

2023 ANNUAL REPORT

PWM Expansion on Its Way
Preparations to Lift CDO
District Expands Initiatives
Steelhead Rescue
Grants Bring New Projects

Pure Water Monterey Expansion Expected to Meet Water Needs for Decades.

AS A RESULT of legal and regulatory constraints on the Carmel River and Seaside Aquifer over the last twenty-five years, long-term water supplies available to Monterey Peninsula customers from those sources have been reduced. New, permanent replacement water supplies are now being expanded.

The Pure Water Monterey project, funded and built by Monterey One Water, MPWMD (District), and Marina Coast Water, now provides 38% of the Peninsula's water. The District

believes that the expansion of Pure Water Monterey will supply all the drinking water needed for housing, jobs, growth, and drought for at least the next 30 years and is more affordable and better for the environment than desalination.

The California Public Utilities Commission approved a Water Purchase Agreement in support of the 2,250 acre-feet per year (AFY) expansion, signed on March 31, 2023. Construction began in August 2023 and is expected to be completed in late 2025.





Water Supply Gets Boost from ASR

In the second-best year ever, the District injected 1,656 AF (acre-feet) via the Aquifer Storage and Recovery Project (ASR), enough to meet 18% of annual demand. At the end of the year, the District had 1,870 AF stored in the Pure Water Monterey Operating Reserve and 2,159 AF in the Aquifer Storage and Recovery banked storage.

Customer demand for 2023 decreased by 441 AF over the year prior due to reduced irrigation needs during a very wet spring. That resulted in a production total for the year of 9,118 AF of drinking water. Water supply sources included 3,548 AF from Pure Water Monterey, 3,020 AF from the Carmel River, 1,571 AF from Seaside Groundwater sources, and 173 AF from the Sand City Desalination Facility.

District Prepares for Lifting of CDO

Construction of the Pure Water Monterey Expansion project is expected to be completed in late 2025. If California American Water (Cal-Am), the District, and the State Water Board all cooperate, the PWM Expansion is expected to bring the permanent replacement water supply that will lift the State's cease and desist order (CDO) against Cal-Am and the moratorium on service connections for new housing.

The new supply (over and above existing demand) will be allocated to local cities and other jurisdictions through a process led by the District, and will involve the District's Technical Advisory Committee (TAC) and the District's Policy Advisory Committee (PAC).

Due to a delay in the County process of adopting a 2023-2031 Draft Housing Element to send to the State, the District was not ready to move forward with TAC meetings in 2023. The Allocation Process will become a priority for 2024. The jurisdictions will need to agree on several items, including:

- The methodology of forecast for water demand by jurisdiction
- How much shall be allocated and how much retained in the District Reserve
- How to incorporate existing unused jurisdictional allocations
- The impact of available Water Entitlements by jurisdiction



Public Outreach Keeps Community Informed

To help the public better understand the role of the District in conservation and water supply on the Monterey Peninsula, the District ran monthly ads in the local newspapers, posted on social media, and produced a regular email newsletter. The District also actively engaged with local media on water supply projects, the Cal-Am acquisition (Measure J), and other relevant topics.

Permits and Rebates Ensure Greater Water Efficiency

The District approved 781 rebate applications for \$272,142 for quantifiable annual savings of 7.87 AF of water. Properties transferring ownership continued to self-certify compliance with the water efficiency requirements, and the District provided Certifications of Compliance as verification.

The District issued 743 Water Permits and 74 Water Use Permits to Benefited Properties (i.e., properties eligible to receive a portion of a Water Entitlement).

Staff completed 1,020 property inspections to verify compliance with water efficiency standards for changes of ownership and use, and 794 inspections were done to verify compliance with Water Permits. Staff mailed notices to property owners and businesses and conducted 77 Non-Residential property inspections to verify compliance with water efficiency standards. As the regional entity responsible for compliance with State landscaping regulations, the District issued 55 Water Permits for new and refurbished landscapes. A total of 140,766 square feet of new landscape area was permitted. The rehabilitated area totaled 181,103 square feet.

