



NOTICE OF PREPARATION OF AN ENVIRONMENTAL IMPACT REPORT FOR THE POTENTIAL ACQUISITION OF MONTEREY WATER SUPPLY AND DISTRICT BOUNDARY ADJUSTMENT PROJECT EIR

TO: Public Agencies
Interested Parties

FROM: Monterey Peninsula Water Management District
5 Harris Court, Building G
Monterey, CA 93940
(831) 658-5600

NOTICE IS HEREBY GIVEN that the Monterey Peninsula Water Management District (District) will serve as the Lead Agency, consistent with Sections 15020 and 15021 of the California Environmental Quality Act (CEQA), in preparing an Environmental Impact Report (EIR) for the Potential Acquisition of Monterey Water Supply and District Boundary Adjustment Project (proposed project). The District is seeking input from the general public, public agencies, organizations, and other interested parties regarding their views on the scope and content of the environmental information that should be analyzed in the EIR, including input regarding any topics or specific issues that are germane to a particular agency's statutory responsibilities in connection with the proposed project. A description of the proposed project, as well as the location and probable environmental effects, are discussed below.

Project Title: Potential Acquisition of Monterey Water Supply and District Boundary Adjustment

Project Location: The project area is located within Monterey County and is bordered by California State University Monterey Bay and the former Fort Ord to the north, the Central Satellites and unincorporated Monterey County to the east, Yankee Point and the Santa Lucia Mountains to the south, and the Pacific Ocean to the west (Figure 1). The project area consists of the existing California American Water Company (Cal-Am) Monterey County District (MCD) water system within the District's jurisdiction and may include assets outside the District that serve customers within the District. The existing MCD water system is a stand-alone system that serves an approximately 55 square-mile area that encompasses the majority of the Monterey Peninsula as well as portions of unincorporated Monterey County. The majority of the project area is in District jurisdiction; however, the proposed project would also include connections to adjacent areas outside of the District's current service area. Specifically, these connections include approximately 33 residential connections at Yankee Point, south of the District boundaries; and 10 residential connections in Hidden Hills, east of the District boundaries. Thus, the project area includes the MCD water system, which entails areas within the current District boundaries plus these annexation areas, as shown in Figure 2.

Project Sponsor: Monterey Peninsula Water Management District
5 Harris Court, Building G
Monterey, CA 93940
Attn: David Stoldt, MPWMD General Manager

Project Description:

As instructed by the voters pursuant to Measure J, the District is proposing to acquire the Monterey Water Supply system, referred to as the MCD water system, that serves the Monterey Peninsula and outlying areas within unincorporated Monterey County and within the District's jurisdiction; the acquisition and subsequent operation of this water supply system by the District represents the proposed project. The existing system is currently owned and operated by Cal-Am, a subsidiary of the publicly-traded company, American Water Works Company, Inc. The District's proposed acquisition of the MCD water system would include all associated assets (i.e., real, intangible, and personal property) including, but not limited to:

- Water systems and production wells
- Utility plants
- Water rights
- Water supply contracts
- Records, books, and accounts

The proposed project includes the District's subsequent operation and maintenance of the MCD water system. The District is proposing only to acquire and operate the existing MCD water system, and is not proposing changes or

expansion to the physical MCD water system or to the associated water rights nor is the District proposing any changes to the manner of operation of the MCD water system or the exercise of the associated water rights.

Currently, the primary source of water for the MCD water system is supplied to customers from the Carmel River and the Seaside Groundwater Basin with a majority of supplies from the Carmel River coming from water withdrawn from the Carmel Valley Alluvial Aquifer. Since 2003, Cal-Am has not pumped any of its supply directly from the Carmel River. These supplies are supplemented through withdrawals from the Seaside Groundwater Basin, an adjudicated basin. The District's acquisition of Cal-Am's water rights would entitle the District to the currently established allocations assigned to Cal-Am and would require the District meet the same standards in terms of replenishment if it were to exceed established limits on withdrawals.

In addition to water rights, the MCD water system includes infrastructure that allows for the production, distribution, and delivery of water supplies within its service area. As reported, the MCD water system provides domestic water from its system of extraction wells, which has a total pumping capacity of approximately 29.18 million gallons per day. The MCD water system also includes approximately 614 miles of pipeline and approximately 40,000 customer connections. In addition, the MCD water system includes a Desalination Plant in Sand City, seven water treatment facilities, the Monterey Pipeline and Pump Station, 75 pump stations, 108 water storage facilities with a total combined capacity of 613.9 million gallons, and 3,496 fire hydrants and an estimated 12,000 distribution valves. The proposed project would also include the acquisition of the planned Monterey Peninsula Water Supply Project, including the proposed 6.4 million gallon per day desalination plant. Cal-Am also owns property that generally supports system infrastructure (e.g., wells and water storage tanks) and public utility rights-of-way, including 117 assessor parcels with a total area of approximately 4,753 acres; this infrastructure is also part of the project.

