



County of Monterey

Item No.2

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

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Consider adopting a position regarding a request from the Monterey Peninsula Water Management District to the State Water Resources Control Board to consider modifying a portion of the 2009 Cease-and-Desist Order.

RECOMMENDATION:

It is recommended that the Monterey County Water Resources Agency's Board of Supervisors:

Adopt a position regarding a request from the Monterey Peninsula Water Management District to the State Water Resources Control Board to consider modifying a portion of the 2009 Cease-and-Desist Order.

SUMMARY/DISCUSSION: (REVISED VIA SUPPLEMENTAL)

On October 20, 2025, the Monterey Peninsula Water Management District's (District) Board of Directors unanimously approved submission of an application to the State Water Resources Control Board (State Board) to modify the 2009 Cease-and-Desist Order WR 2016-0016 (CDO). The CDO, and more specifically "Condition 2", limits the setting of new water meters and restricts increases in water use at existing connections within the service area of the California American Water Company (CalAm) on the Monterey Peninsula to protect the Carmel River from historical over-pumping.

In its application, the District points to the fact that pumping from the Carmel River over the past 4 years has been within the legal limit and that the supply of water for the Peninsula is currently greater than demand, resulting in increased storage in the Seaside groundwater basin. The District also notes an August 2025 decision by the California Public Utilities Commission (CPUC) that indicates existing supplies will continue in surplus for the foreseeable future and further states agreement among the District, Cal-Am, and CPUC that future diversions from the Carmel River will be capped at the legal limit.

On October 24, 2025, the District submitted its application and shortly thereafter began reaching out for support of its efforts, including to the County of Monterey. In its support solicitation, the District presents two sample letters, one that is supportive of the application but silent on the proposed CalAm desalinization project, and a second that is supportive of both. In both, the District eludes to the conflict between the State's mandate against new meters and the State's mandate to meet certain housing goals, which are mutually exclusive. The District also points to the Monterey Peninsula's significant water conservation efforts, the Carmel River Aquifer Storage and Recovery Project, and recent expansion of Pure Water Monterey (Expansion) as reasons for the State Board to revisit the CDO, though the evidence demonstrates Carmel River diversions can be maintained within legal limits absent the

Expansion.

At its November 12, 2025, meeting, the County of Monterey's Housing and Community Development Department asked the Planning Commission to consider holding a public workshop to review and receive input regarding policy options for a Water Allocation Policy for areas in unincorporated Monterey County served by the District and to provide direction to staff. That item will return to the Planning Commission for further discussion in the future. Local jurisdictions consideration of water allocation policies is separate from State Board consideration to modify the CDO but related in that such modification could allow for new water use, which could result in increased demand. While the range of future water supply and demand forecasts vary, the evidence is that current supplies exceed demand, even without the expansion of Pure Water Monterey, and that the Carmel River is no longer in jeopardy.

The CDO was established over 15 years ago to address conditions that no longer exist, namely excessive pumping from the Carmel River. While the harm to the Carmel River has been mitigated, the harm to the residents of the Monterey Peninsula continues so it is appropriate for the State Board to now reconsider its past decisions. In its application, the District proposes improvements to reporting that will provide the State Board the data it needs to ensure that the legally allowable amount of water available from the Carmel River is not exceeded and offers triggers to reinstate enforcement if it is.

Lastly, and most importantly, nothing above affects the terms and conditions of the 2015 Amended and Restated Water Recycling Agreement between M1W and the Agency. This agreement provides the Agency its contractual right to wastewater, while also making that water available for use by Pure Water Monterey when not needed by the Agency to reduce groundwater pumping in the 180/400 subbasin. It is true that future actions to meet the mandates of the Sustainable Groundwater Management Act may cause repurposing of supplies now utilized by Pure Water Monterey. However, it is also true that those future actions will likely take years to implement and can be mitigated by the District through implementation of water supply alternatives, like desalinization, such that diversions from the Carmel River remain within legal limits. The Agency assumes little risk in supporting the District's application to modify the CDO and the potential benefits to the County and Peninsula residents.

On November 17, 2025, the Agency's Board of Directors, on an 8 to 1 vote, took action to form an ad hoc committee to advise on a draft letter of support for consideration by the Board of Supervisors on a position regarding a request from the Monterey Peninsula Water Management District to the State Water Resources Control Board to consider modifying the 2009 Cease-and-Desist Order. Issues raised by the Directors and some members of the public regarding a potential support letter focused largely on water supply rather than the specific request to modify Condition 2 of the CDO. These water supply concerns generally relate to the source supplies for Pure Water Monterey and development of the Monterey Peninsula Water Supply Project by CalAm.

The Agency is the primary source of water for Pure Water Monterey under a 2015 agreement with Monterey One Water (M1W). Under that agreement, the Agency has contractual rights to wastewater treated by M1W, which is then recycled and utilized to reduce groundwater extraction and the intrusion of seawater into the Salinas Valley Groundwater Basin. The

agreement also provides that if treated wastewater, and other sources controlled by the Agency, are unneeded by the Agency, they may be used as a source supply for Pure Water Monterey. This allowance is predicated on the understanding that if Agency demands change, the waters currently available to Pure Water Monterey may be repurposed for future groundwater management actions. The need for repurposing may vary with hydrologic cycles, potentially lessening during wet periods and increasing during times of drought.

Prior to the District's request to modify the CDO, it embarked on a process to allocate the water supply anticipated from the Expansion. While acknowledging the District's authority to allocate these anticipated supplies, the Agency advised a cautious approach due to uncertainties stemming from planning efforts currently underway to comply with mandates established by the Sustainable Groundwater Management Act. In its final reading of the ordinance to adopt the proposed allocation, the District's Board of Directors elected to allocate a portion, <20%, of the anticipated Expansion supply, while holding the rest in "District Reserve".

During its public meetings, the District acknowledged that Pure Water Monterey and the Expansion source supplies are interruptible and subject to potential repurposing. However, the District has explained that, in its assessment, if such repurposing happens, it is not likely to occur in the foreseeable future and that desalinization is the solution to any unanticipated supply and demand imbalance that may arise for whatever reason, which is consistent with the recent CPUC decision approving the supply and demand estimates for the Monterey Peninsula Water Supply Project. Consideration of the District's request is in reliance upon these public statements regarding the District's understanding of its business risk and its stated solutions, including desalinization, to unforecasted changes in supply, which could occur sooner than anticipated as decisions are made to comply with a changing regulatory environment.

Development of the Monterey Peninsula Water Supply Project is dependent upon factors unrelated to the CDO and outside the purview of the Agency. In November 2022, the project received conditional approval from the California Coastal Commission and, in August 2025, the CPUC approved CalAm's updated water supply estimates for the Monterey Peninsula. CalAm continues work towards satisfying regulatory requirements and securing permit approvals necessary to complete the project.

STRATEGIC PLAN ALIGNMENT

Adopting a position regarding a request from the Monterey Peninsula Water Management District to the State Water Resources Control Board to consider modifying the 2009 Cease-and-Desist Order aligns with the Board of Directors adopted Strategic Plan Goal E, Strategy 1.

OTHER AGENCY INVOLVEMENT:

County of Monterey and Agency
Board of Directors

FINANCING:

Adopting a position regarding a request from the Monterey Peninsula Water Management District to the State Water Resources Control Board to consider modifying the 2009

Cease-and-Desist Order has no fiscal impact on the adopted 2025-26 fiscal-year budget.

Prepared and Approved by: Ara Azhderian, General Manager, (831) 755-4860

Attachments:

1. DRAFT Letter of Support to the State Water Resources Control Board