



**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 4/17/06 MPWMD BOARD PACKET

Attached are copies of letters received between March 9, 2006 to April 9, 2006. These letters are also listed in the April 17, 2006 Board packet under item 15, Letters Received.

Author	Addressee	Date	Topic
Steve Matarazzo	David A. Berger	3/16/06	Requested Grant Application Support <i>Attached is the 3/22/06 Response from David A. Berger</i>
Nicolas Papadakis	David A. Berger	3/23/06	Orthophotography Project of 2004
Nicolas Papadakis	David A. Berger	3/29/06	Request for Sponsorship of Tri-County Water Conference

1

March 16, 2006

BY FAX ONLY

RECEIVED

SUBJECT: Requested Grant Application Support

MAR 16 2006

Dave Berger:

MPWMD

Faxed herewith, are a series of letters related to the non-applicability of State Water Resources Control Board (SWRCB) Order 95-10 regarding the potential partnership between Cal-Am and the City of Sand City. Sand City and Cal-Am representatives also met with, and received a positive reception from the water rights division staff of the SWRCB in December, 2005.

Sand City received unanimous coastal commission approval for its desal plant in May, 2005. On balance, the Commission found the plant to be environmentally benign, meeting all of its 2004 design and locational criteria for water desalination. It also has some positive environmental impacts by allowing Cal-Am to reduce pumping in over-drafted aquifers while it develops other sources of water. It would also provide some interim drought-protection, reducing the possibility for fines imposed by the SWRCB. The EIR for the project has been fully certified and there has been no public opposition to the project. The project also has the written support of all our district-serving state legislators.

As you know, desalinated water is more expensive than groundwater sources, so the City is applying for a Prop. 50 grant to reduce the overall cost of the water. District staff's support of the grant application is being requested, and will be appreciated. City staff is available to meet and discuss this project prior to the grant application deadline of March 24, 2006. Thanks for your consideration.



Steve Matarazzo
City of Sand City

c: City Administrator
City Attorney



State Water Resources Control Board



Ajan C. Lloyd, Ph.D.
Agency Secretary

Executive Office
Tam M. Doduc, Board Chair
1001 I Street • Sacramento, California • 95814 • (916) 341-5615
P.O. Box 100 • Sacramento, California • 95812-0100
Fax (916) 341-5621 • www.waterboards.ca.gov

Arnold Schwarzenegger
Governor

In Reply Refer
to:334:KDM:262.0 (27-01)

JAN 31 2006

Steve Leonard
Vice President/Manager
California American Water Company
P.O. Box 951
Monterey, CA 93942-0951

CITY OF SAND CITY

FEB 03 2006

RECEIVED

Dear Mr. Leonard:

CALIFORNIA AMERICAN WATER COMPANY (CAL-AM) PROPOSED PURCHASE OF WATER PRODUCED BY THE SAND CITY DESALINATION FACILITY, COMPLIANCE WITH ORDER WR 95-10, FILE 262.0 (27-01)

The State Water Resources Control Board (State Water Board), Division of Water Rights (Division) has reviewed the proposed development of a 300 acre-feet (af) capacity desalination facility by the City of Sand City (Sand City) that will utilize a non-potable brackish water aquifer in the Seaside groundwater basin as the source water. The review focused on whether Cal-Am can utilize the water produced by Sand City without conflicting with condition 2 of Order WR 95-10.

Condition 2:

Cal-Am shall diligently implement one or more of the following actions to terminate its unlawful diversions from the Carmel River: (1) obtain appropriate permits for water being unlawfully diverted from the Carmel River, (2) obtain water from other sources of supply and make one-for-one reductions in unlawful diversions from the Carmel River, provided that water pumped from the Seaside aquifer shall be governed by condition 4 of this Order not this condition, and/or (3) contract with another agency having appropriate rights to divert and use water from the Carmel River.

Condition 4:

Cal-Am shall maximize production from the Seaside aquifer for the purpose of serving existing connections, honoring existing commitments (allocation), and to reduce diversions from the Carmel River to the greatest practicable extent. The long-term yield of the basin shall be maintained by using the practical rate of withdrawal method.

