

## **Coalition of Peninsula Businesses**

*A coalition to resolve the Peninsula water challenge  
to comply with the CDO at a reasonable cost.*

*Members include: Monterey County Hospitality Association,  
Monterey Commercial Property Owners' Association, Monterey  
Peninsula Chamber of Commerce, Carmel Chamber of Commerce,  
Pacific Grove Chamber of Commerce, Monterey County Association  
of Realtors, Community Hospital of the Monterey Peninsula, Pebble Beach Co., and  
Associated General Contractors-Monterey Bay Division.*

## **Coalition of Peninsula Businesses**

*A Brief Overview, 2016-2018 Highlights, Future Focus  
and Milestones to be Achieved  
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## Coalition of Peninsula Businesses - Brief Overview

In late 2010, the Monterey County Hospitality Association formed a Water Task Force to address the issue of current and future water rates charged to commercial business owners and to address the State Water Resources Control Board Cease and Desist Order against California American Water. In early 2011 it sponsored a Community Water Forum to educate the business community on the importance of the situation. The three main goals for the forum that were established are these:

- 1) share what MCHA has done;
- 2) share information gathered; and
- 3) review how the business community on the Peninsula could work together in a *balanced effort* to have one strong voice on water issues.

The main accomplishment of this effort was formation of a strong coalition of businesses on the Peninsula that shared common concerns regarding securing a sustainable long-term water supply solution at the most reasonable cost.

In mid 2011, the Coalition of Peninsula Businesses was formed. Initially, the coalition was composed of Monterey County Hospitality Association, Monterey Commercial Property Owners' Association, Monterey Peninsula Chamber of Commerce, Carmel Chamber of Commerce, Pacific Grove Chamber of Commerce, Monterey County Association of Realtors, and Community Hospital of the Monterey Peninsula. The Associated General Contractors-Monterey Division joined in 2012 and the Pebble Beach Co. joined in 2014.

The Coalition brought together - for the first time - a broad association of Peninsula community organizations, business interests and entities with a common goal.

The mission of the coalition was three-fold:

- Educating the community on the draconian effects of the State Water Resources Control Board's Cease and Desist Order if a solution to our water supply crisis was not implemented by the original CDO deadline of Dec. 31, 2016.
- Educating the community about the need for a water project approved by the Public Utilities Commission, and providing strong across-the-board community support for it.
- Helping the public understand the need for active participation in review of, and cost-control of, a water project that will provide a long-term sustainable water solution.

The Coalition has been enormously successful raising the community's awareness of the drastic consequences to the community if the CDO deadline is not met; virtually everyone now agrees

the Monterey Peninsula area needs a supplemental water supply as soon as possible. The Coalition has also been successful in working with community interests in keeping water costs as low as possible.

Initially, the Coalition supported the Regional Water Project (RWP) as the only water supply project capable of being built and operational in time to help the Peninsula avoid devastating and destructive water supply cutbacks ordered by the SWRCB's Cease and Desist Order (CDO).

The RWP collapsed for reasons other than project efficacy and was abandoned by the California Public Utilities Commission (CPUC).

In its place, California American Water Company (Cal Am or CAW) proposed, and applied to the CPUC (A.12-04-019) for, a Monterey Peninsula Water Supply Project (MPWSP). The Coalition joined as a party in the PUC proceeding and supports Cal Am's MPWSP as the only realistic and reasonable way to meet the SWRCB CDO mandates. The Coalition has worked diligently since 2012 to build community support for the Monterey Peninsula Water Supply Project and to secure PUC approval for it.

In 2016, the Coalition joined a united, successful community effort to get the State Water Resources Control Board to amend the terms of the CDO to a realistic and achievable schedule for accomplishment of a replacement water supply. The Coalition continues to work hard to accomplish the new CDO milestones.

