



MONTEREY PENINSULA
WATER SUPPLY
PROJECT

NEWSLETTER

2018/4Q

PROJECT EARNS TWO PRESTIGIOUS AWARDS INCLUDING
PROJECT OF THE YEAR



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PROJECT WINS TWO DISTINGUISHED AWARDS

PROJECT OF THE YEAR

The Monterey Peninsula Water Supply Pipeline and Pump Station has been chosen as The Environmental Project of the Year by the Monterey Bay Chapter of the American Public Works Association.

The project, recognized in the category of \$25 million capital cost and up, was selected from fourteen other exceptional projects in the area.

“This honor is very meaningful to us and to the entire team of contractors and employees who worked extremely hard to successfully deliver this important water supply project on time and on budget,” said California American Water Vice President of Engineering, Ian Crooks.

“Coordinating construction of seven miles of 3-foot diameter pipeline and installation of a large pre-fabricated pump station in an urban area, all the while working safely and limiting disruption to the public, presents many challenges. We’re so proud of the work the team accomplished and grateful to be recognized for it.”

PROJECT UPDATES ONLINE

Folks looking for project updates or similar information can also be found on the project's facebook page www.facebook.com/Monterey_Water.

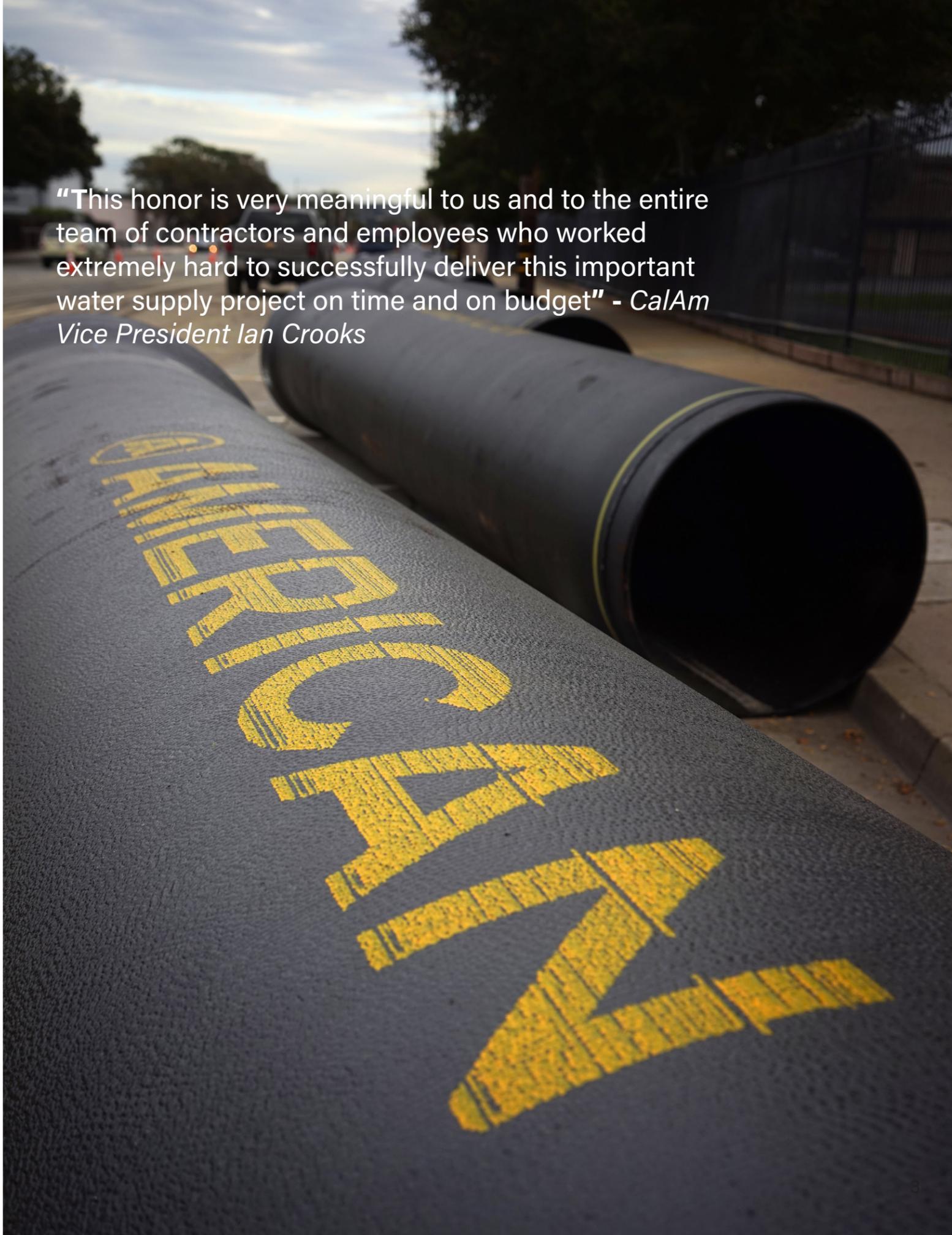
OUTSTANDING ENVIRONMENTAL ANALYSIS

The Monterey Peninsula Water Supply Project's Environmental Impact Report and Environmental Impact Statement won the “Outstanding Award for Environmental Analysis Document” from the Association of Environmental Professionals.

The California Association of Environmental Professionals is a non-profit association of public and private sector professionals with a common interest in serving the principles underlying the California Environmental Quality Act which include environmental assessment, analysis, public disclosure, and reporting.

Each year they issue awards for engineering and community projects and planning processes that best comport with California's environmental laws.

The award for outstanding environmental analysis document is given to the agency or firm publishing an outstanding environmental impact report, environmental impact statement, or similar environmental review and is judged on the basis of the document's completeness, clarity, economy of language, adequacy of summary, methodology and public involvement.



