



**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>

SUPPLEMENT TO 10/18/04

MPWMD BOARD PACKET

Attached are copies of letters received between September 11, 2004 and October 7, 2004. These letters are listed in the October 18, 2004 Board packet under item 19, Letters Received.

Author	Addressee	Date	Topic
R. Gregg Albright	David A. Berger	9/9/04	Highway 1 Median Landscaping Project – Monterey Area
Maia Carroll	David A. Berger	9/13/04	Broadcast MPWMD Board Meetings on Monterey County Channel 25
Curtis Weeks	Alvin Edwards	9/15/04	Memorandum of Cooperation Regarding Regional Water Development Plans
Anthony L. Lombardo	David A. Berger	9/16/04	Toilet Retrofit and Water Credit <i>Response letter dated 10/5/04 is attached.</i>
David Dilworth	MPWMD Board	9/20/04	Cities Must Pay for Expensive Monterey Peninsula Water
Steven Leonard	David A. Berger	9/28/04	Coastal Water Project

DEPARTMENT OF TRANSPORTATION

50 HIGUERA STREET
SAN LUIS OBISPO, CA 93401-5415
PHONE (805) 549-3101
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<http://www.dot.ca.gov/dist05/>



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September 9, 2004

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SEP 13 2004

MPWMD

David A. Berger, General Manager
Monterey Peninsula Water Management District
5 Harris Court, Building G
P.O. Box 85
Monterey, CA 93942-0085

Dear Mr. Berger:

HIGHWAY 1 MEDIAN LANDSCAPING PROJECT – MONTEREY AREA

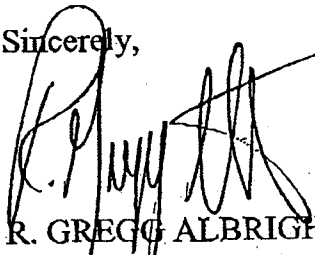
This is in response to your August 3, 2004 letter relating your community's concerns about water use for the new median landscaping on Highway 1 near Monterey.

As you have requested, the planting phase of this contract will be delayed until after October 1, 2004. The Department of Transportation (Department) is supportive of the needs of communities and wants to be in accord with the circumstance faced by the citizens. The contractor on this project is directed to proceed with the installation of irrigation pipes and equipment, however, the plants will not be placed in the ground until the new water year.

Landscape installation is required by the local agencies as a condition of the coastal development permit issued for the recently completed median barrier project. We expect that watering will be required to establish the plants, followed by a tapering-off of water to a point where no further water will be required.

Thank you for sharing your community's concerns about water use during the planting phase of this project. The Department would appreciate the opportunity to share information about this project by participating in any of your public education venues you deem appropriate. Should you have further comments or need other information, please contact Doug Hessing, Project Manager, at 805-549-3788.

Sincerely,



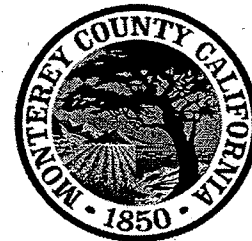
R. GREGG ALBRIGHT
District Director

MONTEREY COUNTY

INFORMATION TECHNOLOGY-TELECOMMUNICATIONS

1590 Moffett Street
Salinas, CA 93906

(831) 759-6900
(831) 759-6910 fax



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SEP 17 2004

MPWMD

September 13, 2004

David A. Berger
General Manager
Monterey Peninsula Water Management District
PO Box 85
Monterey, CA 93942

Dear David,

Thank you for taking the time to speak with me about your concerns over broadcast of the Water Management District meetings, and the limited scope of broadcast allowed by your agreement with Access Monterey Peninsula now that the Monterey County Government Channel is operating.

The creation of a government channel to serve Monterey County residents has been sought after for many years. Our first and primary objective for the channel is to air the meetings of the Board of Supervisors, which is now underway. That accomplished I can begin to add programming of interest to County residents.

We are preparing policies and procedures for accepting meetings for broadcast from agencies and governments which are outside the scope of Monterey County government itself but that provide important information for residents in various areas on a variety of issues. When implemented, these policies will allow a place in our programming for these meetings and criteria for their acceptance. Such policies will be particularly helpful to entities such as your district, which feel outreach on issues is important but to not want to manage or program a government access channel.