The underlying purpose of the proposed project is for the District to acquire, operate, and maintain the MCD water system. The objectives of the proposed project are to implement the Purpose approved by the electorate in Measure J:

...to ensure the long-term sustainability, adequacy, reliability, cost-effectiveness and quality of water service within the Monterey Peninsula Water Management District area, to lower the cost of service to ratepayers, to promote and practice sustainable water management measures, and to establish public ownership of water system assets by establishing regulations requiring the District to take affirmative action, to the extent financially feasible, to acquire the water system assets owned and operated by the California American Water Company that currently provide water service to the District and its ratepayers.

The purpose of Measure J furthered by this proposed project shall include the following aspects:

- Allow the citizens of the Monterey Peninsula to independently own and operate the water production and distribution system serving customers presently served by the Cal-Am's MCD water system
- Provide greater transparency and accountability to residents and businesses on the Monterey Peninsula regarding potable water supplies, as well as increased customer service and reliability
- Enhance customer service and responsiveness to affected Cal-Am customers
- Provide greater local control over the rate setting process and rate increases
- Provide direct access to locally elected policy makers for water operations
- Allow the District to pursue funding and other financing alternatives available to public agencies for future infrastructure needs, including grants and financing options not available to a California Public Utilities Commission (CPUC) regulated, privately-owned utility
- Ensure better coordination amongst local governmental decisions involving land use, emergency services, policy, the location and need for capital improvements, and overall planning in the water context

Implementation of the proposed project would require the following discretionary approvals:

- Approval by District Board of Directors for acquisition of the existing MCD water system that services the District, and some outlying areas, from Cal-Am or other legal owner
- Reports under Government Code section 65402
- If the MCD water system is acquired through a negotiated purchase, the District will need to obtain approval from the CPUC for transfer of ownership and operation of the MCD water system from Cal-Am to the District

- The Monterey County Local Agency Formation Commission (LAFCO) would also review and/or approve the project insofar as the project involves the District's acquisition and potential operation of extra-jurisdictional water systems

Potential Environmental Effects: The EIR will address the potential physical environmental effects of the proposed project for each of the environmental topics outlined in the CEQA Guidelines, Appendix G. The EIR will also address the cumulative impacts resulting from other past, present and reasonably foreseeable future projects. As of the date of this NOP and based on currently available information, it is anticipated that the proposed project may have potentially significant impacts in connection with: Air Quality, Greenhouse Gas Emissions, Hydrology and Water Quality, Noise, Transportation, and Utilities.

Scoping Meeting: The District, in its role as Lead Agency, will hold a public scoping meeting to provide an opportunity for the public and representatives of public agencies and interested organizations to address the scope of the EIR. Due to the Monterey County Shelter-in-Place Order in response to the COVID-19 outbreak, the Scoping Meeting for the EIR will be held virtually. The meeting will occur on **April 21, 2020 at 5:00 PM**. Please visit <https://www.mpwmd.net/> for the meeting link, which will also be sent to the project mailing list at least 48 hours prior to the meeting. If you want to be added to the mailing list, please contact comments@mpwmd.net.

Thirty-Day Comment Period: This NOP is available for public review and comment pursuant to California Code of Regulations, Title 14, Section 15082(b). The 30-day public comment period, during which time the District will receive comments on the NOP for the Potential Acquisition of Monterey Water Supply and District Boundary Adjustment Project EIR, begins April 6, 2020 and ends on May 6, 2020. Comments should be sent via email to comments@mpwmd.net or to the address provided at the end of this notice.

