



MARINA COAST WATER DISTRICT

11 RESERVATION ROAD, MARINA, CA 93933-2099

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Agenda

**Special Board Meeting, Board of Directors
Marina Coast Water District**

and

**Special Board Meeting, Board of Directors
Marina Coast Water District Groundwater Sustainability Agency
Hybrid Meeting**

**920 2nd Avenue, Suite A, Marina, California
And Zoom Teleconference**

Tuesday, March 11, 2025, 6:00 p.m. PST

Members of the public may attend the Board meeting in person or can attend remotely via Zoom conference.

Members of the public participating by Zoom will be placed on mute during the proceedings and will be acknowledged only when public comment is allowed, after requesting and receiving recognition from the Board President. Persons who are participating via telephone will need to press *9 to be acknowledged for comments. Public comment on the action item can also be submitted in writing to Paula Riso at priso@mcwd.org by 9:00 am on Tuesday, March 11, 2025; such comments will be distributed to the MCWD Board before the meeting.

This meeting may be accessed remotely using the following Zoom link:

<https://us02web.zoom.us/j/87619537035?pwd=ikpyvYvUWbsTTscnQpJlSOBdTtXYHz.1>

Passcode: 966501

To participate via phone, please call: 1-669-900-9128; Meeting ID: 876 1953 7035 Passcode: 966501

***Our Mission:** Marina Coast Water District delivers safe and environmentally sustainable water, recycled water, and wastewater services that meet community needs.*

- 1. Call to Order**
- 2. Roll Call**
- 3. Pledge of Allegiance**

This agenda is subject to revision and may be amended prior to the scheduled meeting. Pursuant to Government Code section 54954.2(a)(1), the agenda for each meeting of the Board shall be posted at the District offices at 11 Reservation Road, and 920 2nd Avenue, Suite A. A complete Board packet containing all enclosures and staff materials will be available for public review on the District website, Friday, March 7, 2025. Information about items on this agenda or persons requesting disability related modifications and/or accommodations should contact the Board Clerk 48 hours prior to the meeting at: 831-883-5931.

4. Workshop

A. Reservation Road Desalination Rehabilitation Discussion

5. Public Comment on Closed Session Items *Anyone wishing to address the Board on matters appearing in Closed Session may do so at this time. Please limit your comment to four minutes. The public may comment on any other items listed on the agenda at the time they are considered by the Board. Disruptive behavior may result in removal of the individual responsible.*

6. Closed Session

A. Pursuant to Government Code 54956.9(d)(2)
Conference with Legal Counsel – Threat of Potential Litigation
One Potential Case

7. Reportable Actions Taken During Closed Session *The Board will announce any reportable action taken during closed session and the vote or abstention on that action of every director present and may take additional action in open session as appropriate. Any closed session items not completed may be continued to after the end of all open session items.*

8. Board Member Requests for Future Agenda Items

9. Director's Comments *Director reports on meetings with other agencies, organizations and individuals on behalf of the District and on official District matters.*

10. Adjournment *Set or Announce Next Meeting(s), date(s), time(s), and location(s):*

Regular Meeting: Monday, March 17, 2025, 6:00 p.m.

**Marina Coast Water District
Agenda Transmittal**

Agenda Item: 4-A

Meeting Date: March 11, 2025

Prepared By: Garrett Haertel, PE
Reviewed By: Mary Lagasca, CPA
Patrick Breen

Approved By: Remleh Scherzinger, PE

Agenda Title: Board Workshop regarding (GW-2404) RDP – Reservation Road Desal Plant Renovation Project

Strategic Plan:

Strategic Plan, Goal No. 1 – Water: Sustainable, Reliable, Affordable Water Supplies. RESPONSE: The District will actively and creatively seek to collaborate with regional partners to develop and sustainably manage a diverse portfolio of water supplies to meet our shared needs. As a result of its geographic location, the District has access to a wide variety of new water supplies either on its own or with regional partners. These resources include additional groundwater, various forms of recycled water such as advanced treated direct and indirect potable reuse, desalination of seawater and brackish water, and surface water.