The District also approved two Water Distribution System Permit amendments. The September Ranch system was amended to allow the water pumped from the permitted system to be conveyed to Cal-Am's plant and returned to the property to serve 45 Parcels. The second amendment was to set System Limits and add a Residential Use to the Scarlett WDS Permit. Thirteen Confirmation of Exemptions from the Water Distribution System permit requirements were issued for private properties that met the criteria.

Locals Win Big in Summer Splash Challenge

Entries were up 136% over the previous year for the 2023 Summer Splash Challenge, a fun family-oriented conservation game sponsored by the District in partnership with Cal-Am. Prizes included a High-Efficiency Clothes Washer, an iPad, and Amazon Gift Cards.

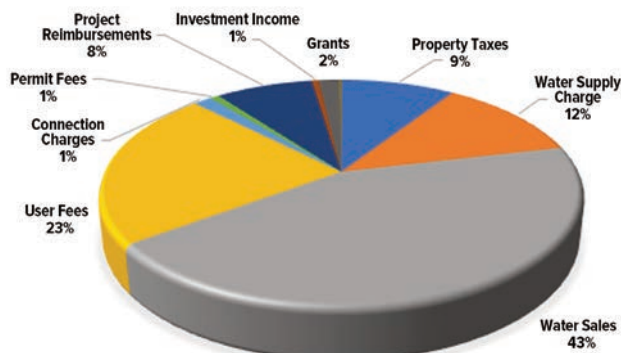
The game was designed for families and launched in the summer when children were out of school. The Challenge was to complete an educational gameboard where participants visited the event website and watched water efficiency videos to find the answers to gameboard questions. Look for the 2024 Challenge this summer.



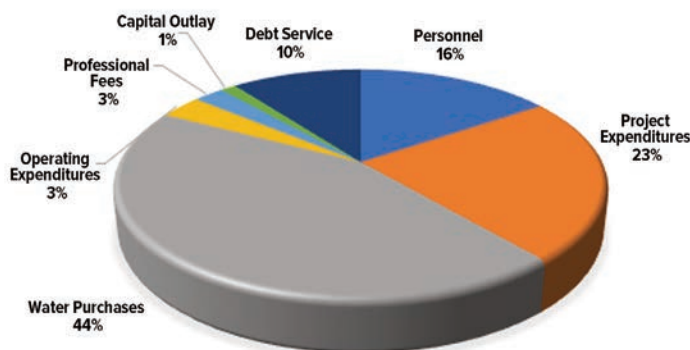
Water Conservation Classes Provided for Community

The District provided 20 online courses on conservation topics including rainwater capture, composting to improve soil water holding capacity, landscape design, greywater, protecting trees, irrigation basics, and removing lawns. Staff distributed water conservation devices at various community events, including the Carmel Valley Fiesta, Monterey County Fair, and the West End Celebration. The District posted regular updates to its Facebook page and Instagram account. As a partner with the Water Awareness Committee for Monterey County, the District participated in presentations and assemblies at local schools.

2022-23 Revenues \$28.02 Million



2022-23 Expenditures \$27.72 Million



MPWMD Awarded Certificate of Financial Excellence

Clifton Larson Allen, an independent auditing firm, conducted the fiscal year 2022-2023 audit. The District received a clean financial audit report with no material weaknesses or deficiencies. The District included the audit in its ninth consecutive Annual Comprehensive Financial Report (ACFR). The report consists of a set of government financial statements that comply with the accounting requirements promoted by the Government Accounting Standards Board and include relevant statistical information about the District.

In 2023, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District

for its ACFR for the 2021-2022, fiscal year. The District has received the ACFR award for eight consecutive years. As shown here, total revenues in Fiscal Year 2022-2023 were \$28,022,905, while expenditures totaled \$27,723,329, generating an increase in fund balance of \$299,576. As of June 30, 2023, the District's total fund balance was \$21,683,950. The Fiscal Year 2023-2024 budget anticipates revenues of \$48,438,250 and expenditures of \$43,247,500, with \$5,190,750 going into reserves.

