



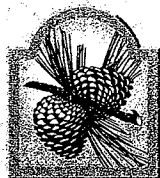
**MONTEREY PENINSULA  
WATER MANAGEMENT DISTRICT**

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 02/22/07 MPWMD BOARD PACKET

Attached are copies of letters received between January 5 and February 9, 2007. These letters are also listed in the February 22, 2007 Board packet under item 21, Letters Received.

<b>Author</b>	<b>Addressee</b>	<b>Date</b>	<b>Topic</b>
Michael J. Bowhay	David Berger	1/5/07	California American Water Coastal Water Project <i>Also attached is 1/26/07 Response from David A. Berger</i>
Bonnie L. Gawf	David Berger	1/8/07	Approving appointment to Outside Agencies
Anthony L. Lombardo	David Berger	1/12/07	The Villas at Laguna Seca Condominium Project; PLN 020332 <i>Also attached is 1/26/07 Response from David A. Berger</i>
Steve Matarazzo	David Berger	2/9/07	Review of Existing and Projected Water Demand Figures



MONTEREY  
PENINSULA  
COUNTRY CLUB  
PEBBLE BEACH, CA

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JAN 11 2007

MPWMD

MICHAEL J. BOWHAY  
General Manager

January 5, 2007

David Berger  
General Manager  
Monterey Peninsula Water Management District  
5 Harris Court, Building G  
Monterey, CA 93942-0085

Re: California-American Water Company Coastal Water Project

Dear Mr. Berger:

I am writing as the General Manager of the Monterey Peninsula Country Club and as the Chairman of the Independent Reclaimed Water Users Group ("IRWUG") to call on the Monterey Peninsula Water Management District ("MPWMD") to honor the commitment MPWMD made to the California Public Utilities Commission on December 1, 2006, to "modify the language in the Agreements for Sale of Recycled Water so that" Coastal Water Project ("CWP") Surcharges are excluded from the cost of recycled water purchased from the Monterey Reclamation Project.

In September, 2004, California-American Water Company ("Cal-Am") filed an application with the Commission requesting authority to construct and operate the Coastal Water Project, in order to enable Cal-Am to comply with State Water Resources Control Board orders to replace the 10,730 acre-feet of water per year it historically diverted from the Carmel River and Carmel Valley Aquifer. In July, 2005, Cal-Am asked the Commission to authorize it to impose surcharges to fund the pre-construction and construction costs for the Coastal Water Project (the "CWP Surcharges").

The Monterey Peninsula Country Club, the Cypress Point Club, and the Poppy Hills Golf Course, working jointly as IRWUG, proposed that the Del Monte Forest Golf Courses, including the Pebble Beach Company, be exempted from the CWP Surcharges for their golf course irrigation rates. The rationale for this exemption was demonstrated in the proceeding:

- (1) The Del Monte Forest Golf Courses are not responsible for Cal-Am's need to build the Coastal Water Project, because they have reduced their use of potable water by over 80% since 1994 through their sponsorship of the Monterey Reclamation Project.

- (2) The Golf Courses will not benefit from the Coastal Water Project for their irrigation needs, since they will no longer use Cal-Am water for irrigation when the Expansion Project goes into service.
- (3) By sponsoring and paying for the Monterey Reclamation Project, the Golf Courses have already made a substantial contribution to reducing Cal-Am's Carmel River draws, the very purpose of the Coastal Water Project, and at no cost to Cal-Am's other ratepayers.
- (4) The exemption advances the important public policy of encouraging large water users to replace their use of potable water with reclaimed water, by permitting them to avoid paying for new water supplies if they have already invested in replacing their use of potable water with reclaimed water.

Under IRWUG's proposal, and the tariff Cal-Am filed with the Commission on December 4, 2006 to implement the exemption, the exemption would be limited to the Del Monte Forest Golf Courses, because through the significant expense they have assumed to support the Monterey Reclamation Project, they are already paying for a new water supply to replace Carmel River water. The exemption would also be limited to Cal-Am rates they would pay for potable water for irrigation, while the rates they pay for potable water for domestic use (clubhouse, food, laundry, etc.) would include the CWP Surcharges.

Finally, the Del Monte Forest Golf Courses would continue to be subject to increases in Cal-Am's general rates. As a result, any general rate increases, including the rate increase the Commission approved in November, 2006, would apply to the Golf Courses and flow through to the rates they pay under their Agreements for Sale of Recycled Water.

The Proposed Decision issued by the Presiding Administrative Law Judge on November 14, 2006, accepted IRWUG's rationale and proposal and exempted the Del Monte Forest Golf Courses from the CWP Surcharges.

