



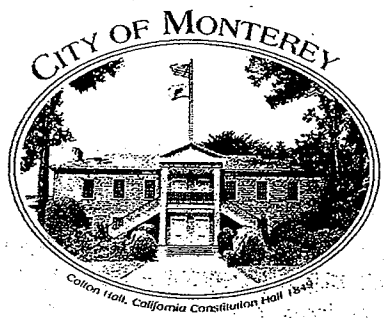
**MONTEREY PENINSULA  
WATER MANAGEMENT DISTRICT**

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 4/19/10 MPWMD BOARD PACKET

Attached are copies of letters received between March 10, 2010 through April 9, 2010. These letters are also listed in the April 19, 2010 Board packet under item 16, Letters Received.

<b>Author</b>	<b>Addressee</b>	<b>Date</b>	<b>Topic</b>
David Brown	Stephanie Pintar	3/4/10	Duel Water Meter Configuration
Brian LeNeve	Darby Fuerst	3/8/10	Protest by CRSA/Permit 20808B Carmel River, Monterey County
Michael K. McMillan	Charles Hoppin	3/23/10	California American Water: Order WR 2009-0060 ("Cease and Desist Order")
Michael K. McMillan	MPWMD Board	4/2/10	Water Purchase Agreement – Reconsideration of Vote
Dennis Mar	MPWMD Board	4/3/10	Vote on Water Purchase Agreement
Amy Anderson	MPWMD Board	4/3/10	Water Purchase Agreement
Robin Mahoney	MPWMD Board	4/3/10	Vote on the Financial Agreement
Amy L. White	MPWMD Board	4/4/10	Water Purchase Agreement for Regional Water Project
Todd Norgaard and Roger Dolan	MPWMD Board	4/4/10	Water Purchase Agreement for Regional Water Project
David Dilworth	MPWMD Board	4/5/10	Vote No on Regional Project Agreement
Seth Bates	Arlene Tavani	4/5/10	Desalination for the Monterey Peninsula? Please vote no.
Janice O'Brien	MPWMD Board	4/5/10	Regional Water Supply Program
Jim Heitzman	Darby Fuerst	4/5/10	Regional Water Supply Program
Sue McCloud	Monterey County Board of Supervisors	4/5/10	April 6, 2010 Board Meeting Concerning Regional Water Project
Carol and Chuck Cech	CPUC	4/6/10	Water for Monterey County



RECEIVED  
 APR 5 2010  
 NEWBARD

MONTEREY FIRE DEPARTMENT

March 4, 2010

Stephanie Pintar  
 WATER MANAGEMENT DISTRICT  
 5 Harris Court, Building G  
 P.O. Box 85  
 Monterey, CA 93942-0085

Stephanie Pintar;

The Monterey Fire Department, Fire Prevention Bureau, is not in support of the dual water meter configuration, ordinance No. 134 as adopted by the Board of Directors of the Monterey Peninsula Water Management District on August 18, 2008.

Essentially this is an amendment to the Water Conservation and Rationing Plan. Under Rule 162 water conservation #G states that all new structures receiving a water permit after October 1, 2008 shall have a separate water meter for fire suppression systems.

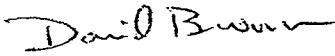
This change has produced a conflict between the Water Management District ordinance and the City of Pacific Groves Municipal Code. Title 18, chapter 18.32, section 903.3.1.3.2 states; each water system supplying both domestic and fire protection systems shall have a single indicating-type control valve, arranged to shut off both the domestic and sprinkler system. A separate shut-off valve for the domestic system only shall be permitted to be installed. The location of the control valve shall be approved by the fire code official.

This requirement also places an additional cost on the installation of the fire main and tap, in addition to the ongoing monthly fee for the additional water meter. The separate fire sprinkler meter left unsupervised may increase the risk of the fire sprinkler system being turned off.

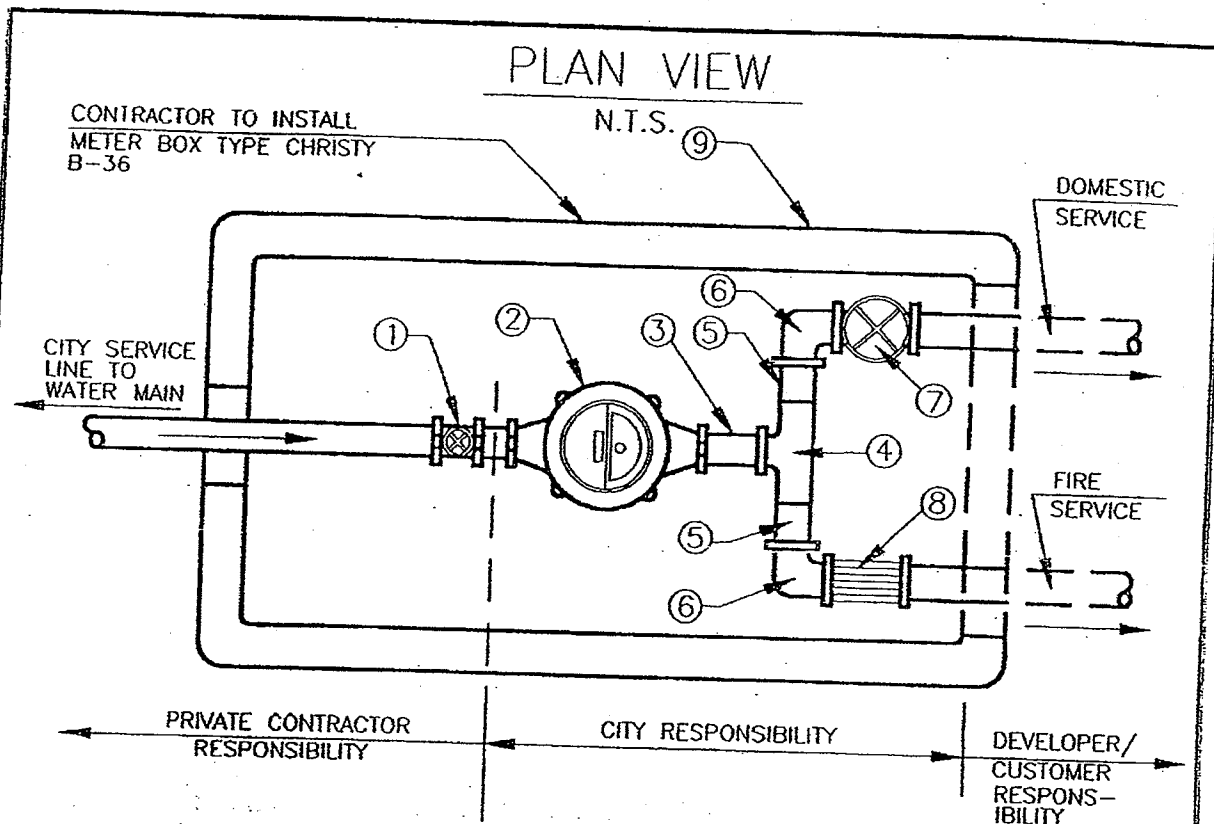
This ordinance was adopted without consulting with the Monterey Fire Departments for input. The intent of the ordinance was to restrict excessive domestic water users without turning off the fire sprinkler system. There are alternative methods that would accomplish what their intent was with a single meter.

Please submit correspondence to the Monterey Peninsula Water Management District Water Management Board indicating these concerns on behalf of the Monterey Fire Department.

Sincerely,

A handwritten signature in cursive script that reads "David Brown".

