

CALIFORNIA COASTAL COMMISSION

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December 3, 2020

Ian C. Crooks Vice President, Engineering
California American Water
655 West Broadway, Suite 1410
San Diego, CA 92101

VIA EMAIL: ian.crooks@amwater.com

RE: Notice of Incomplete Coastal Development Permit Application

Dear Mr. Crooks:

We have reviewed the consolidated coastal development permit (“CDP”) application you submitted on behalf of California American Water (“Cal-Am”) and have assigned it CDP Application No. 9-20-0603. The application, received on November 6, 2020, is for the components of Cal-Am’s proposed Monterey Peninsula Water Supply Project (“MPWSP”) that would be located in the coastal zone within the Commission’s retained jurisdiction, as well as project components that would be located within the Local Coastal Program jurisdictions of the County of Monterey and the City of Seaside.

Pursuant to Sections 13052 and 13053.5 of the Coastal Commission’s regulations, Cal-Am must provide the additional information identified below to allow us to file the application as complete.

Administrative:

- 1) **General:** The application includes several numbered attachments and exhibits. However, they do not appear to be the complete set of documents Cal-Am may have intended to submit, as the document numbers are not fully sequential – for example, the application’s Attachment II includes Attachments II.1 and II.2, and then skips to Attachment II.8, Attachment III includes just Attachments III.1, III.4, III.7, III.9, and III.11, etc. Please clarify whether Cal-Am intends to submit additional documents to complete these sequences, and if so, please provide them.
- 2) **Other permits and approvals:** The application does not appear to identify all the required discretionary permits and approvals needed for the proposed project (see, for example, incomplete submittals Attachment IV.3 – Regional and Local Permits and Attachment IV.10 – Verification of Other Permits). It also does not include a complete Appendix B – Local Agency Review, which is to be completed by relevant local agencies.

Please provide a complete description of the required permits and approvals and the status of those permits and approvals. Please also provide an updated Appendix B completed by the relevant local governments, including the Cities of Seaside and Marina and the County of Monterey, that describes the permits needed from each entity and the status of those permits.

- 3) **Approvals for requested consolidated permit review:** Pursuant to Coastal Act Section 30601.3, Cal-Am is requesting that the Commission conduct consolidated permit review for components of the proposed project located within the Commission's retained jurisdiction and for components of the project that would be within the Local Coastal Program jurisdictions of the County of Monterey and the City of Seaside. This section of the Coastal Act provides that the Commission may conduct consolidated review if the applicant and appropriate local governments agree to consolidated review, provided that public participation is not substantially impaired by consolidation. As this is a new CDP application, please provide documentation from the County and City showing that each entity agrees to a consolidated permit review for this new application.¹
- 4) **List of interested parties and self-addressed stamped envelopes:** The submitted application did not include the required list of interested parties and self-addressed stamped envelopes to those parties. We have received your request for an updated list of those parties that provided comments during our scheduled September 2020 hearing on Cal-Am's previous application. We will provide the updated list so that Cal-Am can provide the complete list and envelopes.
- 5) **Site posting (Appendix D of application):** The CDP application requires that an applicant post notice of a pending application and that the notice include a general description of the proposed development. As described below, neither the submitted application nor the submitted Appendix D provide a complete description of the proposed development. Please submit a modified Appendix D that includes the missing components of the project description identified below.

Project Description: The submitted application does not provide an adequate description of the proposed project or future development related to the project. Please provide the following:

- 6) **Project components in coastal waters:** The application does not identify several project components that would be located within the coastal waters of Monterey Bay in the Commission's retained permit jurisdiction. Cal-Am is proposing to use an existing outfall owned by Monterey One Water ("M1W") to discharge effluent from

¹ Cal-Am states that the application's Appendix B: Local Agency Review includes letters from those entities dated April 18, 2017 and April 17, 2017, respectively; however, those letters do not appear to be included and they refer to Cal-Am's previous application, not this current one.

