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**BEFORE THE STATE WATER
RESOURCES CONTROL BOARD**

In the Matter of the State Water Resources)	Hearing Date: September 24, 2007
Control Board (State Water Board))	
Hearing to consider Monterey Peninsula)	Carmel River in Monterey County
Water Management District's (MPWMD))	
Petitions to Change Permits 7130B and)	
20808 (Applications 11674B and 27614))	

EXHIBIT HS-2
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

Notice of Preparation of an EIR issued December 13, 2004



MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

5 HARRIS COURT, BLDG. G
POST OFFICE BOX 85
MONTEREY, CA 93942-0085 • (831) 658-5600
FAX (831) 644-9560 • <http://www.mpwmd.dst.ca.us>

Notice of Preparation of Environmental Impact Report MPWMD Aquifer Storage and Recovery Project

December 13, 2004

TO RESPONSIBLE AGENCIES AND INTERESTED PARTIES:

The Monterey Peninsula Water Management District (MPWMD) is proposing an aquifer storage and recovery (ASR) project that will allow for changes in water supply operations in the Carmel River and Seaside Groundwater Basins that will benefit the natural resources of the Carmel River and the groundwater resources of the Seaside Groundwater Basin. The project includes both near-term and long-term modifications to MPWMD's existing test-scale ASR project located on former Fort Ord lands overlying the coastal subunits of the Seaside Groundwater Basin. The ASR project would continue and expand diversions of excess winter flows from the Carmel River under specified conditions and store this water in the Seaside Groundwater Basin coastal subareas. A portion of this stored water would be available for extraction and use through the California American Water (Cal-Am) existing distribution system during dry periods in lieu of pumping water from the Carmel River Basin. A smaller portion of the injected water would remain in the Seaside Groundwater Basin to facilitate recovery of water levels from over-pumping in the Basin.

The MPWMD is the lead agency for this project under the California Environmental Quality Act (CEQA), and has determined that an Environmental Impact Report (EIR) will be prepared to evaluate the environmental effects of the ASR project and its alternatives (*See attached Notice of Preparation*). The MPWMD needs to know your views regarding the scope and issues that should be evaluated in the EIR. The MPWMD requests that *written comments* be submitted as early as possible but no later than **Monday, January 17, 2005**. Written comments and questions should be sent to:

Henrietta Stern, Project Manager
MPWMD
PO Box 85
Monterey, Ca 93942-00085

e-mail: henri@mpwmd.dst.ca.us

phone: 831/658-5621
fax: 831/644-9560

Two scoping meetings will be held to solicit public and agency input to the planning process and impact assessment for the ASR project. *Two meetings* will be held at the MPWMD office as follows:

Wednesday, January 12, 2005
3:00 pm - 4:30 pm (first session)
6:30 pm - 8:00 pm (second session)

MPWMD Conference Room
5 Harris Court, Building G (Ryan Ranch)
Monterey, CA 93940

Documents and files related to the proposed project can be reviewed at the above address. Thank you in advance for your interest in the ASR project and timely response to this Notice.

Dec 13, 2004

**Monterey Peninsula Water Management District
Aquifer Storage and Recovery Project
Environmental Impact Report**

Notice of Preparation

INTRODUCTION

The Monterey Peninsula Water Management District (MPWMD) is proposing a water management project that will *allow for changes in water supply operations in the Carmel River and Seaside Groundwater Basins that will benefit the natural resources of the Carmel River and the groundwater resources of the Seaside Groundwater Basin.* The project includes both near-term and long-term modifications to MPWMD's existing test-scale aquifer storage and recovery (ASR) project located on former Fort Ord lands overlying the coastal subunits of the Seaside Groundwater Basin. The ASR project would continue and expand diversions of excess winter flows from the Carmel River under specified conditions and store this water in the Seaside Groundwater Basin coastal subareas. A portion of this stored water would be available for extraction and use through the California American Water (Cal-Am) existing distribution system during dry periods in lieu of pumping water from the Carmel River Basin. A smaller portion of the injected water would remain in the Seaside Groundwater Basin to facilitate recovery of water levels from over-pumping in the Basin. The MPWMD will also be evaluating alternatives to achieve its water management goals.

The MPWMD is acting as the lead agency for this project under the California Environmental Quality Act (CEQA), and is preparing an Environmental Impact Report (EIR) to evaluate the environmental effects of the ASR project and its alternatives. The EIR will be structured to provide a detailed level of analysis for the first phase of the project and a programmatic evaluation of longer-term elements of the project.