### **Coalition of Peninsula Businesses**

#### **Highlights of 2016, 2017 and early 2018, Future Focus and Milestones to be Achieved**

- ✓ Heard briefing by MPWMD GM Dave Stoldt on SWRCB staff proposed Cease and Desist Order (CDO) revisions.
- ✓ Reviewed CDO revision analysis/summary and comments prepared by Bob McKenzie for use at SWRCB CDO hearing.
- ✓ Led effort for attendance at CDO hearing that resulted in 35 community members attending and participating in the SWRCB hearing to determine if the CDO deadline should be extended,
- ✓ Also led effort to secure community letters, modelled on CPB letter, to SWRCB urging approval of CDO revisions and extension of deadline.
- ✓ SWRCB agreed to extension of CDO deadline and revisions as urged by the Coalition.
- ✓ Agreed to commit financial resources to hiring of Sacramento law firm and Sacramento consulting firm to help with securing a reasonable interpretation of CDO Condition 2.
- ✓ Reviewed a summary and analysis prepared by Bob McKenzie of final SWRCB CDO revision decision.

- ✓ Reviewed/analyzed motions for reconsideration of SWRCB CDO decision filed by Water Ratepayers of the Monterey Peninsula (WRAMP) and Public Water Now (PWN); these motions were eventually denied.
- ✓ Reviewed a summary/analysis of Monterey Peninsula Water Supply (MPWSP) project Phase 2 issues (Water Purchase Agreement to authorize Cal Am to purchase recycled water, construction of pipelines and pumping stations to accommodate recycled and expanded Aquifer Storage and Recovery (ASR) water).
- ✓ Reviewed summary prepared by Bob McKenzie of PUC decision/order on Phase 2.
- ✓ Heard a briefing by Cal Am's MPWSP Project Manager Ian Crooks and External Affairs Director Catherine Stedman on Phase 2 construction.
- ✓ Participated in CDO Condition 2 meetings and conference calls and led effort to encourage more broad-based community letters modeled on a CPB letter, to SWRCB seeking a reasonable interpretation of CDO Condition 2.
- ✓ The effort to secure a reasonable interpretation of CDO Condition 2 continued into early 2018 when the Coalition supported Monterey Peninsula Water Management District adoption of a resolution interpreting CDO Condition 2.
- ✓ Reviewed a summary prepared by Bob McKenzie of PUC proposed decision on Cal Am rate case (A.15-07-019) and received a briefing by Cal Am Director of Rates Jeff Linam and External Affairs Manager Catherine Stedman on rate changes and increases.
- ✓ Provided notes for testimony of John Narigi at PUC hearing in May of 2017 on rate changes and potential fines against Cal Am for alleged improper implementation of rates; the two proposed decisions in this case closely paralleled Mr. Narigi's testimony.
- ✓ Prepared, reviewed and submitted Coalition comments on MPWSP draft EIR/EIS.
- ✓ Reviewed analysis by Bob McKenzie of applicability to MPWSP of Coastal Commission's Independent Scientific Technical Advisory Panel (ISTAP) report on inapplicability of slant well mandate in Huntington Beach and heard a presentation by then MPWSP GM Ian Crooks and Cal Am Director of External Affairs Catherine Stedman on inapplicability of ISTAP report to the Monterey Peninsula situation.
- ✓ Participated in numerous settlement conference calls and settlement agreements on various MPWSP issues, including June 2017 ALJ ruling seeking additional issues to be addressed at further hearings, and 2017-2018 professionally facilitated settlement discussions.
- ✓ Prepared water project testimony for Coalition Chair John Narigi to present to the PUC in late 2017 in support of, among other things, the inclusion in water demand figures the 500 afa needed to accommodate tourism economic recovery.
- ✓ Joined Cal Am filings in 2017, 2018 urging the PUC to limit the scope and duration of additional hearings in order to meet the revised CDO milestones.