OBJECTIVE 1.1: Water supplies meet long-term needs from a diverse, affordable, sustainable and reliable portfolio of sources.

OBJECTIVE 1.2: Water supply management and augmentation follow a comprehensive long-term strategy and plan for the orderly expansion of the system.

Strategic Goal 4 – INFRASTRUCTURE: Reliable, Cost-Effective, and Sustainable Facilities and Properties. RESPONSE: The District will develop a comprehensive plan to guide the use of its properties and the renewal and replacement of facilities for timeliness, cost-effectiveness, and maximum long-term benefit.

OBJECTIVE 4.1: A comprehensive plan guides long-term, cost-effective renewal, replacement, usage, and development of District facilities and properties.

OBJECTIVE 4.2: The comprehensive, long-term facility plan is funded.

Background:

At the request of Vice President Shriner the Board will conduct a workshop to better understand the Reservation Road Desal Plant Renovation Project (GW-2404); the conditions and documents that led up to the project, the work to date, and what work is anticipated in the coming months.

Discussion/Analysis:

Problem Statement

Currently the Ord service area has two land use jurisdictions (Marina and Seaside) that are at the end of their FORA potable water allocation. Further, the Monterey Sub Basin is in need of replenishment water either through a reduction in pumping or from an input of imported water.

2020 UWMP

The District’s adopted 2020 Urban Water Management Plan (UWMP) is a planning document mandated by the California Urban Water Planning Act which made it the State’s policy that:

1. The management of urban water demand and efficient use of water shall be actively pursued to protect both the people of the state and their water resources.
2. The management of urban water demands, and efficient use of water shall be a guiding criterion in public decisions.
3. Urban water suppliers shall be required to develop water management plans to actively pursue the efficient use of available supplies.

The UWMP on a number of occasions calls for desalination to provide an alternative potable water supply. The 2020 MCWD UWMP in Section 5.4 projects a 299 acre-feet per year (AFY) supply of desalinated water in 2030.

Also, the UWMP states in Section 5.4 “MCWD has been actively working towards developing additional water supplies to meet the needs of the Ord Community. This new supply will come in the form of recycled water for urban landscape irrigation and desalinated water for potable demand. Table 5.4 shows the projected use of recycled water, as described in the Environmental Impact Report for the Regional Urban Water Augmentation Project (RUWAP).”

Table 5.4 Projected Demand by Source (AFY)

	2020	2025	2030	2035	2040
Groundwater	3,367	5,401	6,550	7,345	7,831
Recycled Water	0	600	953	1,140	1,270
Desalinated Water	0	0	299	394	483
Total Demand	3,367	6,001	7,802	8,879	9,584

State Planning Documents

In August 2022 Governor Newsome released “California’s Water Supply Strategy- Adapting to a hotter, Drier Future” where he called for the development of new water supplies and specifically section 1.2 of the supply strategy plans to “Expand brackish groundwater desalination production by 28,000 acre-feet per year by 2030 and 84,000 acre-feet per year by 2040 and help guide location of seawater desalination projects where they are cost effective and environmentally appropriate.” In December of 2024 the California Department of Water Resources (DWR) released a Desalination (Brackish and Seawater) Resource Management Strategy (Desalination RMS): California Water Plan Update 2023”. The objective of the Desalination RMS “is to present the status of desalination in California, its projected and future uses, and its benefits and challenges.” The MCWD Reservation Road desalination facility is included in the Desalination RMS as “Planned for restart” in 2024 and online in 2030 (attached Page 11). This is in alignment with the MCWD UWMP’s projected demand of 299AFY from desal in 2030.

FORA Allocations

When the former Fort Ord was closed the Fort Ord Reuse Authority (FORA) was formed to manage the reuse of the base to minimize the closure’s impact to the region. FORA developed a Base Reuse Plan (BRP) that planned for the redevelopment of the former base. The BRP detailed

an ultimate water need for the former base at build out of 9,000 AFY. The 9,000 AFY of water contemplated in the plan was to be sourced from the 6,600 AFY of Salinas Valley Groundwater the Army had contracted with Monterey County Water Resources (MCWRA) and 2,400 AFY of demand that was to be derived from a water augmentation plan.