In response, in its December 1, 2006, comments on the Proposed Decision, MPWMD asked the Commission to deny the exemption. MPWMD committed to the Commission that it would instead solve the problem identified by IRWUG by modifying the contract language in the Agreements for Sale of Recycled Water:

MPWMD will work with IRWUG and the Pebble Beach Company to modify the language in the Agreements for Sale of Recycled Water so that CWP surcharges are not part of the cost of reclaimed water.

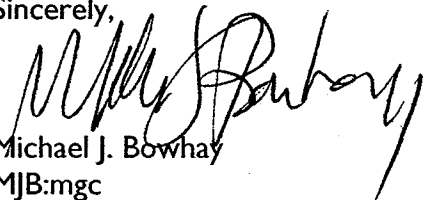
In its final decision, issued on December 14, 2006, the Commission reversed the Proposed Decision and denied the exemption from the CWP Surcharges, expressly in reliance on MPWMD's December 1, 2006, comments. The Commission denied the exemption solely on the basis of MPWMD's commitment to modify the Agreements for Sale of Recycled Water:

In its comments on the proposed decision, MPWMD states that it will work with IRWUG and the Pebble Beach Company to modify the language in the Agreements for Sale of Recycled Water so that the Special Request 1 and 2 Surcharges are not part of the cost of reclaimed water.

We commend MPWMD for offering to address this matter. This is a contract issue which should be resolved by the parties. Hopefully, the parties will reach agreement. Therefore, we deny IRWUG's request for a special tariff exempting the golf courses from the Special Request 1 and 2 Surcharges.

The members of IRWUG now expect MPWMD to honor its commitment to modify the Agreements for Sale of Recycled Water so as to eliminate the CWP Surcharges from the calculation of the cost paid by the Golf Courses for reclaimed water.

Sincerely,



Michael J. Bowhay  
MJB:mgc

cc: Kristi Markey, Director, MPWMD  
Michelle Knight, Director, MPWMD  
Judi Lehman, Director, MPWMD  
Alvin Edwards, Director, MPWMD  
Larry Foy, Director, MPWMD  
Dave Potter, Director, MPWMD  
David Pendergrass, Director, MPWMD  
Mark Stilwell, Esq., the Pebble Beach Company



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WATER MANAGEMENT DISTRICT**

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January 26, 2007

Michael J. Bowhay  
General Manager  
Monterey Peninsula Country Club  
3000 Club Road  
Pebble Beach, CA 93953

Dear Mr. Bowhay:

Thank you for your January 5, 2007 letter regarding the California American Water Coastal Water Project (CWP) interim rate case recently decided by the California Public Utilities Commission. I apologize for the delay in acknowledging receipt of your letter.

I've reviewed your request with Monterey Peninsula Water Management District General Counsel, Dave Laredo, that the District follow through on the offer made in his December 1, 2006 comment letter filed with the Commission on the CWP interim rate case proposed decision. Specifically, his offer was that the District will work with the Independent Reclaimed Water Users Group (IRWUG) and the Pebble Beach Company to modify the language in the Agreements for Sale of Recycled Water so that the CWP surcharges are not part of the cost of reclaimed water. Mr. Laredo and I will be glad to convene a meeting among the effected parties. Please let me know who from IRWUG should be contacted to attend the meeting. By copy of this letter to Mark Stillwell, I've asked that he advise me who will represent the Company.

Sincerely,

David A. Berger  
General Manager

cc: Mark Stillwell, Executive Vice President, Pebble Beach Company  
MPWMD Chair Pendergrass and Board of Directors  
Dave Laredo  
Andy Bell



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JAN 18 2007

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January 8, 2007

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

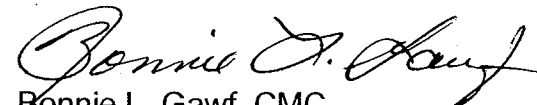
**Subject:** Approving appointments to Outside Agencies

Dear Mr. Berger:

At its January 2, 2007 Meeting the City Council appointed Councilmember Jeff Haferman as their representative to the Monterey Peninsula Water Management District and the alternate is Mayor Chuck Della Sala.

If you have any questions regarding this matter, please phone me, at 646-3935.