“This honor is very meaningful to us and to the entire team of contractors and employees who worked extremely hard to successfully deliver this important water supply project on time and on budget” - *CalAm Vice President Ian Crooks*

NEW HILBY PUMP STATION ONLINE



The Hilby Pump Station, one of the essential components of the Monterey Peninsula Water Supply Project water delivery system, is operational and in use for the current Aquifer Storage Recovery injection season. The facility is pumping water from the Monterey water system's primary storage facilities in Pebble Beach and using the new Monterey Pipeline and Pump Station for conveyance.

"The new Hilby Pump Station gives us considerable versatility and energy savings for ASR injection," said California American Water Director of Operations, Chris Cook.

The new pump station has the ability to pump over six thousand gallons a minute.

"It's a critical piece of infrastructure for our future water supply," added Cook.

"Historically, the majority of our water came from the South – the Carmel River – and was pumped around the Monterey Peninsula in a northward direction.

Soon, our water supplies will primarily be coming from the North – from PureWater Monterey and the desalination facility – and being pumped southward throughout the Peninsula. The Monterey Pipeline and Hilby Pump Station allow this reversal to happen. It's exciting to see both of these projects complete and in use."

MPWSP – WHAT’S NEXT?



IAN CROOKS

This schedule will keep the Monterey Peninsula Water Supply Project on track with the conditions of the State Water Resources Control Board’s Cease and Desist Order.

“Now we can further advance our permitting efforts with the goal to begin construction later this year on portions of the project. Project completion is anticipated prior to the end of 2021.”

In September 2018, the Monterey Peninsula Water Supply Project was approved by the California Public Utilities Commission. The project’s Environmental Impact Report was certified in the same decision.

Progress milestones required by the state so far have included release of the Draft EIR, start of construction for the Monterey Pipeline, and project approval by the CPUC.

To date, each of the milestones have been met, avoiding potential water cutbacks to the Monterey Peninsula community. There are four remaining milestones before the required completion date of December 31, 2021.

