MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

Supplement to 2/23/2012 MPWMD Board Packet

Attached are copies of letters received between January 14, 2012 and February 14, 2012. These letters are also listed in the February 23, 2012 Board packet under item 18, Letters Received.

Author	Addressee	Date	Topic
Chuck Della Sala	David Potter	2/10/2012	Monterey Peninsula Regional Water Authority
Roger Dolan	MPWMD	2/6/2012	Representation of MPWMD in the City JPA
Robert MacLean	David Potter	2/3/2012	Support for Public Meeting re Solution to Long-Term Water Needs
David Potter	David Stoldt	2/2/2012	Request to Co-Host Public Meeting re Solution to Long-Term Water Needs
Barbara Evoy	Laurens H. Silver, Esq.	2/2/2012	Sierra Club Request for Information Regarding compliance with WR Order 2009-0060 by California American Water Company
Katherine Mrowka	Alexander Hubbard	1/27/2012	Application 30511 of Wolter Properties Limited Partnership, Carmel River Subterranean Stream in Monterey County
Nadar Agha	Robert S. Brower, Sr.	1/20/2012	The People's Moss Landing Water Desal Project
Eric Sabolsice	David Stoldt	1/13/2012	Carmel River In-Stream Flow Study

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MONTEREY PENINSULA REGIONAL WATER AUTHORITY

PO BOX CC
CARMEL-BY-THE-SEA, CA 93921

A LEADERSHIP VOICE TO ADDRESS THE PRESSING NEED OF ENSURING THE REGION CONTINUES TO HAVE A SAFE, SUSTAINABLE, AND RELIABLE WATER SUPPLY

February 10, 2012

RECEIVED

FEB 13 2012

MPWMD

Dave Potter, Chair
Monterey Peninsula Water Management District
Post Office Box 85
Monterey, CA 93942

Dear Chair Potter:

The Monterey Peninsula Regional Water Authority was created by the six Monterey Peninsula cities to further the efforts of developing additional water supply before the imposed December 31, 2016 deadline upon which the region will be required to reduce its use of the Carmel River. The Authority held its inaugural meeting on February 9, 2012 at Sunset Center in Carmel.

The Authority wants to reach out to you and the other agencies involved in securing a future water supply for the Monterey Peninsula. We are asking for your input and response to the following questions:

- Are you interested in working with the Authority in securing a future water supply?
- What do you see as your role in working with the Authority to secure a future water supply?
- What water supply alternatives are your agency developing that will be part of the solution in the future?

The Authority will be compiling responses from you and the other agencies and will be considering the information at an upcoming meeting. Given the timeline and importance of the issue we are asking for you response no later than February 23, 2012.

The City of Carmel-by-the-Sea is providing initial administrative support to the Authority. Please feel free to contact me or Jason Stilwell, Carmel City Administrator for questions you may have or for additional information. I can be reached at 646-3760 or at dellasal@ci.monterey.ca.us. Jason can be reached at 831-620-2058 or at jstilwell@ci.carmel.ca.us.

Thank you in advance for the information and we look forward to hearing your thoughts of how we might best work together on this important issue.

Sincerely,

Chuck Della Sala
President

Cc: David Stoldt, General Manager

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

Since 1949

Monterey Peninsula Water Management District
P.O. Box 85
Monterey, CA 93942-0085

February 6, 2012

Dear Chair Potter and Board of the Monterey Peninsula Water District:

Representation of MPWMD in the city JPA

We respectfully request that MPWMD not pursue membership in the Joint Powers Authority (JPA) being formed by the Peninsula cities, and that you decline membership in it, if asked to join.

The Carmel Valley Association (CVA) has observed the recent formation of a JPA by the Peninsula cities with interest and concern. CVA has taken a position opposed to the formation of the JPA based on two points: 1) it was not fully representative of the population as it did not include the 34% percent of the CalAm customers who live in unincorporated areas; and 2) it was formed with such powers as would present a challenge to MPWMD as the responsible public agency best positioned to lead in the solution of the water supply problem, which could set the stage for an unproductive conflict, risking further delays in developing the needed facilities.

As you well know, the water scene is rapidly changing. It is now clear that a city JPA will be formed. We have attended numerous city council meetings and discussed the JPA with various mayors, and we understand that the mayors feel they need a JPA in order to have a voice in key decisions in the planning of the water supply. We understand that their concerns may be different from those of the more rural unincorporated areas, and that they wish to responsibly represent their cities' interests.

We have been told that they might consider adding some representation for the unincorporated areas after the JPA is formed. They have mentioned both MPWMD and the County as possible representatives for the unincorporated areas. However, we believe that if formed, the JPA should be recognized as the voice of the cities alone. We think that if MPWMD or the county were to join the JPA, it would provide the erroneous appearance that the JPA is fully representative of all. In reality, though, either MPWMD or the County would be out numbered on the JPA, and could be outvoted on any issue on which the city governments and the unincorporated areas might disagree.

Rather than joining the JPA, we hope that MPWMD will work in cooperation with the JPA to find a solution that is right for the entire community.

We believe that MPWMD should recognize its unique role in representing the entire customer base in regard to the new water supply and should continue to provide a representative voice for whatever special needs the unincorporated areas might have. We have seen the constructive work that you have done to develop contingency plans that now present the framework for the new water supply system, and we do not want to lose the momentum and direction that you have achieved.

Sincerely,

Christine Williams

Christine Williams, President

Roger Dolan

Roger Dolan, Water Committee

Cc: Monterey County Board of Supervisors; Peninsula cities (by email)

"To preserve, protect and defend the natural beauty and resources of Carmel Valley"

CALIFORNIA
AMERICAN WATER

Robert MacLean
California American Water
1033 B Avenue, Suite 200
Coronado, CA 92118
www.calamwater.com

P 619-435-7301
F 619-435-7434

February 3, 2012

RECEIVED
FEB 09 2012
MPWMD

Supervisor Dave Potter
Monterey County, Fifth District Supervisor
1200 Aguajito Road, Suite 001
Monterey, CA 93940

Dear Supervisor Potter,

Thank you for your letter of February 2, 2012, suggesting a public meeting to solicit opinions, build community support and discuss solutions that will meet the long term water supply needs of the Monterey Peninsula. California American Water supports this idea and would be pleased to co-host this public meeting. I look forward to hearing from you regarding dates and details for the meeting.

Sincerely,

Robert G. MacLean
President

cc: Mayors of City of Carmel by the Sea, Del Rey Oaks, Monterey, Pacific Grove, Sand City and Seaside
Monterey Peninsula Water Management District
Monterey Regional Water Pollution Control Agency
Marina Coast Water District
Division of Ratepayer Advocates

MONTEREY COUNTY

Board of Supervisors

Supervisor Dave Potter
Monterey County, Fifth District Supervisor

Kathleen Lee, Chief of Staff
Jayne Mohammadi, Aide
Bryan Flores, Administrative Assistant

1200 Aguajito Rd., Suite 001
Monterey, CA 93940
(831) 647-7755
Fax: (831) 647-7695
Email: district5@co.monterey.ca.us

February 2, 2012

Mr. Dave Stoldt
General Manager
Monterey Peninsula Water Management District
PO Box 85 / 5 Harris Court; Building G
Monterey, CA 93940

Dear Mr. Stoldt,

As a result of Friday's productive discussion on water projects and a subsequent meeting I had with members of the State Water Resources Control Board, it is my opinion that the best way to proceed is with a public discussion on finding solutions to our long term water supply needs that meets the timeframe set forth by the Cease and Desist Order. To emphasize that the solutions must be community driven and supported, I am asking you to please consider co-hosting a public meeting with the County of Monterey, the Mayor's JPA, the Monterey Peninsula Water Management District, the Monterey Regional Water Pollution Control Agency, the Marina Coast Water District, California American Water and the Division of Ratepayer Advocates.