David Brown  
Division Chief  
Fire Marshal



- ① ANGLE CURB STOP-MUELLER H-14000 WITH LOCKING WING
- ② WATER METER
- ③ BRASS METER COUPLING, SHORT, MALE
- ④ BRASS TEE
- ⑤ BRASS NIPPLE
- ⑥ BRASS STREET ELBOW
- ⑦ CURB STOP, BALL TYPE WITH LOCKING WING
- ⑧ WATTS CHECK VALVE ASSEMBLY, BY CITY (WATTS 007 DUAL CHECK)
- ⑨ B-36 METER BOX WITH READING LID

**NOTES:**

1. METER SIZE VARIES FROM 3/4" TO 1-1/2" MAXIMUM (VERIFY SIZE WITH CITY). STANDARD FIRE SPRINKLER SYSTEM REQUIRED FOR FIRE SERVICES LARGER THAN 1-1/2".
2. SEPARATE PRIVATE SERVICE LINES ARE REQUIRED FOR DOMESTIC WATER AND FIRE PROTECTION NEEDS. THESE SERVICE LINES MUST BE INSTALLED BY THE CUSTOMER PER UNIFORM PLUMBING CODE REQUIREMENTS.
3. ALL PRIVATE INSTALLATION ACTIVITY SHALL COMPLY WITH THE CITY ORDINANCE No. 13.04 AS AMENDED REGARDING "WATER SERVICES AND CHARGES".
4. CUSTOMER SHALL INSTALL SUITABLE CONTROL VALVES ON EACH PRIVATE SERVICE LINE ON THE RISER TO EACH BUILDING OR A MAXIMUM OF 50' FROM THE METER. THE VALVES SHALL CONTROL THE ENTIRE WATER SUPPLY FROM THE SURFACE.
5. THE MAXIMUM PERMITTED NUMBER OF DWELLING UNITS CONNECTED TO A COMBINATION RESIDENTIAL FIRE SPRINKLER SHALL NOT EXCEED ONE (1) UNIT. PROJECTS WHICH EXCEED THIS LIMITATION MUST INCLUDE A SEPARATE, DEDICATED FIRE SERVICE LINE FOR RESIDENTIAL FIRE PROTECTION.

DEPARTMENT OF PUBLIC WORKS  
CITY OF GONZALES

<b>TITLE: COMBINATION DOMESTIC &amp; FIRE SERVICE DETAIL</b>		STANDARD PLAN
DESIGNED BY: WAG/MKL	APPROVED: <i>[Signature]</i> CITY ENGINEER: SAM ZULLO	DATE: 7/17/95
DRAWN BY: MKL	R.E. #14392 EXP. 3-31-97	
CHECKED BY: SJZ	R.E. #14392 EXP. 3/31/97	

W-1A



**Carmel River Steelhead Association**  
501 (C)(3) TIN 77-0093979  
P.O. Box 1183  
Monterey, CA 93942

Darby Fuerst, General Manager  
Monterey Peninsula Water Management district  
P.O. Box 85  
Monterey, CA 93942-0085

RECEIVED

MAR 15 2010

MPWMD

March 8, 2010

**Subject: Protest by Carmel River Steelhead Association  
Permit 20808B (Application 27614B) Carmel River, Monterey County**

Dear Mr. Fuerst:

On November 5, 2009 we wrote you and asked if "MPWMD is willing to negotiate any provisions of the application." As of this date we have not received a reply.

In order to try and move this matter forward, the Carmel River Steelhead Association (CRSA) is making the following list of items that, if accepted, will resolve our protest.

- 1: The Fall December 1 to December 15 minimum bypass of 40cfs be changed to 90cfs. With 90 cfs continuing until an attraction event occurs.
- 2: There be a 1 for 1 reduction in summer pumping as a result in ASR II pumping.
- 3: That there be confirmations that permit #7130 has been retired permanently.
- 4: That the remaining water (after ASR I and ASR II) under permit 20808 be permanently retired.

If these terms are acceptable to MPWMD then please send us a letter confirming the changes. If you would like to discuss these items once again CRSA makes the same offer as in our November 5, 2009 letter. "CRSA will be glad to meet again and try to settle our protest"

Sincerely,

Brian LeNeve  
CRSA Board Member

Cc: Katherine Mrowka, Chief Inland Streams Unit, State Water Resources Control Board  
Robert Mclean, President, California American Water  
Craig Anthony, General Manager, Coastal Division, California American Water  
Joyce Ambrosius, Central Coast Supervisor, NMFS  
Jeffery R. Single, Regional Manager, CA Dept of Fish and Game



Robert MacLean, President P 619.435.7403  
 1033 B Avenue, Suite 200 F 619.435.7434  
 Coronado, CA 92118  
 robert.maclean@amwater.com

March 23, 2010

RECEIVED  
 APR - 9 2010  
 MPWMD

VIA HAND DELIVERY AND U.S. MAIL

Charles Hoppin, Chair  
 State Water Resources Control Board  
 1001 I Street, 24<sup>th</sup> Floor  
 Sacramento, CA 95814

**Re: California American Water: Order WR-2009-0060 ("Cease and Desist Order")**

Dear Chair Hoppin:

As you know, the Board issued its Cease and Desist Order against California American Water Company ("California American Water or the "Company") on October 20, 2009, requiring California American Water to reduce Carmel River diversions on a specified schedule, take actions designed to reduce demand and improve supply, and file reports related to the operation of our water system. Shortly thereafter, the Cease and Desist Order was stayed by order of the Monterey Superior Court in the case filed by the Monterey Peninsula Water Management District. California American Water also filed suit challenging the Cease and Desist Order. Both cases are pending.

Despite the stay of the Cease and Desist Order and the pending litigation, California American Water has redoubled its efforts to bring a new water supply to the Monterey Peninsula and to comply with the intent of the Cease and Desist Order. As described in the presentation given to the Board on February 16, 2010, the Monterey County Water Resources Agency and the Marina Coast Water District are working closely with California American Water on agreements for the construction and operation of a regional desalination plant ("Regional Project"). Those efforts are currently the subject of a multi-party proceeding before the California Public Utilities Commission. California American Water has focused enormous resources on working with all parties to move the Regional Project forward. We expect to file a settlement agreement in that proceeding on April 7, 2010, with a decision by the Commission regarding a Certificate of Public Convenience and Necessity in the summer or fall of this year.

At the same time, California American Water continues to push forward with its conservation, main replacement, and mitigation programs, and use its best efforts to comply with the requirements of the Cease and Desist Order. I want to take this



Page 2 of 6  
March 23, 2010

opportunity to provide you with a summary of those efforts, and invite any questions you may have regarding this continuing work.

- **Meeting CDO Diversion Reductions**

For the 2010 Water Year, California American Water has diverted 4,493 acre feet from the Carmel River through March 17, 2010. This includes 644 acre feet diverted for aquifer storage and recovery ("ASR") and stored in the Seaside Groundwater Basin. California American Water has pumped 1,075 acre feet from the Seaside Basin in that same period. If water use is the same for the last six months of the 2010 Water Year as it was for the 2009 Water Year, total diversions will be within the diversion limits in the Cease and Desist Order by as much as 300 acre feet. California American Water attributes about one-half of the lower consumption to abnormally low October consumption because of wet weather.

- **Permitting of the Sand City Desalination Plant**

California American Water continues to work with the City of Sand City and the California Department of Public Health to obtain the necessary permits to operate the Sand City Desalination Facility. The Company and the City have been responding to requests from the Department of Public Health to make minor modifications to the plant and to revise the plant operating manual. We expect the permit within the next week, with about one week to ensure compliance with all permit conditions. We anticipate acceptance testing of the facility can begin on April 1st, starting delivery of as much as 300 acre feet annually of potable water, allowing the Company to reduce its draw on the Carmel River.