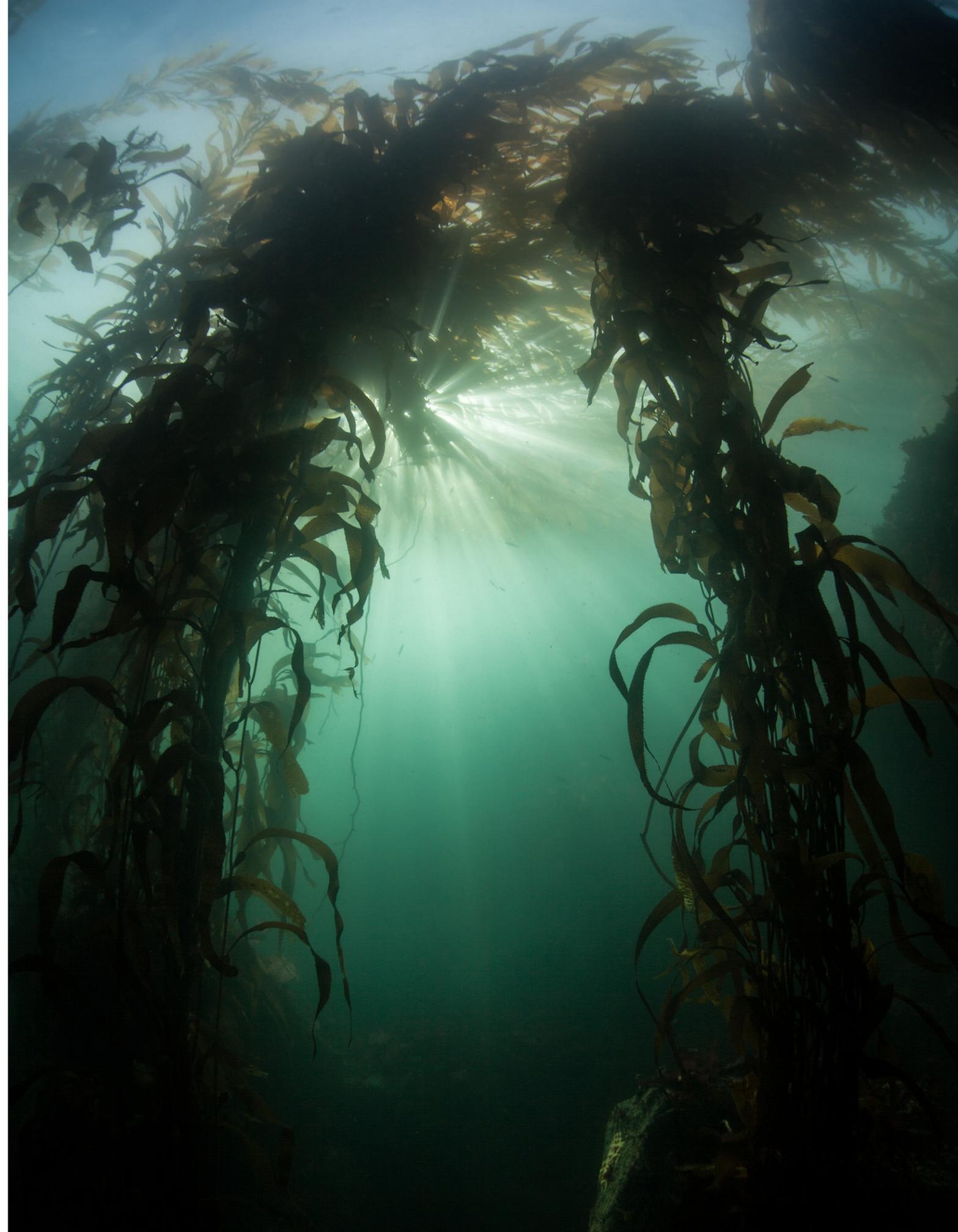
“Our work this year will begin the final leg of the Water Supply Project and bring us considerably closer to providing the Monterey Peninsula with a resilient and reliable water supply for this generation and the next. Tremendous focus and effort by the entire Cal Am team over the past several years along with the vision and guidance of regulatory agencies and support of many community leaders have brought us to this exciting point of progress,” said Crooks.

With the deadline looming to reduce pumping from the community’s current water source, the Carmel River – what remains for the project in its path toward construction?