I envision that this public meeting will have all of the parties mentioned above engaging in a robust discussion with the public to solicit opinions on the potential suite of projects and build community support that will be required to meet the long term water supply needs of the Monterey Peninsula and do so within the time constraints of the Cease and Desist Order. Recognizing that time is of the essence on beginning this discussion, I propose that we all co-host the meeting and utilize the services of a third party facilitator. Mitch Winick, Dean of the Monterey College of Law, has agreed to facilitate the discussion and my office is working to find a suitable location and date for the meeting.

I look forward to your reply and working together with you and the public to find solutions to this critical problem.

Sincerely,

Dave Potter

Dave Potter
Fifth District Supervisor
County of Monterey

Cc: Mayors of City of Carmel by the Sea, Del Rey Oaks, Monterey, Pacific Grove, Sand City and Seaside
Monterey Peninsula Water Management District, Monterey Regional Water Pollution Control Agency
Marina Coast Water District, California American Water, Division of Ratepayer Advocates

CALIFORNIA
Water Boards

EDMUND G. BROWN JR.
GOVERNOR

MATTHEW RODRIQUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION

State Water Resources Control Board

FEB 0 2 2012

RECEIVED

FEB 07 2012

MPWMD

In Reply Refer to:
MJQuint:262.0(27-01)

California Environmental Law Project
c/o Laurens H. Silver, Esq.
P.O Box 667
Mill Valley, CA 94942

Dear Mr. Silver:

SIERRA CLUB REQUEST FOR INFORMATION REGARDING COMPLIANCE WITH WR ORDER 2009-0060 BY CALIFORNIA AMERICAN WATER COMPANY

This letter is in response to your December 14, 2011 letter concerning California American Water Company's (Cal-Am) compliance with WR Order 2009-0060 (CDO). Your letter requests information as to how the State Water Resources Control Board (State Water Board or Board) will enforce the conditions in the CDO that are intended to prevent increased diversions from the Carmel River to offset the loss of production in the Seaside Groundwater Basin. Your letter acknowledges that since 2005 Cal-Am has been able to stay well below its Board imposed production limits imposed under WR Order 95-10 and the CDO. However, because a 10 percent triennial reduction to water withdrawals from the Seaside Groundwater Basin is in effect in 2012, you believe it is necessary for the State Water Board to formulate guidance as to how Board staff will continue to enforce the CDO. Specifically, you believe the Board should provide guidance to prevent any net increase in diversion from the Carmel River to offset the loss in production from the Season Groundwater Basin. As you accurately point out, the State Water Board stated in the first paragraph on page 40 of the CDO, *"[W]e conclude that Cal-Am should be prohibited from increasing its diversions from the river to offset the loss in production from the groundwater basin."* It is important to note, however, that this prohibition applies to "illegal diversions" from the Carmel River and not additional waters that may be pumped under the Aquifer Storage Recovery (ASR) permits. Cal-Am's total reduction in unauthorized or illegal diversions from the Carmel River must be in compliance with Attachment 1 to the CDO.

Condition 6 of the CDO specifies Cal-Am's current reporting requirements to document its compliance with WR Order 95-10 and the CDO. Cal-Am is required to submit a report of the water it diverts from the Carmel River to the Division of Water Rights (Division) on a quarterly basis. Condition 6 (b) specifies the requirement to report the monthly amounts of water diverted, stored, and beneficially used under the ASR project. Condition 6 (d) through 6 (g) specify the monthly records that Cal-Am must submit to summarize the reduction in demand for potable water due to: conservation actions such as increased water rates, the Monterey Peninsula Water Management District retrofit program, efforts to reduce potable water for outdoor water use, and demand reduction initiatives. In addition, Cal-Am must report the water diverted due to estimated annual water savings from the retrofit program and the number of water conservation audits for homes, businesses and landscape accounts.

Division records show that Cal-Am has submitted the required quarterly reports including all the necessary information. Division staff continues to closely monitor Cal-Am's compliance as directed by Condition 10 of the CDO. Based on the record of compliance, I have no reason to provide further guidance to staff, nor modify the timing and or content of the reporting required by the provisions of the CDO to more effectively carry out the intent of the CDO, as provided by Condition 8 of the CDO. I appreciate your recommendations and your continued diligence in promoting continued compliance and final resolution of this matter.

If you have any questions, please contact John O'Hagan of my staff at (916) 341-5368 or by email at johagan@waterboards.ca.gov. Written correspondence should be addressed as follows:

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

Sincerely,

Barbara Evoy, Deputy Director
Division of Water Rights

cc: Craig E. Miller, General Manager
Central Division-Monterey
California American Water Company
511 Forest Lodge Road, Suite 100
Pacific Grove, CA 93950

David J. Stoldt, General Manager
Monterey Peninula Water Management District
P.O. Box 85
Monterey, CA 93942-0085

CALIFORNIA
Water Boards

EDMUND G. BROWN JR.
GOVERNOR

MATTHEW RODRIQUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION

State Water Resources Control Board

JAN 2 7 2012

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FEB 0 3 2012

MPWMD

In Reply Refer
To:KMrowka:30511

Mr. Alexander F. Hubbard
Hubbard & Hubbard LLP
400 Camino Aquajito
Monterey, CA 93940
afhubb@aol.com

Dear Mr. Hubbard:

APPLICATION 30511 OF WOLTER PROPERTIES LIMITED PARTNERSHIP, CARMEL RIVER SUBTERRANEAN STREAM IN MONTEREY COUNTY

The Division of Water Rights (Division) has reviewed Application 30511 to determine the next steps in application processing. The application seeks an appropriative right for ongoing diversion of 0.42 cubic foot per second (cfs), with an annual limit of 96 acre-feet (af) throughout the year from the Carmel River subterranean stream. The following documents the status of the protests:

- Monterey Peninsula Water Management District (District): The District protest is considered dismissed based on the Division's September 19, 2008 letter.

- Department of Fish and Game (DFG) - Potential impacts to steelhead, fish and wildlife resources. DFG and the Applicant have been negotiating the terms of protest dismissal. One of the primary conditions for protest dismissal is implementation of the National Marine Fisheries Service (NMFS) flow regime developed for the Carmel River. The Applicant has agreed to comply with this condition. DFG indicated concern regarding compliance monitoring. This issue is addressed in the proposed permit condition, listed below.

  The protest seeks to require the Applicant to develop storage for use in lieu of direct diversion, and specifies how to manage storage to minimize harm to California red-legged frog. Application 30511 does not have a storage component. Division staff is not aware of any regulatory basis that it can utilize to require an Applicant to change the proposed method of diversion from direct diversion to storage. Moreover, the Applicant has indicated that storage of 96 af would occupy the land required for cropping, leaving no area for cropping to occur. The protest dismissal conditions should be limited to mitigating the effects of the proposed project on instream resources.

The protest requests access for DFG personnel to perform a flow-based stream habitat assessment every two years at a seasonally appropriate time period and access for monitoring permit compliance. The Applicant agreed to this condition, but requested five days advance written notice of any instance when DFG might cross its property.

The protest indicates a concern that the Applicant's request to divert 96 afa would be more than allowed by Decision 1632. For your information, the State Water Resources Control Board evaluated additional evidence regarding historic diversions by the Applicant in 2003 and issued Order WRO 2003-0014. The order finds that the Decision 1632, Table 13 allotment for the Applicant should be 96 afa. Water is diverted using a 200 feet deep well, approximately 750 feet from the channel center. It appears that the protest has been addressed.

- Ventana Chapter, Sierra Club – On October 8, 2009, the Division advised the Sierra Club that the protest would be cancelled for failure to provide information pursuant to Water Code section 1335 if a response was not received by November 7, 2009. No response was received.

- California Sportfishing Protection Alliance (CSPA) – On September 14, 2009, the Division advised CSPA that its protest would be cancelled for failure to provide information pursuant to Water Code section 1335 if a response was not received by October 14, 2009. No response was received.

