

## **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**

**Jeff Davi and John Tilley, Co-chairs**

*A Brief Overview, 2018–2020 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 had 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 CDO deadline.
- 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 at a reasonable cost.

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.

In November of 2019, Coastal Commission staff recommended the Commission deny approval of the PUC-authorized MPWSP. Two factors were key to the surprising denial recommendation. 1) Introduction of the "Supply and Demand for Water on the Monterey Peninsula" report prepared and submitted by Monterey Peninsula Water Management District General Manager David Stoldt which purports to "prove" that existing water supplies in combination with the project yield of a proposed Pure Water Monterey Project expansion are sufficient to meet Peninsula water demand for at least twenty years. 2) Assurances from Stoldt and others that the Pure Water Project Expansion is a "viable alternative" for Peninsula water supply needs. Both of those contentions are in direct contradiction of the MPWSP Final Environmental Impact Report and its extensive analysis of Peninsula water supply and demand and both depend on an as-yet unauthorized and unapproved expansion project.

### **Coalition of Peninsula Businesses**

#### **Highlights of 2018, 2019 and early 2020, Future Focus and Milestones to be Achieved**

- ✓ Continued work on securing a reasonable interpretation of CDO Condition 2.
- ✓ 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 summary prepared by Bob McKenzie of CPUC decision/order on Phase 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.
- ✓ Worked diligently with Cal Am and other parties to secure a reasonable decision on Cal Am's PUC general rate case.
- ✓ Prepared, reviewed and submitted Coalition comments on MPWSP draft EIR/EIS.
- ✓ Participated in numerous settlement conference calls and settlement agreements on various MPWSP issues, including 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.
- ✓ 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 Manger Paul Sciuto on potential Pure Water Monterey expansion scenarios.
- ✓ Prepared testimony for then-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.
- ✓ Prepared and presented major comprehensive briefings for forms sponsored by Monterey County Hospitality Association and Monterey Peninsula Chamber of Commerce.
- ✓ 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 Senior Vice president John Tilley.

- ✓ Engaged in extensive review of “Supply and Demand for Water...” report prepared for MPWSD, filed with the Coastal Commission staff, and used by that staff to issue its recommendation for denial of the Monterey Peninsula Water Supply Project.
- ✓ Review of the “Supply and Demand for Water...” report included extensive written communication with MPWMD and communication with Coastal Commission staff re denial of desal and the long-term Peninsula effects of eliminating desal from the mix of water projects.
- ✓ Prepared and distributed letters and model letters to Coastal Commission staff for November 2019 ‘informational hearing’ on MPWSP.
- ✓ Engaged in extensive preparation for Coastal Commission MPWSP hearing, including hiring a consultant to help engage Commissioners.
- ✓ Helped coordinate Peninsula cities/city managers critiques of “Supply and Demand for Water....” Report.

#### 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 2020.
- ✓ 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 in its general rate case (A-19-07-004), methods for funding costs of Cal Am infrastructure for GWR/PWM and ASR expansion for water conveyance.
- ✓ 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, to the extent possible considering lack of approval of MPWSP and the Monterey County Superior Court decision to delay approval of construction of the desal plant until a favorable Coastal Commission decision on MPWSP, of the CDO milestones.
- ✓ Work diligently to secure Coastal Commission approval of MPWSP and defeat attempts to delay or eliminate the desal plant portion of MPWSP.