MONTEREY PENINSULA
WATER SUPPLY PROJECT

NEWSLETTER
2018/1Q

PROJECT MILESTONE MET

LONG AWAITED EIR/EIS DOCUMENTS RELEASED

ALSO INSIDE

PIPELINE SCHEDULE/PROGRESS
UPDATED PROJECT SCHEDULE

EIR/EIS RELEASED

PAGE 4

MONTEREY COASTLINE

MILESTONE REACHED IN WATER SUPPLY PROJECT

On March 28th, after more than five years of examination, the Final Environmental Impact Report (EIR)/Environmental Impact Statement (EIS) for the Monterey Peninsula Water Supply Project was released by the California Public Utilities Commission and the Monterey Bay National Marine Sanctuary. The document, which analyzes California American Water's proposed seawater desalination project's effect on the surrounding environment, is a key step toward completion of a more sustainable water supply for the Monterey Peninsula.

Both the California Environmental Quality Act and the National Environmental Policy Act mandate that an EIR/EIS be conducted for the project. The report studies the potential impacts of the water supply project, providing comprehensive scientific and technical analysis.

"The conclusions reached by this independent team of experts affirms our proposal is the most sustainable method of addressing Monterey's water challenges," said Ian Crooks, California American Water's Vice President of Engineering.

"The release of this document marks the end of an important phase in the project's development and allows us to turn our attention toward completion of the next milestone."

The Final EIR/EIS concludes that a 6.4 million-gallon-per day desal plant combined with a 3,500 acre-foot-per year recycled water project is the least harmful and most feasible solution to meeting the water demands on the Monterey Peninsula while decreasing current reliance on the Carmel River. The report contains chapters on water demand, water supplies and water rights, impacts and mitigation to the affected environment, and offers a screening and analysis of possible project alternatives. Among the categories of potential effects examined are environmental justice, agricultural resources, and population and housing.

Seawater will be drawn into the desal plant through slant wells which will be drilled under the beach near the tideline. After the seawater is collected from the ocean, the water will be piped approximately two miles east to a desal plant which is being constructed near Monterey One Water Regional Treatment Plant.

Cal Am's desal plant will be one of the first projects of its kind to use slant wells for seawater intake. This innovative use of intake technology is designed to satisfy regulatory concerns about the marine impacts of open ocean intakes. The FEIR/EIS found that over time, 95% of the water drawn by Cal Am's wells will be ocean water, with approximately 5% coming from seawater intruded areas of the Sand Dunes and 180-foot aquifer.

"It's exciting to see this project continue to move forward," said Crooks. "Many important permits hinge on the availability of a final environmental document. Now that it's out, we can proceed with permitting work and approvals, which is the lead-up to project construction. "

READ EIR/EIS ONLINE

Folks looking for information on the EIR/EIS, can do so by visiting the project's website www.water-supplyproject.org/eir.

MONTEREY PIPELINE FLOWS FORWARD

Staying largely on schedule as the project draws to a close, the Monterey pipeline and accompanying pump station have only a comparatively small amount of work to be done before another milestone on the Water Supply Project schedule is complete. Remaining are the last mile of the pipeline and completion of the pipeline bridge.

Only a few months away, the majority of the project's construction is predicted end date is July 2018.

"At nearly seven miles, the Monterey Pipeline is a substantial project. Our work began in late 2016 with potholes and other pre-installation activities," said project manager Chris Cook.
"With narrow streets and a lot of existing utilities, installation of the 36-inch pipeline has had its challenges. However, Garney has still managed to average approximately 120 feet a day - even getting over 300 feet on certain days."

One of the ongoing tasks, the final mile of the seven-mile pipeline, is occurring now on Mark Thomas Drive in Monterey and will lead to the junction point at the pipeline bridge.

The pipeline bridge will also see its final stage of construction in June when the girder -- the primary horizontal support section of the bridge -- is installed.

"At nearly seven miles, the Monterey Pipeline is a substantial project."

"We look forward to completing this project, which from a local residents' point of view, will be the most visible and impactful portion of construction for the entire water supply project."

A pump station located at the top of Hilby Avenue, which is needed for ASR injection through the new Monterey Pipeline, is anticipated to have the majority of onsite construction also complete in June phases, with the pump being fabricated offsite. Onsite work included the installation of piping and construction of the new structure's foundation.

