

## Attachment 9 – Need

**Water Supply** – Municipal demand in the Region is met by groundwater extraction from the Carmel River Aquifer and the Seaside Basin, which both depend on rainfall for natural infiltration. In 1995, the State Water Resources Control Board in Order No. WR 95-10 determined that public trust resources in the Carmel River were being adversely affected by water extraction and that 70% of the water extracted from Carmel Valley was done so without a valid right. The order mandated an immediate 20% cutback in Carmel Valley diversions and that extraction from the Seaside Basin be maximized and that the Region find a new water supply. Although the Region has taken steps to satisfy this order, including reduced extraction from Carmel Valley and increased pumping in the Seaside Basin, degradation of the Carmel River riparian corridor continues. A 2005 study now shows that the Seaside Basin is being overdrafted and is susceptible to seawater intrusion.

Project 1 (Aquifer Storage and Recovery, or ASR) would take significant steps to address overdraft of the Seaside Basin. This project builds on the experience gained in the past several years by the Monterey Peninsula Water Management District with diverting excess Carmel River winter flows, piping the flows six miles through the California American Water pipeline system, and injecting these flows into the Seaside Basin for recovery during the dry season.

Currently, the Salinas Valley Reclamation Plant, operated by the Monterey Regional Water Pollution Control Agency, treats wastewater from the most of the Region. Unused discharges are released into surface waters leading to the Monterey Bay National Marine Sanctuary. Project 2 (Seaside Groundwater Replenishment Project) would parallel Project 1 by developing plans and specifications for injecting unused recycled water into the Seaside Basin.

For more information about these projects meeting the need for additional water supply, see Section 3.0 “Key Issues” in the Plan and Proposal and the Project Summaries in Appendix A of the proposal.

A long-term water supply for the Region has long been sought, with more than 73 alternatives studied, some in great detail, since the historic drought of 1976-1977. As James M. Stubchaer (former SWRCB Chair) once put it, solutions to water supply problems often move “at glacial speed.” In the Region, no single long-term water supply project has successfully navigated the complex maze of environmental review, economic feasibility, public support, and agency approval. Currently, there are a number of efforts to develop a large desalination plant on the shores of the Monterey Bay to solve the long term water supply problem. This effort is complementary to the projects in this proposal.

**Resource protection** – The Region, which has a history of protecting natural resources, possesses some of the most spectacular merging of terrestrial and oceanic scenery on Earth. Inland, the Mediterranean climate produces a wide range of ecosystems. However, populations of steelhead and California red-legged frogs in the Region have been decimated and listed as Federally threatened species. Water extraction from Carmel Valley, habitat loss, and habitat damage are prime factors in the decline of both species. Regional Water Quality Control Board 3 issued a draft Cease-and-Desist Order to the Pebble Beach Company and the Cities of Carmel-

by-the-Sea, Monterey, and Pacific Grove regarding stormwater discharges to local Areas of Special Biological Significance. In a related finding, the Monterey Bay National Marine Sanctuary (MBNMS) has determined that urban runoff may be toxic to the marine biological community. Since Proposition 50 was passed in 2002, agencies and non-profit groups in the Region have recognized the value of collaborating to resolve these problems. The projects contained in this proposal to protect and enhance these resources include:

- Nine projects proposed in Carmel Valley. These projects grew out of the Carmel River Watershed Assessment and subsequent Action Plan, which were the result of a significant effort of volunteers, educators, and local agencies to assess the watershed and make recommendations about protecting and enhancing Carmel River Watershed resources.
- Three projects to protect the MBNMS and meet goals for maintaining water quality in the near-shore environment. These projects grew out of a collaborative effort between the MBNMS, Carmel-by-the-Sea, the Pebble Beach Company, Pacific Grove, and Monterey.

**Economic Need** - The Monterey Peninsula draws five million visitors each year to the county and generates 1.75 billion dollars of tourism revenue (2.46% of the California total). The Region's vitality is dependent on the health of the ocean that surrounds it and on the sustainability of its terrestrial resources. One of the greatest threats to the region's economic stability and environmental health is the adverse impact posed by poor water quality in the ocean, which results in beach closures or postings. On land, the lack of reliable potable water supplies has resulted in a *de facto* moratorium on new residential construction, which has driven up housing prices and made the Monterey Peninsula one of the least affordable places to live in the United States. A reliance on water extracted from Carmel Valley has led to environmental degradation. The Monterey Peninsula Water Management District has spent more than \$30 million to mitigate these effects since the early 1980's and California American Water has spent an unknown amount (estimated to be in the millions) recently to upgrade infrastructure in an effort to reduce environmental damage.

**Critical impacts to the Region from not going forward with projects in this proposal** – the SWRCB has fined California American Water in the past for exceeding the limit imposed by WR 95-10 and has warned the Region that additional fines may be levied for exceeding the limit. More recently, the National Marine Fisheries Service has threatened to impose several hundred million dollars in fines on California American Water for killing threatened steelhead. Ultimately, the ratepayers in the Region would likely have to pay this fine through higher water rates. If little or no progress is made by the Region toward resolving the water supply issue, these agencies may seek to impose drastic measures on the Region to curtail water extraction from Carmel Valley and reduce environmental damage.

Several of the habitat protection measures sponsored by the Big Sur Land Trust (BSLT) and others cooperating with BSLT have a generous local match (see Table 1, "Proposal Summary" in the Proposal or the individual project cost estimates in Appendix A, Proposal). It is not clear whether these projects would move forward without State funding.