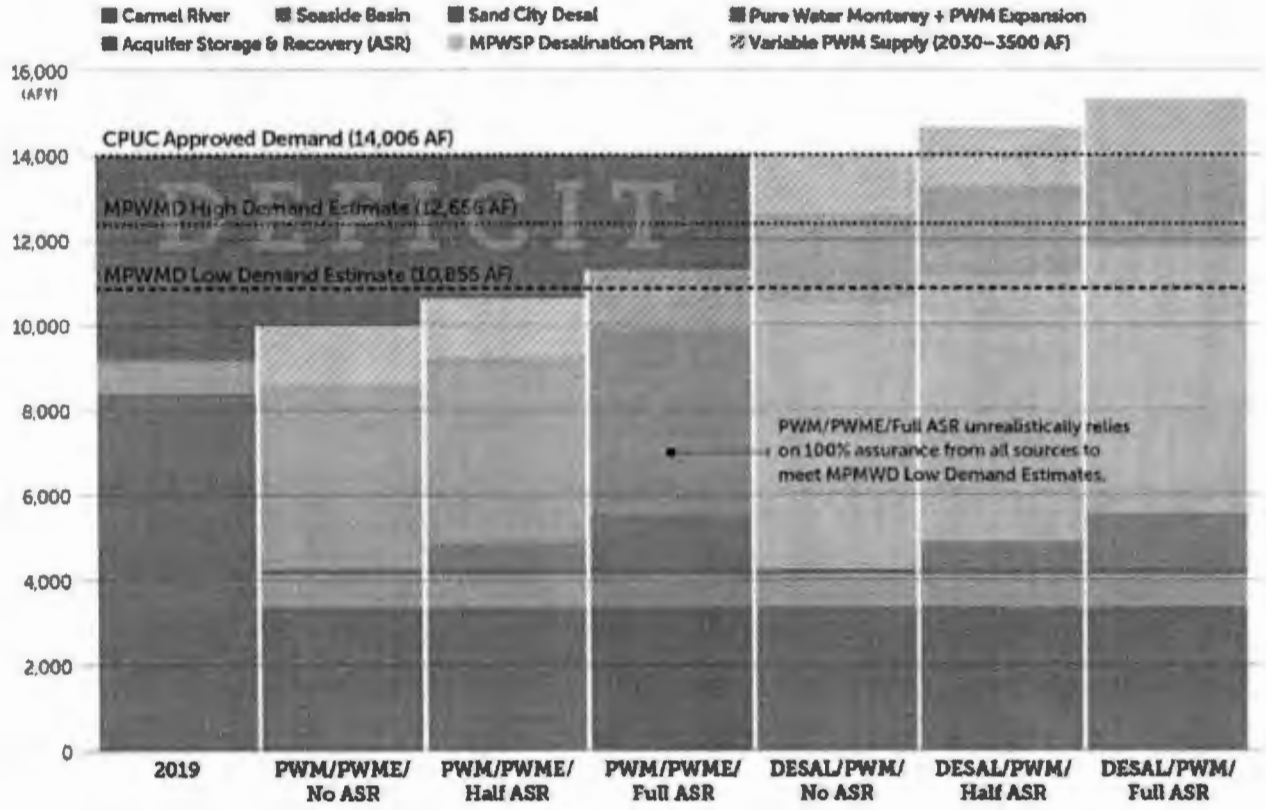

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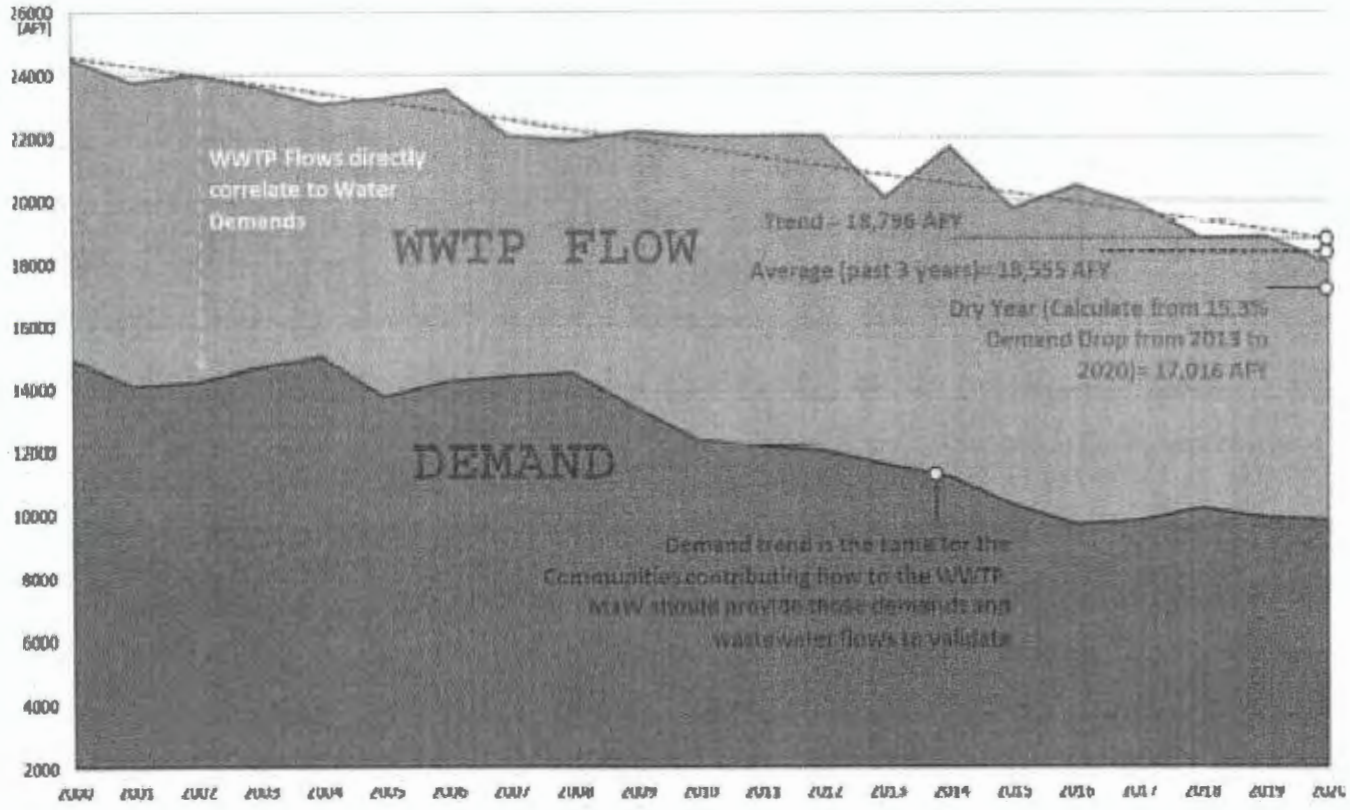
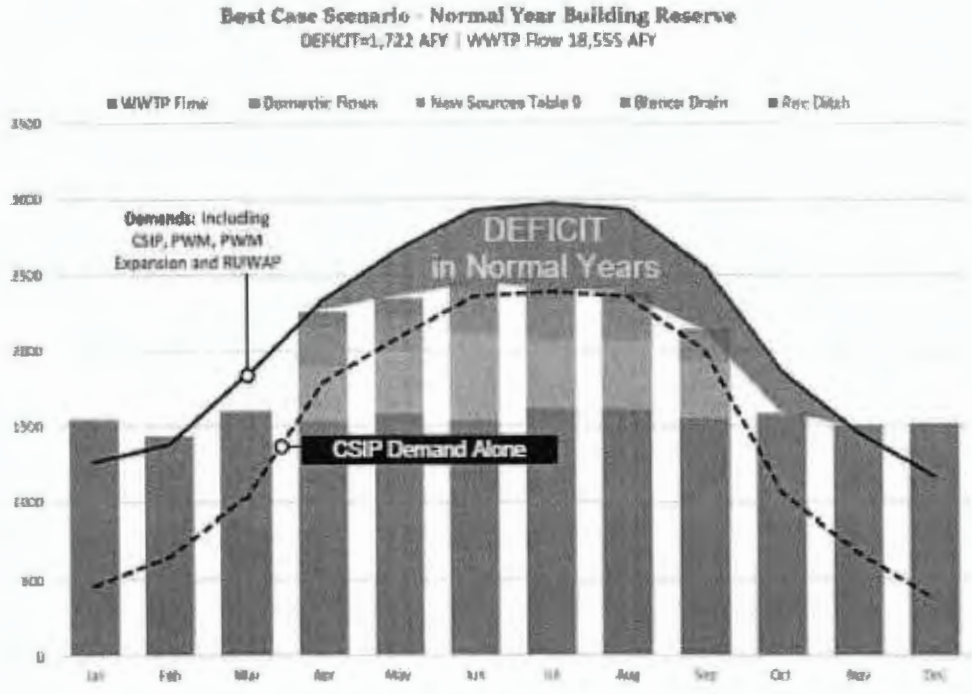
- Staff's analysis ignores evidence that wastewater flows have continued to decline overtime with Peninsula water demand
  - Expert analysis shows that due to reduced wastewater and existing demands for other source waters, there is not enough source water for the Expansion to meet its projections
  - Result is a supply deficit to the Peninsula of 1,083 AF in normal years up to 5,311 AF in a drought – based on ***limited supplies to both PWM Phase 1 and Expansion***

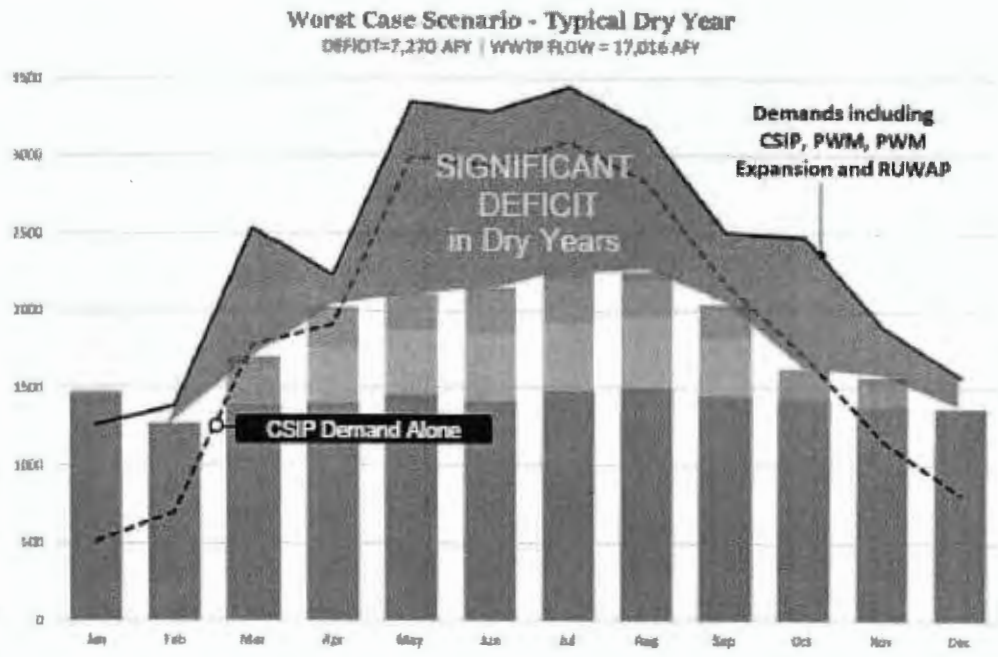
WASTEWATER FLOWS VS. DEMAND



Source: Hazen & Sawyer (2020)

EXISTING DEMANDS EXCEED SOURCE WATER SUPPLIES FOR EXPANSION





Source: Hazen & Sawyer (2020)

EXPANSION CANNOT PROTECT SEASIDE GROUNDWATER BASIN

- Seaside Basin provides more than 3,000 AFY of groundwater for Peninsula and groundwater storage for ASR and PWM
- Without MPWSP, Seaside Watermaster cannot achieve protective water levels that have been identified as ***necessary to avoid seawater intrusion and irreversible loss of Seaside Basin storage***
    - If Seaside Basin storage is lost or reduced, other existing water supplies (ASR, groundwater, PWM) are in serious jeopardy
- Watermaster determined that ***1,000 AFY of additional replenishment water*** is necessary to protect Seaside Basin
    - ***MPWSP is only supply that could provide this supplemental water***
- Cal-Am also is required to replenish 700 AFY in the Seaside Basin for 25 years through "in lieu recharge" from MPWSP

CONCLUSION: EXPANSION NOT A FEASIBLE ALTERNATIVE TO DESAL

- Expansion does not have adequate source water to meet ***even the lowest Stoldt demand projection*** presented to the Commission (10,855 AFY)
  - Deficit remains assuming all other supplies available operate at full capacity
- With all of this uncertainty, Staff Report's water supply assumptions require both PWM Phase 1 and Expansion to work perfectly, 100% of the time
  - Perfect, 24/7 operations are neither reasonable nor realistic based on the evidence
- Relying only on PWM Expansion would
  1. Drastically ***reduce diversity and security of water*** supplies
  2. Not satisfy demand (especially in drought years)
  3. Keep Peninsula in ***state of water poverty***
  4. Risk Seaside Basin groundwater supplies
  5. Cause residents and businesses to face ***severe water rationing and restrictions on water usage***

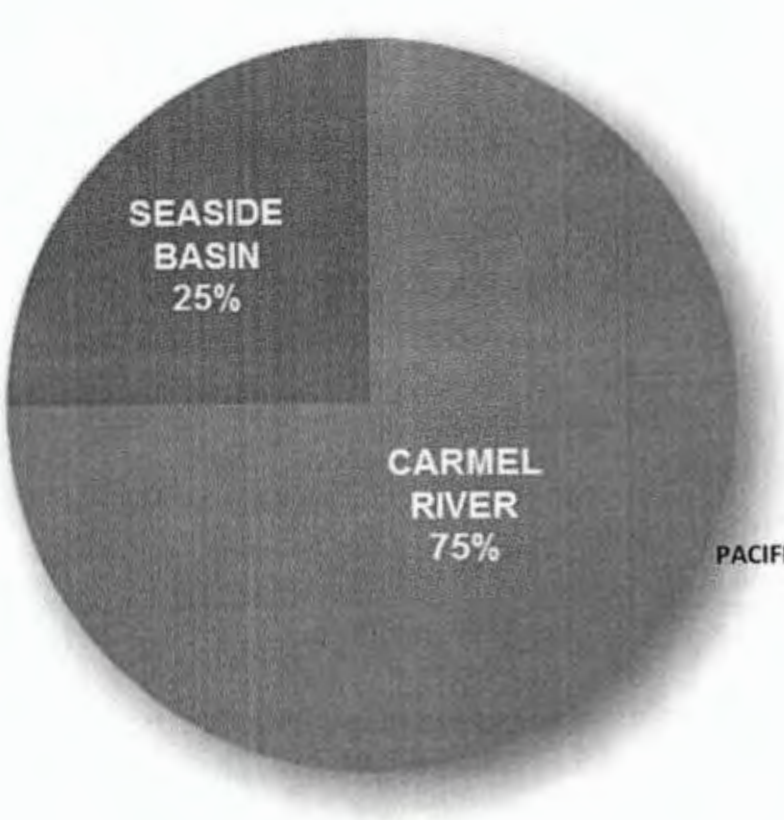
NEED FOR LONG-TERM, DROUGHT-PROOF WATER SUPPLY

- CDO requires Cal-Am to cease unauthorized Carmel River diversions by ***Dec. 31, 2021***
  - Failure to meet each Project milestone results in a further 1,000 AFY reduction in allowable River diversions
- Moratorium and no intensification of water use since 2009 CDO
  - ***No new connections permitted***—preventing residents and businesses from upgrading existing homes or businesses, developing legal lots purchased for homes, or developing affordable housing
  - No new business permitted to use a commercial space that uses more water than historical use, limiting business growth (e.g., juice shop cannot add ice maker or sink)
  - Extreme conservation in place—hotel laundry is sent out of area, costing local jobs and money
- Monterey Peninsula cities ***cannot promote or expand local economies or build affordable housing*** needed to meet State mandates

