

**SEASIDE GROUNDWATER BASIN WATERMASTER
SPECIAL MEETING AGENDA**

**FRIDAY, OCTOBER 27, 2006, 2:30 P.M.
SOPER FIELD, 220 COE AVENUE
SEASIDE, CALIFORNIA**

WATERMASTER BOARD:

City of Seaside – Mayor Ralph Rubio, Chairman
Laguna Seca Subarea Landowner – Director Bob Costa, Vice Chairman
Monterey Peninsula Water Management District – Director Michelle Knight, Secretary
City of Monterey – Mayor Dan Albert, Treasurer
City of Sand City – Mayor David Pendergrass
California American Water – Director Steve Leonard
City of Del Rey Oaks – Mayor Joseph Russell
Monterey County/Monterey County Water Resources Agency - Supervisor Jerry Smith,
District 4
Coastal Subarea Landowner – Director Paul Bruno

I. CALL TO ORDER

II. ROLL CALL

III. PUBLIC PARTICIPATION/ ORAL COMMUNICATIONS

Oral communications is on each meeting agenda in order to provide members of the public an opportunity to address the Watermaster on matters within its jurisdiction. Matters not appearing on the agenda will not receive action at this meeting but may be referred to the Watermaster Administrator or may be set for a future meeting. Presentations will be limited to three minutes or as otherwise established by the Watermaster. In order that the speaker may be identified in the minutes of the meeting, it is helpful if speakers state their names. Oral communications are now open

IV. SPECIAL MEETING BUSINESS

1. Adopt 2007 Administrative (Calendar) Year Budgets (attached)
 - Administrative Budget
 - Monitoring and Management Plan Budget
 1. Planning and Monitoring—Operational Assessment
 2. Capital Improvement and Groundwater Model Assessment
 - Over-Production Replenishment Assessment Budgeted Amount
2. Adopt Seaside Watermaster Tasks and “Time” Schedule (attached)

V. INFORMATIONAL REPORT (No Action Necessary-- For Information Only)

Summary of Contents of Petition to Court to be submitted on or near November 1, 2006

- Seaside Basin Monitoring and Management Program—Seek Court’s approval of revised issues raised in prior court order
- Seaside Rules and Regulations—Update court on completion of Rules and Regulations
- 2007 Administrative Budget—Present Administrative Budget to Court
- 2007 Basin Monitoring and Management Plan Budget—Present BM&MP Budget to Court
- Over-Production Replenishment Assessment Formula—Request clarification from Court as to formula to be used to determine the Over-Production Replenishment Assessment
- Over-Production Replenishment Assessment Budgeted Amount—Present the initial budgeted amount for the Over-Production Replenishment Assessment per acre-foot and the basis for the amount
- Present Watermaster Task Schedule—Update Court on status and schedule of Watermaster activities
- Delete Definition of Administrative Year and Add Definitions of Water Year (October 1-September 30) and Fiscal Year (July 1-June 30)—Cause water use reporting, management, and replenishment assessment to coincide with the water year; Cause administrative and Basin Monitoring and Management Program budgeting to coincide with fiscal year used by most public agencies
- Change Date of Filing of the Annual Report from February 15th to November 15th—Cause the date of the annual report release to follow the end of water year and revised Administrative Year
- Replenishment Assessment Timing—Clarify that the Replenishment Assessment is assessed within 30 days of end of the Administrative Year

VI. NEXT MEETING DATE – NOVEMBER 1, 2006

VII. DIRECTOR’S REPORTS

VIII. ADJOURNMENT

This agenda was posted at the City Clerks Office at the City of Seaside on Tuesday October 24, 2006 per the Ralph M. Brown Act. Government Code Section 54954.2(a). The agenda was forwarded via e-mail to the City Clerks of Monterey, Sand City and Del Rey Oaks; the Clerk of the Monterey Board of Supervisors; the Clerk to the Monterey Peninsula Water Management District; the Clerk at the Monterey County Water Resources Agency and the California American Water Company for posting on October 24, 2006.