Steve Leonard

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JAN 31 2006

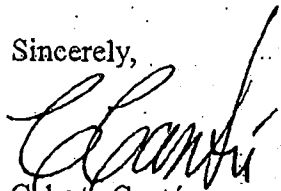
Based on condition 2, diversions from the Seaside aquifer are not subject to the requirement that they be used to offset illegal diversions from the Carmel River by Cal-Am. In accordance with condition 4, Cal-Am is cautioned that any new diversions from the Seaside aquifer should not create nor worsen any overdraft of the Seaside groundwater basin. As the purchaser of the water supply, Cal-Am is expected to comply with condition 4 of Order WR 95-10 regarding this new water supply.

The Division anticipates that the proposed new project will need to be operated in compliance with any Court order in the pending adjudication of the Seaside groundwater basin. Nothing in this correspondence should be construed as authorization for a project that otherwise would conflict with any findings in the adjudication.

Sand City's November 21, 2005 letter states that Cal-Am intends to purchase all of the 300 af and will then reduce pumping from the Carmel River by a like amount. As Sand City grows and utilizes the product water from the desalination facility, less water will be available to offset Carmel River diversions. Cal-Am must comply with Order WR 95-10, including the requirement to terminate its unlawful diversions from the Carmel River. Sand City's proposed project will not be counted toward offsetting illegal diversions because it only temporarily reduces Carmel River diversions and is not a permanent solution. Should a portion of this water supply be permanently dedicated to offsetting Carmel River diversions in the future, this opinion may be changed to reflect the new information.

Katherine Mrowka is the senior staff person assigned to this matter, and she can be contacted at (916) 341-5363.

Sincerely,



Celeste Cantú
Executive Director

cc: Mr. Kelly Morgan
City Administrator
City of Sand City
1 Sylvan Park
Sand City, CA 93955

4



California
American Water

December 12, 2005

Victoria A. Whitney, Chief
Division of Water Rights
State Water Resources Control Board
1001 I Street, 14th Floor
Sacramento, CA 95814

RECEIVED
DEC 19 2005
SAND CITY

COPY

Re: Addition of Water to California American Water Company System in Monterey

Dear Ms. Whitney:

The City of Sand City has obtained a Coastal Development Permit from the California Coastal Commission to construct and operate a desalination facility in Sand City. The facility will take and treat brackish water from the Seaside Basin complex, for ultimate use in Sand City.

It has been proposed that California American Water Company purchase all of the water produced by this facility. California American Water Company will use this supply and dedicate water, surplus to the needs of Sand City, to meeting California American Water Company's SWRCB Order 95-10 obligations. Sand City has concurred with this proposal on the condition that the water will be made available for use in the Sand City Redevelopment Area only, over the remaining life of the Redevelopment Plan (approximately 25 years).

We believe that proceeding as is outlined above, and as was further described in Sand City's November 21, 2005 letter to you, is fully consistent with Order 95-10, Condition No. 4. In light of past correspondence on this issue, we would appreciate it if you could confirm that the use of the water developed by the Sand City desalination facility, as has been proposed, will not require a "one-for-one" reduction of diversions from the Carmel River under Condition No. 2 of SWRCB Order 95-10.

Please do not hesitate to contact me if you have any questions or need additional information.

Very truly yours,

Steve Leonard
Vice President/Manager

Cc: Stuart L. Somach
Kelly Morgan
Chris Alario
James Helsinger

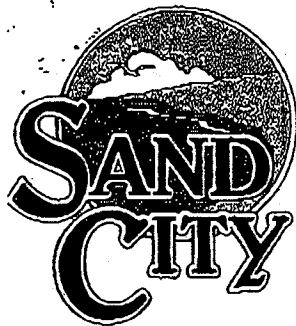
California American Water
Coastal Division

50 Ragsdale Dr., Suite 100
P.O. Box 951
Monterey, CA 93942-0951

T 831 646 3201
F 831 375 4367

I www.calamwater.com





November 21, 2005

Ms. Victoria Whitney
 California Water Resources Control Board
 Division of Water Rights
 P.O. Box 2000
 Sacramento, California 95812

Dear Ms. Whitney:

In preparation for our meeting on December 6th regarding Sand City's proposed new water supply and its relationship to SWRCB Order 95-10, the city wishes to offer the following facts for your consideration.