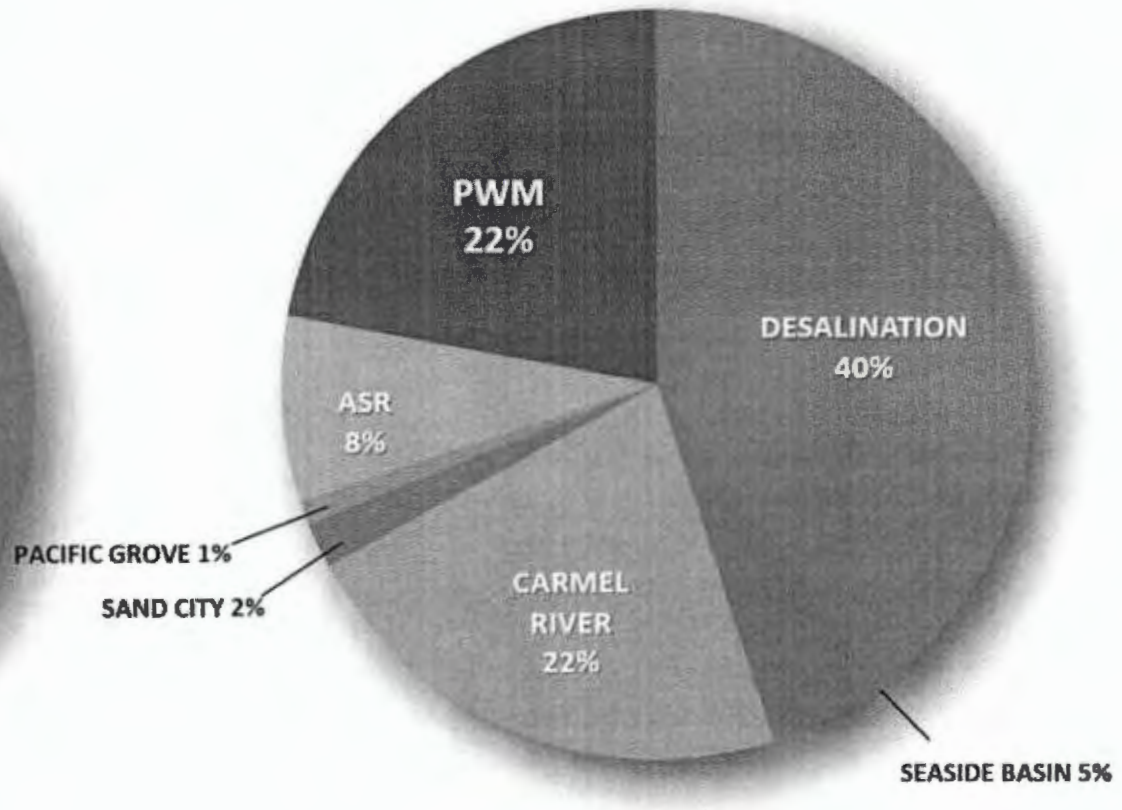
MPWSP IS THE RIGHT PROJECT AT THE RIGHT TIME

- PUC analyzed Project impacts over 6 years and unanimously approved it to meet PUC-determined water demand for Monterey Peninsula
  - Project uses ***intake technology preferred by federal and state resource agencies***
    - Contrast to "open ocean" intake systems, slant wells virtually ***eliminate any harm to sea life***
  - Slant well feasibility ***proven through test well*** at proposed site
    - Wells will ***extract from existing seawater intruded aquifers***, which will be conveyed to desalination plant for treatment
  - Virtually all impacts fully mitigated
  - PUC reduced Project size to include Pure Water Monterey recycled water and determined ***a desalination plant is necessary to meet Peninsula water demand***

WATER SUPPLY DIVERSIFICATION



HISTORIC SOURCES



FUTURE SOURCES

MPWSP BENEFITS

- Reliable, diverse, **adequate water supply** for Monterey Peninsula
- **Cease illegal diversions** from Carmel River; comply with State Water Board CDO
- Cease **Seaside Groundwater Basin** extractions beyond allocated limit
- Protect and promote **Monterey economy**
- Significant environmental benefits to **Carmel River**
- **Arrest seawater intrusion** for Salinas Valley Groundwater Basin
- Supply reliable and clean municipal water for **Castroville,** a **severely disadvantaged community** facing severe water supply constraints
- Subsurface slant wells virtually **eliminate harm to sea life**, are preferred choice of SWRCB, Monterey Bay National Marine Sanctuary, California Coastal Commission

SUPPLY AND DEMAND

- PUC is ***only agency with authority to determine utility system sizing***
  - PUC's decision clearly explains supply and demand conclusions and why it either rejected or accepted MPWMD positions
- Staff Report relies entirely on Stoldt memo and ignores responses from Cal-Am, Hazen and Sawyer, Coalition of Peninsula Businesses, Pebble Beach Company, and sworn testimony before the CPUC
  - Expansion supporters repackage ***arguments CPUC already rejected*** and make new unsupported claims and assumptions
  - Demand estimates do not comply with California Waterworks Standards and CPUC General Order 103-A, which mandate how water utility demand must be calculated
  - Make supply assumptions that ***do not account for prolonged drought conditions*** and speculate Cal-Am can obtain water from sources beyond its current legal rights

ENVIRONMENTAL JUSTICE

- PUC—entity with exclusive jurisdiction to ensure that regulated utilities deliver water at reasonable rates—approved the Project's rates
- Average post-Project monthly bills for single-family residence would ***increase only an estimated $37 to $40*** from existing bills
  - In July 2019, CCC approved the Morro Bay Water Reclamation Facility, which is a ~$41 monthly water bill increase
- Cal-Am has ***robust ratepayer assistance program*** that discounts rates for low-income customers by 30%
- Project would provide reliable source of water for Castroville, a disadvantaged community facing serious water shortages
  - Castroville's supply wells are experiencing significant seawater intrusion
  - Project would reduce seawater intrusion into the SVGB, and Cal-Am would deliver potable water to Castroville at reduced rates

ESHA AND VERNAL PONDS

ESHA:

- EIR/EIS: ***no significant physical ESHA impacts with mitigation***
- No work during snowy plover nesting season without USFWS approval
- Comprehensive HMMP prepared for Coastal Zone impacts; includes restoration of ~14.6 acres at CEMEX site
- Proposed special condition to ensure Coastal Act compliance

Vernal Ponds:

- No evidence that local ponds depend on Dune Sand Aquifer
  - Urban development and agricultural irrigation have affected the existing functions of the ponds
- Comprehensive Adaptive Management Program Proposed
  - Includes long-term analysis to evaluate whether ponds are fed by Dune Sand Aquifer
  - Cal-Am would implement a ***Wetland Resiliency, Enhancement, or Restoration Plan*** to offset any adverse effects

PUBLIC ACCESS AND COASTAL HAZARDS

Public Access:

- Area fenced for slant wells is very small (<1 acre on 400+ acre property); most components buried underground
- No existing public access at site, and no impediment to lateral beach access
- Cal-Am proposed Special Condition providing for development of a Public Access Plan

Coastal Hazards:

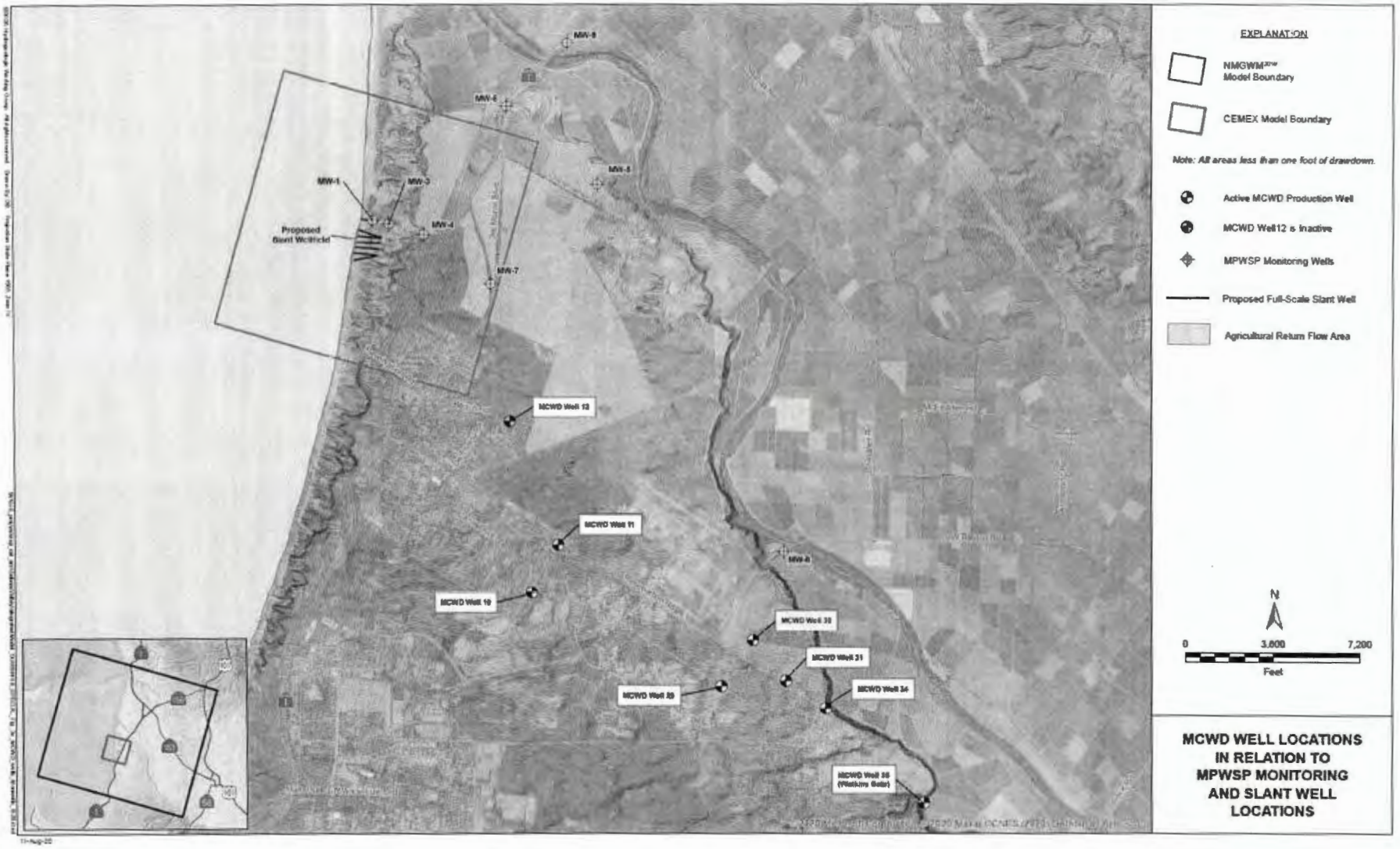
- Conservative sea level rise analysis confirms ***no coastal erosion impacts during the Project well lifetime*** (~25 years)
  - Analysis evaluated 3.8 ft of SLR by 2060—more conservative than new State principle of 3.5 ft of SLR by 2050
- Soft measures such as revegetation, monitoring, and maintenance should eliminate potential risks to well heads from sand burial
- Too speculative to analyze potential well relocation now

COASTAL WATERS AND MARINE RESOURCES

- Cal-Am proposes a less impactful outfall pipeline lining method to avoid impacts to coastal resources
  - EIR/EIS analyzed more impactful lining activities, and impacts determined to be less than significant
  - Alternative method involves cleaning and coating inside of existing pipeline for long-term maintenance; ***no groundbreaking in Coastal Zone***
  - Proposed Special Condition would require this alternative method of lining installation prior to Project operations
- Potential impacts from brine discharges were analyzed in detail and mitigation measures were developed with various parties including Surfrider Foundation and MPRWA
- Mitigation Measure 4.3-5 requires Cal-Am to perform water quality assessment prior to operations to ensure Ocean Plan compliance

NO ADVERSE GROUNDWATER IMPACTS

- EIR/EIS consultant team performed over six years of fieldwork and modeling, which was subject to extensive peer review and public comment
- Final EIR/EIS confirmed the ***Project will not adversely affect groundwater supplies***
    - Weiss' July 2020 Report confirmed ocean water percentage estimates consistent with the EIR/EIS—88 to 99%
- MCWD wells are not in the Dune Sand or 180 Foot Aquifers from which the Project will draw water
    - Closest municipal supply wells are over 2 miles away in deeper aquifers
    - ***Weiss confirmed no Project impacts to municipal supply wells***
- No new data undercuts years of data and Final EIR/EIS conclusion that ***water contaminated with seawater flows inland beneath the Project area***
- Project only will draw source water from capture zone with contamination ***46 to 60 times greater*** than drinking water standard
    - Findings of lower-TDS pockets do not show that the water is usable without desalination


MW-8
MW-6
MW-5
MW-1
MW-3
MW-4
Proposed
Slant Wellfield
MW-7
MCWD Well 12
MCWD Well 11
MW-9
MCWD Well 10
MCWD Well 33
MCWD Well 31
MCWD Well 29
MCWD Well 34
MCWD Well 35
(Watkins Gate)
EXPLANATION
NMGWM2016
Model Boundary
CEMEX Model Boundary
Note: All areas less than one foot of drawdown.
Active MCWD Production Well
MCWD Well12 is Inactive
MPWSP Monitoring Wells
Proposed Full-Scale Slant Well
Agricultural Return Flow Area
N
0
3,600
7,200
Feet
MCWD WELL LOCATIONS
IN RELATION TO
MPWSP MONITORING
AND SLANT WELL
LOCATIONS

MPWSP COMPLIES WITH WATER RIGHTS AND GROUNDWATER LAWS

- PUC and State Water Board both confirmed Cal-Am may develop all necessary water rights for MPWSP
  - ***No water right required to pump seawater*** from beneath Monterey Bay
  - Small amount of brackish groundwater that Cal-Am will pump is not usable in the Basin without treatment, and thus is ***surplus water that Cal-Am may appropriate***
  - Cal-Am will not develop its water right until it has treated the surplus water
  - No one has a current right to use this brackish water because it has not been put to a beneficial use
- Project complies with Sustainable Groundwater Management Act (SGMA) by creating a seaward gradient in contaminated aquifers that will ***halt or reduce landward seawater intrusion***
  - Draft Groundwater Sustainability Plan from SVBGSA recommends installation of slant wells like MPWSP to create a seawater intrusion barrier to comply with SGMA


thank you
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Kathryn D. Horning
Corporate Counsel
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Manager External Affairs
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831.241.2990
www.watersupplyproject.org

EX PARTE COMMUNICATION DISCLOSURE FORM

Filed by Commissioner: Mark Gold

1) Name or description of project: Cal-Am Desalination

2) Date and time of receipt of communication: February 3, 2020

3) Location of communication: CNRA building

(If not in person, include the means of communication, e.g., telephone, e-mail, etc.)