The plan that was chosen at a joint meeting of MCWD and FORA Boards on June 10, 2005, was the Regional Urban Water Augmentation Project or “RUWAP hybrid alternative” by both the FORA and MCWD Boards (MCWD Resolution(s) 2004-54, 2005-25, & 2006-91). The RUWAP Hybrid Alternative planned for the augmented supply to be provided by a combination of recycled water and desalinated water elements as detailed in the “MCWD RUWAP Alternatives Analysis, March 2003”, “Regional Water Augmentation Project Alternatives Analysis, Engineering Feasibility Report August 2003”, the RUWAP EIR, and the Notice of Determination (NOD) for the RUWAP Plan. The RUWAP includes both a recycled water component and a desalination component. The desalination component includes the 300 AFY of desalinated water from the Reservation Road desalination facility.

Until the water is augmented via RUWAP, the Land Use Jurisdictions (LUJs) that received former Ft. Ord Lands were to rely on the 4689.5 AFY of Salinas Valley Groundwater that was deeded to FORA and ultimately to the Marina Coast Water District (MCWD).

FORA as a part of its planning process chose to allocate the 4689.5 AFY to the LUJ’s for development. See table with groundwater allocation information below:

Land Use Jurisdictions (LUJs)	Ord GW (AFY)	Remaining Allocation (AFY)
CSUMB	1,035.0	690.4
Del Rey Oaks	242.5	242.5
City of Monterey	65.0	65.0
County of Monterey	710.0	184.3
UCBMEST	230.0	230.0
City of Seaside	1,017.5	5.0
State Parks and Rec.	39.5	39.5
City of Marina	1,350.0	10.2
TOTAL	4,689.5	1,466.9

As the table details, both Marina and Seaside have allocated almost the entire amount of the Salinas Valley Groundwater available to them for development on the former Fort Ord. The table also demonstrates there is groundwater that has yet to be allocated for development by other LUJs. While the LUJs can negotiate exchanges of groundwater allocation between themselves, they do not seem to be inclined to do so without a plan for future supply, leaving Ord area developers to seek additional supplies elsewhere. The District’s planning documents cover those next steps as outlined in the MCWD UWMP, RUWAP and various master planning documents.

Within the last year, MCWD has received requests from numerous entities including the Cities of Marina and Seaside, Transportation Agency of Monterey County (TAMC), York School, Chartwell School, and developers for additional water for development of various projects within the boundaries of the former Fort Ord. These requests currently total over 160 AFY of capacity.

While development timing is uncertain, the number of projects and lack of supply indicate that the MCWD UWMP was on target and development of new sources is called for.

Groundwater Sustainability

Any non-groundwater augmentation of District supplies will inherently benefit the Monterey groundwater sub-basin. The Marina/Ord area of the Monterey Sub-basin is a medium priority basin as defined by DWR and experiences lowering groundwater levels in the Deep Aquifer. The Deep Aquifer has been a groundwater resource for the District since the 1980s. The groundwater levels in the Deep Aquifer have been trending lower as additional Deep Aquifer wells (outside of the Monterey Sub-basin) have been drilled and now pump from the aquifer. Any non-groundwater source of water that can be realized by the District will benefit the groundwater basin by lessening current demands from the Deep Aquifer. The shallower aquifers are not currently experiencing lower levels but are at risk of additional seawater intrusion and will also benefit from any lessening of demand.

Land Watch Settlement Agreement

On September 17, 2018 (attachment # XX) the District entered into a settlement agreement with Keep Fort Ord Wild (KFOR) and Land Watch (LW) Regarding the annexation of parcels to the District. As part of that agreement the District agreed "... that it will not provide, or commit to provide in the future, a groundwater-sourced water supply for new residential units in Fort Ord beyond the 6,160 of total new residential units within the former Fort Ord in accordance with Fort Ord Reuse Plan Section 3.11.5.4(b)(2)" page 7.

The agreement coincides with all current MCWD planning documents (UWMP, Water Master Plans, and RUWAP) and it is the District's intent to provide an alternative water supply that is not groundwater sourced.