SEASIDE GROUNDWATER BASIN WATERMASTER

PROPOSED ADMINISTRATIVE BUDGET Administrative Year 2007 (January 1 through December 31, 2007)

| | |
|---|-----------------|
| CEO-Compensation | \$60,000 |
| Professional Services: | |
| Legal—(6 mo. @ \$1,000 and 6 mo. @ \$500) | 10,000 |
| Administrative Support—(Minutes, agendas, filing, etc.) | <u>8,000</u> |
| Total Personnel Budget | \$78,000 |
| Office Consumables and Other Expenses | 6,000 |
| (Supplies, postage, printing, insurance, etc.) | |
| Office Rental | 3,500 |
| Computer Maintenance and Supplies | 3,000 |
| Meetings, Travel, Publications and Memberships | 2,000 |
| Mileage Reimbursement | 1,500 |
| Utilities (Power, Gas, Water, Waste, Telephone, Internet, etc.) | 1,000 |
| Office Equipment Maintenance | <u>1,000</u> |
| Total Budget | <u>\$96,000</u> |

Note:

Budget and Finance Committee recommends that a separate reserve account of \$25,000 be established that will only be used with the approval of the Watermaster Board of Directors

SEASIDE GROUNDWATER BASIN WATERMASTER

**PROPOSED
MONITORING AND MANAGEMENT PLAN BUDGET**

**PLANNING AND MONITORING BUDGET
OPERATING ASSESSMENT
Administrative Year 2007
(January 1 through December 31, 2007)**

| | |
|--|------------------|
| Judgment Assessment | <u>\$200,000</u> |
| Consulting costs: | |
| Martin Feeney Contract | \$14,600 |
| Basic groundwater resource database | |
| Annual maintenance: 40 hours/quarter | 11,200 |
| Develop/populate: 200 hours | 14,000 |
| Monitoring of coastal “sentinel” monitor wells | 48,240 |
| Monitoring of inland monitor wells | <u>2,240</u> |
| Total estimated costs | <u>\$90,280</u> |
| Projected to Reserve | <u>\$109,720</u> |

Notes:

1. Cost estimates are at the preliminary “order of magnitude” level, with estimated accuracy of +/-40%.
2. Cost estimates are subject to change as plans and scope are refined
By Watermaster

SEASIDE GROUNDWATER BASIN WATERMASTER

PROPOSED

MONITORING AND MANAGEMENT PLAN BUDGET

CAPITAL IMPROVEMENT AND GROUNDWATER

MODEL ASSESSMENT

Administrative Year 2007

(January 1 through December 31, 2007)

| | |
|--|---------------------|
| Judgment Assessment | <u>\$1,000,000</u> |
| Monitor Well Construction—6 wells per adopted Seaside Basin Monitoring & Management Program @ \$180,000 per well | \$1,080,000 |
| Coastal Wells | |
| Dataloggers (22)—(6 existing wells & 16 new wells) | 44,000 |
| Inland Wells | |
| Dataloggers (2 existing wells) | <u>4,000</u> |
| Total estimated expense | <u>\$1,128,000</u> |
| Projected Deficit | <u>(\$ 128,000)</u> |

Notes:

1. Cost estimates are preliminary “order of magnitude” level, with estimated accuracy of +/-40%.
2. Cost estimates are subject to change as plans and scope are refined by Watermaster

SEASIDE GROUNDWATER BASIN WATERMASTER

PROPOSED REPLENISHMENT BUDGET Administrative Year 2007 (January 1 through December 31, 2007)

Over-Production Replenishment Assessment Budget Amount - \$1,132 per acre foot

Watermaster Board shall determine the per-acre-foot cost of Replenishment Assessments for the production in excess of Natural Safe Yield. The per-acre-foot cost of Replenishment Assessment for production in excess of Natural Safe Yield shall be based on the anticipated cost of Artificial Replenishment, including the cost to construct, operate and maintain facilities necessary for replenishment of the Basin.

Replacement Assessment cost established at \$1,132 per acre foot. This is the amount that will be used to determine the cost that will be assessed for any water produced over the allocated share for each producer. For details of how the replacement assessment cost of \$1,132 per acre foot was calculated please refer to the attached schedule.