- **Securing Water Rights Permits and Leases**

California American Water, in conjunction with the Monterey Peninsula Water Management District, has been making progress on the second phase of the Aquifer Storage and Recovery program. The Company and the District have resolved the National Marine Fisheries Service's protest, and we are working to resolve the protest of the Carmel River Steelhead Association. The Company and the District recently met with Water Rights staff to discuss the next steps for obtaining this permit.



Page 3 of 6  
March 23, 2010

In addition, California American Water completed a significant pipeline project in late 2009 through the cities of Del Rey Oaks and Seaside, and the former Fort Ord, for the first phase of the Aquifer Storage and Recovery program. That pipeline, which cost approximately \$4.6 million, allows the Company to divert up to 3,000 gallons per minute of excess Carmel River flows and store that water in the Seaside Groundwater Basin for summer consumption.

- **Implementing Conservation Rates**

California American Water implemented new conservation rates in February. These new rates are designed for the purpose of encouraging conservation. Under the new 5-tier rate structure, the customer's cost of water increases with the amount of water used by the customer. The highest tier pays 10 times the first tier rate. Attachment A to this letter is our customer notification mailer advising our customers of the new rates. According to the California Public Utilities Commission, these rates are some of the highest tiers and rates the Commission has ever approved. Implementing these rates was a significant undertaking for the Company, requiring six months and over \$1 million to modify the billing software to properly institute this rate structure.

- **Ongoing Conservation Programs and Audits**

California American Water, in conjunction with the Monterey Peninsula Water Management District, continues to offer and provide conservation programs to its customers, including residential water audits, landscape water audits and water budgets, a rebate program, residential plumbing retrofit program, large landscape workshop program, and a public information program. In 2009 California American Water and the District completed:

- 1,417 residential water audits;
- 161 landscape audits (for properties with more than three acres of landscaped area, properties with dedicated irrigation meters, or residential accounts consuming more than 3,200 cubic feet of water);
- 1,106 rebate application approvals (resulting in over 23 acre feet of water savings for the year); and
- the distribution of more than 6,700 water saving devices (e.g., showerheads, garden spray nozzles, faucet aerators, leak detection kits).





Page 4 of 6  
March 23, 2010

- **Replacing Mains**

California American Water is implementing an aggressive main, service and meter replacement program. The Company estimates that it has replaced 3,223 feet of mains and pipe between July 2009 and March 2010. The Company expects to replace an additional 10,000 feet of mains in the remainder of 2010. California American Water increased its meter auditing activities since July 2009, checking meter routes to ensure all meters are functioning, and replacing malfunctioning meters, in addition to replacing meters beyond their service life. The Company replaced 1,600 meters in 2009, and is scheduled to replace 2,200 in 2010.

- **Reducing Non-Revenue Water**

California American Water installed a state-of-the-art, acoustic leak detection system at various points throughout its distribution system, and has discovered a number of leaks that were otherwise undetectable because the discharge was indistinguishable from other water flows. The Company has repaired these leaks. The Company has improved operating practices to reduce the water consumed in water quality testing. In total, the Company estimates that over the past 12 months it has reduced non-revenue water by over 500 acre feet.

- **Requested California Public Utilities Commission Approval**

As required by the Cease and Desist Order, California American Water applied to the California Public Utilities Commission for authority to implement a moratorium for the Monterey service area. Because the Cease and Desist Order is stayed by Superior Court order, the Commission rejected that request. Attachment B to this letter is the Commission's response.

On October 2, 2009, California American Water filed a request for a memorandum account with the Commission seeking authorization to track the costs the Company incurs to comply with the Cease and Desist Order for later review by the Commission. This request included permission to implement the "small projects" component of the Cease and Desist Order. A copy of that request is included as Attachment C. A resolution pertaining to this matter was included on the Commission's March 11, 2010 agenda, but the item was held for a future meeting.



Page 5 of 6  
March 23, 2010

- **Ongoing Mitigation Activities Under the National Marine Fisheries Service Agreement**

California American Water has an agreement with the National Oceanic and Atmospheric Administration's National Marine Fisheries Service and the California Department of Fish and Game to fund mitigation activities for the Company's water withdrawals on the Carmel River. California American Water made the first payment of \$3.5 million to the Department of Fish and Game as required by that agreement, and the second payment of \$1.1 million will be made later this year.

Through the leadership of Monterey County Supervisor Dave Potter, multiple meetings were held over the Fall of 2009 with stakeholders in this process, including representatives from the Carmel River Steelhead Association, the State Coastal Conservancy, the National Marine Fisheries Service, the Department of Fish and Game, the Monterey Peninsula Water Management District, and Big Sur Land Trust. Through this process, multiple projects were identified as being candidates for funding. The Department of Fish and Game has issued its Public Solicitation Notice for the current cycle of the Fisheries Restoration Grant Program and included a special section for these grant funds. We expect the Department of Fish and Game to administer these funds in accordance with their standard Fisheries Restoration Grant Program process. The Department of Fish and Game has summarized these activities and explained the next steps in their March 9, 2010 letter, which we include as Attachment D.

- **Pumping from Lower Wells**

California American Water replaced three wells in the lower Carmel River Valley during 2009 at a cost of \$2.4 million, and those wells are now operational. This allows California American Water to pump more of its supply from the lower Carmel Valley and maintain flow in the river for a greater distance, consistent with this Board's directions in Order WRO-2002-02.



Page 6 of 6  
March 23, 2010

### Conclusion

As I stated in my comments to the State Water Resources Control Board last year, California American Water takes seriously its stewardship of environmental resources. Despite the stay of litigation, California American Water is doing what it can to meet the requirements of the Cease and Desist Order, most significantly through pushing forward with a desalination facility that will ultimately allow us to serve our customers while using only our permitted rights to the Carmel River.

If we can provide the State Water Resources Control Board with additional information it might find relevant to California American Water's activities on the Carmel River, please do not hesitate to contact me.

Best regards,



Robert MacLean

cc: Frances Spivy-Weber, Vice-Chair  
Arthur Baggett  
Tam Doduc  
Walter Petit  
Michael A.M. Lauffer, Esq.  
Paul Clanon, Executive Director, California Public Utilities Commission  
Rami Kahlon, Division of Water and Audits, California Public Utilities Commission

enc.

Michael and Victoria McMillan  
8724 Carmel Valley Rd  
Carmel, CA 93923

RECEIVED

APR - 2 2010

MPWMD

April 2, 2010

BY FAX (831) 644-9560

Regina Doyle, Chair  
Monterey Peninsula Water Management District  
P.O. Box 85  
Monterey, CA 93942

Re: Water Purchase Agreement - Reconsideration of Vote  
**PLEASE DENY APPROVAL**  
**OR DELAY VOTE FOR ADDITIONAL PUBLIC INPUT**

Dear Chair and Members of the Board of Directors:

Like most or all residents of Monterey Peninsula, I just learned of the Water Purchase Agreement through sketchy articles in the Herald, Pine Cone and Monterey County Weekly. If there is any truth to the information in the articles, then the businesses, homeowners, residents and voters of the Monterey Peninsula are getting a very bad deal: a doubling or more of already extremely high water rates to fund a water project that is inexplicably and outrageously expensive when compared to other similarly sized projects.

Other serious questions and concerns include:

1. How can it be fair that Marina will pay a fraction of the cost of Monterey Peninsula ratepayers for water?
2. The proposed project does not address the longer-term water needs for our community.
3. There are widely different overall cost estimates for the project (ranging from \$280 million to \$450 million), and we all know what happens in real life: actual costs of public projects end up being multiples of the estimated costs.
4. There has been a lack of time for public to adequately review and comment on important documents.
5. There has been a lack of public transparency involving the perceived "back room" deal making.