- ✓ Continued to push for larger desal to be included in the MPWSP along with the Groundwater Recharge Project/Pure Water Monterey under construction (and for which the PUC approved a water purchase agreement for Cal Am to purchase the drinking water from the project).
- ✓ In light of the most recent effort by Public Water Now and Water Plus again to attempt to secure voter approval of a public takeover of Cal Am, the Coalition provided a well-attended public forum presenting factual information on the costs and lengths of time of condemnation of a public utility by national condemnation expert attorney Joe Connor.
- ✓ Heard project update presentations on Groundwater Recharge/Pure Water Monterey project engineer Mike McCullough and on Monterey Peninsula Water Supply Project engineer Ian Crooks.
- ✓ Received a briefing on updated water demand figures by MPWSP project engineer Ian Crooks.
- ✓ Heard a briefing by Monterey County Farm Bureau General Manager Norm Groot on the perspective of the ag community on discussions by MPWSP opponents on expansion of the Groundwater Recharge/Pure Water Monterey to reduce or eliminate the desal plant portion of the project.
- ✓ Reviewed an analysis by Bob McKenzie of proposals by Marina Coast Water District to loan water to Monterey Peninsula Water Management District for use by Cal Am and to Seaside Basin Water Master to offset Cal Am water payback for past over-pumping. The Coalition voted to not support these proposals.
- ✓ The Coalition developed and adopted a Statement of Position on Current Water Supply Project Issues to restate Coalition positions on critical water supply issues and to guide Coalition deliberations and decisions in facilitated settlement discussions and elsewhere.
- ✓ The Coalition voted to oppose the H2O initiative seeking a public takeover of Cal Am as inappropriately timed and distracting from the community's need to secure a sustainable, long-term water supply
- ✓ Discussed the facilitated settlement discussions and concluded they will not be successful because of the strident opposition to the desal project by several of the parties with whom no compromise is possible.
- ✓ Prepared, reviewed, approved and submitted a briefing on the Monterey Peninsula Water Supply Project Final Environmental Impact Report/Environmental Impact Statement that supports a) immediate finalization by the PUC, immediate issuance by the PUC of a Certificate of Public Convenience and Necessity for the project, and inclusion of the now-disputed 500 afa of water demand for economic recovery.
- ✓ Remain active with monitoring any rate or fee increase initiated by Cal Am, MPWMD or other municipalities.

- ✓ Remain a sitting participant representing businesses and residents on the Technical Advisory Committee for the Mayor's Water Authority.
- ✓ Continue to question and/or cooperate, when beneficial to the business community, with the local and state agencies.
- ✓ Continue to remain focused on the Coalition's primary mission of securing a long term adequate and reliable water supply at a reasonable price, including a larger desal project to provide a sustainability and security element lacking in the Groundwater Recharge/Pure Water Monterey and expanded Aquifer Storage and Recovery portions of the 'three-legged stool' Monterey Peninsula Water Supply Project.

**Milestones to be achieved – partial list**

- ✓ Defend, to the extent possible, Monterey Peninsula Water Management District's reasonable interpretation of CDO Condition 2 – challenges anticipated to be concluded by late 2018.
- ✓ Work for PUC approval and certification of final MPWSP EIR/EIS and issuance of a CPCN for an adequately-sized water supply project before the CDO milestone of September 30, 2018.
- ✓ To the extent possible, participate in defense of PUC approval and certification of MPWSP EIR/EIS and issuance of a CPCN for the project.
- ✓ Work for successful PUC adoption of reasonable and equitable rate increases and methods for funding costs of Cal Am infrastructure for GWR/PWM water and for the costs of the rest of the Monterey Peninsula Water Supply Project – current cases to be concluded in 2018 or early 2019.
- ✓ Oppose H<sub>2</sub>O initiative aimed at a public takeover of Cal Am by the Monterey Peninsula Water Management District – the measure will appear on the ballot in November 2018.
- ✓ Continue to work for successful achievement of the following CDO milestones:
  - Start of construction of Cal Am components of MPWSP desal plant by 9-30-19;
  - Completion of at least one source well for desal, completion of foundation and structural framing for desal seawater pretreatment, completion of excavation of desal brine and backwash storage basins, completion of 25% of desal transmission lines and 100% of Monterey Pipeline and other ASR related improvements by 9-30-20;
  - Completion of 50% of source water wells, mechanical systems for brine and backwash storage, filtered and finished water tanks, 50% of total length of transmission pipelines by 9-30-21;
  - Completion of remainder of project such that illegal diversions of Carmel River water are ceased by 9-30-22.