



July 3, 2016

Felicia Marcus, Chair
Tom Howard, Executive Director
State Water Resources Control Board
1001 I Street
Sacramento, CA 95814

Matthew Quint
Division of Water Rights
State Water Resources Control Board
P.O. Box 2000
Sacramento, CA 95812-2000

Dear Ms. Marcus, Mr. Howard and Mr. Quint:

The Monterey County Hospitality Association (“MCHA”), representing the hospitality industry throughout Monterey County fully supports the joint letter you received from the Monterey Peninsula Regional Water Authority, Monterey Peninsula Water Management District, California American Water Company, City of Pacific Grove and Pebble Beach Company addressing the Preliminary Staff Recommendation on the proposed extension to Cease and Desist Order WR 2009-0060 (“CDO”). MCHA also supports the position stated by the Coalition of Peninsula Businesses in their letter to you.

MCHA has, in concert with the community, been a leader in water conservation. We are proud to say that the hospitality industry has reduced its water use about 50% from previous years. We have done this by investing millions of dollars in state of the art water conserving fixtures, reduction in landscaping, and changes in our overall operations to minimize our use of water. Our community’s and our industry’s dedication to water conservation has resulted in one of the highest conservation rates in the state.

The hospitality industry employs more than 22,000 people. These employees are, for example, cooks, servers, room attendants, and maintenance workers in addition to our managers, finance officers, and sales people. Should we be faced with further water cutbacks, additional conservation requirements or rationing, there will be little we can do but shrink our businesses. We will have to offer fewer rooms and reduce seating and hours in our restaurants. Guests now have to ask for a glass of water with their meal; next, we may have to charge for it. If we lose business it will result in many of our employees having fewer hours to work or to lose their jobs

entirely. The ripple effect of that would adversely impact not only those employees but the community as a whole.

Our industry generates tens of millions annually in Transient Occupancy Taxes for the local cities and the County. In particular, the cities on the Monterey Peninsula rely heavily on TOT revenues for needed public services, including employees and infrastructure. The largest current construction project in Monterey, renovation of the City's Conference City is funded almost entirely by a TOT surcharge the industry imposed on itself to the benefit of the community and local businesses. Without a stable and expanding TOT base vital government services would be reduced and could be lost.

Further, paragraph #2 of the Preliminary Staff Recommendation, which proposes to limit any change in zoning or use to the lesser of usage for the 5 year period (2008/9 thru 2012/13) or the MPWMD fixture allocation, should be deleted. We agree that there should be no new connections but to arbitrarily restrict uses of existing legal and authorized connections that will improve the community should not be the intent of the State Water Resources Control Board. This will have a very chilling effect on our economy and our ability to produce jobs, produce community revenue and maintain a vibrant community.

MCHA as an organization and as a founding member of the Coalition of Peninsula Businesses has supported and advocated for the current California American Water Company desalination project. The delays that project is experiencing are a result of factors outside the control of the community or the Company. We supported the Pure Water Now groundwater recharge project which is now closer than ever to becoming a reality. The community and our industry have conserved water to the point where there is nothing meaningful left to conserve. We, the community and our industry, have done our part.

We ask that the State Water Resources Control Board approve the amendments to the CDO as originally proposed by the Monterey Community in its application.

Sincerely,

A handwritten signature in black ink, appearing to read 'Theodore Balestreri, II', with a stylized flourish at the end.

Theodore Balestreri, II, Chair
Monterey County Hospitality Association