

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, and
Associated General Contractors-Monterey Bay Division.*

COALITION OF PENINSULA BUSINESSES

Jeff Davi and John Tilley, Co-chairs

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Goals for 2023 and 2024

- Continue to support and defend California Public Utilities (PUC) and California Coastal Commission approved Monterey Peninsula Water Supply Project.
- Work diligently to aid in the accomplishment of Coastal Commission conditions for final approval of Coastal Development Permit for Monterey Peninsula Water Supply Project so project construction can begin. The important conditions the Coalition can help with are these:
 - completion of Public Utilities Case A.21-11-024 with a determination that projected demand for Peninsula water exceeds projected supply available from Pure Water Monterey and its Expansion, that Cal Am is authorized to purchase potable water from those sources at a reasonable price, and that the desal plant is needed to meet future demand (The Coalition is a party to this proceeding);
 - securing Coastal Commission approval for, and securing Central Coast Regional Water Control Board National Discharge Elimination System Permit for, any Monterey One Water discharge outfall modifications and construction necessary to allow for discharge of desal project brine;
 - construction and/or encroachment permits from Monterey County, Marina, Sand City, Seaside and the Transportation Agency of Monterey County for the desal plant and related infrastructure;
 - final judgment favorable to Cal Am of City of Marina v. RMS Lonestar or an adopted order of the State Water Resources Control Board stating that Cal Am has, or can feasibly obtain, water rights to the project without harm to aquifers providing drinking water supplies for City of Marina or Marina Coast Water District;
 - and, securing Coastal Commission approval of a groundwater monitoring plan to assure no harm or remediation of potential harm to aquifers providing drinking water sources for City of Marina and/or Marina Coast Water District.
- 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 operational redundancy and to avoid putting the Peninsula’s water security at risk on a single project.
- Continue to educate the community on realistic current and future water demand and supply quantities.
- Help educate the community on 1) the necessity of avoiding seawater intrusion in the Seaside Basin and 2) the need to replace the overdraft deficit in that basin. The Seaside Basin is the community’s only viable water storage facility.
- Continue active collaboration with the agricultural 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 two main goals for the forum were these:

- 1) share what information MCHA learned;
- 2) 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 and its 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 directly contradict 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.

In late 2021, California American Water filed a California Public Utilities rate case (A.21-11-024) to amend its Water Purchase Agreement to buy potable 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 or inability of Pure Water Monterey and its expansion to produce an uninterrupted and sustainable supply.

Cal Am re-applied for approval of MPWSP and on November 17, 2022 the Coastal Commission approved a Coastal Development Permit subject to almost two dozen conditions that must be met before the permit is final. So after a decade of intense effort, the aim of the Coalition to secure a PUC and Coastal Commission approved water supply project is finally within reach.

Coalition of Peninsula Businesses Condensed Recent Accomplishments/Highlights

- ✓ 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 achieving water goals.
- ✓ Interacted with Salinas Valley Basin Groundwater Basin Agency.
- ✓ Received extensive briefing by MPWMD General Manager Dave Stoldt and M1W (formerly MRWPCA) General Manager Paul Sciuto on potential Pure Water Monterey expansion scenarios.
- ✓ Served on MPWMD Prop. 152 Oversight Committee.
- ✓ 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. The California Coastal Commission approved a Coastal Development Permit (subject to almost two dozen conditions) for the Monterey Peninsula Water Supply Project on November 17, 2022.
- ✓ 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 talking points and model letters to Coastal Commission staff and commissioners for November 2022 hearing on MPWSP.
- ✓ 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.