The Agreement also identifies the RUWAP Advanced Treated Water (ATW) component of which the District is currently receiving as part of its partnership in the Pure Water Monterey Project (PWM). The 600 AFY that is MCWD's portion of the project is either currently in use (453AFY), identified by agreement as with California State University, Monterey Bay (CSUMB) (87AFY) or already developed and awaiting permit authorization (147 AFY). All of the 600 AFY of PWM capacity is spoken for.

The need for additional supply identified in the RUWAP is still present. Of the 6,160 AFY only 3,217 residential units have been built leaving 2,943 residential units available for construction. These units are not assigned to any specific jurisdiction and those land use jurisdictions at their limit of Potable Water Allocation and are ready to develop need additional supply. Given this Agreement, MCWD has agreed to develop a non "groundwater-source water supply" page 7.

Project Funding

Capital Improvement Program (CIP) Project Number GW-2404, RDP Reservation Road Desal Plant is a two-year capital improvement project spanning FY24/25 and FY25/26. This project is a key investment in regional water infrastructure, aimed at enhancing desalination capacity and ensuring long-term water reliability.

The FY24/25 project budget, totaling \$1,985,000, was officially approved to be funded by capacity fees on June 17, 2024, through Resolution 2024-25 as part of the FY24/25 Operating & CIP Budget. Of this amount, approximately \$190,000 is expected to be spent in the current fiscal year, primarily for preliminary design work. The remaining \$1,795,000 will be carried forward into the following year to support further phases of the project.

For FY25/26, staff recommends an additional funding allocation of \$1,790,000, bringing the total proposed budget for that fiscal year to \$3,585,000. If the full budget is utilized as planned, the cumulative project cost over the two-year period will amount to \$3,775,000.

Originally, the project was conceptualized as an additional water source for the entire District, leading to costs being allocated across both water cost centers in FY24/25. However, as project planning has advanced, it has become evident that the Ord Water area has the greatest need for this additional water supply. As a result, funding allocations for FY25/26 will be directed to the Ord Water Cost Center to better align with regional water demands.

Table 1: Breakdown of the project budget and estimated expenses by cost center:

GW-2404		RDP Reservation Road Desal Plant			
Funding Source	Capacity Fees				
		Total	MW	OW	Total
FY25	FY25 Adopted Budget	1,985,000.00	615,000.00	1,370,000.00	1,985,000.00
	FY25 Estimated Expenses	(190,000.00)	(58,866.00)	(131,134.00)	(190,000.00)
	Carryover to next FY	1,795,000.00	556,134.00	1,238,866.00	1,795,000.00
FY26	Carryover from PY	1,795,000.00		1,795,000.00	1,795,000.00
	FY26 Additional Budget	1,790,000.00		1,790,000.00	1,790,000.00
	FY26 Proposed Budget	3,585,000.00	-	3,585,000.00	3,585,000.00
	Total Projected Project Cost	3,775,000.00	58,866.00	3,716,134.00	3,775,000.00

Table 2: Estimated Capacity Fee Reserve for FY25/26:

MW	MS	OW	OS	RW	Total
\$987,299	\$37,118	\$7,934,731	\$4,195,995	\$6,822,263	\$19,977,406

There are sufficient capacity fees to fund the RDP Reservation Road Desal Project and borrowing at this time is not needed.

2024 Rate Study and Growth Projections

The 2024 Water, Wastewater, and Recycled Water Rate Study (2024 Rate Study), conducted by Hildebrand Consulting, was approved by the Board through Resolution No. 2024-17 on April 29, 2024. This comprehensive study plays a critical role in evaluating the financial sustainability of the District’s water services, ensuring that rates are appropriately structured to support ongoing operations, infrastructure maintenance, and future growth.

One key aspect of the study, outlined in Section 3.1.2 – Growth Assumptions (page 17), projects that the Ord area experiences an annual increase of approximately 5% in new connections to the District’s water system. This assumption is based on a thorough analysis of historical growth trends and anticipated future development within the area.

A review of historical Ord Water Connection data (see Table 3) further validates this projection, demonstrating a consistent pattern of growth over recent years. These historical trends reinforce the reliability of the study’s assumption, supporting the District’s long-term planning efforts to accommodate increasing demand for water services while maintaining financial stability and service efficiency.