- Carmel River Steelhead Association (CRSA) – Potential impacts to steelhead. Cumulative impacts due to all of the pending applications on steelhead. The NOAA fishery condition listed below addresses this concern.

The State Water Resources Control Board has an independent obligation to consider the effect of the proposed project on public trust resources and to protect those resources where feasible. (*National Audobon Society v. Superior Court* (1983) 33 Cal.3d 419 [Cal.Rptr. 346].) Division staff has been working with the NMFS and the District to determine appropriate Carmel River diversion conditions to address public trust resource needs. The following condition is being utilized in current permits issued, and is based on the NMFS 2002 Carmel River fishery report. It appears that the condition resolves the remaining public trust protests and the project could be permitted with inclusion of the condition. If you are not amenable to the condition, you will need to document a valid methodology for protecting public trust resources. (Wat. Code § 1275(b).) A response is requested within the next 30 days or we will assume that the remaining protestant's concerns have been addressed and the protests will be considered dismissed. Also, any remaining protestants objecting to the proposed permit term should provide an alternate permit condition and a basis for recommending the alternate condition within the next 30 days.

Permit Condition:

For the protection of fisheries, wildlife, and other instream uses in the Carmel River, diversions under this permit shall be subject to maintenance of minimum mean daily instream flows as specified in Table A, Minimum Mean Daily Instream Flow Requirements. No water shall be diverted under this permit if the instream flows would be reduced by such diversion below the minimum mean daily flows specified in Table A. To ensure compliance with these conditions, by September 30 of each year, Permittees

shall file a report with the Deputy Director for Water Rights, DFG and NMFS containing the following information:

a. Dates during the previous diversion season when water was diverted under this permit; and
b. Mean daily flows recorded at the monitoring location specified in this condition during the same period.

TABLE A		
MINIMUM MEAN DAILY INSTREAM FLOW REQUIREMENTS		
December 1-April 15	**April 16-May 31**	**June 1- November 30**
Prior to Carmel River lagoon opening to the ocean [1]: May divert with minimum bypass of **40 cfs** at the Carmel River at Highway 1 Bridge gage[2]. **Following Carmel River lagoon opening to the ocean:** May divert with minimum bypass of **120 cfs** at the Carmel River at Highway 1 Bridge gage.	May divert with minimum bypass of **80 cfs** at the Carmel River at Highway 1 Bridge gage	May divert with minimum bypass of **5 cfs** at the Carmel River at Highway 1 Bridge gage.

[1] On December 1, if water in the lagoon is flowing to the ocean, the lagoon shall be deemed to be open to the ocean. If on December 1 water in the lagoon is not flowing to the ocean, the lagoon shall be deemed to be open to the ocean when the lagoon level drops rapidly from a stable elevation to a lower elevation as evidenced by the water surface elevation gage located at the Carmel Area Wastewater District effluent pipeline across the south arm of the lagoon. This elevation gage is operated by the District.

[2] The District operates a stream gage at Highway 1 and reports flows at this location on its website. Reported flows are not provided on a real-time basis and reported flows are subject to revision due to frequent changes in the riverbed at this location. In addition, updates of flow information at this location are carried out when the District has sufficient staff and resources and it should be noted that the District is under no obligation to provide this information on its website.

If you require further assistance, I can be contacted at (916) 341-5363. Written correspondence should be addressed to: Division of Water Rights, attn: Katherine Mrowka, P.O. Box 2000, Sacramento, CA 95812.

Sincerely,

Katherine Mrowka

Katherine Mrowka, Chief
Inland Streams Unit

cc:

Sierra Club, Ventana Chapter
PO Box 5667
Carmel, CA 93921

California Sportfishing Protection Alliance
Mr. Chris Shutes
1608 Francisco Street
Berkeley, CA 94703
blancapaloma@msn.com

Monterey Peninsula Water Management District
Mr. Larry Hampson
5 Harris Court, Building G
Monterey, CA 93940
Larry@mpwmd.net

Carmel River Steelhead Association
Attn: Clive R. Sanders
PO Box 1183
Monterey, CA 93940

Ms. Lauren Mulloy
Department of Fish and Game
1995 Nimbus Road
Rancho Cordova, CA 95670
lmulloy@dfg.ca.gov

January 20, 2012

RECEIVED
JAN 23 2012
MPWMD

Board Member Bob Brower
Monterey Peninsula Water Management District
5 Harris Court Bldg G
Monterey, CA 93942

Dear Board Member Bob Brower,

For over a decade the old National Refractories site (now The People's Moss Landing Water Desal Project) has been proposed and evaluated as a desirable and a best location for a regional desalination project. *The Final Report* from the CPUC dated July 2002, titled *Alternative Plan B, to the Carmel River Dam* listed the National Refractories site as the best suited location for a desal plant. A second independent study evaluating existing desal options for the Monterey Peninsula Water Management District was published in February, 2008 titled *Final Report - Evaluation of Seawater Desalination Projects Proposed for the Monterey Peninsula,* and it found no fatal flaws to the proposed project. The studies also acknowledged the site's existing infrastructure, current permits and access to seawater without the challenges of open-seawater extraction or the use of slant wells burdened with water-rights issues.

In light of the looming effects of the Cease and Desist Order 95-10 and the promise by the State Water Resources Control Board to eliminate the illegal over pumping of the Carmel River by end-of-year 2016, it is imperative that the People's Moss Landing Desal Water Project be moved to the forefront especially since the current Regional Desal Project is stalled by lawsuits, the current court order requiring a new California Environmental Quality Assessment EIR, serious conflict-of-interest charges and the prohibitively high cost of over $400 million. In addition, the attempt of the Marina Coast Water District to buy the water for Fort Ord development for only $143 per acre-foot is wrong – it costs $7500 an acre-foot to make.

Moreover, the California Division of Ratepayer Advocates (DRA) identified four areas of concern with the contracts entered into by the three current project partners: California American Water, Cal Am, the Marina Coast Water District (MCWD) and the Monterey County Water Resources Agency (MCWRA).

The DRA's concerns were: 1) Accuracy of costs and cost allocation - CAW peninsula ratepayers were due to pay a majority of the costs without owning the plant, 2) Operations and Maintenance - the agreements between the three parties left O&M a blank slate, 3) Use of slant wells, and 4) Governance – who was representing the ratepayers and how would problems be adjudicated in the future.

The rate paying public has the right to an open and transparent evaluation process that fairly considers our project. I feel this project adequately addresses the DRA's concerns, the water rights issue and is projected to provide safe potable water at a fraction of the current estimated costs associated with the Regional Desal Project and will be online before the deadline if all involved public agencies perform their work on time as they should.

I hope that we can finally move forward with The People's Water Project. Let's remove all obstacles, political and otherwise, and get this done now.

If you would like to take a tour of The People's Moss Landing Water Desal Project site, to ask questions or to receive additional information please contact me at your convenience.