While those policies are not in place, I would be happy to continue to air your meetings on a month-to-month basis. At the time I am writing this letter, I do not have a specific time designated for your meetings. I will notify you of that time as it is created.

Sincerely,

Maia Carroll
Communications Coordinator
Monterey County
(831) 796-3092

MONTEREY COUNTY RECEIVED



5

WATER RESOURCES AGENCY

SEP 20 2004

MPWMD

PO BOX 930
SALINAS, CA 93902
(831) 755-4860
FAX (831) 424-7935

CURTIS V. WEEKS
GENERAL MANAGER

STREET ADDRESS
893 BLANCO CIRCLE
SALINAS, CA 93901-4455

September 15, 2004

Alvin Edwards, Chairman
Monterey Peninsula Water Management District
P. O. Box 85
Monterey CA 93940

Dear Chairman Edwards:

Thank you for Mr. David Laredo's letter asking that the County of Monterey work with Water Management District Staff on a proposed Memorandum of Cooperation regarding regional water development plans. We agree that regional approaches to resource planning make the most sense.

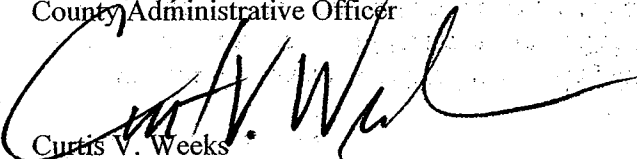
You are aware that there are existing memoranda of understanding between the three agencies with state charters to conduct water resources planning in Monterey County, the Monterey County Water Resources Agency with a countywide charter for all aspects of water resources planning and management, your Agency with certain responsibilities within its Monterey Peninsula jurisdiction, and the Pajaro Valley Water Management Agency with certain responsibilities in the Pajaro River watershed in Monterey County.

Monterey County staff believe that those existing memoranda are the appropriate vehicle for discussion of any regional collaboration on water resources planning. The current discussions of new water supplies for coastal Monterey County from the Peninsula to the Pajaro Valley show clearly the need for regional discussion of possible solutions. My suggestion is that we ask the three water agency General Managers to convene to develop some discussion points for consideration by our respective Boards within 45 to 60 days.

Please let me know if you concur with this approach.

Sincerely,


Sally R. Reed
County Administrative Officer


Curtis V. Weeks
General Manager, Monterey County Water Resources Agency

**CC: Supervisor Fernando Armenta, District 1
Supervisor Lou Calcagno, District 2
Supervisor Butch Lindley, District 3
Supervisor Edith Johnsen, District 4
Supervisor Dave Potter, District 5
Richard Morgantini, Chair MCWRA Board of Directors
Steve Collins, Vice-Chair, MCWRA Board of Directors
Paul Martin, MCWRA Board of Directors
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Leo Poppoff, MCWRA Board of Directors
Warren Church, MCWRA Board of Directors
Richard Ortiz, MCWRA Board of Directors
Roy Alsop, MCWRA Board of Directors
Mary Mecartney, MCWRA Board of Directors**

Anthony L. Lombardo
Jeffery R. Gilles
Derinda L. Messenger
James W. Sullivan
Jacqueline M. Zischke
Steven D. Penrose*
E. Soren Diaz
Sheri L. Damon
Virginia A. Hines
Patrick S.M. Casey
Paul W. Moncrief
Anthony W.E. Cresap
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Miriam Schakat

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225 Sixth Street
Hollister, CA 95023
831-630-9444

File No. 140.020

September 16, 2004

RECEIVED

SEP 17 2004

MPWMD

David Berger, General Manager
Monterey Peninsula Water Management District
P.O. Box 85
Monterey, CA 93942

Re: **Toilet Retrofit and Water Credit**

Dear Mr. Berger:

As we discussed previously, the District staff is unwilling make a determination on the credit for half-gallon per flush toilet retrofit without hiring an outside consulting firm. Our client, Dan Keig, owns a service station and art gallery in the Carmel Highlands. He has applied to enclose an existing patio at the art gallery and intends to retrofit the toilets at the service station and the gallery with new toilets with ultra flow, half gallon per flush toilets in the gallery. Historically, the staff has been able to make determinations regarding retrofit toilets without the aid of an outside consultant.

