

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

January 31, 2022

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Prepared by:

*Bob McKenzie
Consultant to the Coalition of Peninsula Businesses*

Coalition 2022 Goals

- ✓ Continue to support and defend California Public Utilities (PUC) approved Monterey Peninsula Water Supply Project.
- ✓ Work diligently to secure Coastal Commission approval of refiled application for MPWSP and defeat attempts to delay or eliminate the desal plant portion of MPWSP.
- ✓ Continue work to re-establish community consensus for the diversified 'three-legged stool' solution to the Peninsula's water supply crisis (Desal, Pure Water Monterey, Aquifer Storage and Recovery) to provide necessary operational redundancy and avoid putting the Peninsula's water security at risk on essentially one project.
- ✓ Continue to educate the community on realistic water demand and supply quantities.
- ✓ Help educate the community on 1) the necessity of avoiding seawater intrusion in the Seaside Basin and 2) replacing the overdraft deficit in that basin. The Seaside Basin is the community's only viable water storage facility.
- ✓ Actively participate in PUC proceeding A.21-11-024 to 1) establish reasonable price of potable water purchased from production of Pure Water Monterey and its expansion; and 2) to establish a realistic water demand and water supply analysis, including a realistic appraisal of the production capability of Pure Water Monterey and its expansion.
- ✓ Continue active collaboration with the ag community to assure achievement of water goals.

Appendix

Coalition of Peninsula Businesses - Brief History/Overview

In late 2010, the Monterey County Hospitality Association (MCHA) 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 Co. (Cal Am) 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 learned;
- 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, formally organized in mid-2011 dedicated to shared concerns regarding securing an adequate and sustainable long-term water supply solution at the most reasonable cost.

The established mission of the coalition was three-fold:

- Educate the community about the draconian effects of the State Water Resources Control Board's Cease and Desist Order against Cal Am if a solution to our water supply crisis is not implemented by the CDO deadline.
- Build community consensus for development of a water project approved by the California Public Utilities Commission.
- Lead active public participation in review of, and cost-control of, a water supply project capable of providing a long-term sustainable water supply solution at a reasonable cost.

Originally, the Coalition supported the Regional Water Project (RWP) as the only water supply project capable of being built and operational in time to avoid the CDO deadline. The RWP collapsed for reasons not related to project efficacy and was abandoned by the California Public Utilities Commission (CPUC) and Cal Am.

In its place, Cal Am proposed – and applied to the CPUC (A.12-04-019) for approval of the Monterey Peninsula Water Supply Project (MPWSP). The Coalition joined as a party in the CPUC proceeding and supported Cal Am's MPWSP as the only realistic and reasonable way to meet the SWRCB CDO mandates and secure a sufficient and sustainable Peninsula water supply. In 2018, the CPUC approved the MPWSP and certified its Environmental Impact Report, clearing the way for Cal Am to apply to the California Coastal Commission for permission to construct the MPWSP.

In 2016, the Coalition joined a united, successful community effort to persuade the State Water Resources Control Board to amend the terms of the CDO to a more realistic and achievable schedule for accomplishment of a replacement water supply.

In November of 2019, Coastal Commission staff recommended the Commission deny approval of the CPUC-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. The report purports to “prove” that existing water supplies, in combination with the projected 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 ‘three-legged stool’ commitment to develop a set of water supply projects (a desal plant, Pure Water Monterey recycling of wastewater, Aquifer Storage and Recovery) that would provide diversity and redundancy of supply and in direct contradiction of the MPWSP Final Environmental Impact Report and its extensive analysis of Peninsula water supply and demand.

By early 2022, the CDO deadline had been missed; the Monterey Peninsula is now to rely on its existing water supply sources, including its production limit from the Carmel River, the as-yet unproven water supply to be furnished by an expanded Pure Water Monterey project, threatened production from the Seaside Basin, and recently non-existent production from Aquifer and Storage and Recovery.

In late 2021, California American Water filed a California Public Utilities rate case (A.21-11-024) to amend its Water Purchase Agreement for water production from the Pure Water Monterey project and its expansion, and to re-examine and possibly update the Peninsula’s water supply and demand needs.

The Coalition applied for and was granted intervenor status in this proceeding. The Coalition will address the reasonableness of water supply prices and argue for a realistic analysis of Peninsula water supply needs, including the ability of Pure Water Monterey and its expansion to produce an uninterrupted and sustainable supply.

Cal Am re-application for approval of MPWSP is still pending and should be heard by the Coastal Commission in 2022.

The community consensus the Coalition helped build supporting the realization of a sufficient and sustainable water supply project has been temporarily abandoned. The Coalition will concentrate its efforts to regain that consensus and promote development of MPWSP, a critically needed water supply project that is still needed and has the multiple benefits of diversity of sources and operational redundancy to avoid future water shortages.

Coalition of Peninsula Businesses Condensed Recent Achievements/Highlights

- ✓ Worked diligently and successfully with Cal Am and other parties to secure a reasonable decision on Cal Am's PUC general water rates case (A.19-07004).
- ✓ Received several briefings on updated water supply and demand figures by Cal Am Vice-president for Engineering Ian Crooks.
- ✓ Interacted regularly with Monterey County ag interests to assure continued cooperation on water goals.
- ✓ 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, 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.
- ✓ Continued 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.
- ✓ Prepared and presented major comprehensive briefings for forums 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.
- ✓ Engaged in multiple extensive reviews and analyses of MPWMD's "Supply and Demand for Water..." report.
- ✓ Helped coordinate Peninsula cities/city managers critiques of MPWMD's "Supply and Demand for Water..." Report.
- ✓ Prepared and distributed letters and model letters to Coastal Commission staff for November 2019 'informational hearing' on MPWSP.
- ✓ Engaged in extensive preparation for the original Coastal Commission MPWSP hearing, including hiring a special consultant to help engage Commissioners. Cal Am cancelled the hearing and withdrew its application because of lack of support by Commissioners for the project. Cal Am later refiled its application, which is now pending before the Commission.
- ✓ Prepared, and received approval of, a motion to intervene in Cal Am PUC application (A.21-11-024) seeking approval of an amended Water Purchase Agreement for potable water production from Pure Water Monterey and its expansion and to re-examine Peninsula water supply and demand.