4) Identity of person(s) initiating communication: Charles Watson, California Strategies

5) Identity of person(s) on whose behalf communication was made: Marina Coast Water District

6) Identity of persons(s) receiving communication: Mark Gold Secretary Wade Crowfoot

7) Identity of all person(s) present during the communication: Charles Watson, Rusty Areias, Sara Wan, Keith Van Der Maaten, Ruth Stoner Muzzin

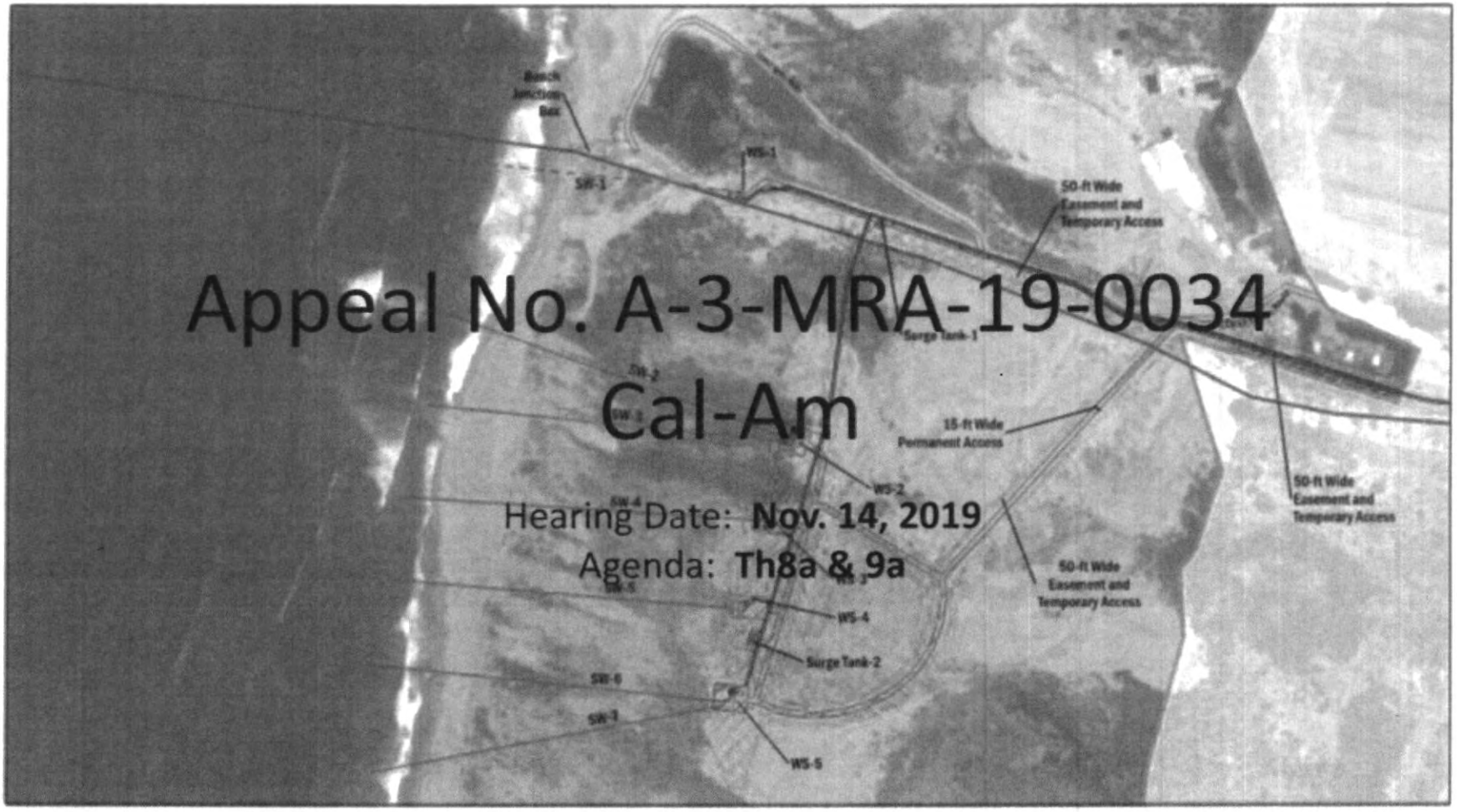
Complete, comprehensive description of communication content (attach complete set of any text or graphic material presented):

Discussion was on multiple aspects of the proposed project. Issues included impacts on ESHA and on the groundwater basin. Also, a potentially "environmentally superior" alternative - Monterey 1 Water - Phase 2. Statement that there are up to 6K AF of discharged water to the ocean. 4K AF or more could be used for water recycling. More than current regional demand. Discussion on water politics in the region. Discussion on impacts on Carmel River CDO - claim was "minimal".

February 4, 2020
Date

Signature of Commissioner

TIMING FOR FILING OF DISCLOSURE FORM: File this form with the Executive Director within seven (7) days of the ex parte communication, if the communication occurred seven or more days in advance of the Commission hearing on the item that was the subject of the communication. If the communication occurred within seven (7) days of the hearing, provide the information orally on the record of the proceeding and provide the Executive Director with a copy of any written material that was part of the communication. This form may be filed with the Executive Director in addition to the oral disclosure.



Appeal No. A-3-MRA-19-0034

Cal-Am

Hearing Date: **Nov. 14, 2019**

Agenda: **Th8a & 9a**

MARINA COAST WATER DISTRICT

MCWD Fully Supports the Staff Report's Recommendation of Denial

Cal-Am's proposed Monterey Peninsula Water Supply Project (MPWSP) does not satisfy any of the three mandatory criteria that must be met **to override the City of Marina's LCP and Coastal Act inconsistencies under Coastal Act Section 30260**.

30260 override requirement:

(1) Only if alternative locations are infeasible or more environmentally damaging

Staff correctly finds there is a feasible alternative that will provide the needed water and is far less environmentally damaging –

- Project will adversely affect over 34 acres of ESHA
- Project will adversely impact coastal access
- Project will impact groundwater supply of Marina Coast Water District's (MCWD) customers
- Project will create coastal hazards
- Project will result in fill of coastal waters

- **Pure Water Monterey (PWM) Expansion has none of these impacts and would provide sufficient additional water to meet the Peninsula's water demand through at least 2043.**

Cal-Am does not want to use
Pure Water Monterey Expansion (PWME)
water because

Cal-Am can only make money on the capital costs of its own new infrastructure, not by purchasing water supplies

Cal-Am's regulator, the CPUC, allows it to collect a 9.2% return on capital improvements after they are put into service

Cal-Am does not earn any profit on the purchase or delivery of water

No component of this desalination project is required for delivery of Pure Water Monterey (PWM) or PWM Expansion (PWME)

PWM Expansion is real and easily accomplished

30260 override requirement:

(2) Only if to do otherwise would adversely affect the public welfare

Staff correctly states that denial would not adversely affect the public welfare and denial would actually benefit the public

- Denial preserves the public access and recreation benefits of the CEMEX settlement
- Denial will reduce the cost of water to Cal-Am's customers
- Denial avoids the risks to MCWD's customers, including the City of Marina and Ord Community, from the project's impacts to coastal water quality

- **Denial will avoid environmental injustice impacts to Marina, Ord and Seaside.**

30260 override requirement:

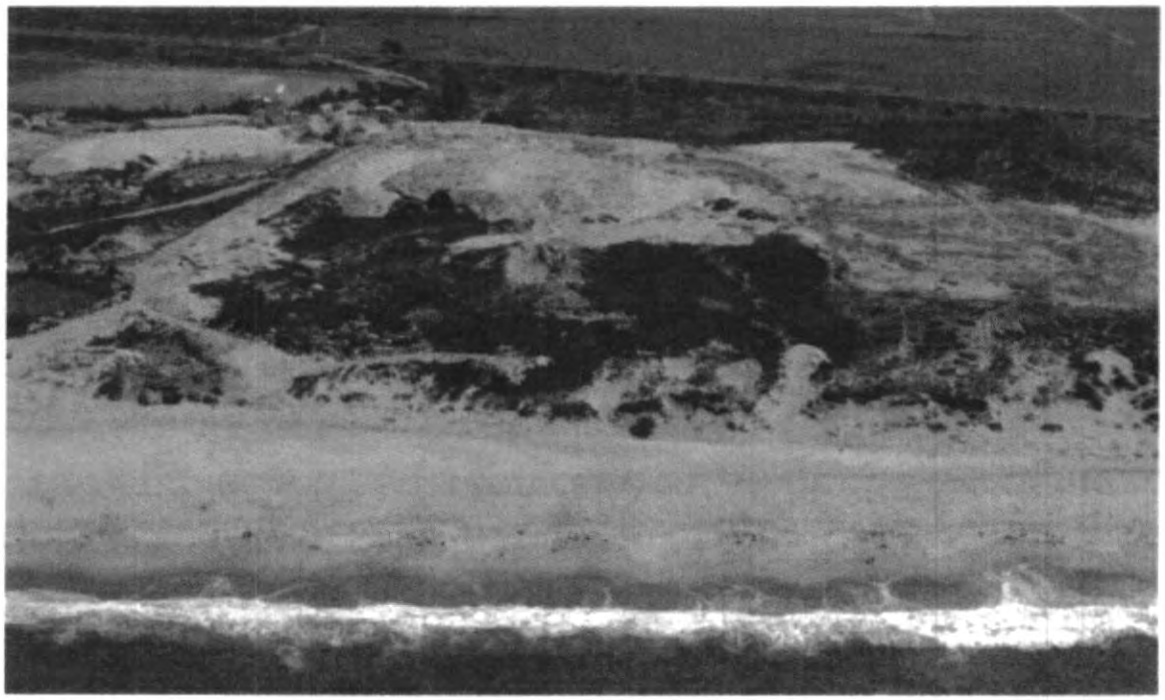
(3) Only if adverse environmental effects are mitigated to the maximum extent feasible

Staff concludes that the project's impacts are not mitigated to the maximum extent feasible –

- Cal-Am has not provided a Habitat Management and Monitoring Plan (HMMP)
- Cal-Am's mitigation strategy is incomplete and insufficient
- Mitigation strategy does not meet Coastal Act requirements
- Mitigation strategy results in net loss of habitat
- Cal-Am proposal for mitigation of adverse impacts to groundwater quality is non-existent
- Project does not provide mitigation for coastal hazards
- Project does not provide mitigation for access impacts

Environmentally Sensitive Habitat Areas (ESHA)

Staff report correctly concludes that the project's components in The City of Marina and in the Commission's consolidated permit review jurisdiction are not consistent with the Coastal Act and Marina's LCP



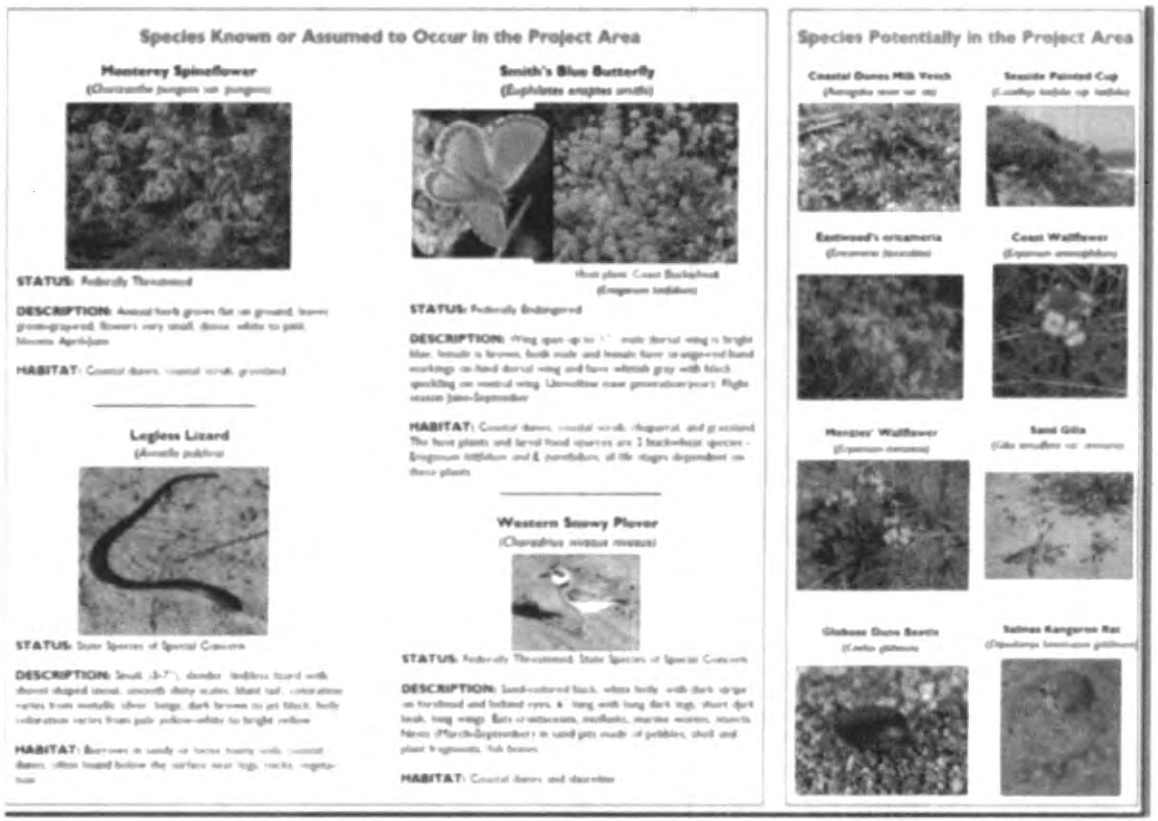
ESHA (cont.)

Site consists primarily of central foredune habitat, one of the most important, vulnerable, and geographically-constrained environmentally sensitive habitat types in California.

The California Natural Diversity Database classifies it as **"critically imperiled."**

- The CEMEX site provides habitat for threatened and endangered species, including:
  Monterey spineflower,
  Smith's blue butterfly, and
  Western snowy plover.

- The site also serves as habitat for a number of other special-status species, including several plants on California's Rare Plant Inventory.



"Snowy plover waiting for sibling"

ESHA (cont.)

Project's permanent (and greater than temporary impacts) to ESHA total up to about **35 acres**.

- Cal-Am's "Mitigation Strategy" document identifies mitigation for **ONLY 2.2 acres**,
- Cal-Am's mitigation strategy is not consistent with the Commission's requirements for mitigation to the maximum extent possible, nor is it consistent with the City's LCLUP.

Without a sufficient HMMP, the Commission cannot find the project consistent with the Coastal Act or the City's LCP and LCLUP, and it cannot override the inconsistencies because the project's adverse impacts are not mitigated to the maximum extent possible.

ESHA (cont.)