1. The project was approved last January for a 300 acre-foot per year desalination facility using a non-potable brackish water aquifer. The desalination plant would have an approximate 40 percent recovery rate, providing potable water to the consumer and a byproduct water to be beach well-injected at the same salinity as that of Monterey Bay, i.e., there would be no brine.
2. Based on this "benign by design" concept, the EIR for the project found no negative impacts and some positive impacts, including the likelihood to initially return significant amounts of water to the Carmel River Basin. Based on a "letter of intent" with Cal-Am, Cal-Am intends to purchase all of the 300 acre-feet and will then reduce pumping from the Carmel River by that amount on Day One operation of the plant. The resultant amount of Carmel River pumping would be incrementally increased over a long period of time, based on Sand City's redevelopment growth needs. It is estimated that Sand City would not need all of the 300 acre-feet for at least 15 years - time enough, conservatively, for Cal-Am to establish its planned regional plant at Moss Landing. Cal-Am currently estimates Moss Landing plant operation by 2009. (Please refer to the enclosed Resolution and Letter of Intent with Cal Am.)
3. The City has an approved coastal development permit (CDP) from the California Coastal Commission for this project. The CDP was approved in May, 2005, by unanimous acclamation. This is as praiseworthy as the Coastal Commission gets. The plant design and intent meet all of the design guidelines for desalination issued by the Commission in 2004. There has been no public opposition to the project and much support, including that of the Monterey Bay National Marine Sanctuary. In addition, all of our state legislators have offered written support for the project.

City Hall
 1 Sylvan Park,
 Sand City, CA
 93955

Administration
 (831) 394-3054

Planning
 (831) 394-6700

FAX
 (831) 394-4272

Police
 (831) 394-1451

FAX
 (831) 394-1038

Incorporated
 May 31, 1960

In closing, the City believes this proposal meets the intent of Board Order 95-10 because it helps restore water to the Carmel River Basin without adding any stress to potable water aquifers on the Monterey Peninsula. It would also allow Cal-Am to use the plant as a demonstration project, illustrating that it is capable of restoring habitat and providing desalinated water simultaneously.

Sincerely,

A handwritten signature in black ink that reads "Kelly Morgan". The signature is written in a cursive, flowing style.

Kelly Morgan, City Administrator
City of Sand City

Enclosures:

cc: Chris Alario

RECEIVED

CITY OF SAND CITY

MAR 21 2006

RESOLUTION SC 05-92, 2005

MPWMD

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAND CITY
AUTHORIZING LETTER OF INTENT ON BUSINESS
ARRANGEMENTS FOR THE SAND CITY WATER PROJECT**

WHEREAS, the Monterey Peninsula area has been suffering from water supply problems for more than two decades; and

WHEREAS, the Monterey Peninsula Water Management District has been working on a regional water supply project that has encountered many delays, and it is anticipated that a regional water supply project may be 10 years away before additional water is available for new construction; and

WHEREAS, the City of Sand City urgently needs a new reliable water supply system to meet the goals and objectives of its General Plan and to use the financing abilities of its redevelopment program to upgrade the City; and

WHEREAS, the City Council has determined to develop its own water supply project to meet the City's water needs; and

WHEREAS, Sand City has approved a desal water project that has a certified Environmental Impact Report (EIR) and has been approved by the California Coastal Commission; and

WHEREAS, Sand City has been working on financing and business arrangements to implement its water supply project; and

WHEREAS, Sand City Staff has negotiated a "letter of intent" (LOI) with the California American Water Company (CalAm) as a preliminary step in the arrangements for implementing this project; and

WHEREAS, the LOI includes the following basic assumptions:

- The Project is in the public interest and its specific benefits will include: (i) allowing CAW to take an interim step towards compliance with Order 95-10 by providing a new source of water to reduce the amount of water CAW takes from Carmel River, (ii) providing CAW taxpayers with assurance against potentially substantial fines for exceeding CAW's allocation on the Carmel River, (iii) providing the optimal, most cost effective approach to the development of the Desal Plant, and (iv) supply Sand City the additional water it requires to implement the Sand City Redevelopment Plan in a timely manner.