Grants Administered by District Bring New Projects

MPWMD continues to manage grants for the Monterey Peninsula. Duties include: (a) Application coordination and submission; (b) Agreement execution and coordination with the California Department of Water Resources; (c) Invoicing, with documentation, on behalf of the Local Project Sponsors; and (d) Reporting.

In 2023, two grants were awarded to the District for the benefit of the Pure Water Monterey Expansion project: 1) Urban Community Drought Relief Grant from the Department of Water Resources for \$11,935,20, and 2) Directed Assistance Grant coordinated by the State Water Resources Control Board for \$4,800,000.

This year, the District was awarded an Integrated Regional Water Management (IRWM) Implementation Round 2 Grant for the Monterey Peninsula region for \$1,488,961. The two project recipients are: 1) Carmel River Floodplain Restoration and Environmental Enhancement (Carmel River FREE), sponsored by Monterey County, and 2) the Olivier Street Stormwater Diversion Project, sponsored by the City of Monterey.

The District received the IRWM Implementation Round 1 Grant in 2020. The grant award was \$2,238,904 for three non-District projects: 1) The Coe Avenue Recycled Water Pipeline in Seaside sponsored by Marina Coast Water District; 2) The Del Monte Manor Low Impact Development Project located in a severely disadvantaged community and sponsored by the City of Seaside; and 3) The West End Stormwater Improvement Project located in a disadvantaged community and sponsored by the City of Sand City. The Coe Avenue and Del Monte Manor projects were completed in 2023, and the West End Project will be under construction in 2024.



Over 6,000 Juvenile Steelhead are Rescued

The District implemented the mitigation program associated with its Water Allocation Environmental Impact Report. It includes rescue and rearing of threatened steelhead from drying portions of the Carmel River, streambank restoration and maintenance, and lagoon habitat monitoring. This work is required under the California Environmental Quality Act. It is designed to offset the impacts associated with water extraction in the Carmel River Alluvial Aquifer and, ultimately, the flows in the Carmel River.

The District successfully rescued 6,352 juvenile steelhead from four Carmel River Basin tributaries in 2023 which were released into the Carmel River at the creek confluences. 304 rescued fish were implanted with radio tags before release.

Extremely high Carmel River flows damaged the District's steelhead counting station in early 2023, and no adult fish were counted or sized because of continued heavy flows. The District also monitors the status of the juvenile population, which has continued to be healthy since the end of the 2015 drought.

District crews carried out a Vegetation Management Program in the active channel of the Carmel River to prevent debris dams and erosion. This included trimming back encroaching vegetation and reducing the hazard of downed trees in

preparation for winter flows. In addition, the District took emergency action and cut several large trees that had fallen into the river during winter storms into smaller sections. The smaller debris will be naturally scattered by the flowing river when winter storms return. The District also assisted property owners along the Carmel River by evaluating streambanks for stability after high erosive stream flows and recommending protective measures.

Sleepy Hollow Retrofit Completed

The District recently completed a retrofit of the Sleepy Hollow Steelhead Rearing Facility. The facility is an integral part of the District's mitigation program that rescues threatened steelhead from drying reaches of the Carmel River, rears them in an artificial channel during the summer months, and then releases them back to the Carmel River when it is flowing.

Future of the Los Padres Dam and Reservoir

The District and Cal-Am finalized the Los Padres Alternatives Study which investigated the technical, biological, and economic feasibility of a broad suite of alternatives for the Los Padres Dam and Reservoir. Alternatives include removal, sediment management, storage expansion by dredging, and fish passage improvements. This study was partially funded by Cal-Am, the owner and operator of the dam. The final report and technical memoranda are located on the District's website under Water Supply (Los Padres Dam and Reservoir).

Impact of Climate Change on Water Basins

The District continued to work with the Basin Study Team (USGS and U.S. Bureau of Reclamation) to evaluate future water demands, supplies, and the effects of climate change. The study includes the Salinas River Valley through Monterey and San Luis Obispo Counties, the Monterey Peninsula, and the Carmel River Basin. The U.S. Bureau of Reclamation is providing \$1.8 million in grant funds. The U.S. Bureau of Reclamation recently submitted a project extension request through May 2026.