Table 3: Historical Growth Rate – Ord Water

Fiscal Year	Ord Water No. of Connections	Increase/Decrease %
2020	5,505	4%
2021	5,630	2%
2022	5,779	3%
2023	6,002	4%
2024	6,524	9%
2025 as of January	6,808	4%

Operational Cost and Rate Analysis

Using previous operating and current costs, staff estimates that operating the new desalination plant will cost \$616,900 per year (see Table 4). This estimate was developed by analyzing the operating expenses of the existing desalination plant when it was operating and reviewing cost data from other agencies operating desalination facilities in California. These projections are early estimates, highly conservative, and not yet comprehensive, as additional factors may impact final operating costs.

With a projected production of 300 AFY, the estimated cost for the new desalination plant is \$2,056 per Acre-Foot (AF) (see Table 4). By comparison, the Pure Water Monterey Project currently charges the District \$3,864 per AF for recycled water. Additionally, the 2024 Seaside Basin Watermaster Annual Report (page 36) states that the market unit cost of RUWAP water, which could be used to replenish the Seaside Basin, is \$4,177 per AF—significantly higher than the cost of the proposed desalinated water.

With the current Ord Water connections at 6,808, the additional 1,071 connections supported by the new desalination plant will bring the total to 7,879 connections. Given the projected annual operating cost of \$616,900, the estimated rate impact for an average Ord Water customer would be \$1.09 per month (see Table 5). As this cost impact is negligible, the District does not recommend any amendments to the existing approved rates for FY2025 to FY2029.

Financial Sustainability and Capacity Fee Revenue

The additional 1,071 connections resulting from the new desalination plant will generate approximately \$15.6 million (see Table 6) in additional capacity fee revenue. This revenue alone can fully cover the \$3.8 million construction cost estimate of the desalination plant, demonstrating the financial sustainability and long-term return on investment of the project.

Table 4: Projected Annual Operating Cost:

Projected Annual Operating Cost:	Amount
Power	\$352,000
Supplies	\$31,000
Monitoring	\$16,000
Equipment	\$7,000
Permit Fee	\$5,000
Facilities & Maintenance	\$30,000
Others/Miscellaneous Expense	\$20,000
Staff Time	\$63,700
Overhead	\$92,000
Total Projected Operating Cost	\$616,900
Annual Production (AFY)	300
Operating Cost Per AFY	\$2,056
Anticipated New Connections (@300 AFY)	1,071
Annual Operating Cost	\$616,900

Table 5: Estimated Rate Impact for Average Ord Water Customer

Current No. Connections (FY25 January)	6,808
Additional Connections from Desal Plant	1,071
Total No. of Connections	7,879
Total No. of Connections	7,879
Annual Operating Cost	\$616,900
Annual Cost Per Connection	\$78.30
Monthly Cost Per Connection	\$6.52
Cost Per Unit @ 6 HCF (Average Consumption)	\$1.09

Table 6: Anticipated Additional Capacity Fee Revenue from Desal Plant

FY24/25 Capacity Fee Charge – Ord Water	\$13,900
FY25/26 Capacity Fee Charge – Ord Water (assuming 2.5% CCI-ENR Index)	\$14,428
FY26/27 Capacity Fee Charge – Ord Water (assuming 2.5% CCI-ENR Index)	\$14,604
FY26/27 Capacity Fee Charge – Ord Water	\$14,604
Additional Connections from Desal Plant	1,071
Additional Capacity Fee Revenue from Desal Plant Connection	\$15,647,143

Customer Service Survey

In January of this year the District put out its 2025 Customer Service Survey. The Survey will be presented to the Outreach Committee in April and then to the Board. Given the nature of the workshop, it was felt that these two questions and our community's response were relevant to the topic of the workshop.

The first of those questions was; Question 21: Marina Coast Water District's infrastructure, such as water pipes and storage tanks, should be modernized and upgraded even if that means higher rates. The response was 69.8% Agree, 18% Disagree, and 12.3% unsure. This shows a solid attitude of support for the funding of modernization and upgrades to our systems even if rates need to increase.

