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MPWMD

April 4, 2010

Attention: Regina Doyle, Chair
Monterey Peninsula Water Management District Board of Directors
5 Harris Court, Building G
Monterey, CA 93942-0085

Regarding: Water Purchase Agreement for Regional Water Project

Dear Chair Doyle and MPWMD Board of Directors:

LandWatch Monterey County is pleased you are reconsidering your closed session March 25th vote on the Water Purchase Agreement for the Regional Water Project. Public participation is essential for a project that will ultimately provide 70% of the water for the Monterey Peninsula.

LandWatch believes this purchase agreement should be assessed independently of the Regional Water Project because a good project can be ruined by a flawed purchase agreement. Elected officials of Monterey County should work hard to ensure this agreement is fair and responsible for the rate payers. One way to ensure fairness for the ratepayers is to delay approval of this agreement until the Division of Ratepayer Advocates (DRA) releases its assessment of the agreement. The DRA is the state agency with the sole role of protecting the consumer, and they have already stated they believe this agreement is flawed.

LandWatch has the following concerns about the agreement. The agreement appears to indicate total project costs paid by Cal-Am ratepayers ranging from \$4,000 to \$7,000 per acre-foot while Marina Coast Water District would pay \$149 per acre-foot. This rate structure is inequitable and would act as a subsidy to non-Cal-Am users. Furthermore, during their extensive public outreach campaign, the proponents of the Regional Project listed the price at \$2,300 per acre-foot. This represents a large discrepancy and the implications should be examined before further action is taken on the agreements. Also, the price estimate in the agreement does not include the interest cost for construction financing which could be \$45 million or more. Finally, the public had a very limited amount of time to review the agreements.

LandWatch encourages this Board to delay action on this item until the DRA releases its analysis of the purchase agreement. Thank you for allowing LandWatch to comment.

Thank you and sincerely,


Amy L. White, Executive Director