



Recycled Water Committee Staff Report

TO: Recycled Water Committee

FROM: Paul A. Sciuto, General Manager

MEETING DATE: April 16, 2020

AGENDA ITEM NO: 6

SUBJECT: **Discuss the Final Supplemental Environmental Impact Report (SEIR) for the Proposed Modifications to the Pure Water Monterey Project (BackUp Expansion) - Potential Certification of the SEIR, and Potential Conditional Project Approval**

This staff report has been prepared as an Information Only item. The Final SEIR was completed on April 13, 2020 coinciding with the date this staff report was published. In order to provide time for the Recycled Water Committee members to more thoroughly review the Final SEIR, staff is not requesting that the Recycled Water Committee recommend an action to the Board at their April 16th meeting. In addition, the potential actions described below warrant complete discussion of the entire Board.

Staff has prepared draft resolutions for the April 27 Board to 1) certify the Final SEIR and make the necessary CEQA findings; and 2) approve the Proposed Modifications to the PWM Project subject to the following conditions:

- If approved, the resolution would authorize M1W staff to engage in exploratory discussions with CalAm regarding CalAm's interest in funding the Proposed Modifications and the potential terms of a Water Purchase Agreement or an amendment to the existing Water Purchase Agreement for the expanded quantities of water that could be delivered to CalAm by the Proposed Modifications.
- The resolution expressly *would not* authorize M1W staff to proceed with:
 - Entering into a Water Purchase Agreement with CalAm. Prior to entering into any Water Purchase Agreement or amending or modifying the existing Water Purchase Agreement with CalAm and the Monterey Peninsula Water Management District concerning the Proposed Modifications to the PWM/GWR Project, M1W staff would be required to bring the terms of such agreement to the Recycled Water Committee for its recommendation, and to the full Board for its approval. The Board would retain full discretion as to whether to enter into a Water Purchase Agreement, and upon which terms.

- Committing to make substantial expenditures or entering into any contracts relating to the engineering design, permitting, construction or operation of the following components of the PWM/GWR Expansion Project: Modifications to the Advanced Water Purification Facility; Modifications to the Product Water Conveyance Pipeline; and Modifications to the Injection Well Facilities. Prior to committing to make such expenditures or entering into such contracts, M1W staff would be required to bring the expenditure requests and/or contracts to the Recycled Water Committee for its recommendation, and to the full Board for its approval. The Board would retain full discretion as to whether to prepare engineering designs and bid documents, permitting reports and applications, and construct such components of the Proposed Modifications.

PRIOR RELATED BOARD ACTIONS

On March 25, 2019, at a regular M1W board meeting, the Board considered and approved proceeding with funding preparation for environmental, permitting and detailed design work for the potential expansion of the Pure Water Monterey Groundwater Replenishment (PWM/GWR) Project. The budget for the work was \$1,314,000 including \$750,000 from the Monterey Peninsula Water Management District (MPWMD), \$314,000 from California American Water Company (CalAm), and an additional \$250,000 in M1W funds that would be refunded by MPWMD if the expansion does not move forward. In March, the Board also authorized additional work using unencumbered budget remaining and an additional \$36,804 of reimbursement from CalAm. On October 28, 2019, the Board approved Resolution 2019-19 which restated and reiterated the Board’s intentions that “the potential expansion of the Pure Water Monterey Project was a backup plan to, and not as an option in the place of, the Cal Am desalination project,” and was only being pursued “to have a ready-to-go alternative plan in place in the event that the CalAm desalination project is delayed beyond the Cease and Desist Order deadline of December 31, 2021.”

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) PROCESS

To initiate the CEQA process, M1W staff worked with CalAm and MPWMD staff to prepare a preliminary project description, including developing project objectives, physical locations and engineering design details at an appropriate level required to evaluate the environmental impacts of the potential expansion. As directed by the Board, M1W prepared a Supplemental Environmental Impact Report (SEIR) because the information in the certified Final Environmental Impact Report dated October 2015 (certified Final EIR)¹ contains information that is relevant to analyzing the impacts of the expansion project. On May 14, 2019, the Notice of Preparation (NOP) of the Draft SEIR was published for a 30-day review period (ending on June 14, 2019) to guide the scope of the environmental review. M1W received 25 comment documents on the NOP.

The Draft SEIR was prepared by Denise Duffy & Associates, M1W, and MPWMD staff with a team of resource specialists, engineers, and Perkins Coie, a CEQA attorney. The Draft SEIR was published on November 7, 2019 for a public review period longer than the required 45-day time period, with comments being due December 23, 2019. M1W received several comment letters

¹ In January 2016, a Consolidated Final EIR was prepared including four volumes: I. Consolidated Final EIR (main body with changes incorporated), II. Appendices to the EIR, III. September 2015 Final EIR with response to comments of the Draft EIR, and IV. EIR Certification and Approval Documents.

requesting an extension of the public review period and in response, on December 19, 2019, the M1W Board approved extending the public review period through January 31, 2020. During the public review period, M1W received a total of 52 comment documents (letters or emails) and conducted a public meeting. Two additional comment documents were received after the close of the public review period.