Sincerely,

Nader Agha
Managing Partner, The People's Moss Landing Water Desal Project

CC:
Mayor Sue McCloud
Vice Mayor Paula Hazdovac
Council Member Ken Talmage
Council Member Jason Burnett
Council Member Karen Sharp
Mayor Jerry Edelen
Vice Mayor Kristin Clark
Council Member Jeff Cecilio
Council Member Mike Zucarro
Council Member Dennis Allion
Mayor Chuck Della Sala
Vice Mayor Jeff Haferman
Council Member Elizabeth Downey
Council Member Nancy Selfridge
Council Member Frank Sollecito
Mayor Carmelita Garcia
Mayor Pro Temp Bill Kampe
Council Member Rudy Fisher
Council Member Alan Cohen
Council Member Daniel Miller
Council Member Ken Cuneo
Council Member Robert Huitt
Mayor David Pendergrass
Vice Mayor Mary Ann Carbone
Council Member Craig Hubler
Council Member Jerry Blackwater
Council Member Todd Kruper
Mayor Felix Bachofner
Director Raminder Kahlon
Acting Director Joe Como
Deputy Director Linda Serizawa
Interim Deputy Director Matthew Marcus
Policy Advisor Cheryl Cox
Chief Council Karen Paull
Mayor Pro Temp Steve Bloomer
Council Member Dennis Alexander
Council Member Alvin Edwards
Council Member Ian Oglesby
City Attorney Christine Davi
Monterey Chamber of Commerce
Carmel Chamber of Commerce
City Manager Fred Meurer
City Manager Jason Stillwell
City Manager Thomas Frutchey
City Manager Daniel Dawson
City Manager Ray Corpuz
Brenda Lewis
Judi Lehman
Kristi Markey
Regina Doyle
Bob Brower
Supervisor Fernando Armenta
Supervisor Lou Calcagno
Supervisor Simon Salinas
Supervisor Jane Parker
President Michael Peevey
Executive Director Paul Clanon
Commissioner Catherine Sandoval
Commissioner Mark Ferron
Commissioner Mike Florio
Commissioner Timothy Alan Simon
Public Advisor Karen Miller

THE PEOPLE'S MOSS LANDING WATER DESAL PROJECT

A Green Sustainable Project

January 2012

THE PEOPLE'S MOSS LANDING WATER DESAL PROJECT
A Green Sustainable Project

The Monterey Peninsula ratepayers (homeowners, renters, business owners, hotels, restaurants and others) need a new reliable and affordable source of fresh water now and for generations to come. It is VITAL for life and for the life of our economy!

Situated at the 200-acre Moss Landing Green Commercial Park (formerly the National Refractories & Minerals plant), THE PEOPLE'S MOSS LANDING WATER DESAL PROJECT (approximately 55 acres including desal and solar) is a continuation of the original Moss Landing Desal Project that was launched in 2004.

According to the *Carmel River Dam Contingency Plan – Plan B Project Report* which was prepared for The Water Division of the California Public Utilities Commission and published in July 2002, out of the twenty-one possible water sites evaluated, **the site of THE PEOPLE'S MOSS LANDING WATER DESAL PROJECT** (formerly the National Refractories & Minerals plant) **was selected as a "Best" Apparent Site.** *Why then, has it not been considered in the recent water solution options evaluation process?*

The report also states that the dependability of the site's desalination water source as "drought proof." Desalination proves to be a reliable and affordable water solution *for as little as $600 per acre-foot.* However, here on the Monterey Peninsula, *the reported costs of other proposed desal projects are shockingly high, as much as $7,500 per acre-foot!* In addition, the current estimated cost of the presently proposed desalination project is reported to be $400 million to $600 million. **Who will pay for this? The ratepayers, of course.**

Currently, the public is being given an array of confusing alternatives to the water dilemma, some riddled with controversy and even possible corruption. *The public has a right to participate in shaping the public policies that affect their lives and their budgets, including the control of water and the rates they pay for it.* They also have a right to know about the only alternative solution that already exists. THE PEOPLE'S MOSS LANDING WATER DESAL PROJECT is the answer to the region's water dilemma and will produce **water by July 2015.*****

The projected cost of the water produced by THE PEOPLE'S MOSS LANDING WATER DESAL PROJECT is approximately $1,317 per acre-foot, delivered to Seaside (including plant, solar, land, infrastructure, and 15 miles of 30" pipeline). THE PEOPLE'S MOSS LANDING WATER DESAL PROJECT is estimated at approximately $128,650,000. This number includes $18 million for the solar farm, $30 million in land plus infrastructure, and an $18,750,000 million pipeline to Seaside. This low cost of $128,650,000 is partly due to the existing infrastructure. The replacement cost of the existing infrastructure is approximately $121,000,000.*

THE PEOPLE'S MOSS LANDING WATER DESAL PROJECT will be made available to a public agency at a rate significantly less than its market rate (at 24% of appraised value), thus **saving ratepayers hundreds of millions of dollars in new construction costs!** The people will also save money on their water bills. The water produced by THE PEOPLE'S MOSS LANDING WATER DESAL PROJECT will be pumped to Seaside from Moss Landing at a **cost to the ratepayers of approximately $12.50 each per month.**

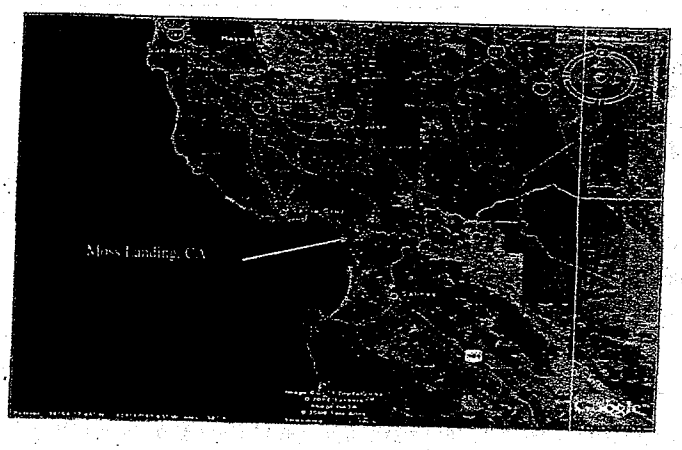
January 2012: As requested by several local mayors, a respected water desal independent consultant is preparing an evaluation of The People's Moss Landing Water Desal Project.

**Certified MAI commercial appraisal is available. **Approximately 18 months after obtaining permits Note: Information subject to change*
****Based on typical permitting process time, water will be made available by July 2015; assuming no extraneous, unnecessary, or political interference.*

© THE PEOPLE'S MOSS LANDING WATER DESAL PROJECT www.ThePeoplesWater.com
449 Alvarado Street, Monterey, CA 93940 Office: 831-646-1677 Mobile: 831-594-9711

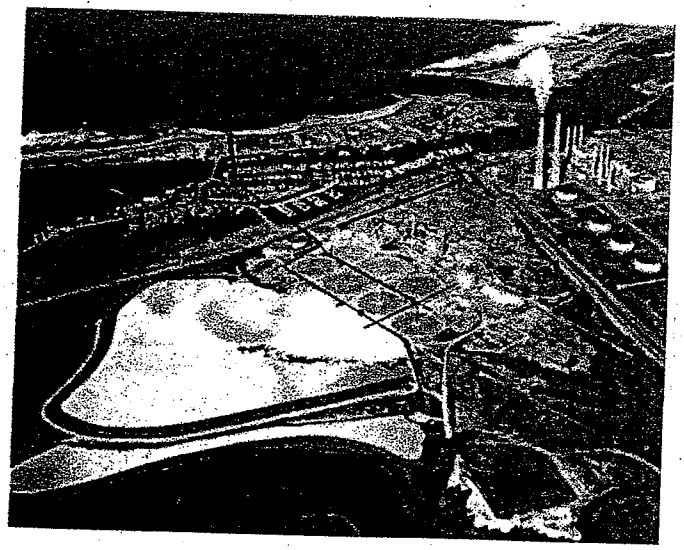
THE PEOPLE'S MOSS LANDING WATER DESAL PROJECT
A Green Sustainable Project

