stakeholders, including the District, issued its Final Plan B Report in August, 2002. Assembly Bill 1182, authored by Fred Keeley in 1998, directed the CPUC to prepare a report, which would identify "Plan B", or a non-dam alternative to augment the Peninsula's water supply. The Final Report recommends the construction of a desalination plant in Moss Landing producing about 9,400 AF/year (AFY), combined with a smaller ASR project producing about 1,300 AFY. District staff and consultants reviewed the report from an environmental and engineering perspective. In November 2002, the District presented cost estimates for the work needed to evaluate Plan B in detail as part of the EIR on the District's Water Supply Project.

Carmel River Flow Threshold Report Drafted

In Fall 2002, District consultants were retained to prepare the Carmel River Flow Threshold Report, which assesses minimum flows needed to support steelhead trout, red-legged frogs, and riparian plant populations. A draft report will be submitted to the Board in January 2003. Staff also updated and developed revised CVSIM computer model code to reflect stream flow requirements recommended by the National Marine Fisheries Service (NOAA Fisheries, formerly referred to as NMFS).

District Reviews San Clemente Dam Safety Issues

District staff participated in technical and policy review committees relating to San Clemente Dam seismic safety and sediment transport issues. The operation of San Clemente Dam will continue to affect the "No Project" alternative and is a component of the computer modeling for the water supply project EIR.

In August 2002, the California Division of Safety of Dams (DSOD) notified Cal-Am that, as an interim safety measure to reduce the risk of downstream flooding in the event of a significant earthquake, Cal-Am must reduce the water level in San Clemente Reservoir from the current spillway elevation of 525 feet to elevation 515 feet. This drawdown was scheduled to become effective January 1, 2003, and would leave approximately 140 acre-feet in storage.

District Seeks Long-Term Water Rights

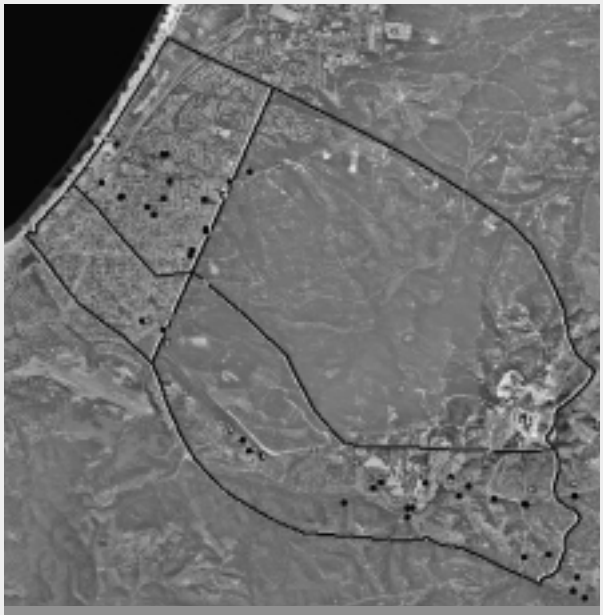
The SWRCB staff advised the District in 2001 to submit a Petition for Change to "borrow" from existing water rights, which the SWRCB issued the District for the New Los Padres Dam and Reservoir Project (NLP) in 1995 for a permanent ASR project. The SWRCB has requested detailed engineering information and other permit modification information before they will notice the ASR permit application.

The District submitted a second Petition for Change in April 2002 requesting that up to 7,909 AF per year of the NLP water rights be used for Carmel River diversions. The SWRCB requested that the District prepare a Water Availability Analysis to help determine when additional water rights may be available.

The SWRCB has requested an EIR from the District and concurrence by NOAA Fisheries Service before conducting formal hearings on the petitions. The District Board is considering adding an analysis of the impacts to the Carmel River under scenarios where different quantities of water rights are granted to the scope of work in the water supply project EIR.

Determining Future Water Needs

District staff estimated in May 2001 that water use associated with vacant legal lots of record within the Cal-Am service area, excluding County of Monterey data, will be 1,181 AF. In February 2002, District staff estimated that the County of Monterey would require another 69 AF, bringing the estimated total to about 1,250 AF. Earlier estimates from each jurisdiction of future water needs through year 2020 totaled about 3,570 AF.



Wells in the Seaside Basin. Black circles indicate production wells, white indicate injection wells, and gray indicate monitoring wells

Seaside Basin Groundwater Management Plan

SWRCB Order #95-10 requires pumping to be maximized from the Seaside Basin in order to minimize pumping from the Carmel River. Today, the basin is exhibiting signs of stress from over-pumping. The District Board identified the need for a management plan to protect this resource.

• District staff issued a Request for Proposal for a technical, environmental and legal review of conceptual ordinances associated with a long-term groundwater management plan.

• The firm of Jones & Stokes Associates (JSA) was retained to help develop ordinances for the Seaside Basin Groundwater Management Plan.

• District staff began work to update agency agreements concerning Seaside Basin management signed in 1993. A key principle will be continued protection of the Seaside Basin by the District.

• The Phase III Hydrogeologic Update of the Laguna Seca Subarea of the Seaside Basin was completed. The study found that current water production is greater than predicted and exceeds the safe yield of the subarea. The Board directed staff to implement the action recommended in the report.

Wastewater Recycling Project in Pebble Beach

The Wastewater Reclamation Project, begun in 1994 by the Carmel Area Wastewater District and the Pebble Beach Community Services District (CAWD/PBCSD), uses reclaimed wastewater to irrigate golf courses and open spaces in the Del Monte Forest area, including Pebble Beach. The District collected about $1,415,000 in 2002 from the sale of the reclaimed water to cover operating expenses and interest on bonds sold to finance the project. The District Board is evaluating funding options to expand the reclamation project.