Table 1

Anticipated Costs of Artificial Replacement of Seaside Basin

Updated: 10/19/06

| Table 1 | Annualized Cost (\$/AFY) | Effective Yield (AF) | Weighted Avg % | Replenishment Share | Comments |
|---|--------------------------|----------------------|----------------|---------------------|---|
| CWP Desalination Plant ^{[i] [ii] [iii] [iv] [v] [vi]} | \$2,075 | 0 | 0.00% | \$0 | Plant not scheduled to go on line in the next three years. |
| CWP ASR ^{[vii] [viii] [ix] [x] [xi]} | \$1,245 | 0 | 0.00% | \$0 | |
| MPWMD Sand City Desalination Project ^{[xii] [xiii] [xiv]} | \$2,939 | 0 | 0.00% | \$0 | MPWMD board placed project on hold in 2004, in favor of studying regional alternatives. |
| In-Lieu recharge to Leguna Seca Sub-area | \$765 | 172 | 10.17% | \$78 | Based on winter-time demand for Ryan Ranch, Hidden Hills, and Bishop. |
| MPWMD Phase 1 ASR Project in Conjunction with CAW SACP ^{[xv] [xvi] [xvii] [xviii] [xix]} | \$765 | 920 | 54.37% | \$416 | |
| MRWPCA ^{[xx] [xxi] [xxii]} | \$1,200 | 0 | 0.00% | \$0 | Direct injection from wastewater sources. Based on assumption xxi. Project not scheduled to go on line in the next three years. |
| RUWAP ^{[xxiii] [xxiv]} | \$1,100 | 300 | 17.73% | \$195 | Based on assumption xxiii |
| PSM/ Poseidon Desalination Project ^{[xxv] [xxvi] [xxvii] [xxviii]} | \$1,352 | 0 | 0.00% | \$0 | |
| Sand City Desalination Project | \$2,500 | 300 | 17.73% | \$443 | |

1692

Assumptions

| | |
|----------------------------|----------------|
| Total Replenishment | \$1,132 |
|----------------------------|----------------|

This weighted calculation is based on next three years operating conditions.

[i] California American Water's Coastal Water Project- Desalination Component
 [ii] Source: Capital and O&M Cost Estimates prepared by RBF Consulting, revised June 2006
 [iii] 10 mgd desalination plant, 10,430 AFY production
 [iv] Calculated using 10,430 AFY production
 [v] ASR cost component identified as "stand alone project" for Comparative Purposes
 [vi] 2005 capital cost amortized over 30 years at 7%
 [vii] California American Water's Coastal Water Project- ASR Component
 [viii] Source: Capital and O&M Cost Estimates prepared by RBF Consulting, revised June 2006
 [ix] CWP ASR would integrate and upgrade existing Santa Margarita Test Injection Well, construct two (2) additional wells, Segunda and ASR pipelines, ASR Pump Station, and upgrade Segunda Pump Station
 [x] Calculated using 1,300 AFY production
 [xi] 2005 Capital cost amortized over 30 years at 7%
 [xii] Monterey Peninsula Water Management District's Sand City Desalination Project: 7.5 mgd desalination plant, 8,409 AFY production
 [xiii] Source: Exhibit 12-A MPWMD Comparative Matrix, September 18, 2006
 [xiv] Cost estimates range from \$2,737 - \$2,939/ AFY, which does not include CAW system integration costs
 [xv] MPWMD Phase 1 Aquifer Storage and Recovery (Seaside Basin) Project and CAW Seaside Adjudication Compliance Project
 [xvi] Source: Exhibit 12-B MPWMD Comparative Matrix, September 18, 2006 and CAW Project Need Identification for Seaside Adjudication Compliance Project, October 2006
 [xvii] Carmel River Diversions and injection to ASR is 2,420 AFY, maximum extraction is 1,500 AFY and annual average is 920 AFY
 [xviii] Does not include improvements to Russel Wells, Carmel Valley Filter Plant, or Segunda Pump Station Upgrade, which are all included in the SACP. These facility upgrades are required in order to meet Carmel River diversion goals. (Segunda PS Upgrade included with CWP ASR Cost)
 [xix] MPWMD Phase 1 ASR estimated at \$610/ AF for 920 AFY. Per CAW PNI, ASR Pipeline cost is \$1.055 Million (July 2006). Phase 1 Temporary ASR Pipeline estimated at \$.750Million. Both pipelines amortized over 20 years at 5% yields about \$155/AF.
 [xx] Groundwater Replenishment Project, Monterey Regional Pollution Control Agency
 [xxi] 2,400 AFY yield
 [xxii] Preliminary estimate provided by MRWPCA
 [xxiii] Regional Urban Water Augmentation Project, Marina Coast Water District and MRWPCA. 300 AFY (of 1,500 AFY total) of reclaimed water earmarked to Monterey Peninsula in Phase 1.
 [xxiv] Cost does not include connection fees
 [xxv] Monterey Bay Regional Seawater Desalination Project, Pajaro/Sunny Mesa and Poseidon Resources
 [xxvi] Source: Exhibit 12-A MPWMD Comparative Matrix, September 18, 2006
 [xxvii] 20 mgd desalination plant, 20,930 AFY demand identified
 [xxviii] Does not include costs for CAW system integration