The second question that is more to the point of the workshop is; Question 41: MCWD's Reservation Road desalination treatment plant was placed into operation in January 1996 and operated for seven years. Since then, the plant has been on standby. Over time, technology has improved significantly, and the District is refitting and refurbishing the plant in preparation for placing it back online in 2025. The response was 65.8% More Favorable, 23% Makes No Difference to Me, 5.5% Less Favorable, and 5.8% Unsure. This question, which was directed at the question before the Board shows that the community is either fully behind the project or ambivalent towards it with only 5.5% registering a negative position.

It would appear that community sentiment is behind modernizing and improving the District systems and that those sentiments transfer to the Reservation Road project and that rate increases may be tolerable.

CDP (Coastal Development Permit)

MCWD filed applications for a Coastal Development Permit (CDP) and Design Review Approval with the Marina Planning Commission on November 2, 1995, for a 300,000-gallons per day (0.30 million gallons per day or MGD) seawater reverse osmosis (SWRO) desalination plant. The Marina Planning Commission held a special meeting on November 27, 1995, to consider the request, held a public hearing, and ultimately granted a CDP and Design Review Approval to the MCWD on December 1, 1995.

The MCWD filed an application for a CDP with the Marina Planning Commission on November 14, 2000, to allow brine discharge to an existing percolation basin for one to two days per month during backflushing procedures as an alternative to shutting down the desalination plant. A Mitigated Negative Declaration was adopted and deemed adequate for the Marina Planning Commission's use. The Marina Planning Commission considered the request during a regular meeting on December 14, 2000 (after consideration of the request at a public hearing) and granted a CDP on December 18, 2000, to MCWD for this alternative brine discharge approach.

State Permits (California Department of Parks and Recreation)

The California Department of Parks and Recreation (Monterey District) issued an Agreement and Permit on January 12, 1996, to the MCWD for the use of land on Marina State Beach to install and operate the seawater intake well. The Agreement/Permit had a term of ten years and expired on

January 11, 2006; State Parks has agreed to renew the permit, and the parties are in the process of updating the terms.

MCWD has re-engaged State Parks and been granted Right of Entry to Marina State Beach to conduct intake well inspection and rehabilitation tasks.

Environmental Docs

A Draft EIR for the Reservation Road SWRO Desalination Plant was circulated for public review on May 8, 1995. Responses to all comments were provided in the Final EIR which was then certified by the MCWD on October 11, 1995.

In addition, the MCWD RUWAP EIR was certified in October 2004. The RUWAP EIR was subsequently incorporated, by reference, into CalAm's Coastal Water Project (CWP) EIR which was certified by the California Public Utilities Commission (CPUC) in October 2009.

Through multiple stakeholder input opportunities and the draft EIR public comment process, the RUWAP EIR modified its initial recommendation and selected the Hybrid Alternative that includes 1,500 AFY of desalinated water, and 1,500 AFY (now 1,427 AFY) of recycled water. Phase 1 of the recycled water supply implementation is well underway, with MCWD commencing delivery of advanced treated water in January 2023. The final recycled water phase is under development. However, the desalination supply component of RUWAP is still in development.

Project Background

In 1996, the Reservation Road Desalination Facility was constructed in accordance with Section 5.6.1 of the 2020 UWMP. It was officially commissioned in 1997, operating until 2003 and delivering 774 acre-feet of water to the system during that time. However, due to rising electricity costs, the facility was put on standby in February 2003.

The RUWAP, which was a part of the broader environmental planning for water supply in the area, received significant regulatory attention. The EIR for RUWAP was certified by MCWD on October 27, 2004, through Resolution 2004-56. Addendums to the report were adopted on November 15, 2006, and February 14, 2007. Under this project, MCWD aimed to provide recycled and desalinated water to areas in the former Fort Ord region, which was slated for redevelopment under the Fort Ord BRP. The EIR outlined a total of 3,000 acre-feet per year (AFY) of water, with a hybrid alternative supplying 2,400 AFY for Fort Ord and an additional 600 AFY of recycled and desalinated water for other MCWD service areas. The Reservation Road Desal Plant reactivation was determined to be a possible source of water supply to provide a portion of the 600 AFY identified.

