



MARINA COAST WATER DISTRICT

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August 6, 2015

Honorable Marla O. Anderson, Presiding Judge
240 Church Street
Salinas, CA 93901

Re: 2014-2015 Monterey County Civil Grand Jury Final Report No. 3- "A Glass Half Full?
The Monterey Peninsula Water Management District and the Marina Coast Water District"

Honorable Marla O. Anderson:

The Marina Coast Water District (MCWD) received the subject Grand Jury report dated May 28, 2015 on June 1, 2015. On behalf of the Board of Directors of the Marina Coast Water District, I offer the following responses to the subject Final Report of the Civil Grand Jury:

F7. The MCWD has sufficient water to serve existing customers but will need reliable sources of additional water if proposed developments in Ft. Ord are to move forward.

MCWD Response: MCWD agrees with this statement. The District will continue to work with the FORA Board implementing an integrated water supply augmentation strategy that critically evaluates allocations of water for new FORA projects; additional water conservation; use of reclaim water for irrigation on the Ord Community; and desalination.

F8. 2014 groundwater legislation could affect the MCWD's current allocation of water from the Salinas Valley Basin.

MCWD Response: In general, MCWD agrees with this statement; however, in the 1993 Fort Ord and 1996 Marina Lands Annexation Agreements to Zones 2 and 2A of the MCWRA, MCWRA agreed to provide certain backstop protections to lands within Fort Ord and the Marina lands. In 2014, the State enacted the first-ever groundwater regulation when the legislature approved the Sustainable Groundwater Management Act (SGMA). The Monterey County Water Resources Agency (MCWRA) has indicated its interest in leading the effort in the Salinas Valley Groundwater Basin to construct a sustainable groundwater management plan for the entire basin. MCWD has contacted MCWRA indicating its interest in participating in the early stages of the formation of that agency's efforts, but is also keeping open the possibility of other options to assure its groundwater resources are adequately protected.

- F9.** A lack of permanent senior management at MCWD has led to instability within the organization.

MCWD Response: The District recently completed hiring a permanent General Manager and District Engineer. While it is true that the District was without a permanent General Manager for about two years, it was ably served by its Deputy General Manager/District Engineer during that time acting as Interim General Manager. That individual left the District in January 2015 and the District recruited a retired former water executive to act as Interim General Manager while the District recruited for a permanent replacement. MCWD does not agree with the characterization of instability within the District caused by lack of senior management. In fact, the District has several employees with 25-35 years of tenure and experiences little turnover. That is not to diminish the importance of having the General Manager and District Engineer positions filled with good, solid managers. It is simply emphasizing that MCWD is fortunate to have a competent and good performing staff that lend a lot of stability to the District and to the delivery of services.

- F10.** Individuals elected to the MCWD Board of Directors are not required to undergo formal training in governance, procedure, and chain of command.

MCWD Response: MCWD agrees with this statement of fact that generally any such training for elected officials is voluntary. The only legally required training for Special District elected officials is Ethics Training, which all Board members have completed. That training does touch on matters of governance, procedure, and chain of command.

- F11.** The technology exists to track water use in real time, alerting technicians to serious water leaks; however, MCWD does not have this technology in place.

MCWD Response: As you indicated in the text of your report, since 2004, MCWD worked diligently to transition all water meters to the latest Automatic Meter Reading (AMR) technology. AMR allows MCWD staff to collect reads remotely by driving past the meters. This technology allows the District to read meters as frequently as needed, such as during drought events or when it might be useful to read meters more often for sites that have a history of abnormal water use. This AMR technology also allows MCWD staff to data-log metered consumption for up to 180 days to facilitate high consumption investigation. This data-logging capability allows MCWD Conservation staff to assist customers with high water consumption trend analysis and resolution. In addition, the AMR technology reports "Leak" alarms for meters that have run continuously throughout the night. MCWD uses this "Leak" alarm information to contact customers immediately and notify them that they may have a leak. MCWD agrees with the statement that technology such as Advanced Metering Infrastructure (AMI), exists that allows reads to be collected frequently throughout the day and be transmitted to a data collection central point. MCWD also agrees that this technology can transmit consumption data to a utility, or customer, in near real time for analysis and

leak response. The District continues its' efforts in installing the latest metering technology as redevelopment of the Former Fort Ord takes place. The AMR meters that are currently being installed can be retrofitted in the future to work with AMI technology. MCWD agrees with the statement that it does not currently have this technology. The District continues its work on evaluating the best AMI technology and a means to fund this important investment.

- F12.** Excess surface water from the Carmel and Salinas Rivers could be used to recharge the aquifers, providing a method for "storing" water that would otherwise flow to the ocean. MPWMD is currently capturing water from the Carmel River.