LOCATION

The project is located in Monterey County, California and is within the boundaries of the MPWMD (Figure 1). The infrastructure for the ASR component includes groundwater extraction wells in the Carmel River Basin; a pipeline extending from Carmel Valley north to Fort Ord; water pumping, storage and treatment facilities located along this pipeline; and injection and extraction wells located on former Fort Ord (Figures 2, 3 and 4).

BACKGROUND

The MPWMD manages and regulates the use, reuse, reclamation, and conservation of water within its boundaries. The MPWMD conserves and augments water supplies by the integrated management of ground and surface water resources. About 80% of water within the MPWMD boundaries is collected, stored, and distributed by Cal-Am, which serves about 95% of Peninsula residents and businesses. Over 70% of the water delivered by Cal-Am is diverted from the Carmel River Basin. Cal-Am owns two dams and a series of wells along the Carmel River.

For many years it has been recognized that the current level of pumping from the Carmel River Basin has adverse effects on lower Carmel River natural resources, particularly in dry years. Cal-Am, MPWMD and the State have sought alternative water sources and alternative water management actions so that pumping could be reduced in the lower river and natural habitats could recover. Pumping of water from the Seaside Groundwater Basin has increased, especially in dry periods, to allow for a lowered level of pumping in the Carmel River Basin. This increased groundwater pumping has, in turn, led to a gradual lowering of water levels in the Seaside Basin, threatening its long-term reliability as a local source of domestic water supply.

Since 1996, the MPWMD has evaluated the feasibility of an ASR project. Efforts have included hydrogeologic testing and construction of pilot and full-scale test injection wells on former Fort Ord. This testing has found that the Seaside Basin can be successfully used to store water for future use in the Cal-Am system. Recently, MPWMD's Santa Margarita test well has been used to provide water to the Cal-Am system when Cal-Am's wells have required repair or maintenance. An ASR project is viewed by MPWMD as one way to improve water management capabilities to the benefit of Carmel River natural resources and Seaside Groundwater Basin long-term reliability.

WATER RIGHTS

The SWRCB is the entity that administers water rights in the Carmel Valley alluvial aquifer area. Previous decisions by the SWRCB have identified water rights held (or permits that need to be obtained) by various entities in Carmel Valley. The SWRCB has determined that the Carmel River is over-appropriated in the drier season of the year (i.e., May 1 to December 31). The MPWMD was issued water rights associated with mainstem reservoirs on the Carmel River (SWRCB Permits 20808 and 7130B). As part of the existing ASR project testing, the SWRCB issued annual temporary urgency permits to MPWMD to divert Carmel River water for injection well testing. In October 2001, MPWMD submitted a Petition for Change based on the 1995 water rights permits associated with the New Los Padres Project. The petition requests use of the Seaside Basin as a place of storage for some of the Carmel River water, rather than use of a dam on the Carmel River. The petition was revised in September 2003. Approval of this petition would provide a water source (up to 7,300 AFA) for the ASR project that is the subject of this Notice Of Preparation (NOP). The SWRCB will use the information in this EIR to help determine whether the petition should be granted.

THE PROPOSED PROJECT

The proposed ASR project would be constructed in phases.

The first phase would require minimal new construction and would take advantage of existing water collection, delivery and injection/extraction facilities, owned and operated by Cal-Am and MPWMD. This phase will be described and analyzed in detail in the EIR, as the location, size and operational characteristics are well defined. Water would be diverted from the Carmel River during high flow periods using existing Cal-Am wells in the lower stretches of the river. Up to 2,022 AF would be diverted annually between December and May, and would be treated at the Cal-Am Begonia Iron Removal Plant (BIRP) before being transported through the Segunda pipeline to the Seaside portion of the Cal-Am water distribution network. A new booster pump would be constructed at the Cal-Am's Hilby Avenue pump site and a new 16-inch diameter, 6,800 feet long, water conveyance pipeline would be placed in the ground on Army property

along the western side of General Jim Moore Boulevard from the east end of Hilby Avenue to the existing MPWMD Santa Margarita ASR test well site just south of Eucalyptus Road (Figure 2).