David Stoldt, General Manager
Monterey Peninsula Water Management District
5 Harris Court, Building G
Monterey, CA 93940
Fax: (831) 658-5651
Email: comments@mpwmd.net



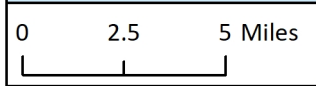
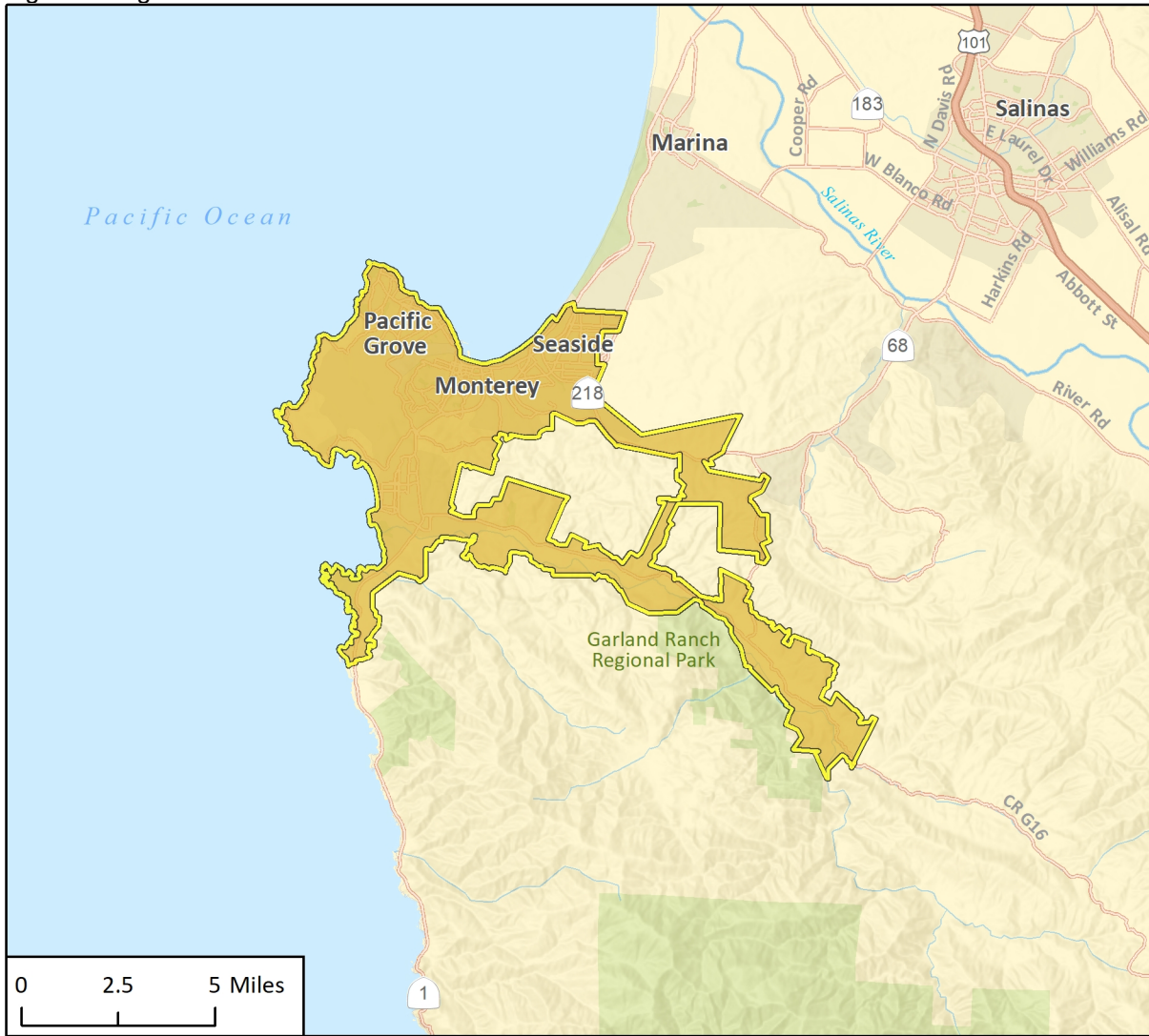
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David Stoldt, MPWMD General Manager