Ian Crooks, California American Water vice president of engineering, reported that the company is “very positive” about the recent project approval from the CPUC.

“Now we can further advance our permitting efforts with the goal to begin construction later this year on portions of the project. Project completion is anticipated prior to the end of 2021.

In addition, we have submitted our application for State Revolving Fund low-interest funding.”



PERSPECTIVE FROM A RIVER ADVOCATE



Brian LeNeve

is Conservation Chair of the Carmel River Steelhead Association (CRSA). For over 40 years CRSA has had as a mission the "restoration and conservation of the federally threatened Steelhead run on the Carmel River and its watershed." Brian met with us to discuss the Water Supply Project.

Q:

CRSA is committed to a water supply project that assures the over pumping of the Carmel River will stop in time to meet the Cease and Desist deadline of December 31st 2021. In your view, where does the desal plant fit in with meeting the deadline?

A:

CRSA is committed to supporting a water supply project that will be delivered. There have been several supply commitments made in the past none of which materialized. The desal plant is in the pipeline for all approvals and can be signed, sealed and delivered. For CRSA, the December 31st 2021 Cease and Desist deadline for over pumping is a firm date and the desal plant is the only option to meet the deadline.

Q:

How important are the timing of permit approvals to CRSA?

A:

The desal plant is moving forward. The plant now has approval from the CPUC and will be before the Coastal Commission soon. Not only are the approvals critical for meeting the Cease and Desist Order, but I -- and CRSA -- were part of an agreement with the SWRCB to meet specific benchmarks and deadlines. The next deadline is September 30th 2019. If the project is not under construction with all relevant permits Cal Am, and the Peninsula, will lose 1,000 acre feet of pumping from the Carmel River and we will all be losing credibility.

"Better habitat without increased water is a half full glass."

Q:

What is the relationship between the removal of San Clemente Dam and completion of the desal plant for Steelhead recovery?

A:

The removal of the San Clemente Dam was a great start. It opened up valuable habitat, made migration reliable and it allowed gravel to move downstream which is vital for spawning. However better habitat without increased water is a half full glass. Completion of the desal plant gives the Carmel River significant water -- combine that water with the increased habitat, and we have a real opportunity to restore Steelhead.

SUPREME COURT REJECTS CHALLENGES TO THE MPWSP DECISION

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ollowing CPUC approval of the Monterey Peninsula Water Supply Project, Marina Coast Water District and the City of Marina filed a petition for writ of review with the California Supreme Court alleging the CPUC, among other things, violated the California Environmental Quality Act by approving the desalination project.

The Court dismissed the petition without prejudice, leaving open the possibility that the District or City could come back to the Court at a later date.

"We're pleased the Court rejected the petitions," said California American Water General Counsel Sarah Leeper, "finding that Marina Coast and the City of Marina had essentially not exhausted its administrative remedies before the CPUC and that a lawsuit was inappropriate at this time."

The CPUC has yet to announce whether it will reopen the Monterey Peninsula Water Supply Project application, as Marina Coast Water District and the City of Marina have requested.

"The EIR/EIS took six years to complete and presents an exhaustive review that addresses of all of the issues Marina Coast and the City of Marina raised in its petition to the Supreme Court," said Leeper.

"After careful consideration and attention to the views and concerns of stakeholders, the CPUC and the Monterey Bay National Marine Sanctuary concluded the project can and should proceed without causing harm to the environment."

ABOUT THE PROJECT

The Monterey Peninsula is facing a severe water supply problem. That's because the State Water Resources Control Board has ordered California American Water to significantly reduce its pumping of water from the Carmel River.

This order coupled with pumping restrictions in other parts of the county means that nearly 70 percent of the Monterey Peninsula community's historic water supply must be replaced.

The current project is comprised of three elements:

- [Desalination](#)
- [Aquifer Storage and Recovery](#)
- [Pure Water Monterey: A Groundwater Replenishment Project](#)

This multi-faceted approach brings numerous advantages over a single-source solution. For one, it will enable California American Water to build a smaller desalination plant that will reduce the project's environmental footprint.