Regina Doyle, Chair  
Monterey Peninsula Water Management District  
April 2, 2010  
Page 2 of 2

6. The DRA has expressed serious concern about the cost and fairness of the project.

**Please deny approval of the water purchase and settlement agreements or at least delay final decision until the public has had an adequate opportunity to fully understand them and their impacts, as well as have a fair opportunity to provide public input.**

Thank you for your consideration.

Very truly yours,



Michael K. McMillan

MKM/ac



LEAGUE OF WOMEN VOTERS<sup>SM</sup>  
OF THE MONTEREY PENINSULA

APR 5 2010

MPWMD

April 3, 2010

Regina Doyle  
Chair  
Monterey Peninsula Water Management District  
P.O. Box 85  
Monterey, CA 93942

SUBJECT: VOTE ON WATER PURCHASE AGREEMENT

Dear Chair and Members of the Board of Directors:

The League of Women Voters of the Monterey Peninsula appreciates the Board reconsidering its vote on the Water Purchase Agreement in open session. The League is devoted to transparency in the governmental decision-making process. This includes timely public access to documents under consideration as well as opportunities to participate in public hearings.

Unfortunately, all major decisions related to the Regional Project have been made behind closed doors. Only recently, has the public been informed of significant agreements hammered out in secret meetings. The Water Purchase Agreement and Settlement Agreement have only been available since Tuesday.

Our preliminary review of the Purchase Agreement indicates that total project costs to be paid by Cal-Am ratepayers range from \$4,000 to \$7,000 per acre-foot. These numbers contrast dramatically from those presented by the Regional Project proponents less than two months ago of \$2,300 per acre-foot (attached overhead presentation in February 2010). They also vary considerably from other desalination projects, e.g., the Department of Water Resources Water Plan Update of 2009 estimates costs for desalination between \$1,000 and \$2,500 acre feet. At the same time, the Marina Coast Water District would pay \$149 per acre-foot. This rate structure is unfair to Cal-Am ratepayers who will be providing significant subsidies to non-Cal-Am users as well as paying for a project that provides limited assurance that it can deliver the water because of export and water rights questions that remain outstanding.

The Settlement Agreement includes no fixed price for water or a formula for determining costs in future years. There are no cost controls, and provisions even require Cal-Am ratepayers to pay for litigation regarding the Regional Project. There is no provision to address shortcomings once the Settlement Agreement is approved by the Public Utilities Commission. The agreement is for a minimum of 34 years with periodic renewals up to 94 years. In short, Cal-Am ratepayers are on the hook no matter what the costs.

PO BOX 1995  
Monterey CA 93942

648-VOTE (648-8623)  
LWVMPca@yahoo.com  
www.lwvmp.org

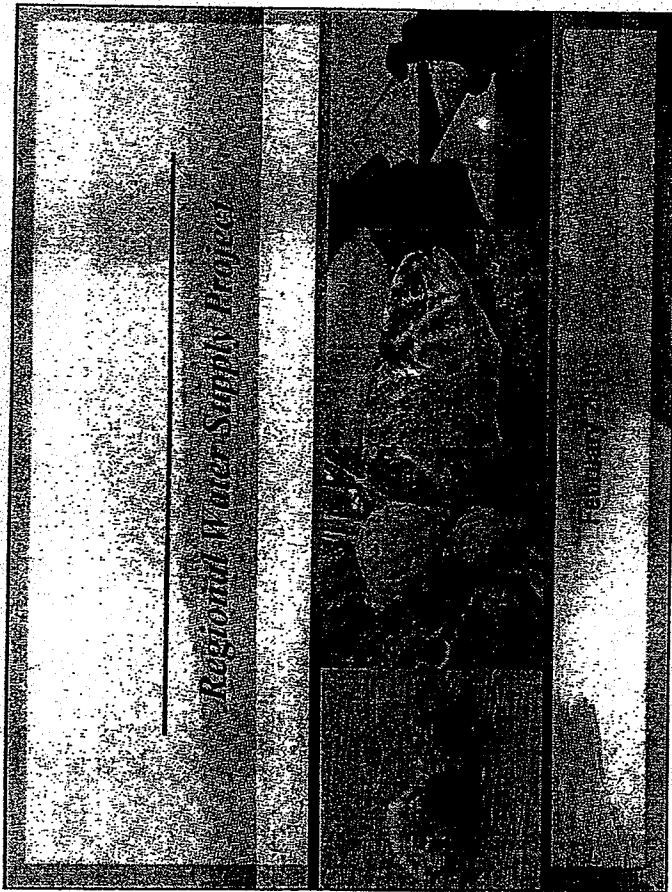
The delayed roll-out of information with inadequate time for review and public participation means that decisions are being made without full understanding of the plans, draft agreements and possible consequences. With extremely limited time for decision-makers and the public to analyze over 100 pages of very technical documents, we request that the Board either delay the vote until the Division of Ratepayer Advocates (DRA) releases its cost analysis at the end of April or deny the Water Purchase Agreement.

Thank you for your consideration.