Moss Landing, California – Monterey Bay

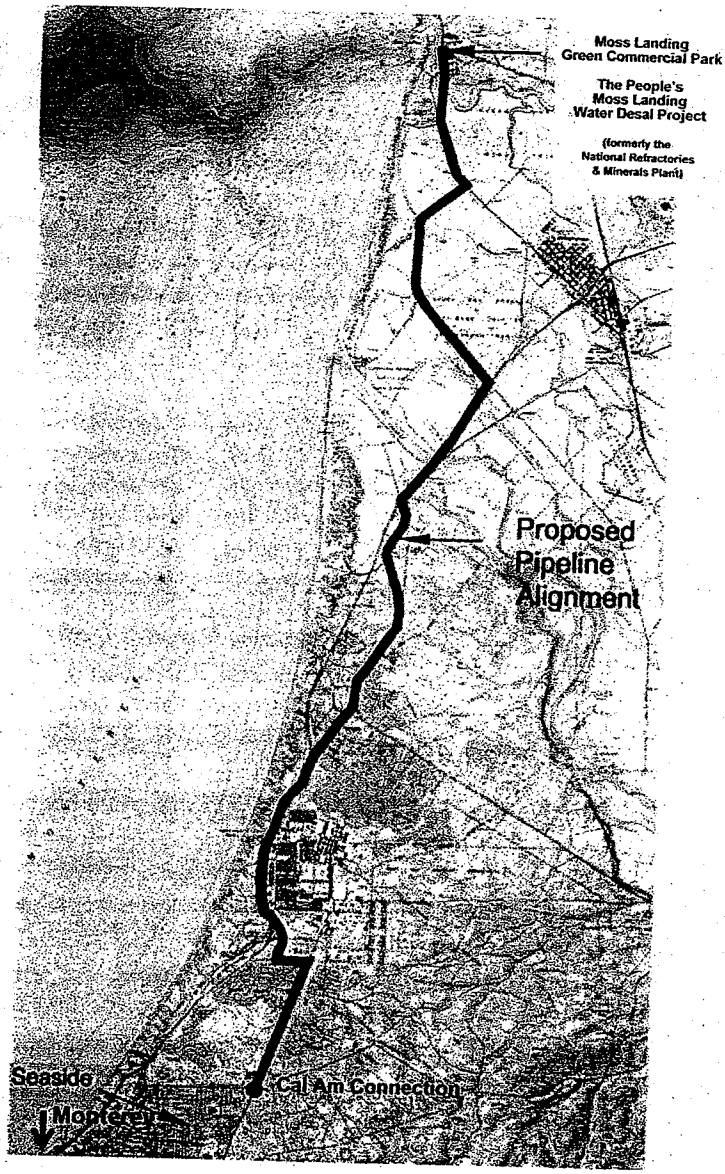


People's Moss Landing Water Desal Project

Red line is the existing outfall pipeline.
Blue line is the existing intake pipelines.



Proposed Delivery Pipeline



79,200-foot linear pipeline (plus or minus) to Seaside.
Cost to build: $18.6 million (approx.): $250 ± per linear foot.

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THE PEOPLE'S MOSS LANDING WATER DESAL PROJECT
A Green Sustainable Project

PROJECT SUMMARY

A. OVERVIEW

The proposed Moss Landing Desalination Sea Water Reverse Osmosis (SWRO) project is taking a truly innovative approach toward providing an alternative water supply for the Monterey Bay region. The proposed project would deliver raw seawater to the desalination plant through the use of existing intake and outfall pipelines, currently permitted to discharge up to 60 million gallons per day (MGD), regulated by the California Regional Water Quality Control Board (NPDES CA0007005).

The project is presently designed to deliver 10 MGD of high-quality drinking water at a projected cost of approximately $1,317 per acre-foot per year to Seaside. The project can be designed, assembled, and commissioned within approximately 18 months after acquiring of permits.

B. PLANT LOCATION

The proposed project would be located at the Moss Landing Green Commercial Park, adjacent to the Moss Landing Power Plant on the former National Refractories & Minerals Corporation site. The approximately 200-acre site is presently zoned for light and heavy industrial use. Approximately 25 acres will be designated for the desal plant. This 200-acre site contains approximately 300,000 sq. ft. of existing building space. Importantly for the proposed desalination project, the site is presently permitted for seawater intake and discharge of up to 60 MGD conveyed from existing pipelines and pumps station originally installed and permitted to support the magnesium extraction from seawater and refining operations previously conducted at the site, and to discharge water back to the ocean. The water produced by THE PEOPLE'S MOSS LANDING WATER DESAL PROJECT will be made available at the site to the water distribution pipe to the Monterey Peninsula.

C. PROJECT DESCRIPTION & ENGINEERING

The desalination project will consist of the following major components:

1. Screened, passive intake pipeline – existing
2. Outfall pipeline - existing
3. Intake pump station - existing
4. Pretreatment media filtration system
5. 10 MGD seawater desalination system to be assembled on site
6. Energy recovery system to reduce power consumption
7. Post-treatment facilities
8. Product water pump station
9. Solids handling system
10. Electrical power supply
11. Solar 6–megawatt energy system

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D. TRANSMISSION PIPELINE

a) Transmission pipeline – paved/Hwy 1 20000 LF R-O-W
b) Transmission pipeline – unpaved R-O-W 47900 LF
c) Mojo Cojo Slough Crossing 500 LF
d) Tembladero Slough Cross 100 LF
e) Salinas River Crossing 1000 LF

E. WATER STORAGE

Product water will be stored onsite for distribution. Sufficient storage (45 million gallon storage tanks) will be provided to meet all regulatory requirements for disinfection. The product water pump station will provide high quality drinking water to the distribution pipeline at the flow and pressure required for distribution.

F. WASTE STREAMS

The desalination plant will generate waste streams consisting of concentrate from the SWRO process, sludge from the media filter backwash, sanitary wastewater, spent membrane solution, solid waste, and surface runoff. The plant will be designed and constructed to handle all waste streams generated in an environmentally sound manner and in compliance with all codes and regulatory requirements as may be applicable.

G. ENERGY CONSUMPTION

Power will be provided to the project by the local electrical supply existing within the footprint of the existing facility. Circuits feeding the desalination plant will be provided from an existing 12 KV electrical system through a 460- volt circuit and from a 6-megawatt solar energy system.

H. TREATMENT COMPONENTS

a) Pretreatment will utilize a granular media filtration system, a proven technology, to protect the integrity, useful life, and reliability of the seawater reverse osmosis (SWRO) membrane system. The system will consist of a single-stage, dual-media granular media system with sufficient redundancy to ensure a reliable, sustainable supply for downstream desalination. Coagulant and filter aid polymer systems will be provided to improve the efficiency of the pretreatment system, if needed, during system operation. The filters will be fully automated and monitored to assure trouble-free operation.
b) Filtered, pretreated water, will be temporarily collected in a clean/veil, insuring continuous operation of the downstream SWRO system, prior to being pumped through cartridge filters, and the downstream SWRO desalination system. The media filters are designed to use filtered seawater as a source of backwash water or alternative concentrate.

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I. WATER QUALITY

The plant will supply product water quality in compliance with the regulatory requirements of the California Department of Public Health, Safe Drinking Water Act, and the California Title 22 Code for Drinking Water Standards. The finished product water from the desalination plant will be compatible with other sources of potable water delivered to the same distribution system.

J. SERVICE AND SUPPORT FACILITIES

The desalination plant will incorporate existing structures and service facilities located at the Moss Landing Green Commercial Park including buildings, roads, parking lots, and a railroad spur. Handicapped access and landscaping will be added.