Secondly, this strategy will build-in redundancy that is critical for all municipal water supply systems, allowing the water system to continue to provide water if one component becomes temporarily unavailable.

DESALINATION

The Monterey Peninsula Water Supply Project consists of sub-surface slant intake wells, a desalination plant, and related facilities including source water pipelines, product water pipelines and brine disposal facilities.

The desalination plant will produce 6,250 acre-feet of treated water per year. One acre-foot is

equal to one acre filled with one foot of water, which is typically enough water to support four households on the Monterey Peninsula for a year. California American Water purchased a 46-acre parcel of land located off of Charles Benson Road in Marina as the site for the proposed desalination plant.

California American Water's project will use a series of slant wells located near the coastline in the North Marina area designed to draw ocean water. California American Water has secured and purchased an easement for the proposed slant well intake locations.

The slant wells will be up to 1,000 feet long. In addition to the plant and its intake wells, other pipeline, storage and pump facilities will need to be constructed to ultimately deliver water to customers.

PURE WATER MONTEREY

The proposed Pure Water Monterey project, a partnership between Monterey One Water and the Monterey Peninsula Water Management District, recycles wastewater through an advanced treatment process. The resulting highly purified drinking water will be injected into the Seaside groundwater basin.

A new, advanced water treatment plant will be constructed for the project in addition to a number of supporting facilities. Source water for this project will go through a three-step treatment and purification process of microfiltration, reverse osmosis and oxidation with ultraviolet light and hydrogen peroxide — all commonly used in numerous industries and food manufacturing.

AQUIFER STORAGE AND RECOVERY

California American Water will expand its current ASR project – a partnership with the Monterey Peninsula Water Management District – which captures excess winter flows from the Carmel River for storage in the Seaside Aquifer and withdrawal during the dry, summer months. Winter flows are considered excess only when they exceed what is needed to protect the river's threatened population of steelhead.

For the Monterey Peninsula Water Supply Project, the company plans to construct two additional ASR wells that will increase capacity of the program and allow the desalination plant to be smaller than would be needed without the wells.

BUDGET*

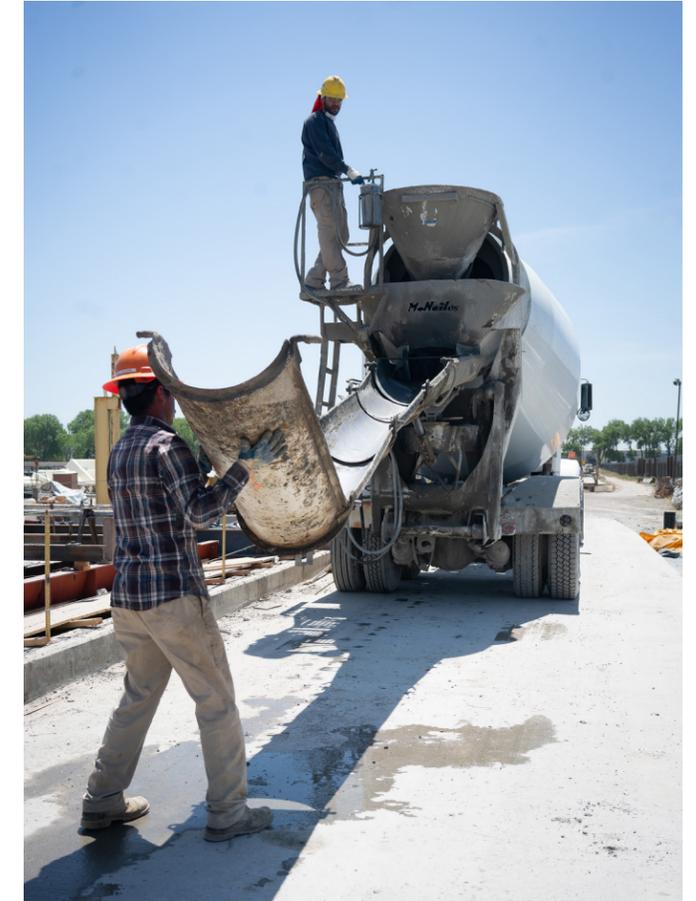
Subsurface Intake System and Supply Return Facilities: \$80M (34% spent to date)