Staff correctly notes that Cal-Am would need to protect the slant well sites by erecting barriers around the well pad, conduct grading to keep the sands away from the well pads, or relocate the wells further inland to areas that also constitute ESHA.

- Those areas inland of the currently proposed well sites are **also within the area slated for restoration** under the CEMEX Settlement.
- Relocation would require Cal-Am to obtain additional legal interest to any sites further inland and would likely interfere with restoration efforts.

Staff Report concludes that either approach – protection or relocation – would cause additional longer-term disturbance of ESHA, which has not been evaluated.

ESHA (cont.)

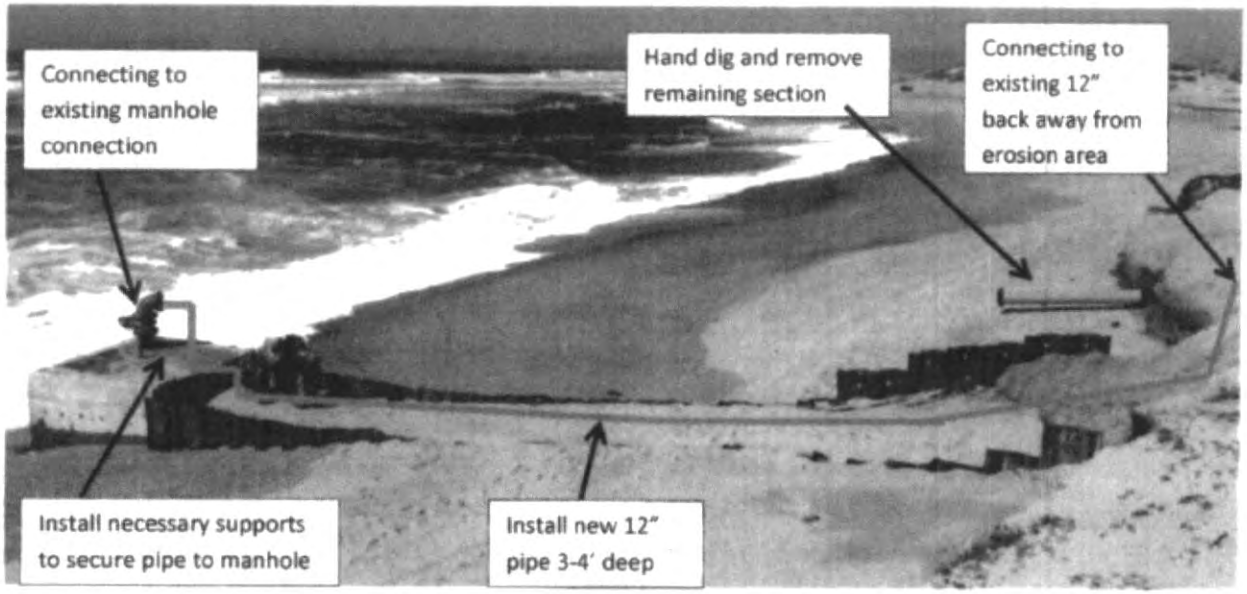
One project component that Cal-Am has not included in its CDP application and that it has not yet adequately described or evaluated is an approximately two-mile long liner installed in the existing ocean outfall pipeline to prevent its discharge from corroding the outfall line.

These issues were not addressed or decided by the California Public Utilities Commission (CPUC) – which expressly required Cal-Am to address the project's impacts on ESHA in consultation with the City of Marina and Coastal Commission in "Mitigation Measure 4.6-2a " which provides:

"... development within the Coastal Zone would require a Coastal Development Permit. Prior to the initiation of ground-disturbing activities CalAm shall consult with the CCC or local jurisdiction and obtain the necessary permit(s) in order to proceed with the MPWSP. The CCC or local agency would authorize the project ***if it conforms to ESHA policies or other policies of the Coastal Act***."

Coastal Hazards

Staff Report correctly concludes that the project as proposed with its well field at the CEMEX site does not conform to the City of Marina's LCP or the Coastal Act's coastal hazards policies.



Erosion required permit amendment for test well

Coastal Hazards (cont.)

Cal-Am's well field at the CEMEX site would be subject to coastal hazards during the life of the project. Such hazards will be exacerbated with sea level rise and climate change.

- The currently proposed slant well locations are near the most inland extent of Cal-Am's easement, ***and they could not be moved out of the hazard zone*** unless Cal-Am was able to obtain additional legal interest for areas further inland.
- **The terms of the CEMEX Settlement do not allow Cal-Am to obtain additional legal interest on the CEMEX lands**.

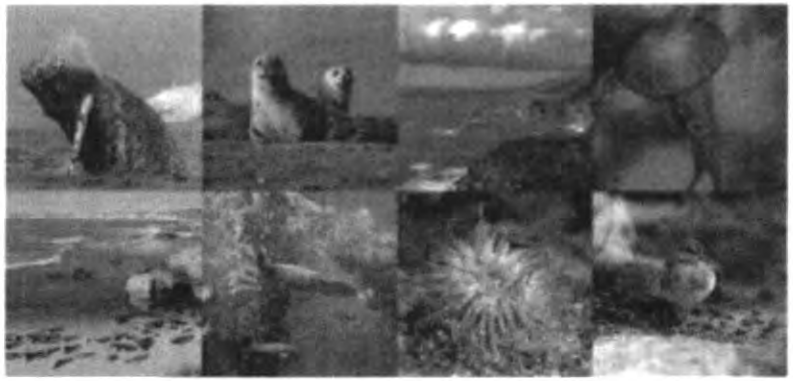
These issues were not addressed or decided by the CPUC.

- The Staff Report correctly notes that the analysis in the CPUC's EIR is based on sea level rise guidance and scenarios that have been superseded by the state's and Commission's more recent and current guidance, which projects higher sea level elevations occurring more quickly.

Protection of Coastal Waters and Marine Resources

Staff Report correctly concluded that the project does not conform to the requirements of Coastal Act Section 30233 to avoid impacts to open coastal waters unless there is no feasible less environmentally damaging alternative.

MCWD agrees that there is not enough information known about the project's ocean outfall, and anticipated Project-related work and improvements to that outfall, to find that the MPWSP will sustain the biological productivity of coastal waters and adequately protect marine resources.



Photos: Monterey Bay Aquarium

Protection of Groundwater Resources

Staff Report correctly states that **Cal-Am's groundwater "modeling <u>appears to be flawed</u>"** based on independent review.

Staff Report correctly observes that a "**change in the hydraulic gradient**" of the Dune Sand Aquifer – which MCWD's experts observed in progress but the CPUC's EIR and Cal-Am's experts dismissed – **"suggests that Cal-Am's wells would extract greater volumes of non-seawater" than projected**. This increases Cal-Am's return water obligation and the cost of desalinated water to Cal-Am's ratepayers, potentially to over $8,000 per acre-foot.

MCWD agrees with the Staff Report that "additional modeling is needed" to identify the extent of the MPWSP's adverse impacts on groundwater supplies and that the **current evidence does not support a finding of consistency with Coastal Act Section 30231.**

Other Coastal Resources Impacted

Energy Consumption and Climate Change

- Staff states there is at least one feasible alternative to the project – PWM Expansion – that ***would use significantly less energy*** than the desalination project as a whole.
- PMW Expansion uses 6.2 times less energy, emits less greenhouse gases.

Public Access and Recreation

- Staff Report correctly concludes that without a restoration and access plan, it is difficult to know exactly how much of an effect Cal-Am's project would have on future public access within the CEMEX site or along the shoreline.

Visual Resources

- Staff Report correctly concludes construction activities would have several temporary adverse visual impacts that do not conform with the LCP's or Coastal Act's visual resource policies.

Environmental Justice

Staff Report correctly concludes that Cal-Am's project is not consistent with the Commission's recently enacted environmental justice policy because it would create substantial hardships for significant segments of the communities of concern.

CALIFORNIA COASTAL COMMISSION
ENVIRONMENTAL JUSTICE POLICY

UNANIMOUSLY ADOPTED – MARCH 8, 2019

Environmental Justice (cont.)

Monterey Peninsula – Cal-Am's Service Area

Monterey Peninsula residents already endure the most expensive water costs in the nation.

- Adding this project's exorbitant cost to that burden is unjust for all Peninsula ratepayers.
- The Peninsula's lower income communities of concern will be hit the hardest.
- Seniors and others on fixed incomes will also be severely impacted by expensive desalinated water, which will be three times the cost of supply from PWM Expansion.

Environmental Justice (cont.)

Marina & Ord Communities – MCWD's Service Area

The community of Marina already hosts a disproportionate amount of nearby industrial development such as: a regional landfill, regional composting facility, and regional sewage plant.
Nearby Fort Ord is a contaminated site listed on the U.S. EPA's national priorities list. Marina is also home to the CEMEX sand mining facility, the last coastal sand mining operation in the country.

- The presence of Cal-Am's well field on a site that otherwise would provide priority coastal resource benefits such as habitat restoration, public access to the shoreline, and recreational opportunities to Marina residents and other communities of concern would create an environmental injustice.
- The project would reverse most, if not all, of the benefits from the CEMEX settlement agreement.
- The project would also unjustly jeopardize the sole water supply of the City of Marina and the nearby Ord Community, subjecting it to seawater contamination risks and potentially leading to scarcity and much higher water rates.

Conclusion

MCWD supports the Staff Report conclusion:

DENY Cal-Am's application for a CDP for its MPWSP desalination project.

- The Project is inconsistent with both Marina's LCP and the Coastal Act.
- There is no need to consider an override under Section 30260 of the Coastal Act, because a feasible, far less-environmentally damaging alternative is readily available – the PWM Expansion.
- Denial would protect, not adversely affect, the public welfare – both within Cal-Am's Monterey Peninsula district and for other local communities that would be disproportionately and unfairly burdened by the MPWSP.
- The MPWSP's adverse environmental impacts would not be mitigated to the maximum extent possible – Cal-Am has not even submitted a HMMP and its groundwater mitigation proposal is non-existent.
- The only way the Commission can uphold its duties under the Coastal Act, as well as honor its environmental justice policy, is to deny Cal-Am's application/appeal.

MARINA COAST WATER DISTRICT

EX PARTE COMMUNICATION DISCLOSURE FORM

Filed by Commissioner: Mark Gold

RECEIVED
MAY 17 2020

1) Name or description of project: Cal-AM Desalination

2) Date and time of receipt of communication: April 23, 2020 -4:30 PM

3) Location of communication: phone call

(If not in person, include the means of communication, e.g., telephone, e-mail, etc.)

4) Identity of person(s) initiating communication: Susan McCabe

5) Identity of person(s) on whose behalf communication was made: Cal-AM Water

6) Identity of persons(s) receiving communication: I believe Michelle Hutzel who forwarded invite to state agency staff.

7) Identity of all person(s) present during the communication: Susan McCabe Rich Svindland, Kathryn Horning, Ian Crooks, Rob Donlan, Kristin Peer, Eileen

Complete, comprehensive description of communication content (attach complete set of any text or graphic material presented):

Cal-Am team covered numerous Cal-Am related issues including:
Compliance issues with the Carmel River CDO,
viable alternative issue - Monterey One Water expansion status.
PUC water balance analysis. Current water demand and supply.
Loss of ESHA issues. groundwater analyses.
Coastal Commission staff denial recommendation in 2019. Timing of
Cal-Am desalination CDP vote this summer. Need for improved comms.
How project scope and scale changed over time.

May 18, 2020
Date

Mark Gold
Signature of Commissioner

TIMING FOR FILING OF DISCLOSURE FORM: File this form with the Executive Director within seven (7) days of the ex parte communication, if the communication occurred seven or more days in advance of the Commission hearing on the item that was the subject of the communication. If the communication occurred within seven (7) days of the hearing, provide the information orally on the record of the proceeding and provide the Executive Director with a copy of any written material that was part of the communication. This form may be filed with the Executive Director in addition to the oral disclosure.

RECEIVED
MAY 20 2020

EX PARTE COMMUNICATION DISCLOSURE FORM

Filed by Commissioner: Mark Gold

1) Name or description of project: Cal-AM Desalination

2) Date and time of receipt of communication: May 19, 2020 at 2:30 PM

3) Location of communication: telephone (If not in person, include the means of communication, e.g., telephone, e-mail, etc.)

4) Identity of person(s) initiating communication: Sara Wan

5) Identity of person(s) on whose behalf communication was made: _____
Marina Coast Water District

6) Identity of persons(s) receiving communication: Mark Gold

7) Identity of all person(s) present during the communication: Sara Wan, Chip Wilkens, Keith Van Der Maaten, Ruth Stoner Muzzin, Peter Mayer and Mark Gold

Complete, comprehensive description of communication content (attach complete set of any text or graphic material presented):

The focus of the discussion was on the water balance report put together by Peter Mayer. A lot focused on the differences between the PUC analysis and Cal-AM Hazen report. Look at demand over time and how it changed during the draft. Also, the CDO demands and the volume of new supplies needed to meet the demand. Some discussion on the SWRCB letter to the Commission and votes by Monterey Peninsula Water Management District and Monterey One Water

May 20, 2020
Date

Mark Gold
Signature of Commissioner

TIMING FOR FILING OF DISCLOSURE FORM: File this form with the Executive Director within seven (7) days of the ex parte communication, if the communication occurred seven or more days in advance of the Commission hearing on the item that was the subject of the communication. If the communication occurred within seven (7) days of the hearing, provide the information orally on the record of the proceeding and provide the Executive Director with a copy of any written material that was part of the communication. This form may be filed with the Executive Director in addition to the oral disclosure.

EX PARTE COMMUNICATION DISCLOSURE FORM

Filed by Commissioner: Mark Gold

1) Name or description of project: Cal-AM Desalination

2) Date and time of receipt of communication: April 23, 2020 -4:30 PM

3) Location of communication: phone call

(If not in person, include the means of communication, e.g., telephone, e-mail, etc.)

4) Identity of person(s) initiating communication: Susan McCabe

5) Identity of person(s) on whose behalf communication was made: Cal-AM Water

6) Identity of persons(s) receiving communication: I believe Michelle Hutzel who forwarded invite to state agency staff.

7) Identity of all person(s) present during the communication: Susan McCabe Rich Svindland, Kathryn Horning, Ian Crooks, Rob Donlan, Kristin Peer, Eileen

Complete, comprehensive description of communication content (attach complete set of any text or graphic material presented):

Cal-Am team covered numerous Cal-Am related issues including:
Compliance issues with the Carmel River CDO,
viable alternative issue - Monterey One Water expansion status.
PUC water balance analysis. Current water demand and supply.
Loss of ESHA issues. groundwater analyses.
Coastal Commission staff denial recommendation in 2019. Timing of
Cal-Am desalination CDP vote this summer. Need for improved comms.
How project scope and scale changed over time.