These improvements would allow transport of up to 2,022 AFA to the well site for injection. A second injection/extraction well would be constructed at the Santa Margarita test well site, allowing for injection and extraction of water at approximately 800 feet below the ground surface, in the Santa Margarita Sandstone aquifer. These two wells would allow for injection of Carmel River water during wet periods and extraction of water for use by Cal-Am customers during dry periods. Maximum extraction would be approximately 1,690 AFA, and the project would be operated to initially leave a portion of the injected water in the aquifer to allow for groundwater basin recovery.

The second phase of the project would provide for a greater diversion of water from the Carmel River during high flows for transport and injection into the Seaside Groundwater Basin. This intermediate-term project will be analyzed at a program-level in the EIR because detailed planning and description of the facilities have not been completed. The Phase I ASR facilities would be augmented with:

- a second dual-well site (four ASR wells total) located north and east of the existing site;
- a new 400 horsepower (hp) pump at the existing Cal-Am Del Rey Oaks pumping station; and
- a new dedicated transmission pipeline (18- to 24-inch diameter) constructed along General Jim Moore Boulevard to the new well site (Figure 3).

This phase would maximize utilization of "excess" capacity in existing Cal-Am Carmel Valley diversion, treatment, and conveyance facilities to the Seaside/Del Rey Oaks area. Up to 3,234 AF would be diverted annually and injected into the Santa Margarita Sandstone aquifer in the Seaside Groundwater Basin to serve the same purposes as Phase I facilities. Maximum extraction would be approximately 4,057 AFA. A separate project-level EIR will be prepared for Phase II when a decision to pursue Phase II is approved by the MPWMD Board and facilities are better defined.

The third phase of the project would be designed to maximize use of MPWMD's Petition for Change on the Carmel River, allowing diversion of up to 7,300 AFA from the river for injection in the Seaside Groundwater Basin. This long-term project will be analyzed at a program-level in the EIR because detailed planning has not been completed for the various elements of the project. The Phase I and II project facilities would be augmented by some significant new construction, including:

- three new diversion wells (or a single radial collector) below River Mile (RM) 5.5 on the Carmel River;
- dedicated raw water pipeline (approximately 23,000 feet, 16- to 24-inch diameter) from the diversion well(s) to the proposed new treatment plant;
- seven million gallon per day ([mgd] or 5,000 gpm) conventional treatment plant near Cal-Am's existing Segunda Tank located between the Carmel Valley and Del Rey Oaks;
- raw water storage tank (150,000 gallons) at the new treatment plant;
- treated water pipeline (approximately 28,000 feet 30-inch diameter) from new treatment plant to ASR wellfield;
- pump station (1,000 hp) at Segunda Tank site;
- 7 mgd pressure reducing station at Segunda Tank site;

- 4,000-foot tunnel from the Segunda Tank site intersecting the existing Cal-Am easement on the north side of hill; and
- one additional dual ASR well site located northeast of the existing Santa Margarita test well site (Figure 4).

These new facilities would allow MPWMD to inject up to 7,300 AFA into the Santa Margarita Sandstone aquifer and extract up to 6,085 AFA for use in the Cal-Am water distribution system. A separate project-level EIR will be prepared for Phase III when a decision to pursue Phase III is approved by the MPWMD Board and facilities are better defined.

ALTERNATIVES

The MPWMD is proposing to evaluate a full range of alternatives in the EIR that meet the project purposes of protecting Carmel River natural resources and Seaside Groundwater Basin water resources through improved water management within MPWMD's boundaries. Currently, the EIR will include evaluation of:

- a no project alternative;
- alternative water sources (including reclaimed wastewater) that could be obtained to allow for reduced dry season pumping along the Carmel River and restoration of groundwater levels in the Seaside Groundwater Basin;
- alternative locations for pipelines transporting water from former Fort Ord's southern boundary to the MPWMD Santa Margarita test well site; and
- alternative injection/extraction well sites.

The MPWMD may formulate additional alternatives as the scoping and alternatives development process moves forward.