K. ADMINISTRATION, LEGAL, ENGINEERING AND ENVIRONMENTAL CONSIDERATIONS

a) Rights-of-way
b) Environmental review, permits
c) Mitigation measures
d) Design engineering
e) Construction management
f) Administration/legal

L. PERMITTING AND REGULATORY REQUIREMENTS

Regulatory Requirements/Permits – (N/A – Not Applicable)

REGULATORY REQUREMENT	AGENCY	REQUIRED?	STATUS
Certificate of Public Convenience and Necessity	California Public Utilities Commission	Yes (until public agency involvement)	N/A
California Environmental Quality Act (CEQA)	State of California	Applies	N/A
SWRCB Order WR 95-10	State Water Resources Control Board	Must comply, but no approval permit required	Pending Public Agency Involvement
Well Permit	Monterey County Environmental Health Department	Yes (back-up wells)	EXISTING
General Plan	City of Seaside	Yes	N/A
Underground Services Alert (USA)		N/A (unless drilling required)	N/A
Monterey Bay National Marine Sanctuary (MBNMS) Management Plan	The National Oceanic and Atmospheric Administration (NOAA)	The MBNMS provides sanctuary approval on RWQCB and other agency permits. Before construction of the proposed project a request for NMSA must be obtained	Waiting for Public Agency Involvement

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Regulatory Requirements/Permits (Cont.)			
Central Coast Regional Water Quality Control Board Basin Plan	Central Coast Regional Water Quality Control Board	Yes	
Carmel Valley Master Plan	Monterey County	No	
Monterey County General Plan	Monterey County	Yes	
Greater Monterey Peninsula Area Plan	Monterey County	Yes	
City of Marina General Plan and LCP	City of Marina	Yes	
Fort Ord Reuse Plan (FORP)	Fort Ord Reuse Authority	Yes	
City of Del Rey Oaks General Plan	City of Del Rey Oaks	Yes	
City of Monterey General Plan	City of Monterey	Yes	
Water distribution system permit	Monterey Peninsula Water Management District	Yes	
Encroachment and construction permits	Monterey County and Cities of Monterey, Del Rey Oaks, Seaside, Sand City, Carmel-by-the-Sea, Pacific Grove	Yes	
Coastal Development Permit	California Coastal Commission	CCC is one of California's two designated coastal management agencies.(Y)	Pending Public Agency Involvement
Section 1600 Streambed Alteration permit and incidental take permits	California Department of Fish and Game	Yes	
National Pollutant Discharge Elimination System (NPDES) and Permit/401 certification	Regional Water Quality Control Board (RWQCB)	Yes	
Clean Water Act (CWA) Section 10 and 404 permits	Army Corps of Engineers (USACE)	Yes	
Endangered Species Act (ESA) Section 7 & Marine Mammal Protection Act Section 9 Consultation	US Fish & Wildlife Service and National and Oceanographic and Atmospheric Administration Fisheries/NMFS	Yes	
Fish and Wildlife Coordination Act	US Fish and Wildlife Service	Requires federal agencies to provide equal consideration to fish and wildlife resources in the planning of and proposals for water resource development projects	
Section 2081 of the Fish and Game Code	California Department of Fish and Game	Prohibits "take" of any state-listed species that the State Fish and Game Commission determines to be endangered or threatened.	

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Regulatory Requirements/Permits (Cont.)			
Section 10 of the Rivers and Harbors Act of 1899	US Corps of Engineers	Permits to authorize certain structures or work in or affect navigable waters of the United States	
Regional Water Quality Control Board	State of California Central Coast	Develops and enforces water quality objectives and implementation plans to protect the beneficial uses of the state's waters.	
Operations in US waters; Navigation	US Coast Guard	TBD	
Clean Air Act	US Environmental Protection Agency	No	
Air quality permitting	Monterey Bay Unified Air Pollution Control District	Yes	
Facilities Siting Permits	State Lands Commission	Approve leases for new facilities and intakes using once-through cooling systems and imposing certain conditions on lease renewals and extensions for existing facilities. The Commission resolved that intake of large volumes of water OTC has impacts on coastal organisms by entrainment and impingement	Existing Intake and Outfall Permits
Local Coastal Plans	Local Agencies	Identify the location, type, densities and other ground rules for future development in the coastal zone.	

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M. SITE FEATURES AND BENEFITS

As mentioned above, the following table summarizes the features and benefits of the Moss Landing Green Commercial Park site, which will significantly reduce both the cost of the desalination facility and accelerate the construction schedule when compared to other undeveloped site locations.

SITE FEATURE	BENEFIT
Approximately 55 acres on the available 200-acre site (25 acres for plant and 30 acres for solar)	Available for lease as well as sale.
Presently zoned for light, heavy industry and production of utilities	Eliminates need for re-zoning.
300,000 sq. ft. of existing building space.	Eliminates or reduces project infrastructure cost.
12 KV electrical service available on-site	Eliminates or reduces project infrastructure cost. Reduces permitting time and cost.
Existing 60 MGD permit for seawater intake and discharge	Eliminates or reduces project cost and accelerates construction schedule.
Existing easements and infrastructure for seawater intake and concentrate disposal	Eliminates or reduces costs and time associated with some permits. Eliminates costs and inconvenience associated with construction under Highway 1
Railroad Spur Access	Enables less expensive bulk chemical delivery and pretreatment solids removal. Reduces heavy truck traffic on Hwy 1.
44 million gallons of storage capacity	Eliminates or reduces project infrastructure cost.
Existing sedimentation and sludge handling infrastructure	Reduces project infrastructure cost.
On-site fresh water tanks and nearby fresh water wells	Available water source to support construction activities and plant operations and backup systems.
Pilot Project in Place Small, portable (on wheels) desalination plant in place that can produce 50,000 GPD	No additional cost to ratepayers.
EIR commissioned and in progress	No additional cost to ratepayers.

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N. SCHEDULE

The project will be completed within 18 months after all permits have been obtained***. See timeline.

O. COSTS

COST OF DESALINATION PLANT DELIVERED FROM MOSS LANDING TO SEASIDE 10,700 ACRE-FEET/YEAR

Plant - to be delivered & assembled within 12 months after permits Including a 10% contingency	$45,000,000
Resurfacing remaining tanks, pipes and pumps	$ 1,000,000
Screening and filtering system	$ 4,000,000
Engineering & design	$ 4,000,000
Delivery system to distribution line after desalination	$ 1,000,000
Reserve for chemicals & parts	$ 2,000,000
Purchase land	$30,000,000 @24% (76% discount of MAI fair appraised market value for approx. 55 acres); Appraisal is available@ $121,000,000*
Solar - 6 megawatts or more	$18,000,000
EIR	$ 650,000
Permits – Fees	$ 1,350,000
Miscellaneous	$ 3,000,000
Pipeline to Seaside from Moss Landing Pipeline is 30 inches in diameter	$18,650,000 15 miles = 79,200 feet x $250 ± per ft
TOTAL COST including pipeline to Seaside	**$128,650,000**

Without land, solar and pipeline, the cost will be $66,100,000.

The main contributing factor in the reduction of this cost is the existence of approximately $121,000,000 in infrastructure at a cost to a public agency or the State of California of $30 million and the elimination of the profit over the actual cost of the desalination plant. This reduction reflects the investment in the future building of our desal operations in the U.S. and around the world.

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COST OF YEARLY OPERATION PER 10,700 ACRE FEET TO THE MONTEREY PENINSULA RATEPAYERS

	PER MONTH
Loan Payment on $128,650,000 interest and principal @3.5% for 30 years =Yearly $4,790,926 Monthly $399,243 divided by 10,700 acre-feet= $37.00 divided by 8.8 housing units/acre-foot = $4.24 per house*	**$4.24**
Maintenance - Yearly $4,000,000 divided by 10,700 acre/feet = 373.83 divided by 12 months = 31.00 divided by 8.8 housing units per acre-foot = $3.50	**$3.50**
Utilities – From solar farm, energy recovery system and PG&E $500 per acre foot per year, divided by 12 months = $41.67 divided by 8.8 housing units per acre foot = $4.73 per housing unit per 100 gallons per day	**$4.73**
Delivered to distribution line in Seaside Approximate cost per housing unit per month	**$12.47**
Annualized Cost Per Year	**$14,100,000.00**

- At 3.5%: $12.47 x 8.8 x 12 = Approximately **$1317 per acre-foot per year** including pipeline (A bond at 3.5% interest is available for a limited time only – action should be taken within a few months.)
- With a grant of 25% = $32,000,000 – leaving a balance of $96,000,000 at 3.5% for 30 years: **$1224 per acre-foot.**
- With the sale of 700 acre-feet (which is no longer needed due to conservation but included in the 10,700 acre-feet above) to legal lots of record owners and add-ons: $25,000,000 – leaving a balance of $71,000,000 at 3.5% for 30 years: **$1135 per acre-foot.**
- Without land, solar and pipeline, the cost will be $66,100,000. The main contributing factor in the reduction of this cost is the existence of approximately $121,000,000 in infrastructure at a cost to a public agency or the State of California of $30 million and the elimination of the profit over the actual cost of the desalination plant.