Sand City Resolution No. 05-92, (2005)

- This project and business arrangement may require additional permits, approvals, amendments or waivers from the State Water Resource Control Board (SWRCB), the California Public Utilities Commission (PUC), the California Department of Health Services, the Monterey Peninsula Water Management District (MPWMD), and the California Coastal Commission.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Sand City as follows:

1. The attached Letter of Intent is hereby approved and accepted
2. The Mayor is authorized and directed to sign the Letter of Intent on behalf of the City of Sand City
3. The City Staff is authorized and directed to continue working on additional business and financial agreements with American Water, California American Water Company, and its related affiliates for implementing the Sand City water project.

PASSED AND ADOPTED by the Sand City Council on this 15th day of November, 2005, by the following vote:

AYES: Council Members Blackwelder, Carbone, Hubler, Morris, Pendergrass

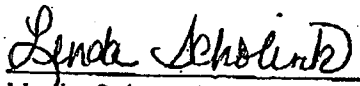
NOES: None

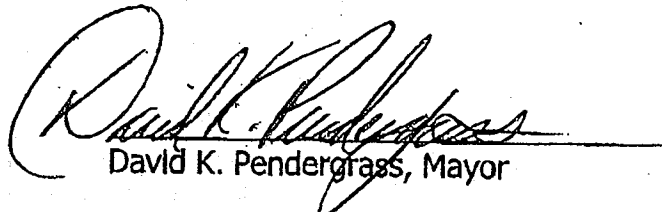
ABSENT: None

ABSTAIN: None

ATTEST:

APPROVED:


Linda Scholink, City Clerk


David K. Pendergrass, Mayor



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MAR 21 2006

MPWMD

November 8, 2005

Mr. Kelly Morgan
City Administrator
City of Sand City
1 Sylvan Park
Sand City, California 93955

Re: Letter of Intent; Sand City Brackish Water Desalination Plant

Dear Mr. Morgan:

On behalf of American Water Operations and Maintenance, Inc. ("AWO&M") and California American Water ("CAW") we are pleased to submit to the City of Sand City ("Sand City") this Letter of Intent ("LOI") regarding Sand City's proposed development of a brackish water desalination plant, and the distribution of additional water in the City of Sand City. The purpose of this LOI is to establish the principles for the parties to proceed with the contractual arrangements for development of the Desal Plant and for CAW to purchase the finished water produced by the Desal Plant ("Finished Water"), and distribute additional water supplies in Sand City, as needed for future development in Sand City.

Cosigning this LOI indicates that the parties are in agreement as to the current assumptions and respective anticipated roles and responsibilities of AWO&M, CAW and Sand City described herein and that the parties are ready and willing to begin the preparation and negotiation of definitive agreements that will govern the development of the Desal Plant, the purchase of the Finished Water by CAW and the distribution of additional water supplies by CAW in Sand City. However, nothing in this letter confers any legal rights or duties on AWO&M, CAW, or Sand City and we will have no binding obligations to one another unless and until the execution of a definitive contract among us.

Current Assumptions

This LOI and the parties' anticipated efforts to develop the Desal Plant and related water purchase arrangements ("Project") are presently based upon the following assumptions:

- The Project is in the public interest and specific benefits will include: (i) allowing CAW to take an interim step towards compliance with Order 95-10 by providing a new source of water to reduce the amount of water CAW takes from Carmel River; (ii) providing CAW ratepayers with assurance against potentially substantial fines for exceeding CAW's allocation on the Carmel River; (iii)

C.G. Alario, Ph.D.
American Water
Western Region
111 N. Sepulveda Blvd.
Suite 250-41
Manhattan Beach CA 90266
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E calario@amwater.com
I www.amwater.com

RWE GROUP

Letter of Intent
November 8, 2005
Page 2 of 5

10

providing the optimal, most cost-effective approach to the development of the Desal Plant; and (iv) supplying Sand City the additional water it requires to implement the Sand City Redevelopment Plan in a timely manner.