ENVIRONMENTAL ISSUES

Scoping is an early and open process designed to determine the issues and alternatives to be addressed in the EIR. At this point in the project planning process, MPWMD has identified the following issues as likely concerns of the community and agencies:

- impacts to federal and state protected species, including (but not limited to) Carmel River steelhead, California red-legged frog, California tiger salamander, California black legless lizard, and numerous plant species associated with maritime chaparral;
- impacts to sensitive habitats, including riparian areas, oak woodland, and maritime chaparral;
- impacts to cultural resources;
- impacts to surface water hydrology, quantity and quality in the Carmel River;
- impacts to groundwater quantity and quality in the Seaside Groundwater Basin;
- impacts related to geologic and soil conditions, including seismic events and slope stability;
- impacts to local and regional air quality from construction activities and operation of project facilities;

- changes in land use patterns and creation of incompatible land use conditions;
- changes in local views and natural landscapes;
- increases in local noise conditions associated with construction activities and operation of project facilities;
- increases in public health and safety risks associated with construction activities and storage and use of hazardous materials;
- impacts to existing infrastructure and utility systems, including water supply distribution and roadways;
- cumulative effects; and
- growth inducing effects

SCOPING MEETINGS

The MPWMD plans to hold scoping meetings to solicit public and agency input to the planning process and impact assessment for the ASR project. Two meetings will be held on one day as described below:

Wednesday, January 12, 2005

3:00 pm - 4:30 pm (first session)

6:30 pm - 8:00 pm (second session)

Location:

MPWMD Conference Room

5 Harris Court, Building G

Ryan Ranch

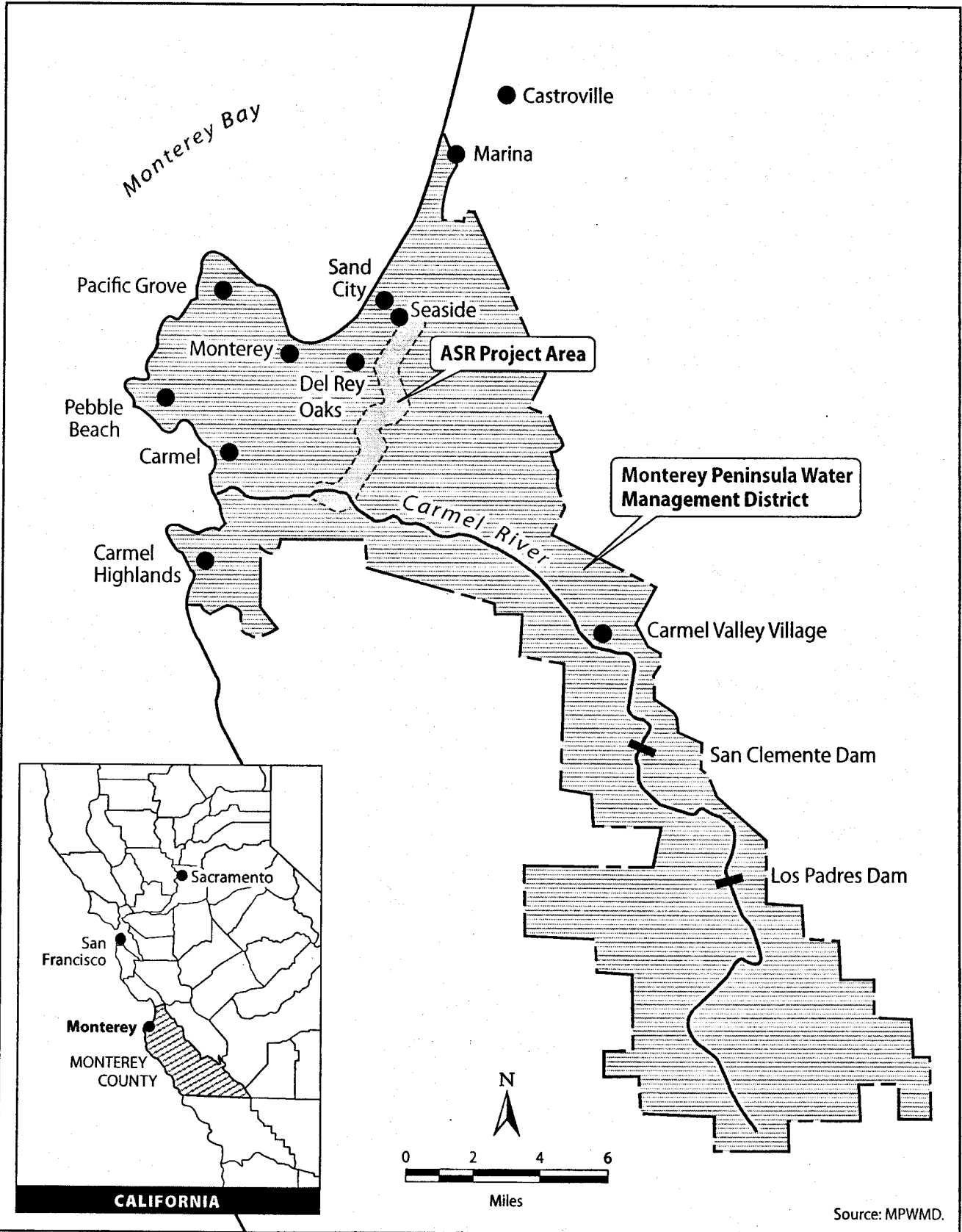
Monterey, CA

WRITTEN COMMENTS

The MPWMD requests agency and public input on the scope and issues that should be evaluated in the EIR. CEQA requires that comments be submitted to the MPWMD at the earliest possible date, but not later than January 17, 2005. Comments should be sent to:

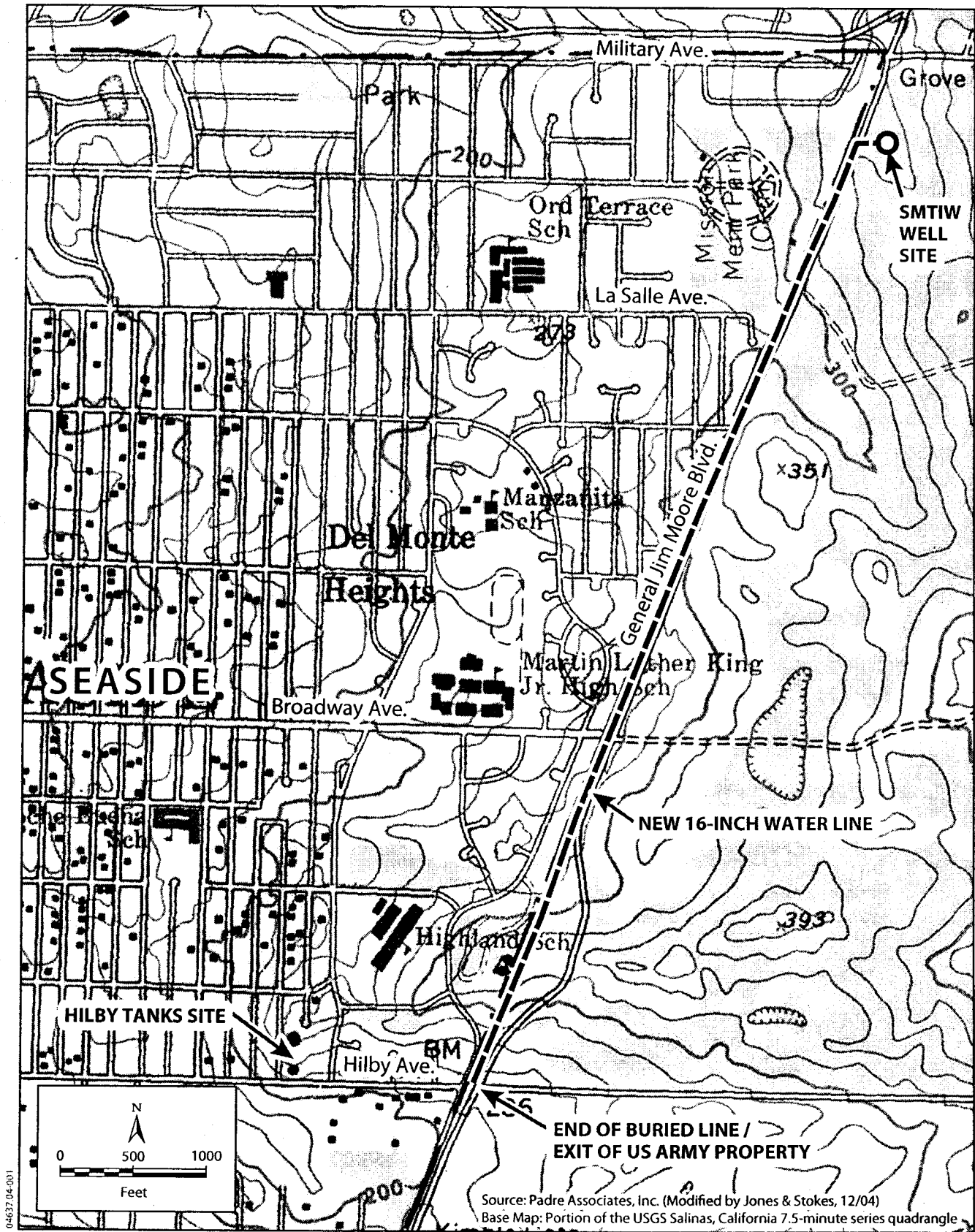
Henrietta Stern, Project Manager
Monterey Peninsula Water Management District
P.O. Box 85
(5 Harris Court, Building G)
Monterey, CA 93942-0085
Phone: 831.658.5621