Staff and M1W's consultants have now completed the Final SEIR (**Attachment 1**, downloadable from the following link: purewatermonterey.org/reports-docs/) which includes all of the comment documents, responses to the comments, and the recommended changes to the text of the Draft SEIR. In addition, a Mitigation Monitoring and Reporting Program (MMRP) has been prepared.

SOURCE WATER ANALYSIS

In addition to completing the Final SEIR, M1W staff have completed a Technical Memorandum that analyzes the availability of source water under a variety of scenarios (see Appendix M of the Final SEIR). The Technical Memorandum concludes that there would be ample source water available for the approved PWM Project and the Expansion Project under each of the following four scenarios:

- Scenario 1: Normal/Wet Year Operation of AWPf While Building a Drought Reserve Assuming Amended and Restated Water Recycling Agreement (ARWRA) Conditions Are Met
- Scenario 2: Drought Year Operation of AWPf With a Full Drought Reserve Assuming ARWRA Conditions Precedent Are Met
- Scenario 3: Normal/Wet Year Operation of AWPf While Building an Operational Reserve Assuming ARWRA Conditions Precedent Are Not Met
- Scenario 4: Drought Year Operation of AWPf With a Full Operational Reserve Assuming ARWRA Conditions Precedent Are Not Met

The Technical Memorandum also concludes that, with the Proposed Modifications to the PWM Project, M1W would be able to continue to satisfy its commitment to Marina Coast Water District and there would be excess wastewater and new source waters available to support future expansion of the Castroville Seawater Intrusion Project if such an expansion is approved in the future. (See Appendix R of the Final SEIR.)

POTENTIAL BOARD ACTIONS

In preparation for one or more potential Board actions regarding the SEIR and a decision regarding approval of the Proposed Modifications, two draft resolutions are attached for information and discussion purposes. The Board would need to approve the first resolution in **Attachment 2** (certify the SEIR, adopt CEQA findings, adopt a statement of overriding considerations for significant and unavoidable impacts, and adopt a MMRP) BEFORE approving the second resolution in Attachment 3. The Board may choose to approve the resolution in Attachment 2 and NOT approve the project (i.e., not approve the resolution in Attachment 3), but that action would not complete the CEQA process for the Proposed Modifications such that the Proposed Modifications would be “shovel ready” if there is ever a need for them. By both certifying the

SEIR and conditionally approving the project (i.e., such as the action described in the Attachment 3), a Notice of Determination can be filed with County Clerk to fully complete the CEQA process.

The M1W Board decision to certify the SEIR by approving a Resolution such as the draft in **Attachment 2** would represent that it:

1. has been presented with the Final SEIR and that it has reviewed and considered the information contained in the Final SEIR prior to making the certain findings and statement of overriding considerations provided in the Resolution;
2. certifies that the Final EIR has been completed in compliance with CEQA and the CEQA Guidelines; and
3. certifies that the Final EIR reflects its independent judgment and analysis.

The draft resolution in **Attachment 3** to conditionally approve the Proposed Modifications to the PWM/GWR Project was developed based on input received during prior committee and Board meetings expressing concern that there is currently no assurance of funding for the next steps of project implementation. The draft resolution in **Attachment 3**, would allow staff to engage in exploratory discussions with CalAm regarding CalAm's interest in funding the Proposed Modifications and the potential terms of a Water Purchase Agreement or amended Water Purchase Agreement for the expanded quantities of water that could be delivered to CalAm by the Proposed Modifications. The conditions would preclude M1W from entering into a Water Purchase Agreement or amending the existing Water Purchase Agreement without bringing these documents back to the Board for approval. In addition, M1W staff would be precluded from any additional expenditure to proceed with engineering design, permitting, and construction of any M1W components of the Proposed Modifications without bringing such expenditures back to the Board for approval (Modifications to the Advanced Water Purification Facility; Modifications to the Product Water Conveyance Pipeline; and Modifications to the Injection Well Facilities).

INFORMATION ONLY - NO ACTION REQUESTED

Attachments:

1. Final Supplemental Environmental Impact Report (dated April 13, 2020) which is available for download at: purewatermonterey.org/reports-docs/.
2. Draft Resolution to certify the Final SEIR, approve a MMRP, adopt CEQA findings, and adopt a Statement of Overriding Considerations
3. Draft Resolution to approve the Proposed Modifications to expand the PWM/GWR Project subject to Conditions.