Sincerely,

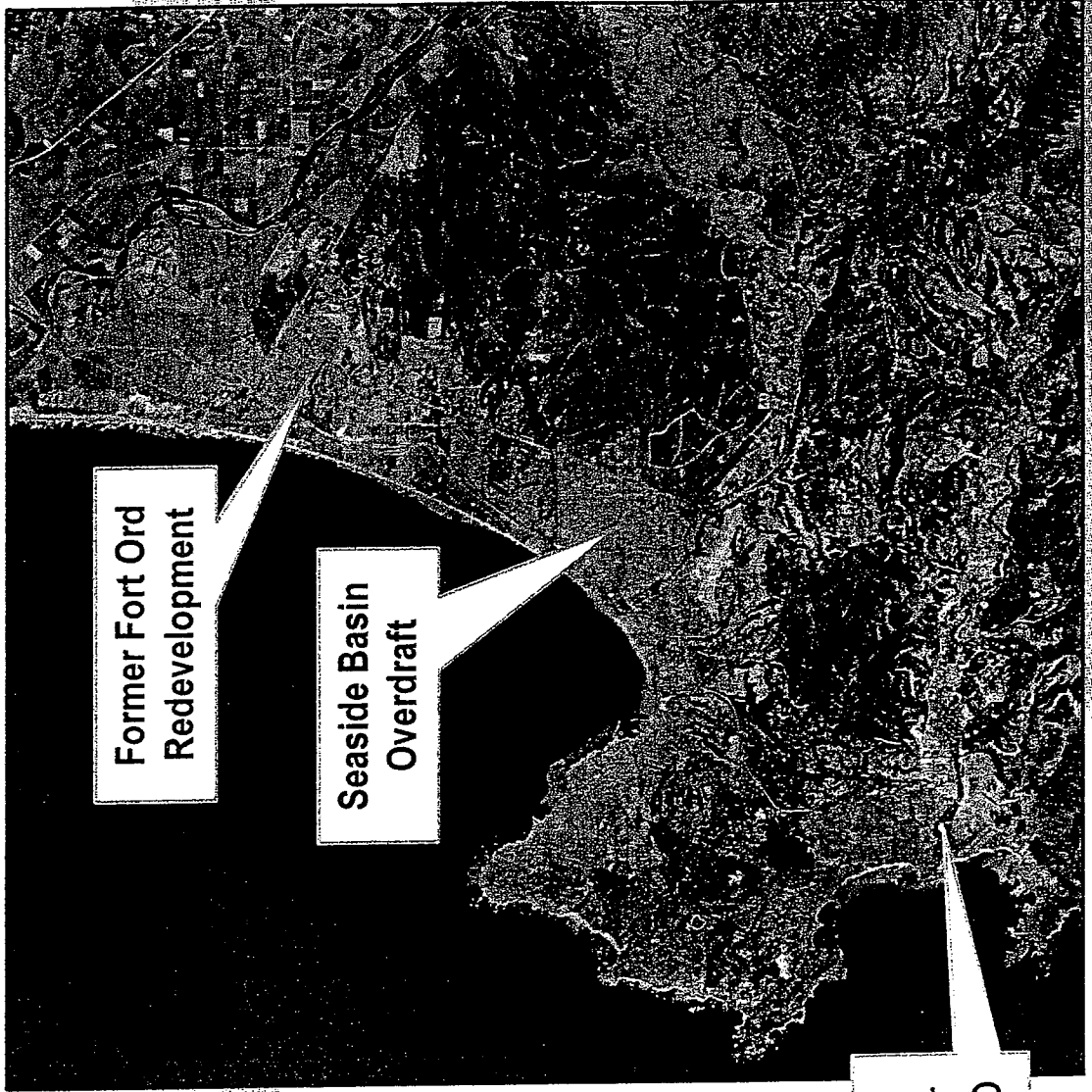
Dennis Mar  
President

Enc.  
Cc: Division of Ratepayer Advocates





# *Water Supply Constraints Require Immediate Attention*

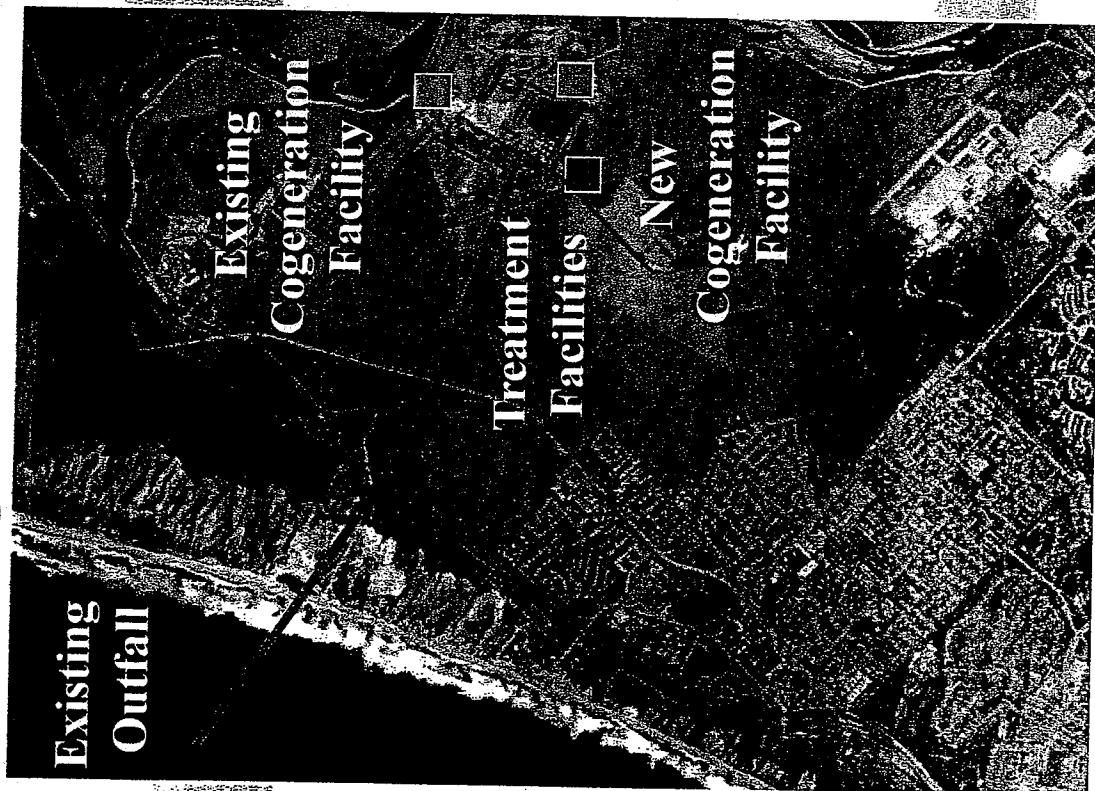


Former Fort Ord  
Redevelopment

Seaside Basin  
Overdraft

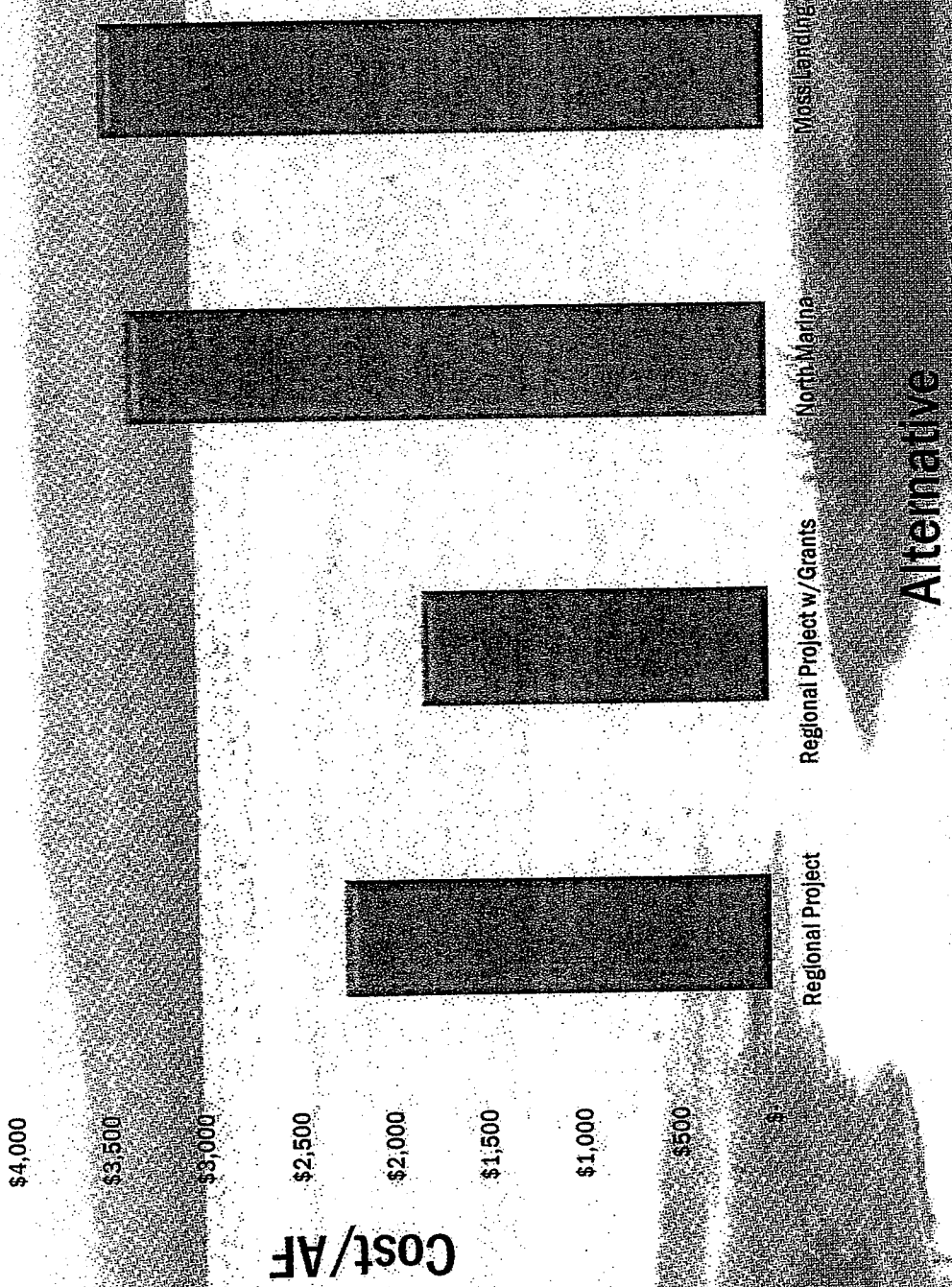
Carmel River  
SWRCB Order  
95-10 and CDO