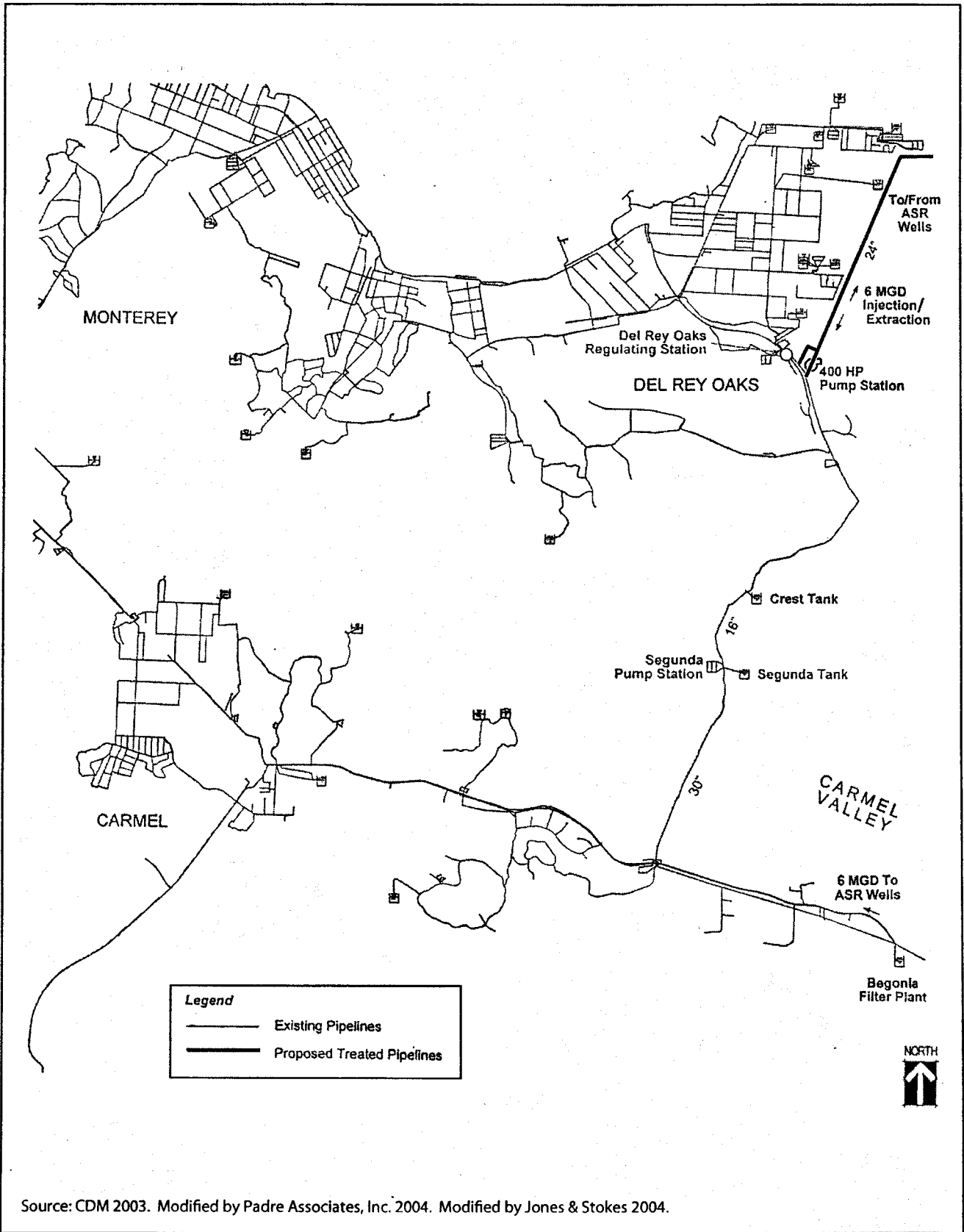
Documents and files related to the proposed project can be reviewed at the above address.