Desalination Plant: \$132M (27% spent to date)

Pipeline Facilities: \$67M (16% spent to date)

Pipeline/Pump Station: \$50M (98% spent to date)

*NOTE: These figures are based on a 6.4 MGD desalination facility. Pre-construction costs are not included in the \$329-million project total. These figures include financing and some contingency costs and therefore differ from the capital costs listed in the settlement

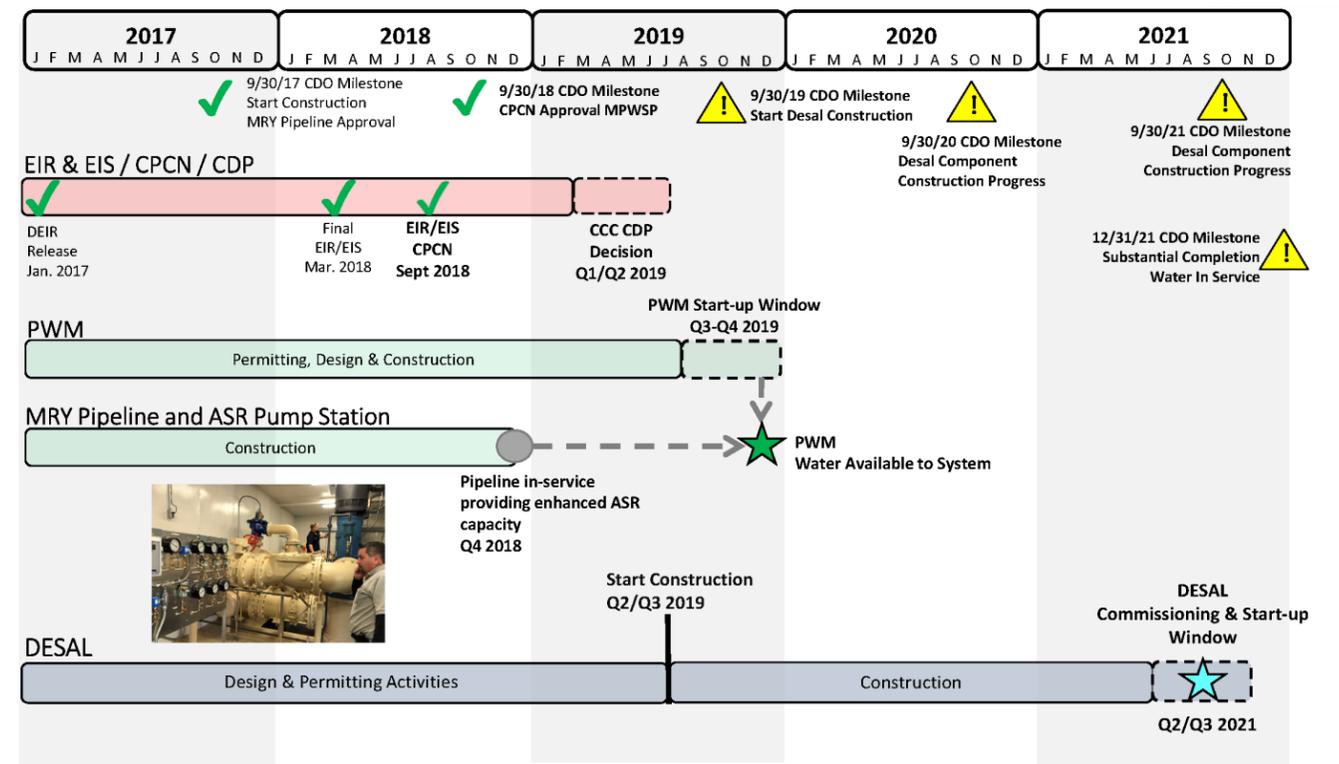


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Here you will find information on general project progress and other key developments.

PROJECT SCHEDULE

MPWSP Anticipated Schedule



Note: The schedule is based on the information and assumptions available at time of update and is accurate to +/- 6 months.