SEASIDE WATERMASTER TASKS AND SCHEDULE

The Seaside Basin Judgment sets forth several deadlines for completing various tasks. Several of these tasks have been completed. A list of the near-term tasks required by the Judgment and their status/deadline is set forth in Table 1 below.

In addition to the near-term tasks required by the Judgment, the Judgment sets forth recurrent and long-term occurrences, as shown in Table 2. Further, the Watermaster Technical Committee has drafted a comprehensive Basin Management and Monitoring Plan, accompanied by a Program Implementation Schedule, which is attached. A summary of the most significant tasks from the Technical Committee is set forth in Table 3.

These tables do not set forth due dates for obtaining supplemental water supplies for Basin replenishment or to off-set Basin groundwater production. No absolute date has been set for obtaining supplemental water supplies. Rather, the Judgment establishes an incentive to obtain supplemental water supplies by the scheduled triennial reductions in the Operating Yield, and mandates that California American Water employ all reasonable best efforts to obtain and develop supplemental water supplies.

| Table 1 Near-Term Tasks Required by the Judgment | | |
|--|--|--|
| Task | Due Date (Status) | Responsible Entity |
| First Watermaster meeting | April 11, 2006 (Complete) | Watermaster Administration |
| Assessment and Payment of (a) Initial Funding of Basin Monitoring and Management Plan (BMMP) of \$1 million, (b) annual BMMP assessment (first year \leq \$200,000), and (c) the Watermaster Administrative Budget (first year \leq \$100,000) | April 26, 2006 (Complete – Assessments issued and all payments received) | Watermaster Budget and Finance Committee |
| Preparation of Monitoring and Management Plan | May 26, 2006 (Plan Complete but Must be Resubmitted for Court Approval – November 2006) | Watermaster Technical Committee/Petition for Court approval by Seaside Council (H&P) |
| Watermaster adoption of Initial Rules and Regulations | June 27, 2006 (Rules and Regulations adopted with placeholder for Over-Production Replenishment Assessment Formula, which shall be clarified by Court along with Request to Approve R&Rs in November 2006) | Watermaster Admin and Technical Committee/Petition for Court clarification and approval by Seaside Council (H&P) |
| Develop improved estimates of recharge; develop program for collecting data; develop groundwater model; develop action plans | March 27, 2007 (In progress, Technical Committee has Scheduled for Implementation) | Technical Committee and consultants |