PIPELINE UPDATES ONLINE

Folks looking for information on the pipeline installation schedule, traffic impacts and informative maps can do so by visiting the project's website www.watersupplyproject.org/pipeline. Similar information can also be found on the project's facebook page www.facebook.com/Monterey_Water. Those with any concerns or special request can call California American Water's pipeline hotline at: **831-646-3297**. All calls will be followed up with in a timely manner.

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 Montery: A Groundwater Replenshiment 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 has also secured access to and the ability to purchase permanent easements for locations to host its slant intake wells. 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.

The slant wells will be up to 800 feet long. The final location, layout and configuration will be based on the results of the slant test well and groundwater modeling work. 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: $79M (31% spent to date)

Desalination Plant: $115M (19% spent to date)

Pipeline Facilities: $128M (53% spent to date)

Pre-Construction Cost: $8M (100% spent to date)

*NOTE: These figures are based on a 6.4 MGD desalination facility. Pre-construction costs are included in the $322-million project total. Further breakdown of the above components will occur after the CPUC issues a Certificate of Public Convenience and Necessity permit for the MPWSP. These figures include financing and some contingency costs and therefore differ from the capital costs listed in the settlement.

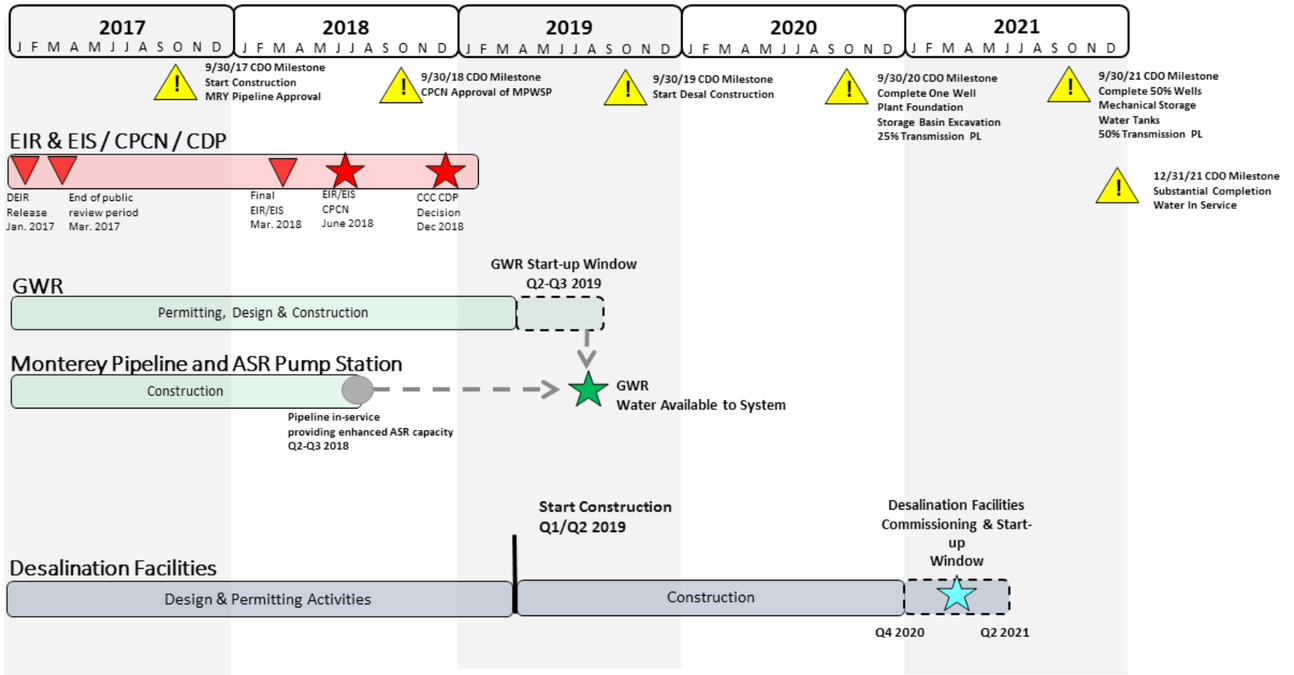
For more information on the pipeline construction schedule and traffic impacts, please visit the project's website: www.watersupplyproject.org

Here you will find informaton on where construction crews will be and when. You can also sign up to receive a weekly email with traffic alerts and general project progress.

MONTEREY PENINSULA
WATER SUPPLY PROJECT

WATER FOR OUR FUTURE

PROJECT SCHEDULE



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