*** 100 gallons per day x 365 days = 36,500 gallons per house per year.**
320,000 gallons per acre-foot divided by 36,500 = 8.8 housing units per acre-foot.

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COST OF YEARLY OPERATION FOR 5,000 ACRE-FEET MODULAR TO BE ADDED TO THE 10,700 ACRE-FEET AT A COST OF $28 MILLION NORTH MONTEREY COUNTY

	PER MONTH
Loan Payment on $28,000,000 @ 3.5% for 30 years Yearly $1,042,720 Monthly $86,893 divided by 5,000 acre-feet = $17.38 divided by 8.8 house per-acre foot = $1.97	$1.97
Maintenance $1,000,000 divided by 5,000 acre/feet divided by 12 months divided by 8.8 =$1.40	$1.40
Utilities – From solar farm, energy recovery system and PG&E 500 divided by 12 divided by 8.8= $4.70 per housing unit	$4.70
Per North Monterey County household delivered to delivery system	**TOTAL $8.07**

Per acre-year in North Monterey County is $8.07 x 8.8 x 12 = approximately $852 per acre-foot to delivery system.

Similarly, another modular for 3,000 acre-feet could be added for 7,000 acre-feet for Pajaro Valley (North Monterey County) and 3,000 acre-feet for Santa Cruz at the same price per acre-foot as North Monterey County.

Water also will be made available through additional modulars to any area with salt water intrusion.

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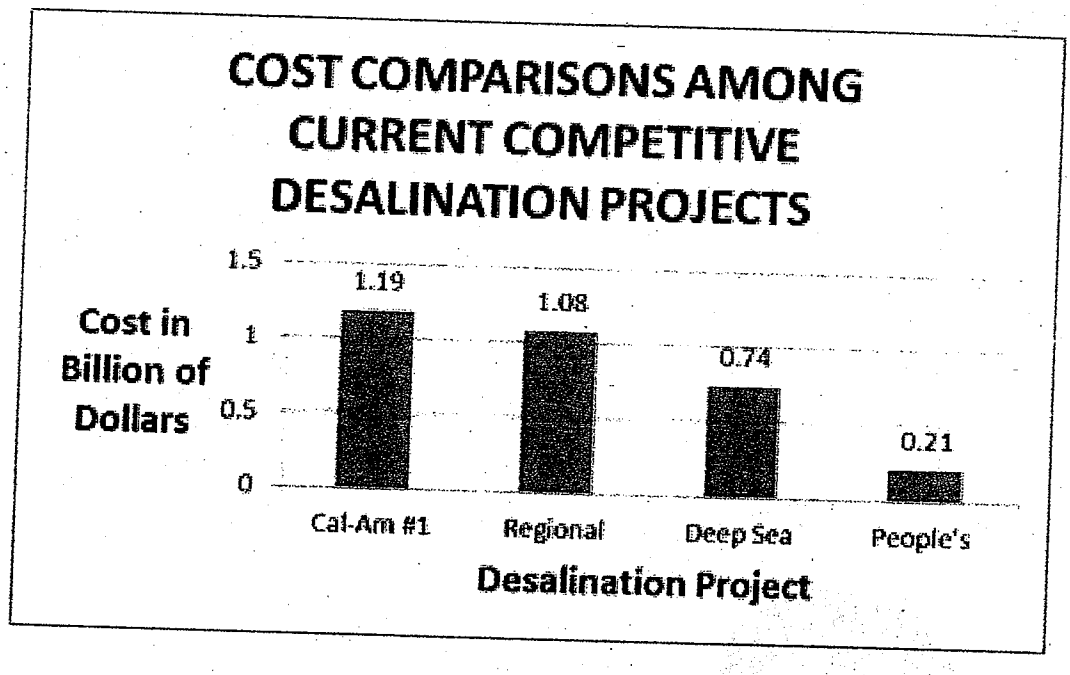
COMPARATIVE COST INCLUDING INTEREST FOR 30 YEARS		
	* Marina Regional Project	The People's Project
Project Cost	$429,000,000	$128,650,000
30 Years Interest	$651,000,000	$121,000,000
Total Cost	$1,080,000,000	$249,650,000

* Source: RBF Consultants for Cal Am



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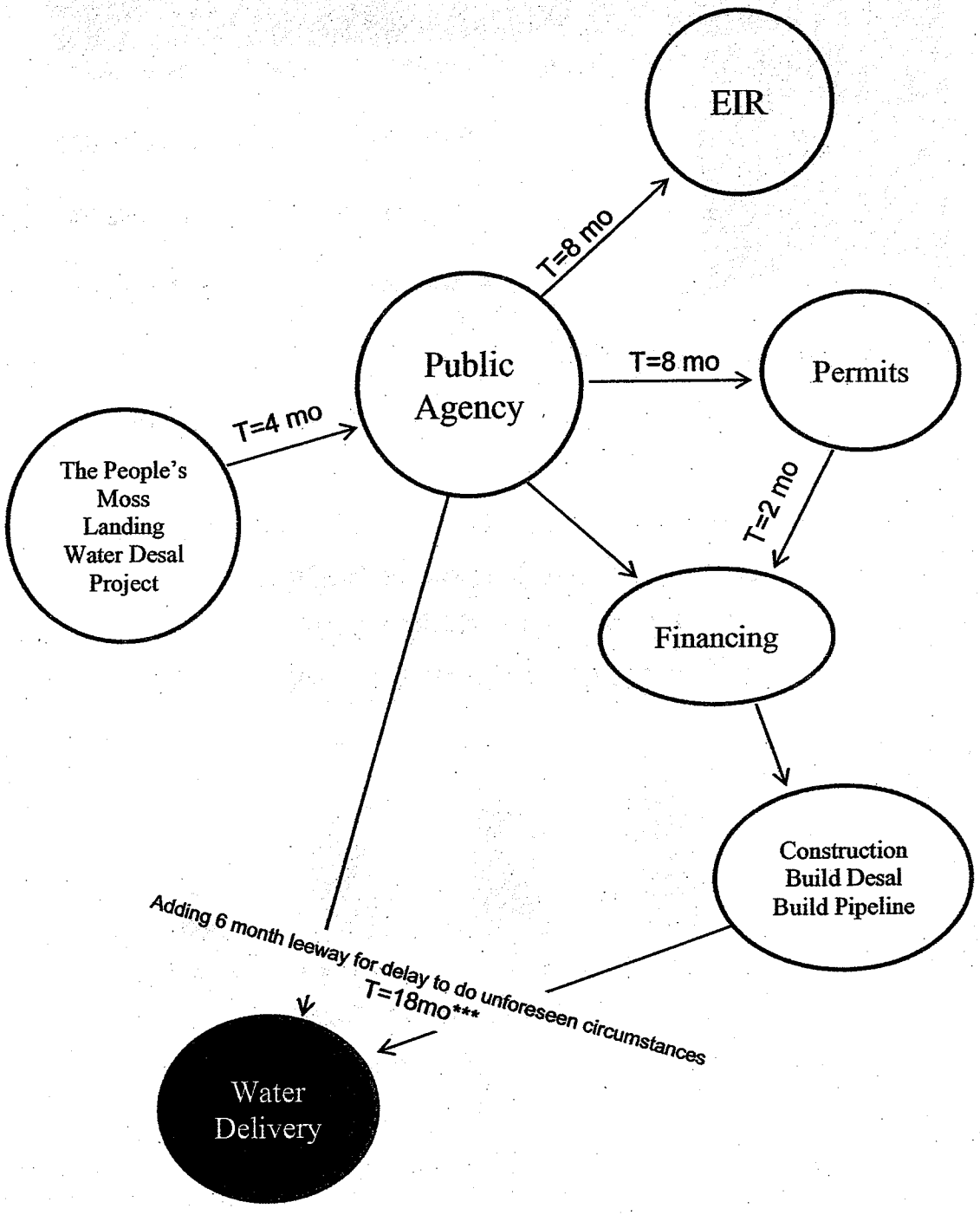
P. TIMELINES