May 18, 2020
Date

Mark Gold
Signature of Commissioner

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7) Identity of all person(s) present during the communication: Susan McCabe

Rich Svindland, Kathryn Horning, Ian Crooks, Rob Donlan, Kristin Peer, Eileen Sobek, Jonathan Bishop, Jared Blumenfeld, Wade Crowfoot, Mark Gold

Complete, comprehensive description of communication content (attach complete set of any text or graphic material presented):

Cal-Am team covered numerous Cal-Am related issues including:
Compliance issues with the Carmel River CDO,
viable alternative issue - Monterey One Water expansion status.
PUC water balance analysis. Current water demand and supply.
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May 18, 2020
Date

Mark Gold
Signature of Commissioner

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Received 08.09.20

EX PARTE COMMUNICATION DISCLOSURE FORM

Filed by Commissioner: Erik Howell

1) Name or description of project: A-3-MRA-19-0034 & 9-19-0918 (Cal-Am Monterey Peninsula Water Supply Project)
2) Date and time of receipt of communication: Aug. 2, 2020 at 6:00pm
3) Location of communication: Pismo Beach
   (If not in person, include the means of communication, e.g., telephone, e-mail, etc.)
4) Identity of person(s) initiating communication:
   Susan McCabe
5) Identity of person(s) on whose behalf communication was made:
   Cal-Am
6) Identity of persons(s) receiving communication:
   Erik Howell
7) Identity of all person(s) present during the communication:
   DJ Moore, Susan McCabe

Complete, comprehensive description of communication content (attach complete set of any text or graphic material presented):

I had a briefing with Cal-Am representatives to discuss the Monterey Peninsula Water Supply Project. The representatives provided background, discussed project benefits and addressed technical issues that are being analyzed in advance of the September hearing. They described the various challenges facing both the Phase 1 Pure Water Monterey Project (which they said is behind schedule and will not provide the amount of water promised) and the Pure Water Monterey expansion (PWMe) project, including how PWMe will not allow for adequate drought reserve or realistic growth in the region. With PWMe and no desalination project, if there were to be salt water intrusion in the Seaside Basin, the only significant source water would be the Carmel River. They concluded that Cal-Am's proposed water supply project allows for a more balanced approach to help the steelhead with less dependency on the Seaside Basin and long-term sustainable water supply regardless of drought or growth.

8/8/20
Date

Erik Howell
Signature of Commissioner

TIMING FOR FILING OF DISCLOSURE FORM: File this form with the Executive Director within seven (7) days of the ex parte communication, if the communication occurred seven or more days in advance of the Commission hearing on the item that was the subject of the communication. If the communication occurred within seven (7) days of the hearing, provide the information orally on the record of the proceeding and provide the Executive Director with a copy of any written material that was part of the communication. This form may be filed with the Executive Director in addition to the oral disclosure.

MONTEREY PENINSULA

WATER SUPPLY PROJECT

California American Water

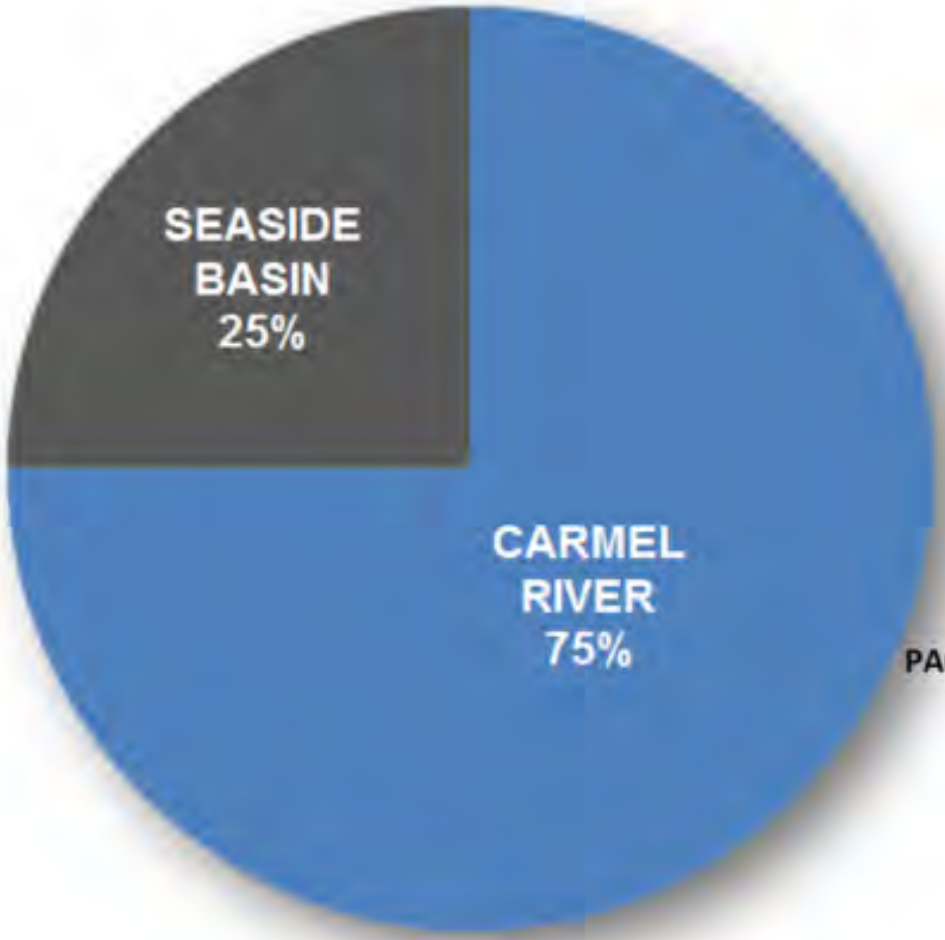
Coastal Commission Briefing Materials (8.19.20)

These materials have been provided to Coastal Commission staff

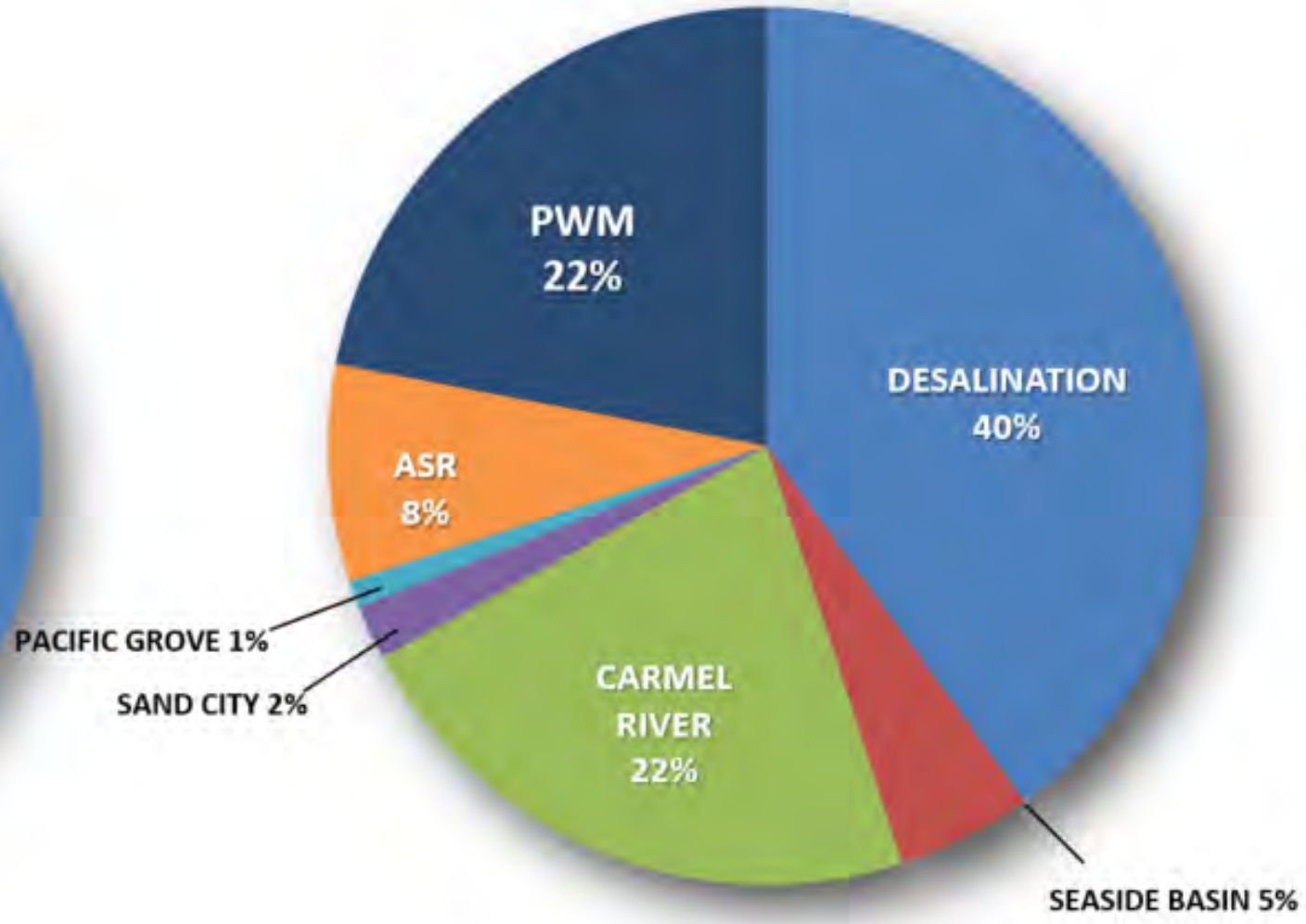
NEED FOR LONG-TERM, DROUGHT-PROOF WATER SUPPLY

- Water scarcity to water security: Monterey Peninsula residents have lived with draconian water restrictions and availability for over 20 years
  - Peninsula use today = ~ 9,500 afy
  - Peninsula use in the 1980's = ~100% more than current levels (~18,000 afy)
  - Peninsula use in the mid-1990's = ~ 50% more than current levels (~14,000 afy)
- Moratorium and no intensification of water use since 2009 CDO
  - ***No new connections permitted***—preventing residents and businesses from upgrading existing homes or businesses, developing legal lots purchased for homes, or developing affordable housing
  - No new business is permitted to use a commercial space that uses more water than historical use, limiting new business growth (e.g., juice shop cannot add ice maker or sink)
  - Extreme conservation in place—hotel laundry is sent out of area, costing local jobs and money
- Community and stakeholders have worked on various solutions for over 20 years; all have failed. Project is the best solution to bring water security to the Peninsula for the long-term

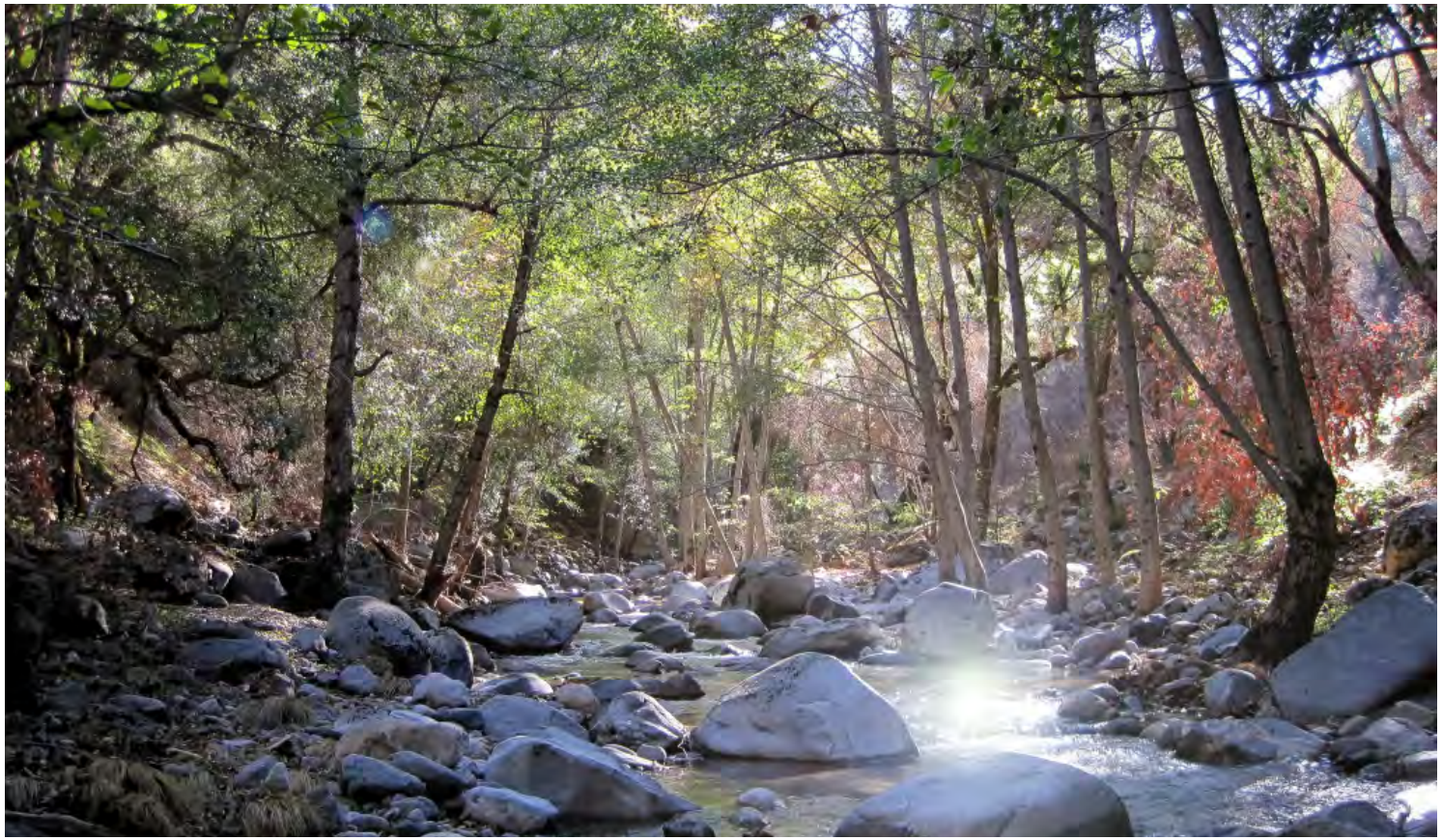
WATER SUPPLY DIVERSIFICATION



HISTORIC SOURCES



FUTURE SOURCES



MPWSP BENEFITS

- Reliable, diverse, **adequate water supply** for Monterey Peninsula
- **Cease illegal diversions** from Carmel River; comply with State Water Board CDO
- Cease **Seaside Groundwater Basin** extractions beyond allocated limit
- Protect and promote **Monterey economy**
- Significant environmental benefits to **Carmel River**
- **Arrest seawater intrusion** for Salinas Valley Groundwater Basin
- Supply reliable and clean municipal water for **Castroville,** a **severely disadvantaged community** facing severe water supply constraints
- Subsurface slant wells virtually **eliminate harm to sea life**, are preferred choice of SWRCB, Monterey Bay National Marine Sanctuary, California Coastal Commission

MPWSP IS THE RIGHT PROJECT AT THE RIGHT TIME

- PUC analyzed Project impacts over 6 years and unanimously approved it to meet PUC-determined water demand for Monterey Peninsula
  - Project uses ***intake technology preferred by federal and state resource agencies***
    - Contrast to “open ocean” intake systems, slant wells virtually ***eliminate any harm to sea life***
  - Slant well feasibility ***proven through test well*** at proposed site
    - Wells will ***extract from existing seawater intruded aquifers***, which will be conveyed to desalination plant for treatment
  - Virtually all impacts fully mitigated
  - PUC reduced Project size to include Pure Water Monterey recycled water and determined ***a desalination plant is necessary to meet Peninsula water demand***

