

MONTEREY COUNTY

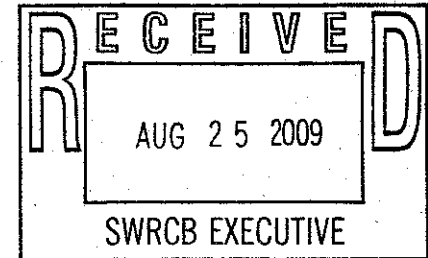


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August 25, 2009

Jeanine Townsend, Clerk to the Board
State Water Resources Control Board
1001 I Street
Sacramento, CA 95814



Re: Cal Am CDO Hearing Workshop
Subject: County of Monterey Comment Letter

Dear Ms. Townsend:

The Monterey County Board of Supervisors strongly opposes the Cease and Desist Order (CDO) in the matter of California American Water (Cal Am).

If the CDO is imposed, the required cutbacks in water supply to the Monterey Peninsula would cripple the local economy and drastically alter the quality of life of more than 100,000 people in one of our state's crown jewels.

The people of the Monterey Peninsula have already paid a high price to protect the Carmel River. Average residential use per person per day is 70 gallons, compared to the average per-capita use in California of 192 gallons, and close to 300 gallons in Sacramento. The Governor's 20 by 2020 goal for our area is 123 gallons, which clearly, has already been surpassed.

Residents of the Monterey Peninsula pay more than \$5 million each year through water bills and property taxes to support projects to protect the Carmel River and its habitat. They have contributed more than \$18 million to the effort to develop a replacement water supply that would virtually end pumping from the river. Over time, they will pay \$300 million to develop a new supply.

Local hotels, representing a key component of our \$2 billion per year travel and tourism industry, have already done extensive retrofitting with water-using appliances, and encourage guests to save water whenever possible. According to hotel managers, further water consumption reductions would mean closing hotel rooms during the high season; this in an industry that is already struggling in our economy. The Monterey Peninsula draws nearly 8 million visitors each year through major events such as the AT&T Pebble Beach National Pro-Am, the Pebble Beach Concours d'Elegance and (next year) the U.S. Open golf tournament. All of these visitors need water and the state board is asking they be turned away.
Monterey County Board of Supervisors

A coordinated effort is underway to develop a new water supply that will solve this problem once and for all, and we are closer than we've ever been to a solution. A final EIR is expected in late September with certification at the beginning of next year. The focus should be on getting the solution built as quickly as possible, not on punishing a population whose water use serves as a model for the entire state.

The solution is a regional project that focuses on water supply reliability, conservation, environmental protection, and increased storage. It will protect the community from drought and bring the Carmel River back to life. It has near unanimous support from local government and the business and environmental communities, which worked hand-in-hand through a collaborative public process to create the project plan.

A Memorandum of Understanding has been signed between various local government agencies, including the County of Monterey, to develop a partnership with Cal Am that would allow the new water project to be publicly owned.

Monterey County is on the cutting-edge of water supply projects that provide reliability while preserving the environment. The County is home to an award-winning project to irrigate artichoke fields with recycled wastewater. Our world-famous Pebble Beach golf courses are irrigated with treated wastewater. Residential watering restrictions, retrofit requirements and elaborate water permitting processes are a way of life on the Monterey Peninsula.

In most parts of the Monterey Peninsula, there has already been a permit moratorium for 14 years, which places an unfair burden on owners of vacant properties, homeowners who would like to remodel, and businesses that would like to expand. A vacant retail store, for example, cannot be converted to a restaurant.

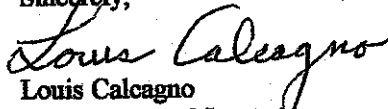
The Monterey Peninsula embodies all aspects of the state's water plan. The State Board's plan to require further drastic water supply reductions does nothing to solve the problem and sends the message to a community that has already done so much, that working hard and taking responsible action results in more punishment, not reward.

At this critical time, it would be extremely unfair and disruptive to impose further immediate and harsh water supply reductions. Monterey residents, business groups, representatives of the environmental community, and various agencies have worked hard to find a long term, comprehensive solution to the water supply problem.

In closing, we strongly urge your Board to reject the CDO and allow the local jurisdictions to solve the water shortage problem through a continued regional approach.

Thank you for your consideration.

Sincerely,


Louis Calcagno
Chair, Board of Supervisors

cc: Assembly Member Anna Caballero
Senator Jeff Denham
Monterey County Board of Supervisors
Charles McKee, County Counsel
Cal American Water
Marina Coast Water District
John Arriaga, JEA & Associates
Matt Thomas, Troutman Sanders, LLP

Assembly Member Bill Monning
Senator Abel Maldonado
Lew C. Bauman, County Administrative Officer
Curtis Weeks, Water Resources Agency Manager
Monterey Peninsula Water Management District
Monterey County Mayors Association
Nicholas E. Chinlos, Intergovernmental & Legislative Affairs Director