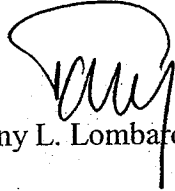
Staff is apparently claiming the toilet is "new technology" with which they have don't have any experience. The toilet proposed for the art gallery is one which your District has and continues to promote for retrofit use and which is in use throughout the District.

For a simple toilet retrofit and water credit, it seems unnecessary to employ the services of an outside consultant, thereby incurring unnecessary costs and an unnecessary time delay for the project. Especially since this technology is well proven within the District.

I would appreciate you assistance in having this application processed as soon as possible.

Sincerely,

Lombardo & Gilles, PC



Anthony L. Lombardo, Esq.

ALL:jld
cc: Dan Keig



MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

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October 5, 2004

Mr. Anthony L. Lombardo, Esq.
Lombardo & Giles
318 Cayuga Street
P.O. Box 2119
Salinas, CA 93902-2119

Attn: Ms. Miriam Schakat

Dear Mr. Lombardo:

This will serve to acknowledge receipt of your September 16, 2004 letter regarding ultra, low-flow toilets that your client, Dan Keig, proposes to install as part of the remodel of his Carmel Highlands gas station and art gallery. Please forgive my tardy reply. Although I don't recall it, you may have mentioned this client's concern during our September 14 meeting in my office regarding the Sunrise Assisted Living project. I'm not familiar with the facts related to the Keig remodel project and water permit application. Thus, in order to provide you a definitive response to the concern raised in your letter, I've asked Water Demand Manager, Stephanie Pintar to provide me with the facts related to this application and to comment on your concern. You can expect to hear back from me within ten days.

I appreciate your bringing this matter to my attention. And, thanks for your patience.

Sincerely,

A handwritten signature in black ink, appearing to read "D.A. Berger".

David A. Berger
General Manager

cc: Stephanie Pintar, Water Demand Manger

HOPE - Helping Our Peninsula's Environment

Box 1495, Carmel, CA 93921
831/ 624-6500

Info@1hope.org
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 Forest Ecology

Water District Directors

Monday, September 20, 2004

Cities Must Pay For Expensive Monterey Peninsula Water

Good Evening Directors,

HOPE is concerned that Peninsula cities and the County are making a mad rush for water. They are making up the most outrageously overinflated population projections to justify an excessively gigantic and expensive new water project.

There are two things seriously wrong with this.

- Desalination is the most expensive kind of water.
Who is going to pay for this?
- All Monterey Peninsula city populations are going down - not up!
According to the 2000 U.S. Census. And every time we get to vote on growth -- we solidly vote it down.

Who is going to pay for this excess water?

- Residential water users shouldn't pay for anything in excess of today's water use.
- It is reasonable for the public to pay for a water project to legalize the water we are using now.
- It is not reasonable for the public to pay for all water project that would cause huge growth, when the public doesn't want more growth.
- **The only way to provide accountability is to make cities pay for making up these outrageously high numbers that will force the construction of a massively oversized and violently expensive desalination plant.**

HOPE respectfully requests that this Board resolve that the cities and Monterey County will be paying for their proportional share of the excess and very expensive water that they are demanding - in excess of the water that we need to legalize the water we are using now. The more they want, the more it will cost them.

With all due respect,


David Dilworth, Executive Director

Founded in 1998, and known for helping with hundreds of environmental and democracy successes, H.O.P.E. is a non-profit, tax deductible, public interest group protecting our Monterey Peninsula's natural land, air, and water ecosystems and public participation in government, using science, law, education, news alerts and advocacy.



September 28, 2004

David Berger
 General Manager
 Monterey Peninsula Water Management District
 5 Harris Ct.
 Monterey, CA 93940

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SEP 29 2004

MPWMD

Dear Mr. Berger,

Thank you for the opportunity to provide information for your review of water supply projects. California American Water remains dedicated to meeting the high quality water supply needs of its customers of the Monterey Peninsula at the lowest possible cost and in a manner acceptable to the community.

Toward that end, I have had an opportunity to review the other submissions that were made to the District's survey document and have some observations that I would like to share with you. Like the District, California American Water wants to ensure that all alternatives are investigated thoroughly.