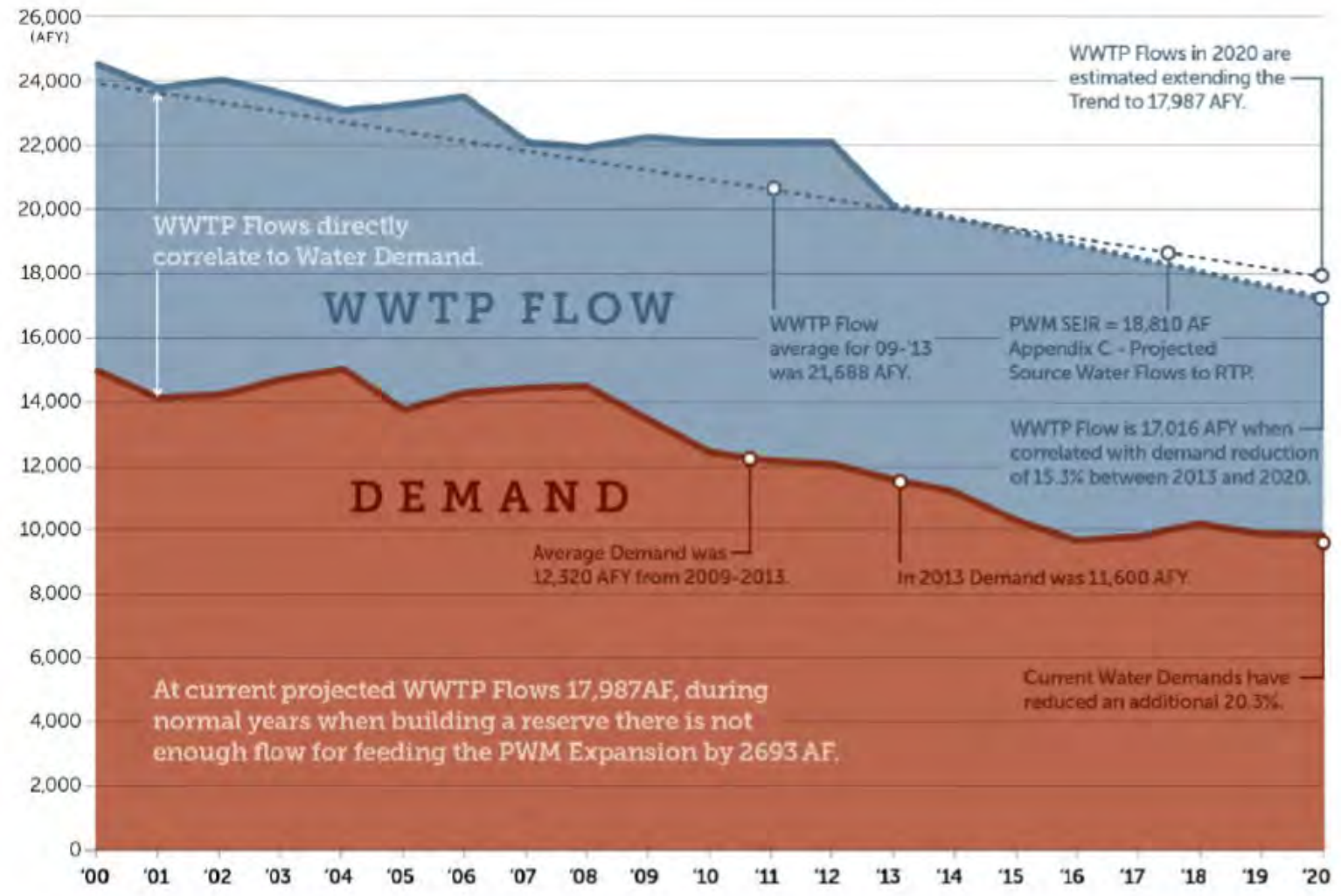
PURE WATER MONTEREY EXPANSION IS NOT FEASIBLE

- Pure Water Monterey Expansion ***already rejected by PUC, Monterey County and M1W as a desalination alternative***
- M1W ***denied certification*** of the Expansion's SEIR
  - Deficiencies in SEIR analysis: source water; water supply and demand; impacts to agricultural water supplies; failure to evaluate Expansion as an alternative to or cumulative project with the MPWSP
  - M1W does not have the funds to remedy faults in SEIR
- Relying only on PWM Expansion would
  1. Drastically ***reduce diversity and security of water*** supplies;
  2. Not satisfy ***PUC-determined demand*** (especially in drought years); and
  3. Keep Peninsula in ***state of water scarcity***

PURE WATER MONTEREY EXPANSION IS NOT FEASIBLE

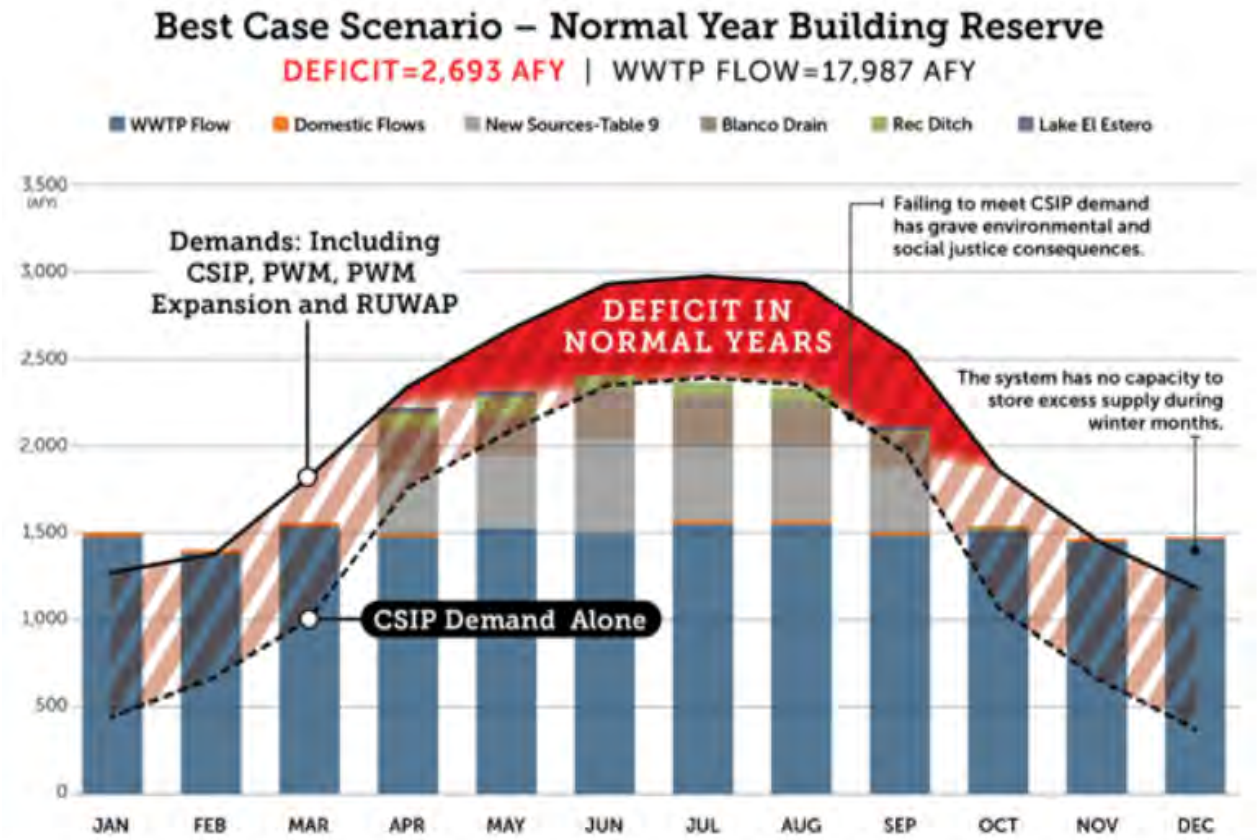
- ***Significant source water uncertainty***
  - Expansion does not have claimed water rights under an existing agreement between M1W and MCWRA
  - City of Salinas disputes M1W's rights to the City's agricultural produce wash water
  - Questions remain on the ability to treat agricultural wash water
  - Overestimation of available water during drought conditions
  - Declining wastewater flows in the region reduce the availability of wastewater for PWM Phase I and the Expansion
  - Overestimation of available surface water flows, such as the Reclamation Ditch
- Result = ***inadequate source water for PWM Phase I and Expansion to produce promised water supplies***

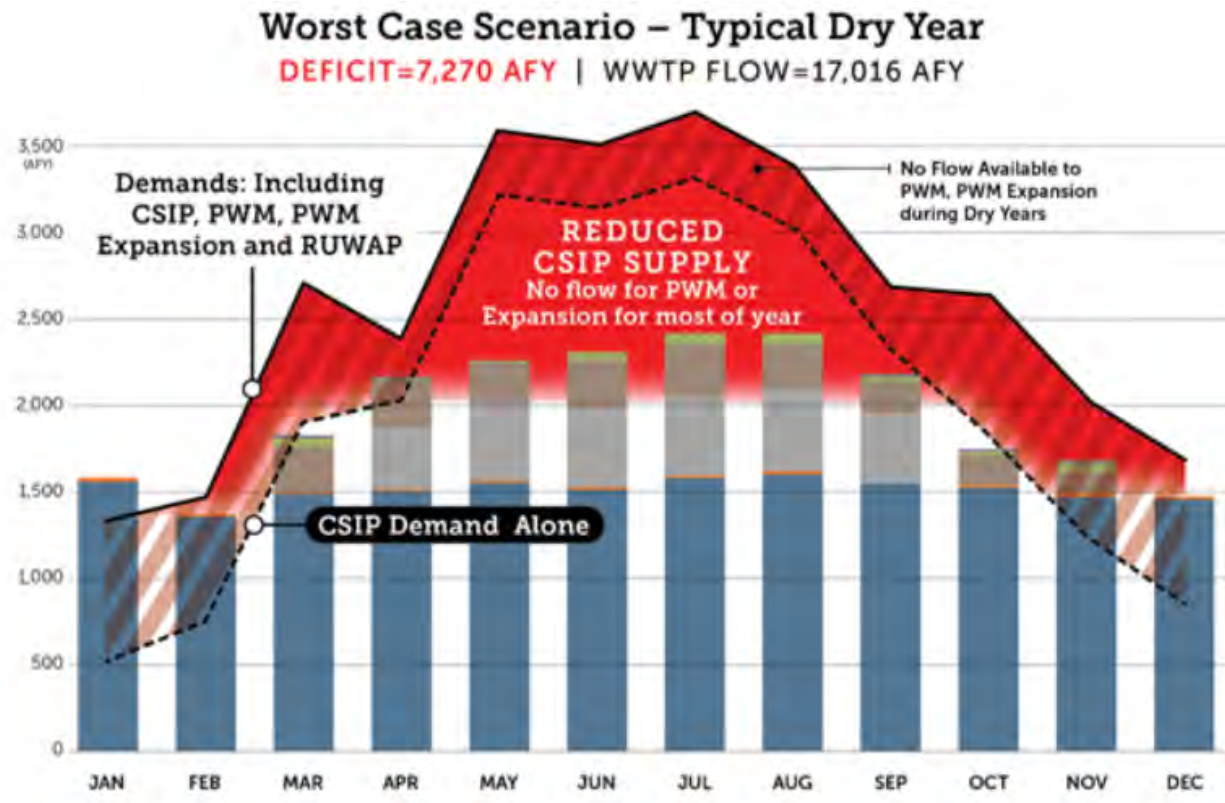
WASTEWATER FLOWS VS. DEMAND



Source: Hazen & Sawyer (2020)

SUPPLIES VS DEMANDS PER MONTH





Source: Hazen & Sawyer (2020)

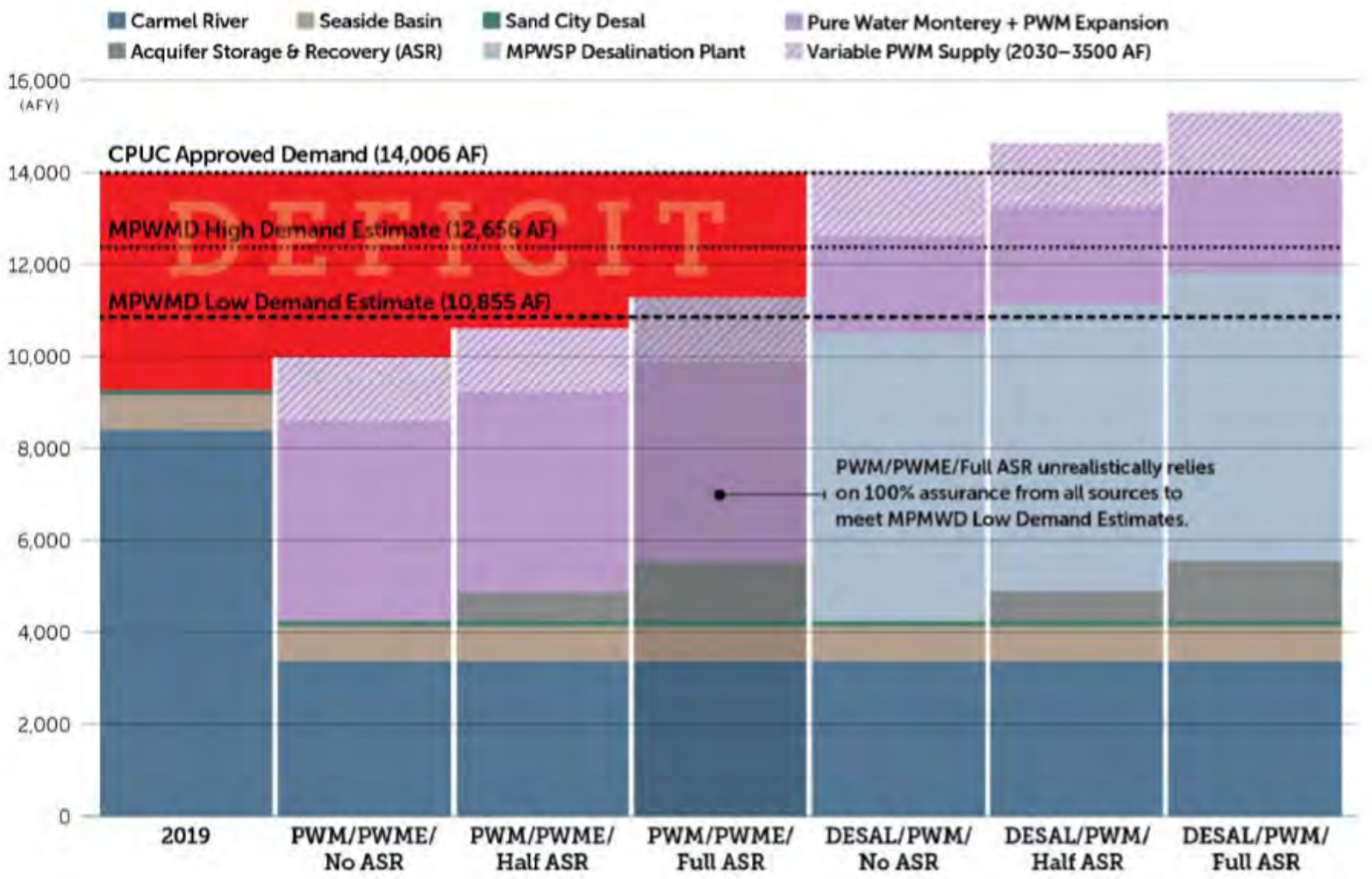
SUPPLY AND DEMAND

- PUC is ***only agency with authority to determine utility system sizing***
  - PUC's decision clearly explains supply and demand conclusions and why it either rejected or accepted MPWMD positions
- Staff Report relied entirely on Stoldt memorandum and ignores responses from Cal-Am, Hazen and Sawyer, Coalition of Peninsula Businesses, Pebble Beach Company, and sworn testimony before the CPUC
  - Stoldt memo, WaterDM April 2020, and WaterDM June 2020 repackage ***arguments CPUC already rejected*** and makes new unsupported claims and assumptions
  - Demand estimate does not comply with California Waterworks Standards and CPUC General Order 103-A, which mandate how water utility demand must be calculated
  - No basis for demand reductions for hospitality, legal lots of record, and Pebble Beach
  - Make supply assumptions that ***do not account for prolonged drought conditions*** and speculate Cal-Am can obtain water from sources beyond its current legal rights