its desalination facility. According to the proposed project's FEIR/FEIS, Cal-Am's use of that outfall may be contingent upon first removing and replacing the outfall's end gate as well as removing 172 existing duckbill diffusers on the outfall and replacing them with angled diffusers (as described, for example, in FEIR/FEIS Section 4.3, pages 105-106). According to the FEIR/FEIS, this work would require underwater construction, including burning off some of the diffusers and excavating a benthic area near the end gate. The FEIR/FEIS states that modifying the outfall in this manner would be the "most effective strategy for ensuring compliance with Ocean Plan objectives, and the one most likely to be implemented." The FEIR/FEIS also notes that there are other strategies that might be used to ensure Ocean Plan compliance including "pre-treatment of source water, post processing treatment of discharge flows, and/or flow augmentation," though it states that these options are less likely to be implemented.

The submitted application does not describe any of these project components or strategies. If Cal-Am has selected compliance strategies that would not require modifications of the diffusers and end gate, please provide an updated project description that describes those strategies and that confirms they would result in Ocean Plan compliance. If Cal-Am has not selected these other strategies, please provide a full description of the activities that would be needed to replace the diffusers and end gate, the known or potential adverse effects to water quality and marine life resulting from those activities, and any mitigation measures proposed to avoid or minimize those adverse effects.

- 7) **Outfall liner:** Both the CPUC and M1W require a corrosion-resistant liner be installed inside the existing portion of the outfall that is on land before Cal-Am can discharge brine waste from its proposed desalination facility. The submitted application describes a proposed "spray-on" liner method that M1W has not yet found to be feasible and in fact has raised concerns with. In particular, M1W has stated that the proposed spray-on liner would likely be insufficiently protective of the outfall and would require extensive modifications to M1W's ongoing operations (see, for example, the September 10, 2020 Technical Memorandum from M1W).

We understand that Cal-Am and M1W had previously considered six different methods to protect the outfall and that M1W had determined 1) that Cal-Am's currently proposed "spray-on" method was not suitable, and 2) that the only suitable method was to install either of two types of slip-liner in the outfall. We understand, too, that Cal-Am worked with M1W to develop a 95% design for the slip-liner method. Given the apparent infeasibility of Cal-Am's currently proposed "spray-on" liner, please provide a modified project description that includes a liner acceptable to M1W. This description should identify the liner components, the proposed method of installation, any structural or operational changes to M1W's facilities that would be needed to install the liner, any adverse impacts to coastal resources that would result from the installation, any mitigation measures proposed to avoid or minimize those impacts, and documentation of, at a minimum, M1W's preliminary concurrence with the proposed design and method.

Please also identify whether this modified liner installation would require additional discretionary permits. The slip-liner method previously considered by Cal-Am and M1W would have required excavating at several locations along the outfall route within environmentally sensitive habitat areas in the coastal zone in the City of Marina and possibly in the County of Monterey, which presumably would require additional permitting from one or both entities. Section II.2 of Cal-Am's application states that "Cal-Am (in coordination with M1W)" will retrofit the pipeline, but that "[a]ny necessary authorization for work on the M1W outfall pipeline would be sought via a separate CDP application." Please identify whether the requested modification of the proposed liner would require one or more CDPs or other discretionary permits. Please also describe the expected permitting process and any agreements between Cal-Am and M1W for obtaining the required permits.

- 8) **Current and future proposed well locations:** Cal-Am's proposed MPWSP is meant to provide water for its service area for about 40 to 60 years. However, the submitted CDP application states that the proposed slant wells (the desalination plant's sole source of water) are expected to operate for only about 25 years. As noted in our review of Cal-Am's previous application, the slant well locations are not likely to be affected by coastal erosion during the proposed project's initial 25 years of operations, but could be affected by dune recession during that period or shortly thereafter (see, for example, the application's Attachment V.F.).