MCWD Response: MCWD has previously prepared a study on building a 6,000 AFY water treatment plant on the District's Armstrong Ranch property to treat Salinas River water, which showed that a 6,000 AFY plant could be feasible. On September 16, 2013, the MCWD Board approved Resolution No. 2013-56 to apply to the MCWRA for 2,400 AFY of Salinas River water under the County's SWRCB Permit 11043 with the water to be diverted at the existing MCWRA rubber dam at Marina. When available, the treated surface water would be used within MCWD's Central Marina and Ord Community service areas instead of pumped groundwater. This use is classified as in-lieu groundwater recharge and would assist in fighting seawater intrusion and the overdrafting of the Salinas Valley Groundwater Basin. However, MCWRA has not supported MCWD's proposal and MCWRA's effort to develop projects for use of Permit 11043 water does not include a water treatment plant for the Marina/Fort Ord area.

- F13.** The MOU signed by both districts and the Monterey County Water Resources Agency, the Monterey County Regional Water Pollution Control Agency, and the City of Salinas may lead to a more efficient use of reclaimed and treated wastewater across the county, provided the MOU results in a signed agreement.

MCWD Response: MCWD is in agreement with this statement. In fact, MCWD entered into agreements with both MCWRA and MCWPCA years ago preserving MCWD's right to recycled water for irrigation needs on the Ord Community for FORA projects. MCWD was one of the pioneers in recycled water in this area and it has been systematically installing "purple pipe" throughout the Ord Community in preparation for the delivery of reclaim water for irrigation once MCWPCA has the capacity to deliver it.

- F14.** Conservation offset programs that involve conservation agreements between developers, water districts, and cities have significant potential to benefit both conservation efforts and city planning.

MCWD Response: The term “offset programs” can have many different meanings and many different forms. MCWD agrees with the concept that city planning, conservation agreements and fees for new development can and should fund conservation programs. The conservation programs can at least partially offset the new water demands placed on the District because of the new development and benefit city planning.

R7. The Marina Coast Water District (MCWD) continue conservation efforts to achieve additional water savings.

MCWD Response: The current MCWD fiscal year budget for water conservation (2015-2016) is over \$465,000. That budget includes an additional Water Conservation Specialist position and one already funded part-time Student Intern. The additional Conservation Specialist staff member started in early August 2015. With the addition of a second Water Conservation Specialist, the District looks to expand and improve the existing programs while evaluating new programs.

In the recent drought emergency declaration by the State of California, water agencies throughout the state were classified into one of nine groups (tiers) depending on per capita water use with the lowest water use being Tier 1. Marina Coast Water District was grouped in the second lowest per capita use tier in the State, which is testimony to the degree to which water conservation is emphasized in the District. That degree of water conservation is attributable to many conservation programs the District is currently engaged in, including:

- Public Information/Outreach Program:
 - The District recently approved an MOU with nationally recognized Service Learning Program of CSU Monterey Bay to improve public outreach for conservation and social media messaging
 - Water Conservation Commission
 - Participation in the Water Awareness Committee of Monterey County Inc.
 - Community event participation
 - Public information booth
 - Approx. 13 events/year
 - Public presentations
 - Approx. 6 events/year
 - E-flyers
 - Printed flyers
 - Newsletters
 - Bill messages
 - Bill stuffers
 - Landscape Demonstration Garden

- Free water conservation devices and educational materials:
 - Low flow showerheads
 - Low flow faucet aerators
 - Low flow positive action hose end nozzles
 - Leak detection kits
 - High efficiency restaurant dish wash spray nozzles
 - Magnets
 - Stickers
 - Trash bags
 - Restaurant placards
 - Hotel/Motel linen exchange placards
 - Water Conservation website
 - HE toilet rebates
 - HE clothes washer rebates
 - Hot water recirculation pump rebates
 - Water-wise Landscape incentives
 - Turf removal
 - Sprinkler conversions to drip
 - “Smart” irrigation controller replacement
 - Rain and soil moisture shut-off switches
- Leak and high water use detection/ notification procedures
- Free property surveys
- Landscape walk-throughs/irrigation system checks
- Water use investigations, water use data logs, water use charts and tables
- Property certification upon resale
- In-school Water Conservation Education Program:
 - In-school water education classes, K-3rd grade, 3x/year
 - Water education booklets to 4th and 5th grades
 - School assemblies, 1x/year
- Landscape building standards and plan check procedures

R8. MCWD install technology to track water use in real time by the end of 2016.

MCWD Response: It is inevitable that in the future all water meter reading for virtually the entire water industry will be via radio transmission to a central location providing real time water use reporting. MCWD does not agree that such technology should be in place in this District by 2016. The conversion from the current radio read meters to this “real-time” reading technology is not only expensive but a dramatic change in operations. Many water agencies have spent the money to change out meters, install antennas, purchase and install computer servers, only to find themselves overwhelmed with water meter reading data from every account every 15 minutes instead of one meter reading every 30 days. To be inundated with

that amount of data requires a well-crafted and systematic plan for how that data will be used, how long it will be archived, etc. It also requires standard operating procedures to deal with how meters and meter boxes will be maintained in the absence of field operators and readers walking routes and keeping up with meter locations and maintenance.