- The Project comprises three separate but interrelated tasks and thus will require the parties to negotiate and enter into three separate but interrelated definitive agreements. The first definitive agreement between AWO&M and Sand City ("**DB Agreement**") will govern the design and build-out ("**DB**") of the brackish water desalination facilities and associated intake, discharge, transmission and storage facilities ("**Desal Plant**"). The second definitive agreement will govern Sand City's sale and CAW's purchase of 300 acre feet per year of Finished Water ("**Water Purchase Agreement**"). The third definitive agreement will govern the contract operations and maintenance of the Desal Plant ("**O&M Agreement**").
- The State Water Resource Control Board ("**SWRCB**") will have to approve and implement a policy change to and/or an interpretation of CAW's SWRCB Order 95-10 that will allow the following: (i) the Finished Water to be distributed through CAW's Monterey Peninsula Water Distribution System; and (ii) CAW to establish a water balance plan ("**Water Balance Plan**") for the Finished Water that will dedicate an increasing portion of the Finished Water to Sand City to supply Sand City's existing and future water demands and to return on an annual basis a portion or all of the excess Finished Water not supplied to Sand City to the Carmel River.
- The California Public Utilities Commission ("**PUC**") will have to approve the definitive agreement governing CAW's purchase of the Finished Water. It is the intent of the parties that this PUC approval will not result in either the creation of a separate rate district for Sand City ratepayers or any rate changes that exclusively and adversely impact Sand City ratepayers.
- The Monterey Peninsula Water Management District ("**MPWMD**") will have to approve the addition of the Finished Water to CAW's existing water distribution system and the allocation of the Finished Water in accordance with the intent of this LOI.
- The California Department of Health Services ("**DHS**") will have to approve: (i) CAW's application to amend its permit to add the new source of supply created by the Desal Plant to the CAW System and (ii) Sand City's permit application to establish itself as a wholesale water supplier.
- The California Coastal Commission ("**CCC**") has approved the development of Desal Plant with a total production capacity of 300 AFA. Based on the Project as proposed herein, Sand City will not need to obtain any amendments to the

Letter of Intent
November 8, 2005
Page 3 of 5

- CCC approval, but may need approval of the operational arrangement contemplated by the DB Agreement from the Executive Director of the CCC.
- The respective Boards of Directors for AWO&M, CAW and any other affiliate company and the City Council of Sand City will have to approve the DB Agreement and the Water Purchase Agreement.
 - CAW and AWO&M will investigate the possibility of obtaining a guarantee by American Water Works of AWO&M's obligations under the DB and CAW's obligations under the Water Purchase Agreement.
 - CAW and AWO&M will investigate a financial structure that is acceptable to all parties to facilitate the construction and operation of the Desal Plant.

AWO&M Responsibilities

It is anticipated that AWO&M will be responsible for overall project management for all phases of the Project and that its specific scope of work is anticipated to include the design, procurement, permitting, construction, start-up, training and commission and acceptance testing for the Project. It is anticipated that AWO&M or an affiliate company will be the operator of the Desal Plant.

AWO&M will submit a DB proposal to Sand City that will include a detailed scope of work and price quote to develop and deliver to Sand City a fully constructed and permitted Desal Plant capable of supplying 300 AFA to the CAW System.

AWO&M will negotiate and enter into a DB Agreement with Sand City upon mutually agreeable terms. This Letter of Intent will be the basis upon which AWO&M and Sand City negotiate and finalize the DB Agreement.

CAW Responsibilities

CAW will be responsible for evaluating and determining the capital improvements that the CAW System will require in order to accept and distribute the Finished Water ("System Improvements") from the Desal Plant.

CAW will be responsible for overall project management for all System Improvements made to the CAW System and it is anticipated that its specific scope of work will include the design, procurement, permitting, construction, start-up, training and commissioning, and acceptance testing for all System Improvements.

Letter of Intent
November 8, 2005
Page 4 of 5

CAW will negotiate and enter into a Water Purchase Agreement with Sand City upon mutually agreeable terms, which will be designed in part to generate payments made by CAW that would provide revenues to satisfy the financial obligations of Sand City under debt instruments issued to finance the construction of the Desal Plant. CAW will prepare and file the PUC application for approval of the Water Purchase Agreement.

