

A.12-04-019 Cal Am Monterey Peninsula Water Supply Project

Groundwater Replenishment (GWR) Workshop

June 12, 2013

Division of Water and Audits GWR Workshop Notes

- 1) The CEQA process for the GWR Project is complete, with a certified Final Environmental Impact Report, the MRWPCA has approved the Project, and the status of required permits is consistent with the published project schedule.
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- 1) A) The CEQA process of the GWR Project is complete. B) A certified FEIR is complete. C) MRWPCA has approved the Project. D) The status of required permits is consistent with the published project schedule. (permit list provided and schedule of GWR project)
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	Party	Party Position
1)	LandWatch	A Notice of Determination has been issued (take the place of A-C).

2) Agreements or other determinations are in place or reasonably advanced in progress to secure the source water(s) for recommended project.

2) Agreements or other determinations are in place or to secure the source water(s) necessary to produce 3,500 AFY.

	Party	Party Position
1)	Coalition of Peninsula Businesses	This is the most important criterion. The amount of source water needed must be sufficient to exceed the amount of recycled water needed to meet the guarantees to ag interests (the full 19,500 afa) and to provide the amount of recycled water specified in the project sizing discussions (3,200 afa).
2)	MCWRA	Strike "reasonably advanced in progress", Agreement between PCA and MCWRA affirming source.
3)	SVWC	Agreement in place and signed.
4)	Water Plus	150% source required.
5)	PCA	No absolute requirement.

3) The California Department of Public Health, to the extent feasible, has expressed a reasonable level of acceptance or approval as to the GWR treatment process, injection and overall permitting, consistent with the stage of development of the Project.

3) The advisory committee, to the extent feasible, has expressed a reasonable level of acceptance or approval as to the GWR treatment process, injection and overall permitting, consistent with the stage of development of the Project.

	Party	Party Position
1)	Coalition of Peninsula Businesses	This criterion establishes the wrong metric. Pursuant to a 1996 update of an MOA between CDPH and SWRCB (on behalf of its regional boards), CDPH makes recommendations for permit conditions to the regional board; those recommendations are then included in the regional board permit as requirements for a permit. It's not a matter of reaching some undefined "level of comfort," but a matter of accepting permit conditions and securing a regional board permit.
2)	Water Plus	Source of diluent water acquired with sufficient distance.
3)	PCA	Changes to regulations may be addressed in advisory panel.
4)		

4) The cost of the GWR Project is justified in the opinion of an independent advisory panel. The GWR Project cost shall be deemed justified if the cost per acre-foot of water from a combined project of GWR plus the 6.4 MGD desal plant is equal to or less than the anticipated cost per acre-foot from the stand-alone 9.6 MGD desal plant. If the cost per acre-foot of water from a combined project exceeds the anticipated cost per acre-foot from the stand-alone 9.6 MGD desal plant, the cost premium may be deemed justified by the Governance Committee if the Governance Committee identifies significant benefits to the community to be served by the combined project. Examples of significant benefits to justify a cost premium include: (1) a material schedule advantage in that the GWR Project is anticipated to be operable sooner than the desal project by at least one year; (2) water supply resilience (benefit of the portfolio approach); or (3) positive GWR externalities (qualitative, quantitative and monetized).

4) The estimated first-year revenue requirement to pay for the water from the GWR Project (including an estimate of debt equivalency balancing if estimated to be necessary) is \$___ or less.

4 a) The cost of the GWR Project is justified in the opinion of an independent advisory panel.

	Party	Party Position
1)	Coalition of Peninsula Businesses	This criterion is also flawed. Assuming recycled water can be produced and delivered for potable use, ratepayers should not pay an undefined "modest" premium for it. Quantifying the monetary value of "resilience" and the "externalities" will be difficult; subjective judgments must be avoided.
2)	Governance Committee	The cost of water of the GWR Project is \$___ or less.
3)	MPWMD	Quantifying benefits and externalities. Did Cal Am waive debt equivalence? Was debt equivalence considered in the take-or-pay contract?
4)	CPW	debt equivalence
5)	Water Plus	Is the GWR and 6.4 MGD project less costly than 9.6 MGD plant?
6)	Cal Am	Debt equivalence should not be considered. At the decision point, cost estimates will be refined but a comparison between the two plants is not a complete analysis.
7)	LandWatch	Some benefits can be quantified. Develop a method to quantify the benefits before decision on plant size is made.

5) The GWR Project on schedule to be operable prior to the then-effective date of the Cease and Desist Order of the State Water Resources Control Board or, if not, on schedule to meet or beat the desal project schedule.

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	Party	Party Position
1)	SVWC	Develop scheduling milestones.
2)	LandWatch	A showing that the GWR Project will be on time.

6) Preliminary design for the GWR Project is at least at the 10% level (so that an accurate project cost estimate can be generated) or is at a level similar to or more advanced than the level of design for the entire desal project.

6) Preliminary design for the GWR Project is at least at the 10% level, represented by a basis of design report, (so that an accurate project cost estimate can be generated) or is at a level similar to or more advanced than the level of design for the entire desal project.

	Party	Party Position
1)	Cal Am	Basis of design report (design and costs estimated)

- 7) The required wholesale water purchase agreement has been drafted and the parties thereto (Cal-Am and the MPWMD) have reached substantial agreement of the terms of the agreement.
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- 7) A) The required wholesale water purchase agreement between Cal Am, MPWMD, and the MRWPCA has been completed and submitted to DWA. B) The water purchase agreement is approved by the CPUC.

	Party	Party Position
1)	Coalition of Peninsula Businesses	Any draft water purchase agreement must specify Cal Am is NOT responsible for paying for any water NOT taken or used by Cal Am customers.
2)	Water Plus	Only if it does not require payment for water not supplied.
3)	Farm Bureau	A water purchase agreement is signed. Understanding/necessity of conditional terms.
4)	Cal Am	Conditional terms??
5)	DRA	Allocation of risk

8) A project funding plan, sufficient in detail to qualify for a State Revolving Fund loan, is in place.

8) 1) Steps equivalent to the application process for the State Revolving Fund loan are complete.

Additional Criteria

	Party	Party Position
1)	CPB	Is there an oversight of GWR project? Is there a price per customer for each project option?