Sincerely,

  
Bonnie L. Gawf, CMC  
City Clerk

c: City Clerk's file

Anthony L. Lombardo  
Jeffery R. Gilles  
Deirdra L. Messenger

Dennis C. Beaugher  
Patrick S.M. Casey  
Sheri L. Darron  
E. Soren Diaz  
J. Kenneth Gorman  
Virginia A. Minas  
Steven D. Penrose  
Mitom Schokat  
Bradley W. Sullivan  
James W. Sullivan  
Kelly McCarthy Sutherland  
Jacqueline M. Zschke

*\*Certified by the State Bar  
of California Board of Legal  
Specialization as a Specialist  
in Estate Planning, Trust and  
Probate Law.*

**Lombardo  
& Gilles**  
PROFESSIONAL CORPORATION  
Attorneys At Law

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888-757-2444 (MONTEREY)  
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226 Sixth Street  
Hollister, CA 95023  
831-630-9444

File No. 03352.000

January 12, 2007

VIA FACSIMILE

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JAN 12 2007

**MPWMD**

Mr. Dave Berger  
Monterey Peninsula Water Management District  
P. O. Box 85  
Monterey, CA 93942-0085

Re: **The Villas at Laguna Seca Condominium Project; PLN 020332**

Dear Mr. Berger:

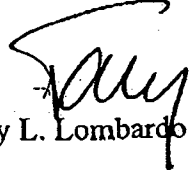
Prior to the holidays, we had discussed the revisions to the Negative Declaration that had been prepared by the Planning Department on this project.

My clients are in the process of negotiating an agreement with one of the golf courses in the Laguna Seca sub-basin to agree to a permanent reduction in pumping to offset all of the additional water use that would occur from the Laguna Seca aquifer as a result of the construction of this project.

I think it would be very helpful to the County Planning Department if they could receive a letter from the Monterey Peninsula Water Management District as soon as possible confirming that this mitigation would satisfy the District's concerns about the impacts on the Laguna Seca sub-basin.

Sincerely,

**Lombardo & Gilles, PC**

  
Anthony L. Lombardo

ALL:ncs

cc: Mr. Robert Latanzio  
Mr. Leo McIntosh  
Mr. Ernie Lostrom

10

LOMBARDO & GILLES  
Attorneys at Law  
318 Cayuga Street  
Post Office Box 2119  
Salinas, California 93902-2119  
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Monterey Telephone (888) 757-2444  
Telecopier: (831) 754-2011  
E-mail: tony@lomgil.com

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FAX COVER SHEET

MPWMD

TO: MR. DAVE BERGER  
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

PHONE: 658-5650

FAX: 644-9560

Date: January 12, 2007

FROM: ANTHONY L. LOMBARDO, ESQ.

Transmitted by:



TOTAL NUMBER OF PAGES TRANSMITTED

COVER SHEET: 1  
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January 26, 2007

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

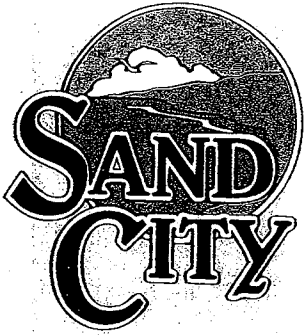
Dear Mr. Lombardo:

Thank you for your January 12, 2007 letter regarding the Water Management District's water resource/supply impact comments on the County's previously proposed Negative Declaration for the Villas at Laguna Seca residential condos development project. Please accept my apology for this delayed reply.

I was pleased to read that your clients have made progress in their effort to negotiate an agreement with a Laguna Seca golf course for reduced pumping that could result in a potable water demand mitigation for the project. I would be willing to consider sending a further letter to the County Planning Department. However, District staff would first need an opportunity to review the finalized agreement and supporting materials detailing how the proposed potable water demand off-set would be accomplished.

Sincerely,

David A. Berger  
General Manager



February 9, 2007

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FEB 12 2007

MPWMD

Mr. Dave Berger, General Manager  
Water Management District  
5 Harris Court  
P.O. Box 85  
Monterey, California 93942

Dear Dave:

As requested by your Board, the City Council of Sand City reviewed the existing and projected water demand figures developed by your staff. On February 6, 2007, the Council agreed to using those figures for evaluation purposes within the environmental impact report (EIR) on the Coastal Water Project (CWP). They also stated there should be a "reality check" in the EIR validating the 12,500 acre-feet per year being calculated as a "reasonable replacement of existing water demand", given the aggressive water conservation that has occurred since 1995.

Sincerely,

Steve Matarazzo  
Community Development Director

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1 Sylvan Park,  
Sand City, CA  
93955

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(831) 394-3054

Planning  
(831) 394-6700

FAX  
(831) 394-2472

Police  
(831) 394-1451

FAX  
(831) 394-1038

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