CAW will prepare and file the DHS application to amend its existing water supply permit in connection with the addition of a new source of supply to the CAW System created by the Desal Plant.

CAW will use its best efforts to obtain all necessary approvals for the Project from the SWRCB at the earliest possible date. CAW will also use its best efforts to obtain all necessary approvals from the PUC and the MPWMD.

Sand City Responsibilities

Sand City will be responsible for financing the construction of the Desal Plant and the System Improvements. Sand City will be the owner of the Desal Plant and the System Improvements.

Sand City will negotiate and enter into the DB Agreement with AWO&M and the Water Purchase Agreement with CAW, each upon mutually agreeable terms. Sand City will agree under the Water Purchase Agreement to sell sufficient Finished Water to CAW to generate payments from CAW in the amounts referred to above.

Joint Responsibilities

The parties agree to cooperate and use their best efforts jointly to obtain all third party approvals for the Project and related definitive agreements.

CAW and American Water Works, will cooperate with Sand City in the issuance of debt instruments, such as Private Activity Bonds, to enable Sand City to borrow funds sufficient to construct the Desal Plant, provided however, that the responsibility for borrowing such funds shall be Sand City's alone.

Confidentiality

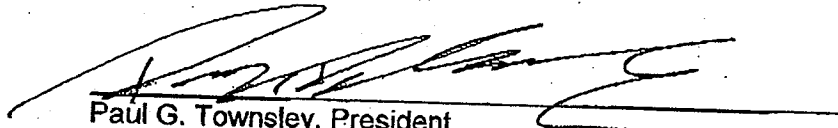
The parties acknowledge that the activities contemplated by this LOI may involve the exchange of proprietary and other information, the confidentiality of which is protected by law. Each party agrees not to disclose such information to any third party without the prior consent of the party who provided such information, unless required to do so by law.

Letter of Intent
November 8, 2005
Page 5 of 5

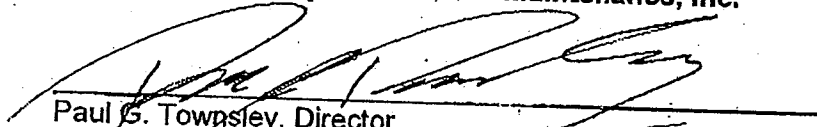
Please confirm your acceptance and agreement of the MOU presented herein by signing and returning one copy of this letter to signatories to this letter.

Sincerely,

California American Water

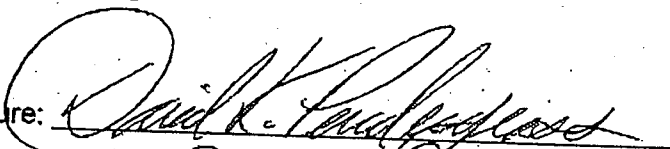

Paul G. Townsley, President

American Water Operations and Maintenance, Inc.


Paul G. Townsley, Director

Accepted by:

City of Sand City:

Signature: 

Name and Position: DAVID K. PENDERGRASS, MAYOR/CHAIRMAN

Date: November 17, 2005



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>

March 22, 2006

Mr. Steve Matarazzo
Community Development Director
City of Sand City
One Sylvan Park
Sand City, CA 93955

Dear Steve,

Last Wednesday you left me a voice message requesting that I consider sending you a letter supporting the City of Sand City's grant application under the Prop. 50 bond desalination program. In your message you offered to provide me with correspondence and other documents related to design, construction, financing and operation of the City's proposed 300 acre-foot capacity, brackish water desalination facility. Our General Counsel, Dave Laredo has reviewed these documents, and my response to your request is, in part, based on his advice to me.

As you are aware in early 2005 the Monterey County Water Resources Agency convened a working group of city managers and water/wastewater agency managers from the Monterey Peninsula, North County and Northern Salinas Valley areas to explore potential governance structures to coordinate water supply project planning and decision-making on a regional level. One of the guiding principals I and all of the other managers supported was that the strategy for solving the regional water supply/quality problem should encompass both near-term and long-term projects of different types and scales. The managers working group specifically discussed the City of Sand City's proposed desalination project as being consistent with that principal.