Please clarify, first, whether Cal-Am is continuing to propose a 40- to 60-year operating life for its overall project. If Cal-Am is still proposing to operate for that period, then describe Cal-Am's plan to obtain source water after the wells' projected 25-year operating life. If Cal-Am plans to relocate the wells, please identify available locations and provide an assessment of coastal resource impacts that may occur at those locations, how those locations are likely to be affected by coastal erosion, dune recession, and sea level rise (based on current projections), and describe any legal interest Cal-Am has, or would need to obtain, for those locations.

The submitted application also states that Cal-Am could protect the wells from coastal erosion or dune recession by using "soft" or "hard" measures, if necessary. Please specifically describe what "soft" or "hard" measures Cal-Am is considering for protecting the wells, including their likely effects on the environmentally sensitive habitat areas surrounding the well sites, public access, and other coastal resources.

- 9) **Water distribution line:** Cal-Am's proposed project does not yet include an approximately one-mile long segment of a distribution pipeline needed to transport water from the proposed desalination facility to its customers. We understand that the Monterey Peninsula Water Management District recently declined to approve a pipeline that would provide for the necessary water distribution. Please describe what other alternatives are, or may be available, to transport the project's water,

what environmental review and permits are needed for these alternatives, and Cal-Am's proposed timing and process for selecting a feasible distribution method and obtaining the necessary review and approvals for it.

- 10) **Proposed project modification:** The application states that Cal-Am is evaluating ways to minimize the proposed project's costs to disadvantaged and low-income customers. Cal-Am proposes to seek approval from the California Public Utilities Commission to provide a larger water rate discount to customers enrolled in its Customer Assistance Program ("CAP"). Please identify the process needed to gain the required approval and the expected timing of that process.

Effects on Coastal Resources:

- 11) **Protection of area wetlands/vernal ponds:** As noted in our August 2020 staff report, Cal-Am's pumping of groundwater could adversely affect extensive areas of nearby wetlands and vernal ponds. Cal-Am's current application includes updated information about some aspects of those potential effects (including Attachment V.Exhibit B – Pond Drawdown, and Exhibit C – Armstrong Ranch Ponds Groundwater (Geoscience)), though Cal-Am describes these as preliminary findings and states that it will provide full reports after conducting additional data collection. Please provide the above-described full reports. Please note that our review of the final reports may result in additional information being needed to complete the application.

We also request that Cal-Am address the following in those reports:

- **Consistency:** The two submitted reports are inconsistent in at least one aspect – Exhibit B describes the Dune Sands Aquifer as "unconfined to semi-confined" and Exhibit C describes the same aquifer as "confined under pressure." We request that the final version of the two reports be reviewed for consistency in a manner that supports the conclusions of each.
- **Mitigation options:** The reports describe Cal-Am conducting very limited data collection to support the reports' conclusions. For example, the conclusions of Exhibit C are supported by data collected during just four dates in October 2020 from just two locations that represent just a small percentage of the overall Armstrong Ranch wetland/vernal pond complex. Exhibit B concludes that there is no hydraulic connection between several nearby wells and the Dune Sands Aquifer, but also proposes that Cal-Am collect additional data and conduct additional monitoring to "conclusively determine" whether such a connection exists. Given the paucity of field data and monitoring at the various wetland/vernal pond sites, we are not yet able to determine from the information provided whether these habitat areas would be adequately protected from Cal-Am's pumping. Because of the difficulty of mitigating adverse impacts to these types of habitats, please include in the final reports additional detailed information about what mitigation locations and methods Cal-Am would propose should there be adverse impacts to these areas.

In addition to the information identified above that is needed to complete the application, we would like to discuss with you, perhaps at the start of the new year, several questions we have related to other issues. These include, among other things, questions related to your proposed, revised Habitat Mitigation and Monitoring Plan, as well as the possibility of conducting additional, independent hydrogeological groundwater investigations, which have been recommended by various parties.

Thank you for your attention to these information requests. We are happy to provide additional details or answer any questions you may have.

Sincerely,

DocuSigned by:

Tom Luster

Tom Luster

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Senior Environmental Scientist