EXHIBIT 6-B

PEBBLE BEACH COMMUNITY SERVICES DISTRICT
January 26, 2006

To: MPWMD Board of Directors

From: Michael Niccum, PBCSD District Engineer MMN

Subject: **Forest Lake Reservoir Project**

Pebble Beach Community Services District entered into an agreement on March 16, 2005 with Anderson Pacific Engineering Construction (Anderson Pacific) for construction of the Forest Lake Reservoir Components of the Expanded CAWD/PBCSD Wastewater Reclamation Project. The scope of the project is described in the attached project information sheet and site plan prepared for local residents. Two additional charts summarize annual recycled water use by the Reclamation Project and the positive effect recycled water use has contributed to the community in satisfying the requirements of State Water Resources Control Board Order 95-10.

Representatives of the California Department of Water Resources, Division of Safety of Dams (DSOD) inspected the project construction activities on numerous occasions and will issue an operating permit to the District prior to allowing the reservoir to be filled with recycled water.

The completion date for the reservoir improvements, when the reservoir can be filled with recycled water, has been revised to January 30, 2006 due to the late arrival of gates for the outlet structure. Substantial completion of the entire project has been revised to the end of March 2006.

Eight change orders totaling $469,476 have been executed by the General Manager increasing the sum of the construction contract for the Forest Lake Reservoir Project to $11,405,476, which represents an increase of 4.3 % over the original contract sum of $10,936,000. The construction and operations agreement designated a 5 % contingency or $546,800 for construction of the Forest Lake project. Anderson Pacific has earned $9,689,747 or 85 % of the revised construction contract amount of $11,405,476. E2 Consulting Engineers has earned $761,246 or 78 % of the budget of $978,420 for construction management services.

Reviewed: General Manager: RA Date: 1/13/06

Attachments: Project Description, Site Plan, Water Use Charts (2)

C: PBCSD Board of Directors

PEBBLE BEACH COMMUNITY SERVICES DISTRICT

Forest Lake Component of

Expanded CAWD/PBCSD Wastewater Reclamation Project

Project Cost: $ 12,500,000

Owner: Pebble Beach Community Services District

Contractor: Anderson Pacific Engineering Construction, Inc.

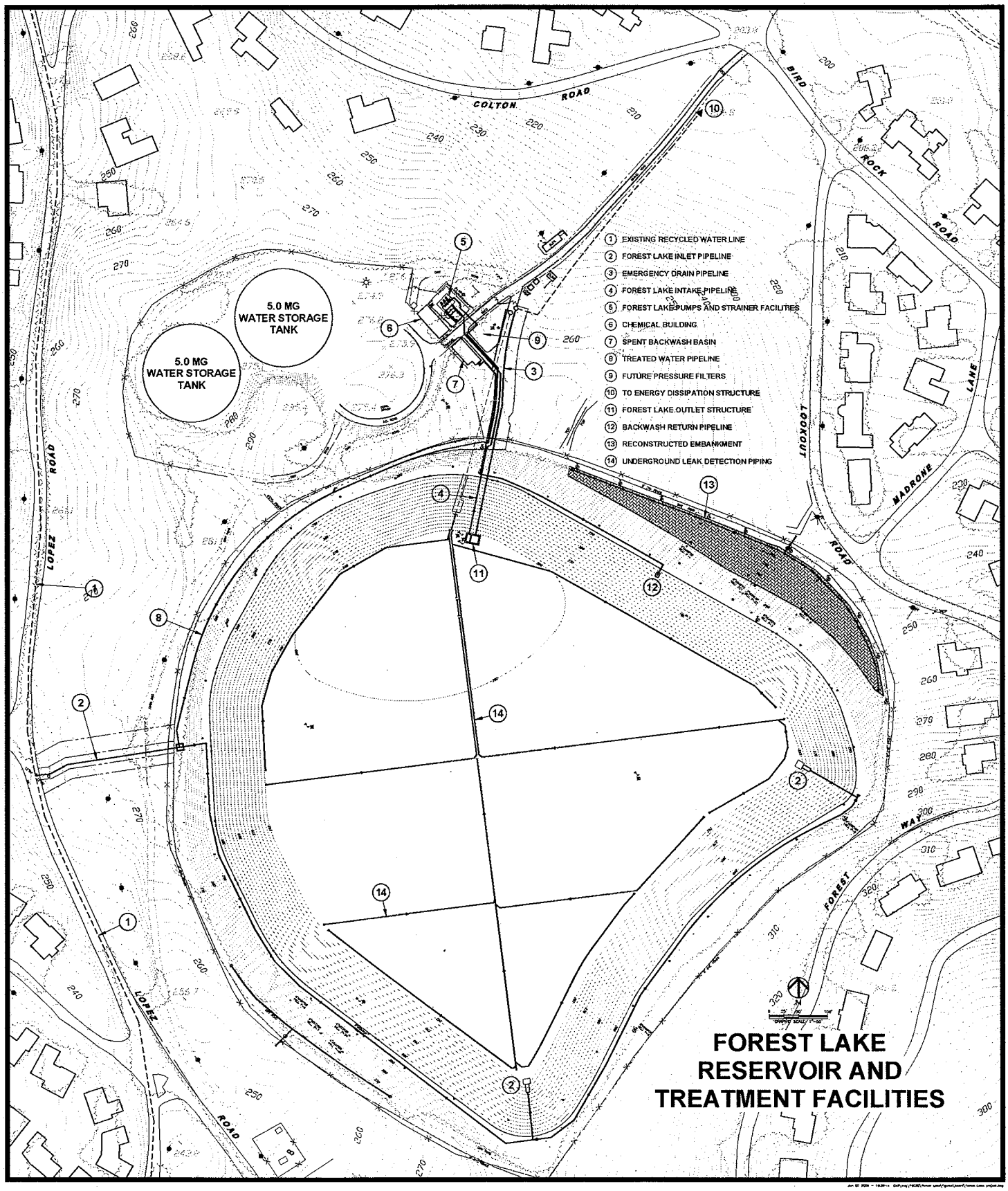
Engineer: E2 Consulting Engineers, Inc.