April 6, 2020

Date

Figure 1 Regional Location



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 Project Location

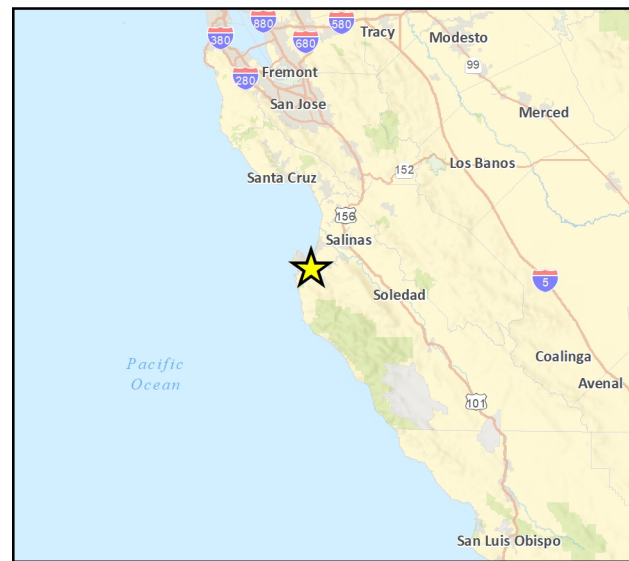
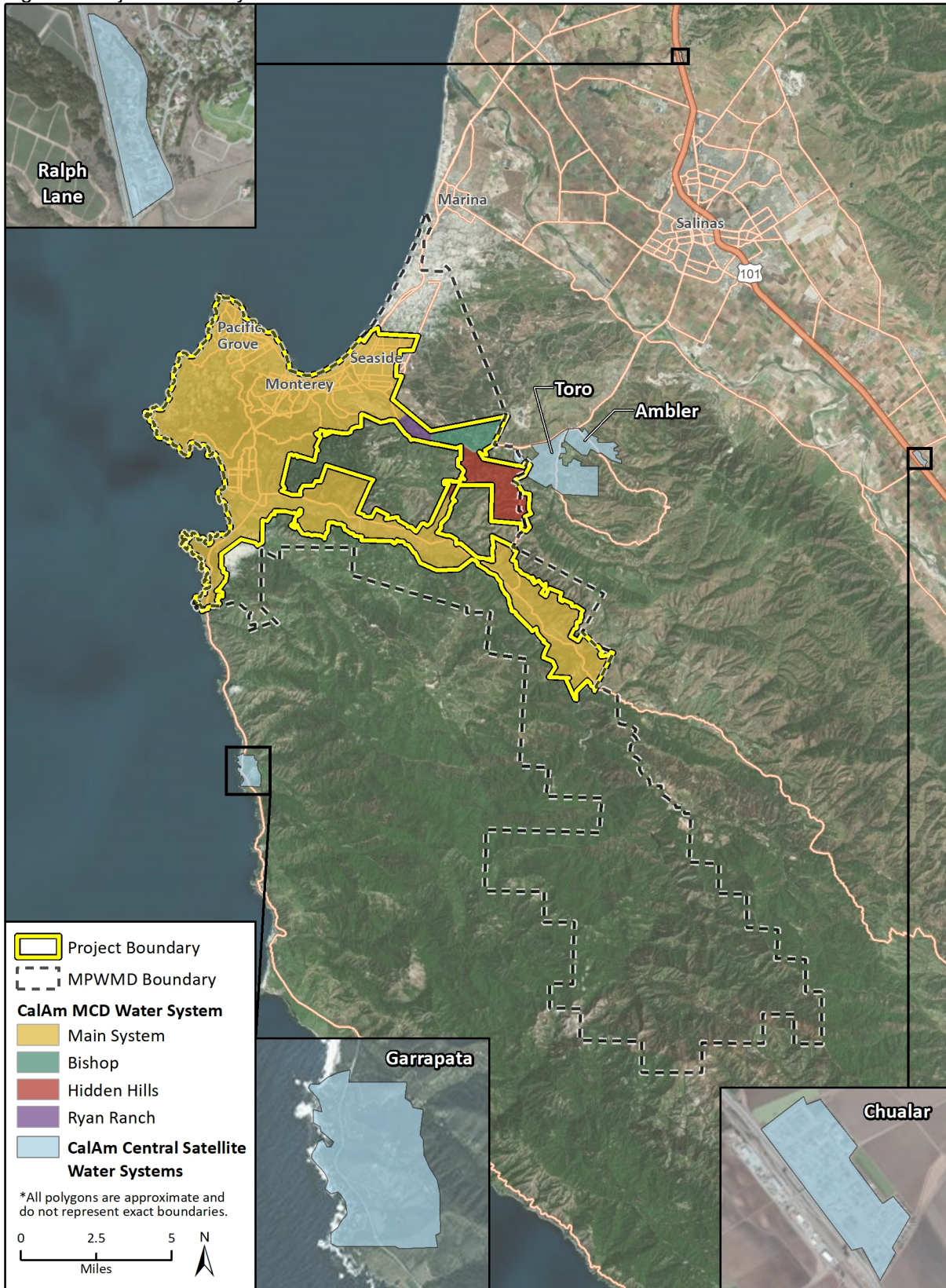


Fig 1 Regional Location

Figure 2 Project Boundary



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Fig 2 Project Location