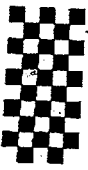
# Facilities will Rely on Power from Landfill Gas Cogeneration - Independent Project



- Cogeneration power from adjacent landfill
  - New 6 mw cogeneration plant
  - Initially, energy source: combination of natural gas and methane
  - Tie to existing 5 mw cogeneration plant
- Renewable energy credits
- Long-term, low-cost reliable energy supply
- Addresses potential GHG impacts

# Regional Project Provides Least Cost Solution





April 3, 2010

Regina Doyle, Chair  
Monterey Peninsula Water Management District  
FAX: 644-9560

From: Amy Anderson  
FAX: 626-3086

SUBJECT: WATER PURCHASE AGREEMENT

RECEIVED

APR - 2 2010

MPWMD

Dear Chair and Members of the Board of Directors:

I am glad to learn that the Board will be reconsidering its vote on the Water Purchase Agreement in open session. The lack of transparency in the development of the details of this plan is very troubling. The details have only been available since Tuesday.

I am in favor of a plan that reduces our overdraft of the Carmel River, that adopts measures that replenish the aquifer, that encourages conservation, and that replaces the overdraft water currently being used by residents. The expense of the water seems exorbitant, and the cost structure makes no sense to me. How were these numbers arrived at? They are much higher than those presented months ago by the Regional Project proponents. As Cal-Am ratepayers will be providing significant subsidies to non-Cal-Am users, and the details of the project do not assure that the water can be delivered because of some unresolved legal issues. This is very troubling.

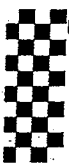
There is no fixed price for water and no cost controls – this is outrageous! Asking for Cal-Am ratepayers to pay for litigation – when the ratepayers had little or nothing to do with this plan – is against any understanding of what “transparency in government” implies. Cal-Am ratepayers are backed into a box on this one, no matter how much it turns out to cost. This cannot be defended.

Because the release of information was so late, and does not include enough time for public review, this means decisions will be finalized without full understanding of the consequences of the agreement. The vote should be delayed by the Board until an independent cost analysis is Performed, or deny the agreement. This is a very serious issue, and to be plunging into something with such huge consequences for the Peninsula, with so little independent and public review, is anathema to good public relations and trust.

Thank you for your consideration.

Sincerely,

Amy Anderson  
25010 Outlook Dr  
Carmel, CA 93923



Robin Mahoney  
15 Calle de los Helechos  
Carmel Valley, CA 93924

April 3, 2010

Regina Doyle, Chair  
Monterey Peninsula Water Management District  
P.O. Box 85  
Monterey, CA 93941  
FAX 644-9560

Subject: Vote on the Financial Agreement

Dear Chair Doyle and Members of the District Board of Directors:

I am a homeowner in Carmel Valley. Based on recent press coverage, I am very concerned about water rates doubling or even tripling if this agreement is approved. What will these increases do to our property values and our ability to sell or rent our homes? Who will be able to live here or buy homes?

I have heard that the Division of Ratepayer Advocates will release a report on the financial agreement at the end of April. Since the Division and the Water Management District seem to be the only agencies that can directly address our concerns as ratepayers, I think it is important that your Board wait to hear from the Division before making a decision. Please delay any decision on the agreement until you have had a chance to hear from the Division or Ratepayer Advocates.

Thank you for holding a hearing on this important issue that will affect ratepayers for years to come.

Sincerely,

Robin Mahoney  
Carmel Valley

Carmel Valley Association  
 P.O. Box 157, Carmel Valley, California 93924  
 www.carmelvalleyassociation.org



Since 1949

RECEIVED  
 APR 5 2010  
 MPWMD

April 5, 2010

Regina Doyle, Chair  
 Monterey Peninsula Water Management District  
 PO Box 85  
 Monterey, CA 93942

Sent by FAX on 4/5/2010 to: 831-644-9560

**PLEASE DENY APPROVAL OF THE WATER PURCHASE AGREEMENT**

Dear Chair and Members of the Board of Directors:

The Carmel Valley Association has been actively participating in water issues affecting our area since 1949. Representing hundreds of families, we are the oldest and only residents' association speaking for all the Carmel Valley.

Our members have been actively participating in the current proceedings, and we have strongly supported the "Regional Project" in concept. However we strongly oppose the Water Purchase Agreement now under discussion. We believe the Agreement as written commits Carmel Valley residents and all Peninsula ratepayers to excessive up front risk, an unfair imbalance in costs allocation, and is not in the long term best interest of ratepayers served by CalAm.

- 1) **The Agreement commits ratepayers to huge immediate expenditures based on untested science.** Financial projections are based on an estimated 15% of fresh water from the planned wells. But no test wells have been drilled, and no pumping over extended time has taken place, so there are no actual measurements of current salinity under real pumping conditions, or of the extent of expected reductions in salinity as pumping progresses. Because of the "no export" rule for Salinas Valley groundwater and the required replacement water, the cost of exported desalinated water could soar at the same time the amount of desalinated water available for export could be sharply diminished, making the total project unfeasible under the proposed pricing formula. Test wells should be drilled and test pumping should

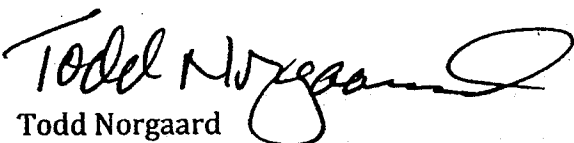
take place over a sufficient period of time so that actual well performance and salinity can be reasonably projected before this commitment takes place.

- 2) **The Agreement creates open-ended future obligations without adequate financial controls.** Peninsula ratepayers would be expected to cover all litigation costs, future planning and development costs, and operating costs without any participation in the decision-making process. There should be joint ownership of the plant facilities by the Marina Coast Water District, the Monterey County Water Resources Agency and Peninsula ratepayers, and joint participation in all future planning and operations.
  
- 3) **The Agreement rewards failure.** If the salinity of brackish water falls too low, making the cost of exportable desalinated water untenable; if the plant doesn't work as proposed; if there are crippling delays caused by litigation or the permit process – the Marina Coast Water District and the Monterey County Water Resources will receive a “windfall” in facilities and development work free of charge, paid for solely by Peninsula ratepayers. All parties to the Agreement must be financially obligated from the start, according to future benefits.
  
- 4) **The Agreement may not serve the future needs of Peninsula ratepayers.** Peninsula water customers need a dependable source or sources of water to replace water from the Carmel River aquifer. This project may or may not be the total answer to filling that need. Instead of taking one giant leap, the project needs to be broken down into smaller steps, with shared responsibilities for decisions and financing as more dependable information on future costs and benefits becomes available.

On April 7<sup>th</sup> the Division of Ratepayer Advocate (DRA) of the California Public Utilities Commission is expected to release their findings detailing the problems they have found in the agreements that resulted from the secret negotiations just concluded. Please delay any endorsement or approval of any Regional Project agreement until there has been time to fully review and understand the DRA's comments and the documents to which they apply.