Financing Entity: Pebble Beach Company

The project rehabilitates Forest Lake Reservoir for storage of recycled water to irrigate golf courses and athletic fields in Pebble Beach / Del Monte Forest. The scope of the project includes:

1. Install a liner and leak detection system on the interior reservoir surface.
2. Reconstruct a section of the exterior slope of the north embankment near Lookout Road
3. Construct a new concrete intake/outlet structure and install new pipelines for connection between the new reservoir, algae removal treatment facility and the existing distribution system and overflow line.
4. Construct a new treatment facility including microstrainers to remove algae, pumps with a capacity to deliver 4.5 million gallons per day to the distribution system, instrumentation controls integrated with the existing automated control system and chemical process equipment for adjusting pH levels and disinfection of recycled water prior to entering distribution system.
5. Extend the existing outlet of the overflow line 200 feet and construct an energy dissipation structure at Sawmill Gulch Creek below Colton Road.

For more information, please contact PBCSD at (831) 647-5604 or www.pbcsd.org After Hours (831) 373-1274 ext.260



FOREST LAKE RESERVOIR AND TREATMENT FACILITIES

Annual Water Usage

Carmel River Basin / Reclamation Project

The State Water Resources Control Board Order 95-10 required California American Water (Cal-Am) to reduce the amount of surface water diverted and groundwater pumped from the Carmel River basin. Cal-Am historically supplied an average of 14,106 AF (acre-foot or 326,000 gallons) of water per year from the Carmel River, when Del Monte Forest golf courses used potable water. Order 95-10 required Cal-Am to reduce that amount by 15% in 1995-96 to 11,990 AF and by 20% to 11,285 AF in subsequent years. Cal-Am met the water limit every water year except 1997. Notwithstanding the water limit would have been exceeded every year except 1998 and 1999 without the Reclamation Project. The following chart summarizes the quantity of water supplied from the Carmel River and the CAWD/PBCSD Wastewater Reclamation Project annually for the past ten water years.

Water Year	Carmel River Basin	Order 95-10 Difference	Reclaimed Water	Order 95-10 Difference W/O Project
1995-96	11,701 AF	289 AF	552 AF	**<263 AF>**
1996-97	12,847 AF	**<1,562 AF>**	782 AF	**<2,344 AF>**
1997-98	10,154 AF	1,131 AF	590 AF	541 AF
1998-99	10,384 AF	901 AF	667 AF	234 AF
1999-00	11,179 AF	106 AF	769 AF	**<663 AF>**
2000-01	10,721 AF	564 AF	600 AF	**< 36 AF>**
2001-02	10,759 AF	526 AF	734 AF	**<208 AF>**
2002-03	11,130 AF	155 AF	721 AF	**<566 AF>**
2003-04	11,094 AF	191 AF	791 AF	**<600 AF>**
2004-05	10,675 AF	610 AF	674 AF	**< 64 AF>**

Source: MPWMD/PBCSD 11/29/05

CAWD/PBCSD WASTEWATER RECLAMATION PROJECT

SUMMARY OF WATER YEAR USAGE

Water Year	Total	Reclaimed	Potable	% Reclaimed
Project Design	850 AF	800 AF	50 AF	94 %
1994-1995	792 AF	615 AF	177 AF	78 %
1995-1996	936 AF	552 AF	384 AF	59 %
1996-1997	1,109 AF	782 AF	327 AF	71 %
1997-1998	701 AF	590 AF	111 AF	84 %
1998-1999	902 AF	667 AF	235 AF	74 %
1999-2000	1,068 AF	769 AF	299 AF	72 %
2000-2001	972 AF	600 AF	372 AF	62 %
2001-2002	1,037 AF	734 AF	303 AF	71 %
2002-2003	1,030 AF	721 AF	309 AF	70 %
2003-2004	1,226 AF	791 AF	435 AF	65 %
2004-2005	881 AF	674 AF	207 AF	77 %
11-Year Average	**968 AF**	**681 AF**	**287 AF**	**70 %**

Notes:

1. **Hydrologic Water Year is measured from October 1st to September 30th.**
2. **1 acre-foot (AF) = 326,000 gallons**

Source: PBCSD 11/15/05