MCWD is ahead of most water agencies in the State of California in water meter reading technology currently in that many still use hand-held meter reading devices with readers walking routes, reading 300 or so per day. That manual reading technology necessarily limits the extent to which an agency can keep up with water use in drought emergencies or other situations in which it is important to frequently track use District-wide, or in a problematic area of a District. MCWD can virtually read its entire system in a matter of a couple of days if needed, giving the District the information needed to control demand as needed.

The District will be moving to the real-time technology suggested in the Grand Jury recommendations, but will do so strategically and systematically assuring that when it does so, it will be immediately useful.

R9. MCWD hire additional personnel to expand current conservation efforts by September 2015.

MCWD Response: MCWD agrees with this recommendation and the current budget which went into effect on July 1, 2015 includes the addition of another Water Conservation Specialist. The additional Conservation Specialist staff member started in early August 2015.

R10. MCWD institute offset programs for new residential and commercial developments that offer incentives for builders to pay for conservation efforts in other structures as part of permit approval beginning in January 2016.

MCWD Response: This is one of several water augmentation strategies MCWD has implemented. As stated in the District's response to F14, water offset programs can take different forms. There are area agencies that require developers to seek out conservation opportunities within the existing customer base in an amount equal to the estimated demand of the new developments. Others have opted to collect fees from developers that the District uses, in part, to fund District-sponsored conservation programs. MCWD has opted for the latter, and the programs listed in R7 are partially funded by revenues collected through development to offset the impacts of new water demands on the system. Those development fees are also used to upsize other water infrastructure that is impacted by new development.

MCWD intends to continue the current program by which the water demand impacts of new development are partially offset by funding District-sponsored water conservation programs over which the District has control.

R11. MCWD hire permanent General Manager and District Engineer as soon as possible to stabilize operations.

MCWD Response: In May, the District hired a new District Engineer and in June, it hired a new General Manager who reported to work on August 3, 2015. Both individuals are very experienced water managers and both are registered professional engineers.

R12. MCWD provide mandatory and ongoing training for all board members, effective immediately.

MCWD Response: On July 6, 2015, the MCWD Board entered into a contract with a respected, large, Human Resources firm to provide legal counsel to the District on any Human Resources matters. One of the services offered by this firm is a very extensive training program offering training in many areas of human resources in the public sector and the MCWD Board elected to add this training option for Board members and employees to the list of services available to the District. Additionally, the District is getting increasingly involved in the California Special Districts Association and the Association of California Water Agencies, both of whom offer extensive training catering to elected Board members in exactly the areas mentioned in F10.

R13. MPWMD and MCWD keep abreast of new technology for conservation and desalination and utilize such technology when economically feasible.

MCWD Response: MCWD has, and will continue to stay abreast of emerging technologies in the water industry that stretch existing supplies and diversify the District's water supply portfolio. MCWD has a history of staying ahead of new technologies having constructed one of the first public desalination plants in the State of California and one of the first applications of recycled water. The future water portfolio of the District is expected to include expanded conservation measures; use of advanced tertiary treated wastewater for irrigation; and desalination.

R14. MCWD and MPWMD make all possible efforts to form an agreement with the signers of the wastewater MOU with the goal of having such an agreement in place by the end of 2015.

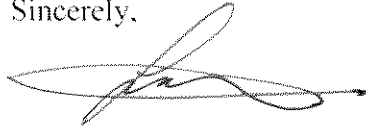
MCWD Response: Assuming this recommendation refers to the negotiations currently in progress between the District and the MRWPCA for the use of advanced treated water for use within the Ord Community and as pointed out in MCWD's Response to F13 above, the District has preexisting rights to 1,427 acre feet per year of reclaimed water under existing agreements with MRWPCA and MCWRA, including 950 acre feet per year during the critical summer months. The District intends to preserve those rights for its

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water customers and to exercise those rights as the demand for reclaimed water increases. This use of reclaimed water will assist the District in limiting increased demands on its potable water supply and in meeting the District's water conservation goals. Not only will this use of advanced treated water benefit the District and its customers, it will result in the completion of the District's "purple" pipeline network that will include the delivery of the advanced treated water to the Groundwater Replenishment Project for injection into the Seaside groundwater subbasin.

We are pleased to have been able to provide these responses to the Civil Grand Jury and would invite any further questions or comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'H. Gustafson', with a long horizontal flourish extending to the right.

Howard Gustafson, President
Marina Coast Water District Board of Directors