**As Carmel Valley residents we feel we have an extensive stake in the outcome of this project, both as ratepayers and as caretakers of the Carmel River and our valley.**

Thank you for giving careful attention to our concerns,



Todd Norgaard  
CVA Water Committee



Roger Dolan  
CVA Water Committee

Post Office Box 1876  
Salinas, CA 93902-1876  
831-422-9390

Website: [www.landwatch.org](http://www.landwatch.org)  
Email: [landwatch@mchw.org](mailto:landwatch@mchw.org)  
Fax: 831-422-9391



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APR - 4 2010

April 4, 2010

MPWMD

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 25<sup>th</sup> 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



*Bringing you HOPE -*  
**Helping Our Peninsula's Environment**  
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 831/ 624-6500                      www.1hope.org

Chair Regina Doyle & Directors  
 Water Management District

APR 5 2010

MPWMD  
 April 5, 2010

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### Vote NO on Regional Project Agreement

**Our Peninsula Water Management District was formed with a mission unique at the time - to protect our natural resources as well as supply water.**

**The County, Marina Coast and Cal-Am have no such mandate. They have never given a "dam" about protecting our natural environment.**

**This Protecting Our Natural Environment Mission is enshrined in state law passed by the legislature and signed by the Governor.**

**Up until our District was formed - all other water agencies in California were only required to get water - come hell or high water - "dam" the environment and full speed ahead.**

**None of you ran on a platform to dissolve the District - but that is what a yes vote will do. (of course Potter and Pendergrass never had to campaign for this office)**

**The proposal is a colossal expense and the agreement is set up so our peninsula could actually not get any water from it at all - and yet we would have to pay for it.**

**We respectfully request you vote no on this agreement.**

Thank you,

David Dilworth,  
 for the Board of Trustees

Founded in 1998, and known for helping with hundreds of environmental and democracy successes H.O.P.E. is a non-profit, tax deductible, public interest group protecting our Monterey Peninsula's natural land, air, and water ecosystems and public participation in government, using science, law, education, news alerts and advocacy.

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**Arlene Tavani**

**From:** Seth Bates [seth.bates@sjsu.edu]  
**Sent:** Monday, April 05, 2010 2:53 PM  
**To:** Arlene Tavani  
**Subject:** Desalination for the Monterey Peninsula? Please vote NO.

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MPWMD

Dear Ms. Doyle:

I understand that you will be voting on whether or not to pursue Desalination for the Monterey Peninsula at a meeting tonight. While I live in Monterey County and am a Cal-Am customer I work in San Jose and cannot make it to tonight's meeting. My regrets as this is an important issue.


I have studied desalination over the years in connection with my work as a technology professor at San Jose State University and believe it is the least attractive solution to addressing our water issues. Desalination is an energy-intensive solution with many negative effects on the environment (both air and water effects). Please consider a "NO" vote on this issue when it comes up in the meeting tonight.


Thank you very much for listening.


Seth Bates  
Valenzuela Road  
Carmel, CA 93923


[seth.bates@sjsu.edu](mailto:seth.bates@sjsu.edu)

*Dr. Seth P. Bates, Chair*  
*Professor, Materials and Manufacturing*  
[www.engr.sjsu.edu/sbates](http://www.engr.sjsu.edu/sbates)

 (408) 924.3227

 (408) 924.3198

 [seth.bates@sjsu.edu](mailto:seth.bates@sjsu.edu)

 Department of Aviation & Technology  
College of Engineering  
San José State University  
San Jose, CA 95192-0061

**Voicemail statement from Janice M. O'Brien  
April 5, 2010, 1:45 PM**

**I strongly oppose the Regional Water Supply Program called Water for Monterey County. I also strongly support the position enunciated by Monterey Peninsula Water Management District Board members Kristi Markey, Alvin Edwards and Judy Lehman.**

**Darby Fuerst**

**From:** Jim Heitzman [jheitzman@mcwd.org]  
**Sent:** Monday, April 05, 2010 5:55 PM  
**To:** Darby Fuerst  
**Subject:** FW: for tonight's meeting - to be read

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APR 5 2010

**From:** Jim Heitzman  
**Sent:** Monday, April 05, 2010 4:37 PM  
**To:** Darby Fuerst  
**Subject:** for tonight's meeting - to be read

MPWMD

There is no question that the Peninsula needs a new water supply project, and the Monterey Peninsula Water Management District board voted to support the regional project concept.

But we are dismayed to see a proposed agreement that places the financial burden on the Monterey Peninsula and takes unacceptable risks regarding how much water the Peninsula ultimately receives.

All parties should pay for the benefits received from a regional project, and it should be a source of water that we can count on for decades to come.

We urge you to support the following changes to the proposed agreement:

1. - Before committing to financing for this \$450 million project, test wells should be operated by an independent party for at least one year to better understand the freshwater/salt water mix, which affects how much water the Peninsula will receive.
2. - If testing proves promising, the project can proceed, but with a joint ownership agreement that grants partial ownership of project facilities to Peninsula customers in proportion to what they pay.
3. - The Marina Coast Water District should not have the option to seek to terminate the agreement after 34 years. Likewise, other termination provisions in the contract should be modified to give Peninsula customers more control.
4. - Expenses for the project should be subject to the Public Utilities Commission ratemaking procedures.

Here are our concerns with the agreement, written behind closed doors without Peninsula representation:

5. - The cost of project water would be at least \$4,000 per acre-foot, which Peninsula customers would pay. Marina Coast Water District would pay only \$149 per acre-foot.
6. - Marina Coast Water District and Monterey County Water Resources Agency will own the project facilities, but Peninsula customers would pay virtually all costs, including expensive maintenance. After 34 years, we could be told to find another water source, but they keep the facilities at no cost.
7. - The desalination plant relies on water pumped from the seawater-intruded Salinas Valley Basin, drawing a blend of fresh- and salt water. Because of state law, Salinas Valley Basin groundwater cannot be used south of Marina — whatever percentage is "fresh" water will go to Marina Coast and other basin pumpers. Proponents state that the percentage of fresh water won't exceed 15 percent, but there are indicators to the contrary. Let's do some test wells and find out.
8. - The agreement states that the amount of fresh water will be measured and averaged, but then says the amount of fresh water "shall be deemed not to exceed 15 percent during the first five calendar years." State law does not allow the parties to "deem" a fact which is nonexistent to circumvent legal requirements. If the percentage is 20 percent, then it is 20 percent; it cannot be "deemed" to be 15 percent. This is unenforceable. After five years there is no guarantee how much water goes to the Peninsula. This is critical for the reliability and cost-effectiveness of this project for Peninsula customers.
9. - If the project doesn't work as proposed, if there are delays in obtaining permits or if there are delays caused by litigation, any party can terminate the agreement. Upon termination, all facilities paid for by Peninsula remain in the hands of Marina Coast Water District and county Water Resources, free of charge.
10. - The agreement allows Cal Am to pass the project expenses onto Peninsula customers without review by the PUC. This means the Peninsula has given up its rights to challenge any costs associated with the project for the maximum term of the agreement, which is 94 years! This is worth a lot of money to Cal Am, which normally must prove the reasonableness of costs to the PUC before passing the costs to customers.
11. - A fair public process was not used. Marina Coast Water District, Cal Am and county Water Resources privately developed the agreement and didn't make it public until March 30. They plan to present the proposed agreement to the PUC judge April 7, giving local officials and the public six days to learn and understand what it means.
12. - The parties who would own the project are not accountable to the people who would pay for it.
13. - The proponents say Peninsula rates will "double," but it will be much more than that.

It is urgent that the Peninsula ask to be treated fairly. By standing together, we can obtain an equitable arrangement. If we do not object now, we will be stuck forever with the consequences of our inaction. We should ask that no agreement be approved until these critical issues are addressed.

Kristi Markey, Alvin Edwards and Judi Lehman are members of the Monterey Peninsula Water Management District board.