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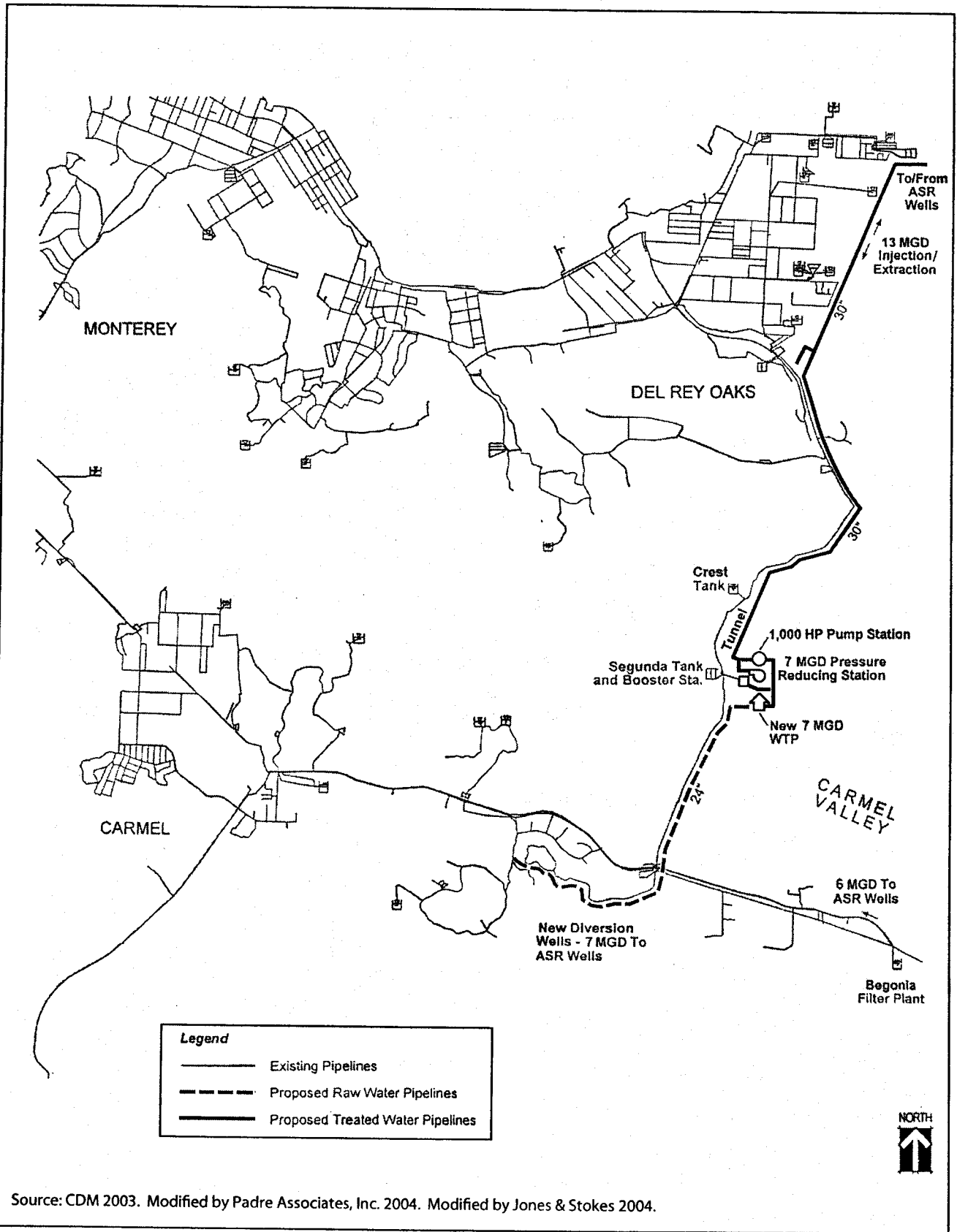
Figure 1
Monterey Peninsula Water Management District
Service Boundary and ASR Project Area





Source: CDM 2003. Modified by Padre Associates, Inc. 2004. Modified by Jones & Stokes 2004.

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Figure 4
Conceptual Project Facilities
Phase III ASR Project