On June 5, 2009, MCWD and the Monterey Regional Water Pollution Control Agency (MRWPCA, now M1W) signed a Memorandum of Understanding (MOU), which discussed RUWAP and its desalination commitments. The MOU also referenced future projects like using the M1W Regional Treatment Plant (RTP) ocean outfall for brine disposal from desalination. Additionally, in October 2009, the CPUC and Cal-Am certified their Final Environmental Impact Report (FEIR), which referenced MCWD's 300 AFY desalination project as part of the Fort Ord BRP.

Approved Drivers/Documents

A number of documents drive the Capital Improvement Program. Of those, the 2007 and 2020 Water Master Plans adopted by the Board on February 14, 2007, and May 18, 2020 with resolutions 2007-16 and 2020-29, respectively, identify and address the needs for additional water supply. Of the projects considered, restart of the Reservation Road Desal Facility is specifically spelled out in the 2007 Water Master Plan as the first source of new supply for the District. While Pure Water Monterey (PWM or Groundwater Replenishment Project) did come to fruition first, and is currently being utilized by the District, additional potable supply is being requested. These requests drive the District to complete the project list identified in the master plans.

The 2007 MCWD Water Master Plan also specifically underscored the need for water augmentation strategies such as desalination and recycled water. The plan included the potential activation of the previously idle Reservation Road Desalination Plant, and in 2007, CH2M Hill was contracted to perform a Reservation Road Desal Plant assessment. The assessment evaluated the existing plant conditions and developed estimates to renovate and refurbish the treatment facility.

By the time the 2020 UWMP was adopted (June 21, 2021 by Resolution No. 2021-35), the District identified its ongoing efforts to pursue desalination and recycled water projects, with the 300 AFY desalination plant at Reservation Road forming part of the strategy.

In 2023 the Reservation Road Desalination Project was presented to the Budget and Engineering Committee in the MCWD's CIP budget documents on February 15, March 7, April 4, May 2, and June 6, 2023, for the FY24 budgeting process and review by the Board at the budget workshop on May 15, 2023, and approved by the Board on June 19, 2023, by Resolution No. 2023-21.

In 2024 the Project was presented to the Budget and Engineering Committee in the MCWD's CIP budget documents on April 2 and May 14, 2024, for the FY25 budgeting process and review by the Board at the budget workshop on May 20, 2024, and approved by the Board on June 17, 2024, by Resolution No. 2024-25. Specifically, the FY24 budget included \$1.985M for the project, part of a two-year \$3.775M budget.

Current project work completed to date

Work was initiated in 2023 to identify permitting and technical requirements for the facility and to locate and assess certain assets. MCWD worked with several agencies, including State Parks, State Water Resources Control Board, Coastal Commission, and State Lands Commission, to ensure existing permit requirements and regulatory requirements were being met.

In Spring 2023 non-intrusive work began to locate the existing Beach Intake Well located on California State Parks property. Staff was unable to locate the well using old photographs and location identifiers. It was determined that additional equipment and outside assistance would be required to locate the well. The District coordinated the intake well locating and inspection work with State Parks. Multiple meetings and correspondence with State Parks staff were conducted to explain the maintenance activities and access needs, as well as identifying State Parks' needs. State Parks issued a right of entry permit in October 2024 to support the intake well activities. In mid-November 2024 the intake well was located, and video log assessments were completed on both the intake and discharge wells. The video logs were provided to EKI Environment & Water, Inc. (EKI) for a full technical assessment. EKI was tasked with this effort as they are the technical

resource the MCWD Groundwater Sustainability Agency (GSA) utilizes to manage all groundwater wells throughout the District’s service area. EKI consultants reviewed the video logs and recommended (December 2024) further cleaning and testing of the two wells. Initial results indicated the intake well was in good condition, but the discharge well contained debris, leading to inconclusive results. Both wells are currently undergoing cleaning, swabbing, and testing (to be completed March 2025).

Technical work began Fall 2023 with a contract to Affinity Engineering, including facility analysis and identification of necessary repairs. As a result of the initial investigations, it was determined that all the principal equipment at the plant requires refurbishment or replacement.