AQUIFER STORAGE AND RECOVERY (ASR) AND DROUGHT

- Stoldt and WaterDM rely on full availability of ASR for PWM Expansion of 1,300 AFY to meet existing Peninsula water demand and assume no drought between now and 2034
  - Over ***last 15 years***, average ASR availability is ***138 AFY***
  - Over ***last 5 years***, average ASR availability is only ***325 AFY***
  - Even a "half ASR" assumption of ***650 AFY is double the 5-year average and five times the 15-year average***
  - Monterey Peninsula has not experienced a decade without drought in the last century
- ***ASR availability is reduced to 63% in a single dry year and 4% after three consecutive dry years***
  - Does not meet Water Code reliability standards (5 consecutive historic driest years)
  - Does not meet Governor Newsom's 2020 Water Resilience Portfolio (planning for 6 years of drought)

COMPARISON OF PWM EXPANSION AND DESALINATION VS DEMAND



Source: Hazen & Sawyer (2020)

UNSUPPORTED POSITION CHANGES SINCE CPUC APPROVAL

Issue	Overall Demand	Existing Customers	Legal Lots of Record	Tourism Bounce-back	Pebble Beach Buildout	Overall Supply	Seaside Basin	Sand City Desalination Plant	Pure Water Monterey Expansion
MPWMD Prior 2017-18 Positions	13,142 afy	10,400 afy	1,181 afy	250 afy	325 afy	9,044 afy	774 afy	94 afy	Not a feasible alternative to desalination
CPUC Determination on MPWMD 2017-18 Positions	Rejected by CPUC Appropriate demand is 14,000 afy	Rejected by CPUC Appropriate existing demand is 12,000 afy	CPUC agreed and rejected arguments of lesser demand	Rejected by CPUC Appropriate demand for economic recovery is 500 afy	CPUC agreed and rejected arguments of lesser demand	CPUC agreed and rejected arguments of greater supply, including Table 13 water availability	CPUC agreed and rejected arguments of greater supply	CPUC agreed and rejected argument that additional supplies were available	CPUC agreed, PWM expansion too uncertain to be a feasible alternative and would not bridge the gap between supply and demand
Stoldt Memo New 2019 Positions	10,855-12,656 afy	9,788-11,232 afy	864-1,104 afy	100 - 250 afy	103-160 afy	11,700 afy	Additional “unused capacity” in Seaside Basin	94-200 afy	Feasible alternative to desalination
WaterDM & WaterDM Supplement	Current GPCD Forecast: 9,985 (2020) to 10,983 (2040) afy Continued Efficiency Forecast: 9,985 (2020) to 10,412 (2040) afy	9,985 afy	Not specified	Not specified	Not specified	11,650 afy with PWM Expansion 10,100 afy without PWM Expansion	774 to 1,474 afy	150 afy	Feasible alternative to desalination

PWM PHASE I PLAGUED BY DELAYS, TECHNICAL CHALLENGES, AND COST OVERRUNS

- PWM Phase I is currently ***8 months behind schedule***
- As a result of significant technical challenges it is ***projected to only produce 58% of the 3,500 afy allocated to Cal-Am***
    - Sinkholes and/or subsidence are affecting the shallow injection wells that may not be repairable
    - Deep injection wells are experiencing injection refusal
- Water costs continue to increase
    - At current projected delivery levels, ***rate estimates have doubled*** those approved by the PUC
    - ***Needed repairs and the addition of a new deep injection well are costly*** and will result in water rate increases
- PWM Phase I has ***not been capable of treating agricultural wash water***
- Expansion would use similar technology facing similar challenges to timeline, ability to produce claimed water, and water rates

ENVIRONMENTAL JUSTICE

- PUC—entity with exclusive jurisdiction to ensure that regulated utilities deliver water at reasonable rates—approved the Project's rates
- Average post-Project monthly bills for single-family residence would ***increase only an estimated $37 to $40*** from existing bills
    - In July 2019, CCC approved the Morro Bay Water Reclamation Facility, which is a ~$41 monthly water bill increase
- Cal-Am has ***robust ratepayer assistance program*** that discounts rates for low-income customers by 30%
- Project would provide reliable source of water for Castroville, a disadvantaged community facing serious water shortages
- No public access issues—the Project's slant well network and aboveground infrastructure would occupy < 1 acre of 400-acre CEMEX site

ENVIRONMENTAL JUSTICE

- ***Without desalinated water, Peninsula cannot meet its affordable housing requirements***
  - No new housing forces continued long commutes on Peninsula service workers
- PWM Expansion would not address these concerns
  - With PWM Expansion working 24/7 at 100%, the Peninsula will have 9,994 afy of supply for an MPWMD-estimated demand of 9,825 afy—leaving only ***169 afy*** to meet the Peninsula's RHNA goals
  - MPWMD estimates that ***190 afy*** is needed to meet the RHNA goals
  - 190 afy is a gross understatement of the water needed—the City of Monterey alone estimated that it will need ***255 afy*** for future housing needs
  - New Peninsula RHNA goals will be released in 2023 and are anticipated to include substantial increases because of the state's ongoing housing crisis.
- Residents could face ***severe rationing and restrictions*** on water usage without a permanent and reliable new water supply

ESHA AND PUBLIC ACCESS

ESHA:

- EIR/EIS: ***no significant physical ESHA impacts with mitigation***
- No work during snowy plover nesting season without USFWS approval
- Comprehensive HMMP prepared for Coastal Zone impacts; includes restoration of ~14.6 acres at CEMEX site
- Special conditions can ensure Coastal Act compliance

Public Access:

- Area fenced for slant wells is very small (<1 acre on 400+ acre property); most components buried underground
- No existing public access at site, and no impediment to lateral beach access
- Cal-Am proposed Special Condition providing for development of a Public Access Plan

COASTAL HAZARDS AND AGRICULTURE

Coastal Hazards:

- Conservative sea level rise analysis confirms ***no coastal erosion impacts during the Project well lifetime*** (~25 years)
  - Analysis evaluated 3.8 ft of SLR by 2060—more conservative than new State principle of 3.5 ft of SLR by 2050
- Soft measures such as revegetation, monitoring, and maintenance should eliminate potential risks to well heads from sand burial

Agriculture:

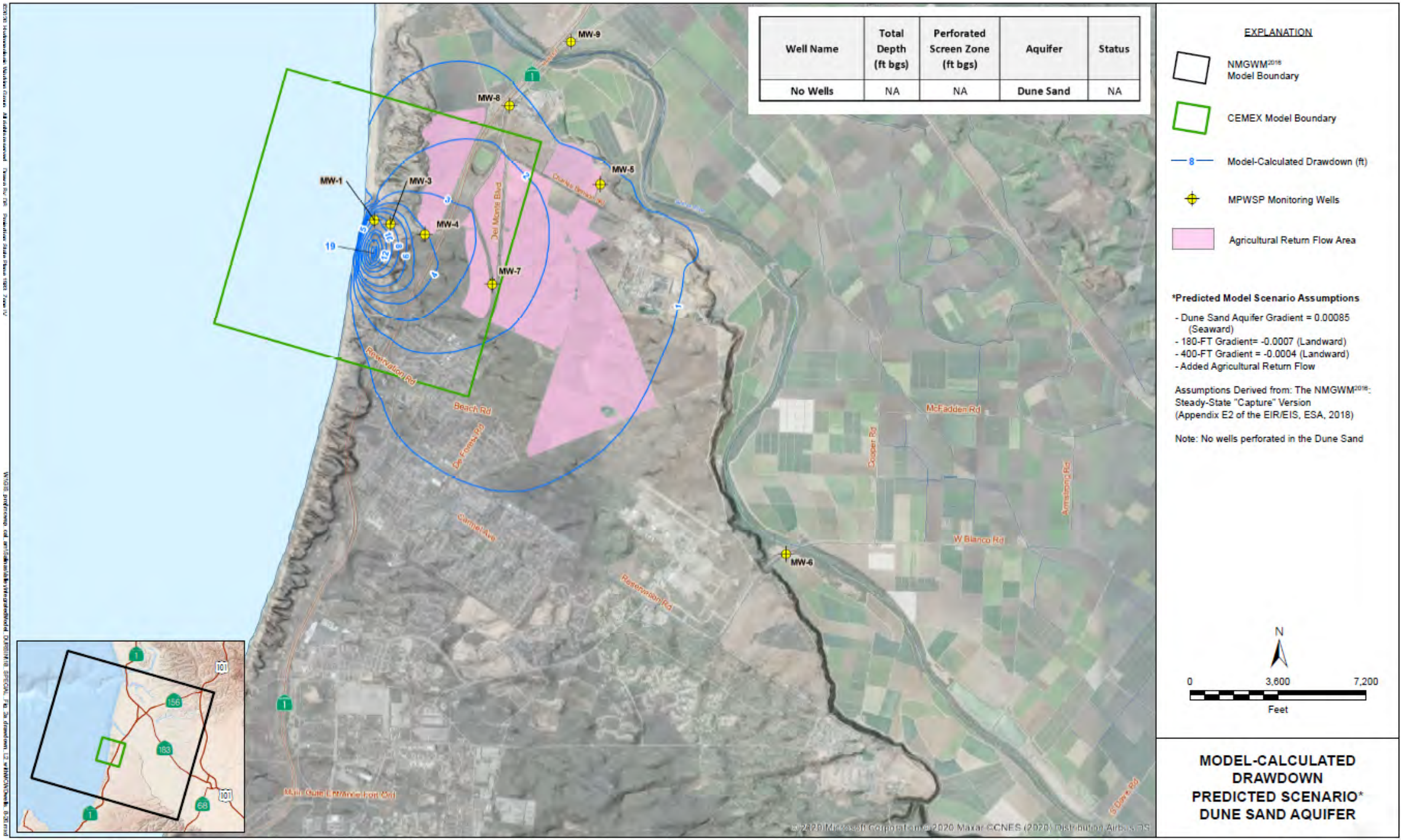
- Boost to agricultural industry by improving long term water supply reliability and water infrastructure
- No impacts to agriculture from saltwater intrusion

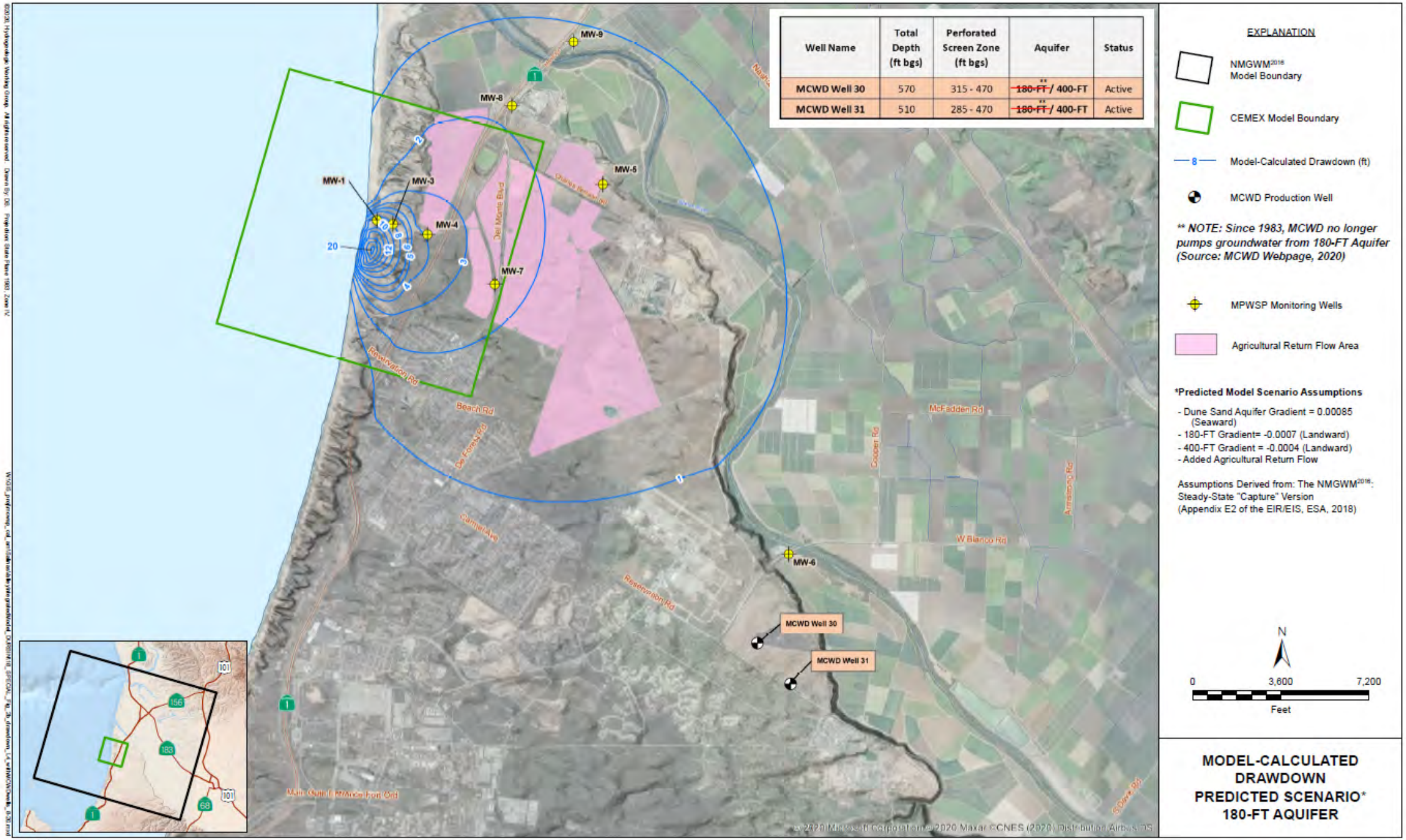
COASTAL WATERS AND MARINE RESOURCES

- Proposed outfall pipeline lining work is not “development” under the Coastal Act
  - Work involves cleaning and coating inside of existing pipeline for long-term maintenance; no groundbreaking in Coastal Zone
  - Cal-Am proposed Special Condition to require outfall work prior to Project operations
  - EIR/EIS analyzed more impactful lining activities; impacts determined to be less than significant
- Potential impacts from brine discharges were analyzed in detail and mitigation measures were developed with various parties including Surfrider Foundation and MPRWA
- Mitigation Measure 4.3-5 requires Cal-Am to perform water quality assessment prior to operations to ensure Ocean Plan compliance
- Buoy monitoring is not placement of “fill” in Coastal Waters