**Table 2
Recurrent and Long-Term Tasks**

| Task | Date/Due Date | Responsible Entity |
|---|---|-------------------------------------|
| Draft Administrative Budget | Before November 2nd | Budget and Finance Committee/Admin. |
| Draft BMMP Budget | Before November 2nd | Technical Committee/Admin. |
| Draft Over-Production Replenishment Budget/Assessment | Before November 2nd | Technical Committee/Admin. |
| Mail Tentative Budget | November 2nd | Watermaster Administration |
| Period for objections to Budget | 15 days after mailing of Budget | Individual Producer option |
| Mail final Budget (if objections are received) | Within 10 days after end of objection Period | Watermaster Administration |
| Petition Court re Budget | Within 15 days of mailing of final Budget | Individual Producer option |
| Payment of Budget Assessments (Administrative, BMMP, Over-Production Replenishment) | December 31st or 40 days after mailing of Tentative Budget (whichever is later) | Individual Producer |
| New Board assumes office | Every 2nd January (Next in 2008) | Watermaster Administration |
| Elect Watermaster Officers | January Watermaster meeting | Watermaster Board |
| Watermaster Annual Report | February 15th | Watermaster Administration |
| Conditional Operating Yield Reduction of 10% | January 1, 2009 | Watermaster/Court Enforced |
| Conditional Operating Yield Reduction of Additional 10% | January 1, 2012 | Watermaster/Court Enforced |
| Conditional Operating Yield Reduction of Additional 10% | January 1, 2015 | Watermaster/Court Enforced |
| Conditional Operating Yield Reduction of Additional 10% | January 1, 2018 | Watermaster/Court Enforced |
| Conditional Operating Yield Reduction of Additional 10% | January 1, 2021 | Watermaster/Court Enforced |
| Conditional Operating Yield Reduction of Additional 10% | January 1, 2024 | Watermaster/Court Enforced |

Table 3
Significant Tasks from Basin Monitoring and Management Plan
Implementation Schedule

| Task | Due Date | Responsible Entity |
|--|--------------------|--|
| Secure consultant for new monitoring wells | September 30, 2006 | Watermaster/Technical Committee |
| Secure consultant for Basin model | October 30, 2006 | Watermaster/Technical Committee |
| Secure consultant for Basin management program | November 30, 2006 | Watermaster/Technical Committee |
| Produce final Groundwater Resources Database | January 31, 2007 | Technical Committee/ Consultant |
| Complete new basin model | March 31, 2007 | Technical Committee/ Consultant |
| Evaluate baseline chloride contours | March 31, 2007 | Technical Committee/ Consultant |
| Produce final Seaside Basin Management Plan | October 30, 2007 | Watermaster /Technical Committee/ Consultant |
| New monitoring wells operational | September 30, 2007 | Technical Committee/ Consultant |