The main electrical service at the 11 Reservation Road property was also found to be in poor condition. This service panel provides electrical service to not only the Plant but also all common facilities at the Beach Office Location. Given the nature of the service and the continued need for the facility, the District initiated a bid for an electrical panel replacement that was approved by the Board on January 22, 2025, by Resolution 2025-03. The electrical panels are on order and expected to be delivered in the first quarter of 2026.

The engineering team is in the process of developing the bid documents to hire a design engineer to prepare design documents. This step will also provide further detail and refinement of recommended technologies, construction costs, and annual operating costs.

The current desalination technology and permitting consultant has identified unrealized efficiencies in newer technology over the present systems and has stated that industry standards have seen a 10% increase in recovery of product water from roughly 40% when the system was originally installed up to 50% currently. In addition, energy recovery systems that can be added to the overall treatment system are now available to reduce energy demands. The design consultant will investigate and analyze all options for inclusion in a Basis of Design Report before any treatment equipment is selected.

The estimated project cost, based on an engineering evaluation conducted in 2023, was approximately \$3.2M. The District is currently budgeting \$3.775M for total project costs, including design costs. This budget estimate is expected to be updated as the design process progresses and leads to a more refined Engineer’s Estimate of Costs.

The current District Engineering Project Schedule is:

- Design FY25 Q4
- Bid FY26 Q2
- Construction FY26 Q3
- Startup FY26 Q4

Grants

The District is pursuing and currently exploring multiple grant funding opportunities and will be submitting applications as they become available.

State and Federal grant opportunities have historically been available to support the construction of water supply facilities. On September 16, 2024, the District Board approved Resolution 2024-49 approving the application for the California Department of Water Resources, Water

Desalination Grant Program, Continuous Application Process 6 for the Armstrong Ranch Brine Treatment Pilot Study. Funding for this program was from Propositions 50 and 1. The final round of awards was recently announced and whether more funding may become available depends on appropriations.

Opportunities for state grants may become available based on the Governor’s California Water Supply Strategy which earmarked more than \$8 Billion to modernize water infrastructure and management and specifically delineated desalinating ocean water and brackish groundwater. This strategy plan calls for 28,000 AFY desalination production by 2030 and 84,000 AFY by 2040 with projects having the potential to be operational in that timeframe moving to the front of the line.

MCWD has partnered with the National Alliance for Water Innovation (NAWI) to collaborate on improvements in energy efficiencies of desalination and reuse technologies. NAWI has committed an investment of \$9M towards this goal and California Department of Water Resources has committed an additional \$16M and the State Water Board is contributing \$2.5M to NAWI research.

Federal grants have also been available from the U.S. Bureau of Reclamation (USBR) under various programs (e.g., WaterSMART’s Drought Response Program, Research and Development Office’s Desalination and Water Purification Research Program). Historically, USBR grant programs have been administered on an annual basis; however, under the current Administration funding has been paused until further notice.

Future Projects

- Indirect Potable Reuse (IPR) (Sand Tank, Well 9, 4Ave)
- Armstrong Brine Testing Facility
- Garrison Desal Plant
- PWM Phase II (Direct Potable Reuse (DPR))
- Eastern well field
- Surface Water Treatment Plant

Should the District not choose to continue the Reservation Road Desal project the District would begin developing another project most likely from this list depending on several of the factors addressed above.

Environmental Review Compliance: The Project is categorically exempt (Class 1.d) “Restoration or rehabilitation of deteriorated or damaged structures, facilities”.

Climate Adaptation: The District’s goal is to provide projects that address climate change and improve the District’s footprint on the environment. Water system improvement projects provide overall system reliability and reduce the potential liability of impacts to the sensitive local environment and inefficient operation and overconsumption of resources.

Financial Impact: Yes No **Funding Source/Recap:** N/A

Material Included for Information/Consideration: Attached separately.

Action Required: Resolution Motion Review

Board Action

Motion By _____ Seconded By _____ No Action Taken _____

Ayes _____

Abstained _____

Noes _____

Absent _____