Bullet by Bullet Response to OP/ED Article in Herald written by Directors Markey, Edwards and Lehman

1. The issue raised is A. cost and; B. not trusting MCWRA: A. - \$450 million is a very worst case scenario used for shock value. B. - We do agree with using test wells but we don't agree that we cannot trust Monterey County Water Resource Agency so see no need for an independent party to operate wells.
2. The issue raised is joint ownership; Public agencies own it
3. The issue raised is termination: This was not to create an option to terminate after 34 years for MCWD but rather for CAW. The WPA provides for 6 automatic renewal terms of 10 years each (each, a "Renewal Term"). MCWD may provide CAW a "Non-Renewal Notice" at least 5 years prior to the end of either the Initial Term or any subsequent Renewal Term; provided, however, in order for a Non-Renewal Notice to be effective: a. CAW must have access to an alternative supply or supplies of Product Water; b. The alternative supply or supplies of Product Water must be in an amount equivalent to the CAW Allocation under the WPA (i.e., 10,500 less MCWD's Annual Allocation); c. The alternative supply or supplies of Product Water must be at an equal or lower cost than under the Regional Desalination Project; and 4. The alternative supply or supplies of Product Water must have been approved by the CPUC.
4. The issue raised is no PUC oversight: The expenses are subject to the PUC.
5. The issue raised: A. cost of water; and B. MCWD cost. A - \$4000/ac/ft is a high number which does not take into consideration any grants, lower interest rate public sector opportunities, savings from the bidding/construction climate, design improvements or any efforts to hold cost down. It is based on a worst case number. B - MCWD does not need the incidental groundwater that cannot be removed from the Salinas Basin but will commit to taking the water so it isn't just wasted. If there is another user who would like the water MCWD is happy that it goes to them. The rate payer of MCWD should not be burdened with paying more for their water, and thus subsidizing the CalAm rate payer, just because we agreed to help. This is a case of no good deed goes unpunished. The cost of taking groundwater, each year, will be proven by MCWD and that actual cost will be the agreed payment. This is another statement used out of context solely for shock value.
6. Several issues raised with A. ownership and B. being termination: A. - MCWD and MCWRA will own facilities. Those facilities will be providing water to CAW. Maintenance fees are always associated with the cost of water so this is just another statement with no sound foundation and used as a sound bite. B. - Again, MCWD cannot tell CAW to find another source of water.
7. The issue raised is test wells: Yes, let's do some test wells. Doing test wells has long been the idea.
8. The issue raised is ratio of ocean vs. inland water: The work around the ocean water/inland water ratio is the responsibility of MCWRA as per the Agency Act, given that, there are provisions in the WPA that make it possible for the Parties to seek the best supply water possible (i.e. saltiest supply water)
9. The issue raised is **if, if, if and more if's**: If the project doesn't work we stop the project and not waste the public's money. There will be no assets given to MCWD for free as stated in the article.
10. The issue raised is fees: This is between the PUC and CAW however both MCWD and MCWRA are committed to bringing the lowest cost possible.
11. The issue is public process: Local officials, including Director Markey and the Board of Supervisors, have had the agreement available to them for over a month. In addition, every party in the process, including MPWMD, was invited for a 2 day workshop to finalize the agreement which MPWMD declined to participate in. However, MPWMD did attend a large number of meetings in San Francisco that were used to go over the agreement. MPWMD had the ability to go over in detail the results of those meetings with their Board as often as they liked over the last 5 months. Also, MCWD provided a consultant for a two hour closed session meeting on Feb. 25<sup>th</sup> of this year to go over in detail the agreement with the Board of MPWMD.
12. The issue raised is accountability: We are all responsible to the public. CAW is held accountable by the PUC. The Advisory Committee can take issues forward and get an independent third party opinion on any matter. Neither MCWD nor MCWRA make a profit on the project so this statement is again for political purposes only.
13. The issue raised is water rates: CAW and the PUC will determine the rates, as always.

## City of Carmel-by-the-Sea

POST OFFICE BOX CC  
 CARMEL-BY-THE-SEA, CA 93921  
 (831) 620-2000

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APR - 8 2010

MPWMD

April 5, 2010

TO: Supervisor Armenta  
 Supervisor Potter  
 Supervisor Salinas  
 Supervisor Calcagno  
 Supervisor Parker

Subject: April 6 2010 Board Meeting Concerning Regional Water Project

Carmel-by-the-Sea applauds the efforts made to give birth to a viable water project. We support the effort, while realizing much is to yet to be done. Not only is our quality of life on the line, but also the very financial viability of our cities.

We realize that the devil is in the details and the latter are not as yet completely spelled out. But our area of concern lies with the governance issue. When we first met at the Water Resources Agency office about five years ago, there was the clear intent to follow the JPA model and this concept has been repeated at least two other Monterey County Mayors' meeting since then. But recent meetings over the last two weeks seem to indicate a move away from a JPA .

As we look forward to the decades this project is to serve us, it is clear that a policy body that is capable of dealing with the diversity of needs in the Salinas Valley as well as the Peninsula will be needed. We hope that the Board while acting on the Agreement at its April 6 meeting will indicate its willingness to study the governance issue. We would note that the JPA concept has been embraced by the media (the Monterey Herald in an op-ed piece) as well as the Civil Grand Jury.

Again we salute all those who have brought the project this far and stand ready to help on the governance issue as needed.

Sincerely,



Sue McCloud  
 Mayor

Cc: Curtis Weeks  
 Monterey County Water Resources Agency

➤ **Arlene Tavani**

**From:** Carol and Chuck Cech [ccech@ix.netcom.com]  
**Sent:** Tuesday, April 06, 2010 8:48 AM  
**To:** public.advisor@cpuc.ca.gov  
**Cc:** Arlene Tavani  
**Subject:** Water for Monterey County

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APR - 6 2010

MPWMD

After reading some of the details of the "Water for Monterey County" project in Sundays Monterey County Herald, it seem that what is being termed a compromise solution looks more like a give away. According to the Monterey County Herald, Marina Water District will pay \$22 million of the estimated \$450 million project cost and the rate payer will pay the remaining \$428 Million. Marina Water District share of the cost is less than 5% of the project! Marina Water District and the Monterey County Water Resources Agency will be the owners of the desalination plant. Apparently we pay, and they own! What's wrong with this picture? Marina Water District also has the rights to 1,700 acre feet, about 17% of the desalinated water generated by the plant after paying less than 5% of the system costs. Will the Marina desalinated water users be required to pay the same \$4,000 per acre foot for their water as is being proposed to Cal Am customers?

According to the article Marina Water District also has the right to cancel water delivery after 34 years of operation. What do the people that paid for the facility do for water if that happens?

What if Marina Water District loads the plant with extremely high priced employees, raising the operating costs and then passing all of that cost along to Cal Am! Cal Am has very little incentive to reduce their water cost; they just pass higher cost on to their customers.

Does anyone actually know how much salt contamination there is in the proposed desalination supply wells? The Herald article indicates that all uncontaminated water extracted from the source well must stay in the Marina Water District. Does that mean that if the water is only 50% salt water, half of the water pumped from the wells and then desalinated belongs to the Marina water district and the Cal Am customers pay for the entire desalination process? The implication is that to obtain 10,000 acre feet of clear water for Cal Am customer's 20,000 acre feet of water must be desalinated. What does that do to the cost of water for Cal Am customers? If the water from the wells is only 50% brackish, is the project still viable?

This project looks a lot like a blank check signed by Cal Am customers! Have these wells been tested? Do we have an exact scientifically qualified well water salinity percentage that we can count on? It seem only logical that a project of this size and nature should have a not-to-exceed cost cap!

The Herald article mentions that because of public ownership the project could qualify for grants and low interest financing. Has anyone identified sources for either of these funds and qualified the possibility that they will indeed be available to us?

It seems that there are a lot of questions that have not been addressed and should be answered before this project is presented to the PUC!

Charles Cech  
A Cal Am customer

4/6/2010