California American Water has spent the last 18 months evaluating and refining the "Plan B" report prepared by the California Public Utilities Commission and culminating in the Coastal Water Project sponsored by CAW. CAW has hired the best consultants in the industry to advise it on the financial and technical feasibility of a wide range of approaches, technologies, and sites. In doing so, we have looked at everything, including aspects of what has been proposed by the sponsors of the "North Monterey County Desalination Project" (NMCDP) and many other possibilities along the way.

While we will always remain open to good ideas, we have rejected the ideas that are included in the not now part of the Coastal Water Project for technical, environmental, or cost reasons. I would like to share those aspects that are relevant now as you review the response to your questionnaire by the sponsors of the NMCDP. Attached is a table of notes that are in the same format as the Survey Matrix itself so that you will be able to track my comments in parallel with your review of the matrix as prepared by District staff.

In summary, I offer the following overview specifically with respect to the NMCDP submission:

- The NMCDP proposal is for a classic "merchant plant" with no defined need but rather it is a developer-sponsored project to sell water to whomever buys. This is precisely the type of project that has been so controversial in Southern California and elsewhere.



- National Refractories site to a level to meet local, state, and federal regulatory requirements. County policy has been publicly expressed that the entire site must be cleaned up before any individual area can be developed--no piecemeal restoration.
- The NPDES permit for the pipeline at the National Refractories site will need to be applied for and successfully reissued for a change in use. The material is silent on the feasibility, time required, and cost associated with this requirement.
- The timing and schedule are very unlikely. The JPAs have not been started, much less has any legal agreement been established. The Refractories clean up is not accomplished. CEQA, NEPA, the Coastal Development permit (which cannot commence until CEQA is satisfied), and other regulatory approvals needed are not started. The only way the proposed schedule can be met is through shortcircuiting the requirements of CEQA and NEPA--and then litigation would likely result. The growth inducing aspects of the NMCDP are themselves likely to be highly controversial and lead to protracted litigation.
- The risks to the Monterey Peninsula if project starts and fails are astronomic. What assurance or remedy to the Monterey Peninsula does the sponsor offer for non-performance?
- In short, this is a highly complex and vital challenge for the future of the Peninsula. It is serious business that needs serious commitment and resources to accomplish. Performance will require hard analysis and financial commitment, not mere promises.

Thank you for the opportunity to participate in your very important process to evaluate the full range of water supply alternatives.

Sincerely,

Steven Leonard
VP/Manager
Coastal Division

A handwritten signature in black ink, appearing to read "S. Leonard", written over the typed name and title.

Attachment

Cc. Directors Monterey Peninsula Water Management District

Issues Raised by the "North Monterey County Desalination Project" Submission to the MPWMD Questionnaire

Topic re: North Monterey County Desalination Project	Discussion
Project Feasibility	<ul style="list-style-type: none"> • This proposal is for a classic "merchant plant" with no defined need but rather a developer-sponsored project to sell water to whomever buys. This is precisely the type of project that has been so controversial in Southern California and elsewhere. • The P/SM submission is for a different project than the Coastal Water Project. Different scope, scale, service, and therefore different cost. • The material is silent on the issues and requirements associated with restoring the National Refractories site to a level to meet local, state, and federal regulatory requirements. County policy has been publicly expressed that the entire site must be cleaned up before any individual area can be developed--no piecemeal restoration. • The NPDES permit for the pipeline at the National Refractories site will need to be reissued for a change in use. The material is silent on the feasibility, time required, and cost associated with this requirement. • Timing and schedule very unlikely, JPAs not started, clean up not accomplished, CEQA, NEPA, the Coastal Development permit and the required 12-month impingement & entrainment studies are not started. • Risks to MP if project starts and fails; what assurance or remedy to MP for non-performance?
Project Description	<ul style="list-style-type: none"> • NPDES permit for the site would not apply for intake/outfall. New permit required. • The material suggests that a 30 acre solar electric project is possible for the project. Financial and technical feasibility is not discussed. Solar electricity is 300% more expensive than electricity from the MLPP, driving up the cost of water. • Water storage proposal is unrealistic, expensive, and not likely to be acceptable from either environmental or social justice perspectives.
Pilot Project	<ul style="list-style-type: none"> • Material proposes a 6-12 month pilot project which

