

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.*

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Jeff Davi and John Tilley, Co-chairs

*A Brief Overview, 2017-2019 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 ordering drastic reductions in pumping from the Carmel River. 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 were 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 principal accomplishment of this effort was formation of a strong coalition of Peninsula businesses and community organizations that share 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 established 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 California 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 supply 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 not related to 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 CPUC approval for it, which was finally achieved in late 2018.

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.

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Highlights of 2017, 2018 and early 2019, Future Focus and Milestones to be Achieved

- ✓ 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 CPUC decision/order on Phase 2.
- ✓ Heard a briefing by Cal Am's then-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 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 CPUC 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 in applicability 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, 2017-2018 professionally facilitated settlement discussions, and brief effort for settlement of issues presented by petitions to the Supreme Court challenging the CPUC approval of the water project and its related environmental work.
- ✓ Prepared water project testimony for Coalition Chair John Narigi to present to the CPUC 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 CPUC to limit the scope and duration of additional hearings in order to meet the revised CDO milestones.
- ✓ Opposed effort to delay the water project hearings in favor of more hearings and briefings on the possibility of expanding the Pure Water Monterey project and reduce the size of the desal plant.
- ✓ Coalition sponsored 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 then-Monterey Peninsula Water Supply Project engineer Ian Crooks.
- ✓ Received a briefing on updated water demand figures by then-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 Measure J 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. The measure passed.
- ✓ Corresponded with MPWMD and its counsel on criteria and principles for the Cal Am buy-out feasibility study mandated by measure J.
- ✓ Heard a presentation/briefing from MPWMD Chair Molly Evans on feasibility study procedures and issues.
- ✓ 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.
- ✓ Heard an extensive briefing by MPWMD General Manager Dave Stoldt and M1W (formerly MRWPCA) General Manager Paul Sciuto on potential Pure Water Monterey expansion scenarios.
- ✓ Prepared testimony for Coalition Chair John Narigi at CPUC water project oral arguments hearing prior to its water project decision hearing.
- ✓ 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. The CPUC approved the water project (including the 500 afa for economic recovery) and its related environmental studies. A Certificate of Public Convenience and Necessity was issued on September 13, 2018.
- ✓ Continue to question and/or cooperate, when beneficial to the business community, with the local and state agencies.

- ✓ Continue focus on the Coalition’s primary mission of securing a long term adequate and reliable water supply at a reasonable price, including a 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.
- ✓ Concentrate on reminding the community of the reality of the CDO and on meeting CDO milestones.
- ✓ Reviewed briefings by Bob McKenzie on CPUC petitions for rehearing of water project decision and California Supreme Court petitions for writ of mandate filed by City of Marina and Marina Coast Water District seeking overturning of CPUC certification of the water project Final Environmental Impact Report and rescission of the CPCN.
- ✓ Reviewed briefing by Bob McKenzie on CPUC decision denying petitions for CPUC rehearing.
- ✓ Achieved a Coalition leadership transition from John Narigi, who is retiring after 25 years as Vice president and General Manager of the Monterey Plaza Hotel and Spa, to former California Commissioner of Real Estate and Monterey native Jeff Davi and Pinnacle Bank Executive Vice president John Tilley.

Milestones to be achieved – partial list

- ✓ Defend, to the extent possible, Monterey Peninsula Water Management District’s reasonable interpretation of CDO Condition 2 and see a conclusion of this issue in 2019.
- ✓ Defend, to the extent possible, the CPUC approval of the Monterey Peninsula Water Supply Project, certification of the Final Environmental Impact Report, and issuance of the Certificate of Public Convenience and Necessity.
- ✓ Work for successful CPUC 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.
- ✓ Work for inclusion of the MPWSP desal Plant and its costs and other reasonable criteria for Cal Am buy-out feasibility study.
- ✓ Work for reasonable interpretation of Cal Am buy-out feasibility study results.
- ✓ 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.
- Elimination of Monterey Peninsula area water-related construction restrictions and moratoria.