NO ADVERSE GROUNDWATER IMPACTS

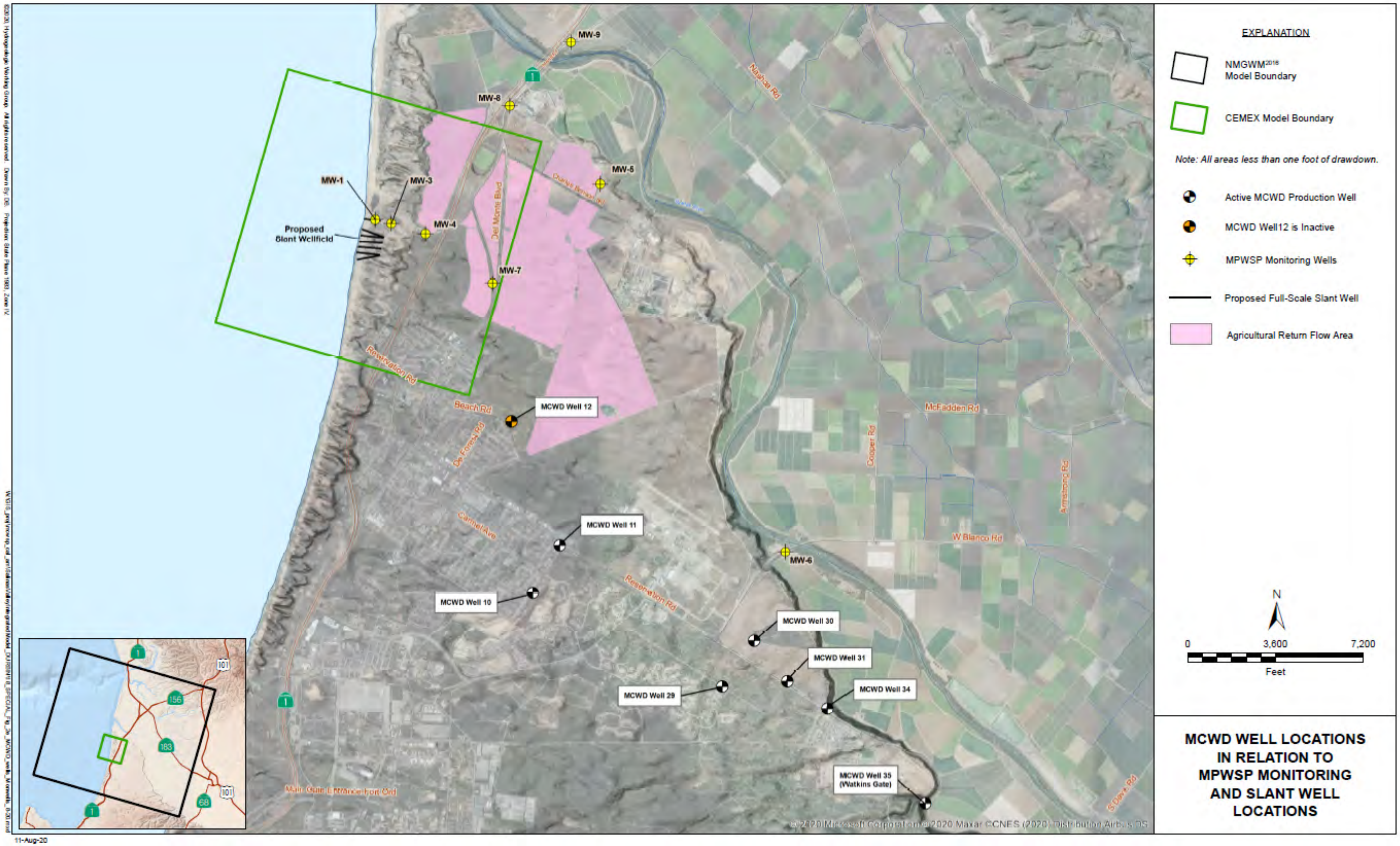
- EIR/EIS consultant team performed over six years of fieldwork and modeling, which was subject to extensive peer review and public comment
- Final EIR/EIS confirmed the ***Project will not adversely affect groundwater supplies***
- Weiss' July 2020 Report confirmed ocean water percentage estimates consistent with the EIR/EIS—88 to 99%
- MCWD wells are not in the Dune Sand or 180 Foot Aquifers from which the MPWSP will draw water
    - Closest municipal supply wells are ***over 2 miles away*** in deeper aquifers
- No new data undercuts years of data and Final EIR/EIS conclusion that ***water contaminated with seawater flows inland beneath the project area***
- CPUC fully considered AEM study and confirmed that even if it shows areas of lower contamination (***not freshwater***), Project only will draw source water from capture zone with contamination ***46 to 60 times greater*** than drinking water standard
    - Findings of pockets of lower-TDS water does not show that the water is usable without desalination


Well Name | Total Depth (ft bgs) | Perforated Screen Zone (ft bgs) | Aquifer | Status
No Wells | NA | NA | Dune Sand | NA
EXPLANATION
NMGWM2016 Model Boundary
CEMEX Model Boundary
8 Model-Calculated Drawdown (ft)
MPWSP Monitoring Wells
Agricultural Return Flow Area
*Predicted Model Scenario Assumptions
- Dune Sand Aquifer Gradient = 0.00085 (Seaward)
- 180-FT Gradient= -0.0007 (Landward)
- 400-FT Gradient = -0.0004 (Landward)
- Added Agricultural Return Flow
Assumptions Derived from: The NMGWM2016-Steady-State "Capture" Version (Appendix E2 of the EIR/EIS, ESA, 2018)
Note: No wells perforated in the Dune Sand
N
0
3,600
7,200
Feet
MODEL-CALCULATED DRAWDOWN PREDICTED SCENARIO* DUNE SAND AQUIFER
MW-1
MW-3
MW-4
MW-5
MW-6
MW-7
MW-8
MW-9
Reservation Rd
Beach Rd
Del Monte Blvd
McFadden Rd
Dunes Dr
W Blanco Rd
Reservation Rd
S Dune Rd



Well Name	Total Depth (ft bgs)	Perforated Screen Zone (ft bgs)	Aquifer	Status
MCWD Well 30	570	315 - 470	~~180-FT~~ ** / 400-FT	Active
MCWD Well 31	510	285 - 470	~~180-FT~~ ** / 400-FT	Active

** *NOTE: Since 1983, MCWD no longer pumps groundwater from 180-FT Aquifer (Source: MCWD Webpage, 2020)*


EXPLANATION
NMGWM2016 Model Boundary
CEMEX Model Boundary
Note: All areas less than one foot of drawdown.
Active MCWD Production Well
MCWD Well12 is Inactive
MPWSP Monitoring Wells
Proposed Full-Scale Slant Well
Agricultural Return Flow Area
N
0
3,600
7,200
Feet
MCWD WELL LOCATIONS IN RELATION TO MPWSP MONITORING AND SLANT WELL LOCATIONS
MW-9
MW-8
MW-5
MW-1
MW-3
MW-4
MW-7
MW-6
Proposed Slant Wellfield
MCWD Well 12
MCWD Well 11
MCWD Well 10
MCWD Well 30
MCWD Well 31
MCWD Well 29
MCWD Well 34
MCWD Well 35 (Watkins Gate)
Reservation Rd
Beach Rd
Del Monte Blvd
Carmel Ave
McFadden Rd
Cooper Rd
Armstrong Rd
W Blanco Rd
Nashua Rd
Main Gate Entrance Fort Ord
11-Aug-20

MPWSP IS NECESSARY TO PROTECT SEASIDE GROUNDWATER BASIN

- Seaside Basin provides more than 3,000 AFY of groundwater for municipal uses on the Peninsula and provides groundwater storage for ASR and PWM
- Without the Project, Seaside Watermaster cannot achieve protective water levels for the Seaside Basin that have been identified as ***necessary to avoid seawater intrusion and irreversible loss of Seaside Basin storage***
    - If Seaside Basin storage is lost or reduced, other existing water supplies (ASR, groundwater, PWM) are in serious jeopardy
- Watermaster determined that ***1,000 AFY of additional replenishment water*** is necessary to protect Seaside Basin
    - ***MPWSP is only supply that could provide that supplemental water***
- Cal-Am also is required to replenish 700 AFY in the Seaside Basin for 25 years through "in lieu recharge" from the Project
    - This obligation must be accounted for as a water demand to avoid injury to the Seaside Basin

MPWSP COMPLIES WITH WATER RIGHTS AND GROUNDWATER LAWS

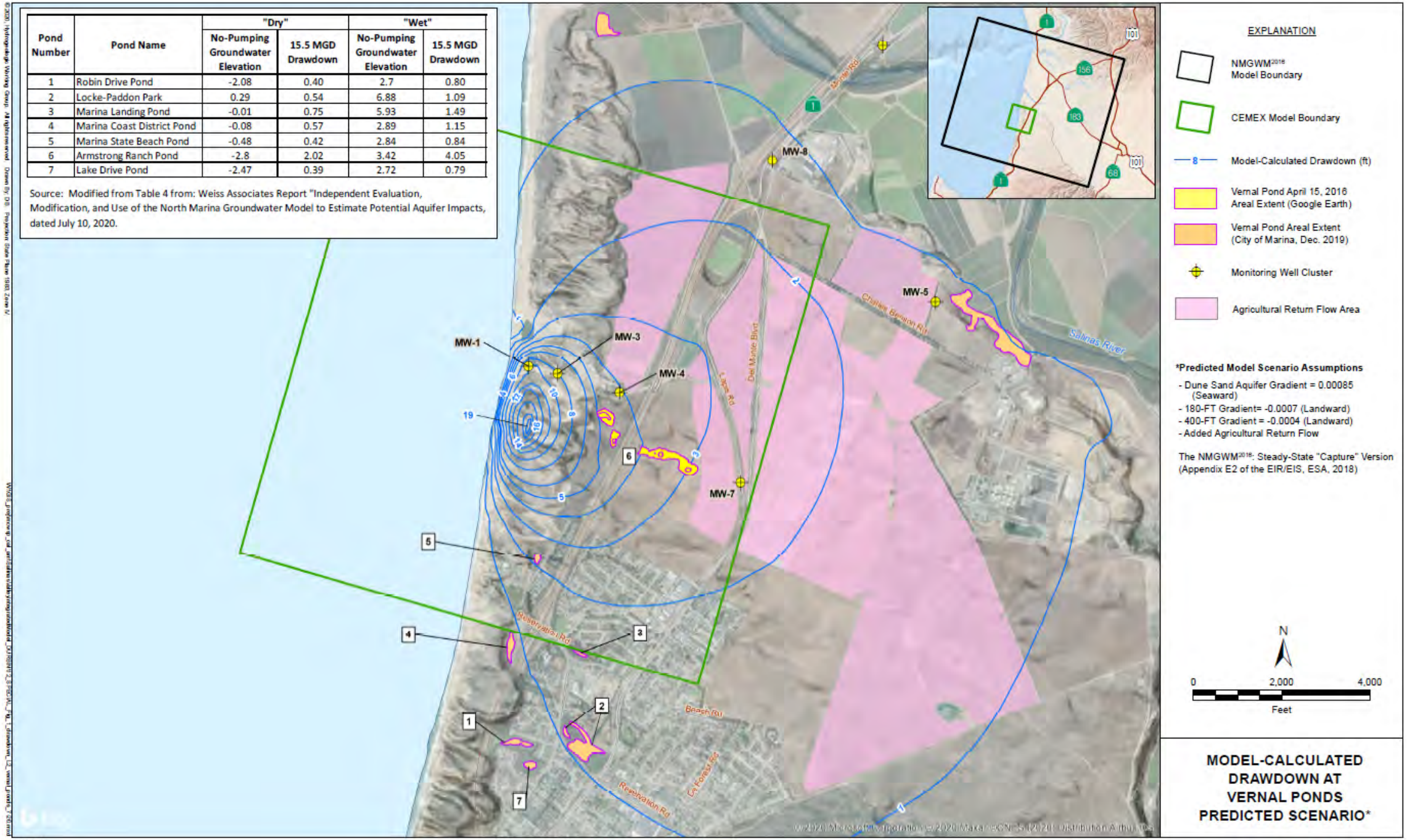
- PUC and State Water Board both confirmed Cal-Am may develop all necessary water rights for MPWSP
  - ***No water right required to pump seawater*** from beneath Monterey Bay
  - Small amount of brackish groundwater that Cal-Am will pump is not usable in the Basin without treatment, and thus is ***surplus water that Cal-Am may appropriate***
  - Cal-Am will not develop its water right until it has treated the surplus water
  - No one has a current right to use this brackish water because it has not been put to a beneficial use
- Project complies with Sustainable Groundwater Management Act (SGMA) by creating a seaward gradient in contaminated aquifers that will ***halt or reduce landward seawater intrusion***
  - Draft Groundwater Sustainability Plan from SVBGSA recommends installation of slant wells like MPWSP to create a seawater intrusion barrier to comply with SGMA

IMPACTS TO PONDS LOCATED WITHIN VICINITY OF DRAWDOWN AREAS

- ***No evidence that local ponds depend on Dune Sand Aquifer***
  - ***None of the ponds appear influenced by tidal fluctuations***
    - Dune Sand Aquifer is directly connected to the ocean and reflects tidal changes that would affect ponds
  - Armstrong Ranch Ponds
    - ***Surface water*** (including agricultural runoff) and rainfall are more likely ***feeding the ponds***
  - City of Marina Ponds
    - Urbanization has resulted in the ponds being ***primary fed by surface water***—runoff and drainage pipes
    - ***Any groundwater source would be shallow Perched "A" Aquifer***
- ***Comprehensive Adaptive Management Program Proposed***
  - Includes long-term analysis to evaluate whether ponds are feed by groundwater from which the MPWSP will draw water and whether Project drawdown would have impacts
  - Cal-Am would propose and implement a ***Wetland Resiliency, Enhancement, or Restoration Plan*** to offset any adverse effects

Pond Number	Pond Name	"Dry"		"Wet"	
		No-Pumping Groundwater Elevation	15.5 MGD Drawdown	No-Pumping Groundwater Elevation	15.5 MGD Drawdown
1	Robin Drive Pond	-2.08	0.40	2.7	0.80
2	Locke-Paddon Park	0.29	0.54	6.88	1.09
3	Marina Landing Pond	-0.01	0.75	5.93	1.49
4	Marina Coast District Pond	-0.08	0.57	2.89	1.15
5	Marina State Beach Pond	-0.48	0.42	2.84	0.84
6	Armstrong Ranch Pond	-2.8	2.02	3.42	4.05
7	Lake Drive Pond	-2.47	0.39	2.72	0.79

Source: Modified from Table 4 from: Weiss Associates Report "Independent Evaluation, Modification, and Use of the North Marina Groundwater Model to Estimate Potential Aquifer Impacts, dated July 10, 2020.



MODEL-CALCULATED DRAWDOWN AT VERNAL PONDS PREDICTED SCENARIO*

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