	would neither meet State Health requirements nor provide enough data to properly design the filtration system (the reason why troubles have occurred at other desal plants).
Project Yield Comply with 95-10? Future Non-MP Needs	<ul style="list-style-type: none"> • Material implies that the sponsors could meet the requirements of 95-10 but have no legal or other basis for such a claim. • Provides no water to keep the Seaside aquifer a healthy water source. • Growth inducing effects of the suggested size could add 100,000 residents to the County.
Project Cost Capital Amortised	<ul style="list-style-type: none"> • Material is incomplete but appears to include water for only P/SM direct and implied service area. Adding facilities to get the water to MP would add millions of dollars and would add time and expense to the development. • Project cost information is not based on local analysis but rather other locations with different site and environmental requirements. • Implies that financing could be obtained at public tax exempt financing rates, but not likely or feasible for this project. Taxable financing rates at same levels as CAW and MPWMD rates only real choice. • Amortized cost would be higher to reflect higher financing costs.
O&M per year	<ul style="list-style-type: none"> • Suggests that "solar can help". Solar would like increase O&M costs by 40% compared to MLPP. • \$.05-.06/kwh unlikely at all, impossible with solar.
Total Annual Cost	<ul style="list-style-type: none"> • Not complete, but does not include sufficient allowance for management costs, higher financing costs, risk premium for the financial position of the sponsor, etc.
COST TO PENINSULA	<ul style="list-style-type: none"> • At \$1,200-1,240 AF, it appears that the cost of water in the North County in the P/SM project is higher even though it does not include the capital and O&M costs to get the water to the Peninsula.
Impact to Cal-Am Bill	<ul style="list-style-type: none"> • Due to higher capital costs, use of solar energy, comparable financing costs, higher O&M costs, impact to Cal-Am bill will be greater than CWP.

Financing Assumptions	<ul style="list-style-type: none"> • Material assumes tax-exempt financing which is not possible or not likely for this proposition. • Suggests that a public vote would not be required for a project to add 100,000 new residents to Monterey County.
Grants	<ul style="list-style-type: none"> • Suggests that State grant funds could be available for this project which is not likely to be ready for State funds before the funds are spent on other projects.
Timeline	<ul style="list-style-type: none"> • CEQA timeline unrealistic given the status of the project. • NMCDP has not even started the brine studies and the entrainment and impingement studies that will require at least 12 months to meet regulatory requirements. • Coastal Development Permit process has not been started and cannot start until the CEQA requirements have been satisfied (including any associated litigation). NMCDP submission schedule does not show compliance with any of these requirements. • Suggests no NEPA EIS requirement which is highly unlikely.
Certify FEIR	<ul style="list-style-type: none"> • Suggests Sep 05, which is highly unlikely even if no legal challenges for a 30,000 AFY project.
Secure Financing	<ul style="list-style-type: none"> • Material does not address the difficulties for a small district to finance a project several times larger than any in its history; risk premiums, JPA financing issues, possible "junk bond" financial status for overall project. Financial feasibility uncertain, impact on construction cost and O&M will push up delivered water cost. • Unclear how the project would qualify for construction financing.
Secure ROW	<ul style="list-style-type: none"> • No route provided to get the water to MP. Timing, cost, and environmental impact questions unanswered.
Start construction	<ul style="list-style-type: none"> • Unrealistic schedule unless CEQA/NEPA shortcircuited and lawsuits avoided. This will

	jeopardize financing.
Commence water delivery	<ul style="list-style-type: none"> • Schedule unrealistic. • Mechanism to deliver water, pricing, and legal basis not described.
Total time to water delivery	<ul style="list-style-type: none"> • P/SM schedule suggested is not possible: <ul style="list-style-type: none"> -- National Refractories site clean-up -- JPA negotiations and formal agreements -- new NPDES permit required -- power plant (solar or otherwise) permitting and construction -- non-conventional financing -- CEQA/NEPA compliance -- litigation risk
EIS needed?	<ul style="list-style-type: none"> • Seems unavoidable for the number of ways this project connects to issues of national concern.
Other issues	<ul style="list-style-type: none"> • This project would produce zero property taxes for local government. • Management structure and governance not addressed. Would P/SM Board govern water deliveries and pricing to the MP? • Cost, timing, and method of finance of development-related costs not addressed. Who will pay, P/SM, private developers, etc.? What happens if they don't pay? • Project completion risk is high. Financial institutions and contractors will add premiums to cost in order to cover this risk.