

Received at July 19, 2010.  
MPWMD Board Meeting  
Item 21

**Paul B. Bruno, CPA**

114 Via Del Milagro, Monterey, CA, 93940

January 12, 2009

JUL 19, 2010



Ms. Kristi Markey, Chair  
Monterey Peninsula Water Management District  
Post Office Box 85, Monterey, 93942

Re: Application to Amend California American Water Distribution System to Serve  
Monterey Bay Shores Ecoresort, MPWMD Application # 20080915MBS-L4

Dear Ms. Markey,

I am writing to support the Board's approval of the application to amend California American Water Distribution System to serve the Monterey Bay Shores Ecoresort. The Board will consider this matter on January 29, 2009. Unfortunately, I will be attending to other business in Washington DC and unable to speak to the board in person that day.

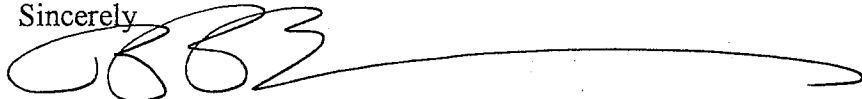
As you may know, I currently serve as the Vice Chair of the Seaside Basin Watermaster and have twice served on the MPWMD's Community Advisory Committee. I am not writing to debate the merits of the proposed resort. While I support the preliminary design of the ecoresort and believe that it encompasses many visionary components, I will not address those aspects of the project since land use decisions are not within the District's charge.

I understand that the MPWMD must approve any amendments to a water distribution system within its boundaries. In this case, your Board's approval should be a mere formality. The request before you is unique in that it deals with the applicant's adjudicated rights to produce water from the basin. Those rights are governed by the Seaside Basin Watermaster which has already taken a position on their plan. At its October 23<sup>rd</sup> meeting, the Watermaster unanimously approved a letter stating that Security National Guaranty's water distribution plan was in compliance with the Basin Adjudication. Specifically, that "*SNG's approach as described is consistent with the terms of the Basin Adjudication Decision.*" Please note that Director Lehman participated in that meeting as the MPWMD's representative.

SNG's plan is more than just consistent with the adjudication. I believe that it is a very innovative way to bring us one step closer to achieving the goal of protecting the basin from seawater intrusion. The adjudication encourages this sort of creativity by allowing those who have water rights to move both the pumping and the use within the basin. Accordingly, I believe that it would be very difficult for the MPWMD to defend a denial of this application.

The Watermaster understood that SNG's proposal would be good for the overall health and protection of the basin. If your board judges the requested amendment on its merits, they should come to the same conclusion and approve the request.

Sincerely



Paul B. Bruno, CPA

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Re: Testimony of Sierra Club Opposing Approval of a Water Distribution Permit to Serve the SNG "Ecoresort."

In a letter dated July 16, 2010, to District Chair Regina Doyle. Sierra Club urged the District Board, at its meeting Monday evening, July 19, to deny the joint Cal Am-SNG (Monterey Bay Shores Ecoresort) water distribution application. Cal Am is seeking to deliver 90 acre feet from its Seaside Basin (Peralta Well) production to the SNG "Ecoresort." through an addition to its service area and extension of its delivery substructure.

The Sierra Clubs letter requests that the District Board must take into account all impacts to the resources of the Carmel River from Cal Am's delivery of water to SNG by Cal Am. Because the Seaside Basin is over draft, the water Cal Am provides to SNG (90 afy) will result in a proportionate reduction (by 85 AFY) of water available to Cal Am's other customers in the Seaside Basin. This is required under the terms of the Adjudication.

In order to avert paying substantial penalties for exceeding its production allocation as a Standard Producer under the Adjudication decree., Cal Am has substantial economic incentive to increase its diversions from the Carmel River (by 85 afy) as replacement water (so long as Cal production is less than the amount permitted by the SWRCB under the 2009 Cease and Desist Order. (In fact since 2005 Cal Am has been below the production ceiling by 5-8%).

Sierra Club strongly believes that the resources of the Carmel River should not be harmed to any degree by an increase in Cal Am's illegal diversions resultant from its delivery of water to the "Eco-Resort". To the extent the Seaside Basin is in overdraft, as determined in the Adjudication,, the Adjudication requires Cal Am to proportionately reduce its production (Cal Am produces 87% of the water produced by the standard producers) when it provides water service to the Ecoresort . Cal Am should not be allowed to avoid the required decreases its production allocation to serve other customers relying on Seaside Basin water by increasing its unlawful diversions from the Carmel River.

Sierra Club believes this matter deserves your immediate attention, and urges you appear Monday night to protest against Cal Am "robbing" the River to make up for increases in its production from the Seaside Basin ordered by the Court. Cal Am must not be allowed to shift to the River its production decreases. It must not be allowed to increase its unlawful diversions from the River in order to accommodate the needs of the Eco Resort. The joint water distribution permit, if approved, would provide with Cal Am with a means to enhance its water delivery capabilities at the expense of the rate payers.