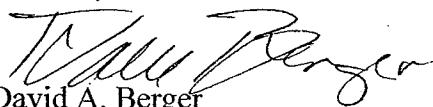
As to your request that the District endorse the City's grant application, in reviewing the November 8, 2005 Letter of Intent (LOI) with American Water Operations and Maintenance, Inc. it appears that the District is one of the governmental agencies from which a permit is needed. Specifically, the LOI states that the "Monterey Peninsula Water Management District (MPWMD) will have to approve the addition of the Finished Water to CAW's existing water distribution system and the allocation of the Finished Water in accordance with the intent of this LOI." The LOI also requires Cal-Am to use its "best efforts to obtain all necessary approvals from the PUC and the MPWMD." Based on his review of the LOI, Mr. Laredo concurs that the District's enabling law, and its Rules and Regulations, require amendment of the Cal-Am water distribution system permit to add the City's brackish water desalination project as both a Water

March 22, 2006
Mr. Steve Matarazzo
Page 2

Gathering Facility and Source of Supply to the Cal-Am system. Thus, it is clear that Water Management District discretionary approval is needed before Cal-Am can incorporate the City's brackish water desalination facility, and the Finished Water it will produce, into its existing distribution system. For ethical reasons it would be premature for me, as chief executive of the District, to endorse the grant application on a project for which Cal-Am and its affiliates have committed to seek required District permission to add as a water facility and new water source.

We look forward to continuing to inform and assist City staff in their reievew of District permitting requirments.

Sincerely,


David A. Berger
General Manager

cc: MPWMD Chair/Directors
Steve Leonard
Henrietta Stern



ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

March 23, 2006

APR 3 2006

Mr. David A. Berger
General Manager
MPWMD
P.O. Box 85
Monterey, CA 93942

Dear David,

This is in regard to the unpaid balance by the Monterey Peninsula Water Management Agency for the orthophotography project of 2004.

As of last fall, all products delivered by the consultant were accepted by our local committee of experts that we had formed to review all deliverables. We essentially completed the project and negotiated a partial payment of the balance due to the consultant. This was something that you had encouraged us to do, due to the consultant's delays and revisions of the deliverables. Thank you.

Nevertheless, the final products have been widely used by the participating agencies, all of which, with the exception of MPWMA, have paid their full share.

Therefore, given the fact that we were successful at reducing the total cost by \$26,917, I would like to request that the MPWMA reimburse us for the remaining balance of \$8,745 (\$35,662 owed, minus \$26,917 credit from the consultant).

This way we can close the books of this project without any outstanding balance. It would also position our two agencies towards future collaborative endeavors.

Thanks for your understanding.

Sincerely,

A handwritten signature in black ink, appearing to read 'Nicolas Papadakis', is written over a light-colored background. The signature is fluid and cursive, with a prominent initial 'N' and a long, sweeping tail.

Nicolas Papadakis
Executive Director



ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

MAR 31 2006

29 March 2006

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

Dear Mr. Berger, *part 2*

As a valued sponsor of the Association of Monterey Bay Area Governments Tri-County Water Conferences, we would like to offer you the opportunity to be a Sponsor for our 3rd Annual Conference, to be held on May 18, 2006 at The Monterey Beach Resort.

We are very pleased to be holding the conference again in 2006. This is the only regional public water forum benefiting the Monterey, San Benito, and Santa Cruz Counties region and has become a success due to the cooperation of local water professionals, and particularly agencies like yours, to sponsor it. Therefore I am requesting that you consider being a financial participant (\$500-\$1000) to the conference.

Entitled "Closing The Gap of Water and Growth", the purpose of the conference is to provide information from water experts about the current economic, environmental and security issues surrounding water, feasible solutions, and lessons found outside the region.

In order to commence the appropriate publicity in a timely manner, we would appreciate your response to this offer by April 24, 2006.

Please call me at 883-3750 if you need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Nicolas Papadakis', written over a horizontal line.

Nicolas Papadakis
Executive Director

CC. Andy Bell