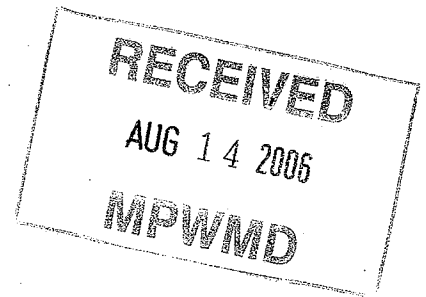


EXHIBIT 11-G



August 14, 2006

Mayor:
DAN ALBERT

Councilmembers:
CHUCK DELLA SALA
LIBBY DOWNEY
JEFF HAFERMAN
CLYDE ROBERSON

City Manager:
FRED MEURER

Ms. Michelle Knight, Chair
Monterey Peninsula Water Management District Board of Directors
Monterey Peninsula Water Management District
P.O. Box 85
Monterey, CA 93940

Subject: Changes to Ordinance No. 125 and Rule 28

Dear Ms. Knight:

On August 10, 2006, the Water Demand Committee held a meeting at which one of the action items was a discussion on possible edits to Ordinance 125; specifically, possible language modifications to Rule 28 to address concerns raised by the District's legal counsel. Three language revision options were submitted by District staff to the Committee for review. After a lengthy discussion, the Committee voted to adopt Option #3, with the exception that condition #5 be amended to drop the last sentence regarding the transferring of (water) credits from "any Public Authority Use". The reason this sentence was dropped was to allow the full Board the opportunity to evaluate the option of allowing jurisdictions to transfer water credits accumulated through various actions, including retrofits, to the jurisdiction's allocation or to other jurisdiction owned sites.

The City of Monterey wishes to reiterate our position that the District allow jurisdictional water credits to be transferred to the jurisdictional allocation or to other publicly owned properties located within the jurisdictional boundaries. If District rules and regulations do not allow jurisdictions to transfer water credits resulting from retrofits or other water saving actions, it will eliminate or seriously endanger the incentives to proceed with these efforts. The City of Monterey has spent considerable time, effort and funds to reduce water consumption within its various facilities, with the expectation that this water would be available for allocation to either those projects on our water waiting lists, new affordable housing, expanded public facilities, or other projects that have a direct public benefit. This position is in line with the legal opinion as detailed in the memo from David Laredo dated February 11, 2005.

It is the City's opinion that the proposed modifications to the wording of Rule 28 are not simply for clarification and ease of understanding by the public, as described by District staff, but are in fact significant changes to the Rule which will have the effect of discouraging retrofits. Accordingly, the City believes that the District should prepare of an EIR to evaluate the potential negative impacts associated with the disincentives for water conservation created under the proposed language modifications.

Thank you for your attention to this matter. Please contact me at 646-3760 if you have any questions or require additional information.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Dan Albert".

Dan Albert
Mayor

c: City Council
Community Development Director
Director of Plans, Engineering and Environmental Compliance
Dave Berger, MPWMD