V. Basin Monitoring and Management Program Implementation Schedule

| No. | Task | Duration (Days) | Start | Finish | 2006 | | | | | | 2007 | | | | | | | |
|--|---|-----------------|-----------|------------|------|--------|-----------|---------|----------|----------|---------|----------|-------|-------|-----|------|------|--------|
| | | | | | July | August | September | October | November | December | January | February | March | April | May | June | July | August |
| Groundwater Modeling for Seaside Basin Through Consultant: | | | | | | | | | | | | | | | | | | |
| 1 | Review (E) groundwater models, select best model for enhancement | 61 | 7/1/2006 | 8/31/2006 | | | | | | | | | | | | | | |
| 2 | Develop scope of services & budget for model enhancement project | 29 | 8/1/2006 | 8/30/2006 | | | | | | | | | | | | | | |
| 3 | Advertise, select consultant, execute contract | 59 | 9/1/2006 | 10/30/2006 | | | | | | | | | | | | | | |
| 4 | Complete model development & calibration, run scenario evaluations, develop improved estimates of basin recharge and safe-yield | 180 | 10/1/2006 | 3/30/2007 | | | | | | | | | | | | | | |
| 5 | Provide training in use of model to Watermaster Technical Committee | 29 | 4/1/2007 | 4/30/2007 | | | | | | | | | | | | | | |
| Seaside Basin Management Program: | | | | | | | | | | | | | | | | | | |
| 1 | Develop scope of services & budget for consultant | 60 | 7/1/2006 | 8/30/2006 | | | | | | | | | | | | | | |
| 2 | Advertise, select consultant, execute contract | 90 | 9/1/2006 | 11/30/2006 | | | | | | | | | | | | | | |
| 3 | Develop Basin Monitoring Plan, Seaside Basin Watermaster Database & data collection & analysis protocol | 180 | 12/1/2006 | 5/30/2007 | | | | | | | | | | | | | | |
| 4 | Evaluate options for importation of supplemental water supplies into the Seaside Basin, develop action plan | 89 | 12/1/2006 | 2/28/2007 | | | | | | | | | | | | | | |
| 5 | Using groundwater model from task above, analyze & develop strategies for improved basin management | 122 | 4/30/2007 | 8/30/2007 | | | | | | | | | | | | | | |
| 6 | Develop action plan to avoid adverse impacts on the basin | 152 | 2/28/2007 | 7/30/2007 | | | | | | | | | | | | | | |
| 7 | Draft Seaside Basin Management Plan Report for Watermaster review | 121 | 6/1/2007 | 9/30/2007 | | | | | | | | | | | | | | |
| 8 | Produce Final Seaside Basin Management Plan | 29 | 10/1/2007 | 10/30/2007 | | | | | | | | | | | | | | |
| Basin Monitor Well Construction Program: | | | | | | | | | | | | | | | | | | |
| 1 | Develop scope of services and RFP for consultant program oversight | 60 | 7/1/2006 | 8/31/2006 | | | | | | | | | | | | | | |
| 2 | Review proposals, secure oversight consultant contract | 30 | 9/1/2006 | 9/30/2006 | | | | | | | | | | | | | | |
| 3 | Oversight consultant completes site acquisition approvals | 180 | 10/1/2006 | 3/31/2007 | | | | | | | | | | | | | | |
| 4 | Develop scope of services and request bids for drilling/monitor wells | 90 | 1/1/2007 | 3/31/2007 | | | | | | | | | | | | | | |
| 5 | Review bids, secure contract(s) | 30 | 4/1/2007 | 4/30/2007 | | | | | | | | | | | | | | |
| 6 | Drill, equip and collect initial monitoring data | 150 | 5/1/2007 | 9/30/2007 | | | | | | | | | | | | | | |
| 7 | Prepare and submit completion report to Watermaster | 60 | 9/1/2007 | 10/31/2007 | | | | | | | | | | | | | | |
| Creation of Consolidated Basic Groundwater Resource Database: | | | | | | | | | | | | | | | | | | |
| 1 | Develop database RFP | 30 | 7/1/2006 | 7/31/2006 | | | | | | | | | | | | | | |
| 2 | Review proposals, select consultant | 30 | 8/1/2006 | 8/31/2006 | | | | | | | | | | | | | | |
| 3 | Develop and approve database format | 30 | 9/1/2006 | 9/30/2006 | | | | | | | | | | | | | | |
| 4 | Populate database (historical data from all sources) | 60 | 10/1/2006 | 11/30/2006 | | | | | | | | | | | | | | |
| 5 | Populate database (current monitoring data) | 30 | 12/1/2006 | 12/31/2006 | | | | | | | | | | | | | | |
| 6 | Prepare database documentation report | 30 | 1/1/2007 | 1/31/2007 | | | | | | | | | | | | | | |
| Water Quality Data Analysis Tools | | | | | | | | | | | | | | | | | | |
| 1 | Interim data analysis | 90 | 8/1/2006 | 10/31/2006 | | | | | | | | | | | | | | |
| 2 | Obtain software and train personnel | 150 | 8/1/2006 | 12/31/2006 | | | | | | | | | | | | | | |
| 3 | Compile and check data | 120 | 9/1/2006 | 12/31/2006 | | | | | | | | | | | | | | |
| 4 | Evaluate existing monitoring data | 90 | 11/1/2006 | 1/31/2007 | | | | | | | | | | | | | | |
| 5 | Evaluate data representation and establish baseline chloride levels | 120 | 11/1/2006 | 2/28/2007 | | | | | | | | | | | | | | |
| 6 | Evaluate baseline chloride contours | 120 | 12/1/2006 | 3/31/2007 | | | | | | | | | | | | | | |

NOTE: This schedule is subject to change