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THE PEOPLE'S MOSS LANDING WATER DESAL PROJECT – ESTIMATED TIMELINE						
Beginning January 2012 and ending July 2015 (approximate) for a total of 3.5 years						
Public Agency 4 months starting Jan. 2012	**EIR 8 months**	**Permits 12 months**	**Financing – 2 months – in progress during permit process**	**Construction: Build Desal Build Pipeline**	**Leeway added for Delays or/and Unforeseen Circumstances**	**Water Delivery** ****Based on typical permitting process time, water will be made available by July 2015; assuming no extraneous, unnecessary, or political interference.*
Jan. 2012 – May 2012 May 2012 – Jan. 2013		Jan. 2014	Jan. 2014	Dec. 2014	6 Months	July 2015

Q. AT-A-GLANCE

THE PEOPLE'S MOSS LANDING WATER DESAL PROJECT	
Monthly Cost to Ratepayers **10,700 ACRE-FT PER YEAR**	**Approx. $12.50 per month or less – this is an average cost and it will be lower for homeowners/renters than for business users**
Cost to Build	**Approx. $128,650,000** *Includes approximately 25 acres of land for the desal plant and 30 acres for the solar farm plus existing infrastructure and desal plant.* ***Also included:*** *Solar Energy – 6-megawatt to 8-megawatt solar energy system which will cost $18 million or less to build.*
Cost of Financing	**3.5% interest or less** (A 3.5% 30-year bond financing is available for a limited time only.)
Cost per Acre-foot of Water	**Approximately $1,317 or less**
New Water Available	**Within approximately 18 months after obtaining permits (permits within 24 months from January 2012 to July 2015) for a total of 3.5 years from January 2012 to July 2015.*****
Profit	*The owner will sell the desal plant at its actual cost only. As a consideration, Desal America (the provider of the desal plant equipment), will retain the right to use this plant as a demonstration pilot project to introduce this technology, cost, and speed internationally as an immediate solution to the water crisis.* ***Bonus*** *– This will stimulate the local economy as people visit the area from around the world to learn about this exciting green sustainable technology.* ***NOTE:*** *The sale or lease of the land and existing infrastructure (to be leased or purchased by a public agency at a rate that is significantly less than the market value) will be the only monetary benefit the owners will receive.**

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Q. AT-A-GLANCE (Cont.)

1. It will produce approximately 10 million gallons of water per day. This amount is equivalent to the 10,700 acre-feet per year that is now being over-pumped from the Carmel River.
2. It will provide fresh water within approximately 18 months after the obtaining of permits***
3. It is at least 70% less expensive than the presently proposed project.
4. It will convert seawater into the required 10,700 acre-feet per year for a reliable, drought-resistant and permanent fresh water supply.
5. The facility will have three back-up systems for peace of mind, although only one back-up system is required by the Monterey County Health Department.
    a. There are 14 **existing** water storage tanks already on-site capable of holding 44 million gallons of water.
    b. Two **existing** fresh water wells near the property will provide 2,100 gallons of water per minute through an existing pipeline from the wells to the property.
    c. An **existing** 45-acre, 25-foot deep storage facility can be made available in the future to provide an additional storage of 1,250 acre-feet of water.
6. It will use the deep underground **existing** 52-inch wide concrete outfall pipeline that goes to the ocean or a 24-inch outfall pipeline that terminates in our marine enclave next to the highway, and two existing 52-inch wide intake pipelines under Highway 1 that connect to the existing pumping station at Moss Landing Harbor. These huge pipes are designed for handling 60 million gallons per day whereas the new desalination plant needs only 12 million gallons intake and 2 million gallons outfall.
7. The intake is not from the deep sea, but from the site's marine enclave next to the highway. An elaborate state-of-the-art screening and filtering system will be installed to protect the sea organisms.
8. The **existing** infrastructure on the site will significantly reduce any additional cost and environmental impact associated with new construction.
9. The approximate $128,650,000 cost of THE PEOPLE'S MOSS LANDING WATER DESAL PROJECT will include the development of a 6-megawatt solar energy system which will provide a large portion of the electricity needed to run the desal plant, thereby drastically lowering energy costs, the cost of water to you, and lessening the environmental impact by reducing the use of fossil fuels.
10. It will be publicly owned. That means YOU, the public, will own and control it.
11. There will be no conflict of interest in its operation or staff since it is a public agency and all transactions will be transparent.
12. Monterey Peninsula ratepayers will own and have control over the plant operations through an elected board of directors. Public agencies are in the business of serving the public. They are not a "for profit business". The rates charged to the ratepayers (homeowners, renters, business owners, the hospitality industry and others) will be no more than the actual expenses of the public agency. This will save all ratepayers hundreds of millions of dollars!
13. It will be monitored by the Monterey County Health Department to maintain the high quality of the water.
14. This is the only project that truly has the ratepayers' best interests at heart.

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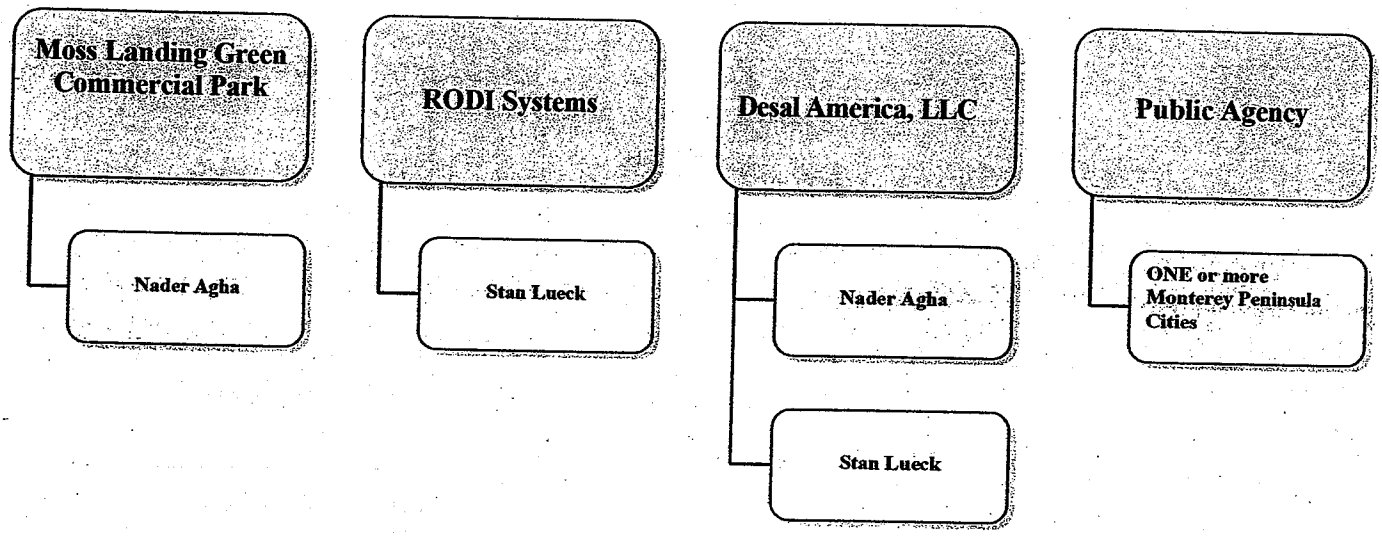
THE PEOPLE'S MOSS LANDING WATER DESAL PROJECT
A Green Sustainable Project

PROJECT STRUCTURE



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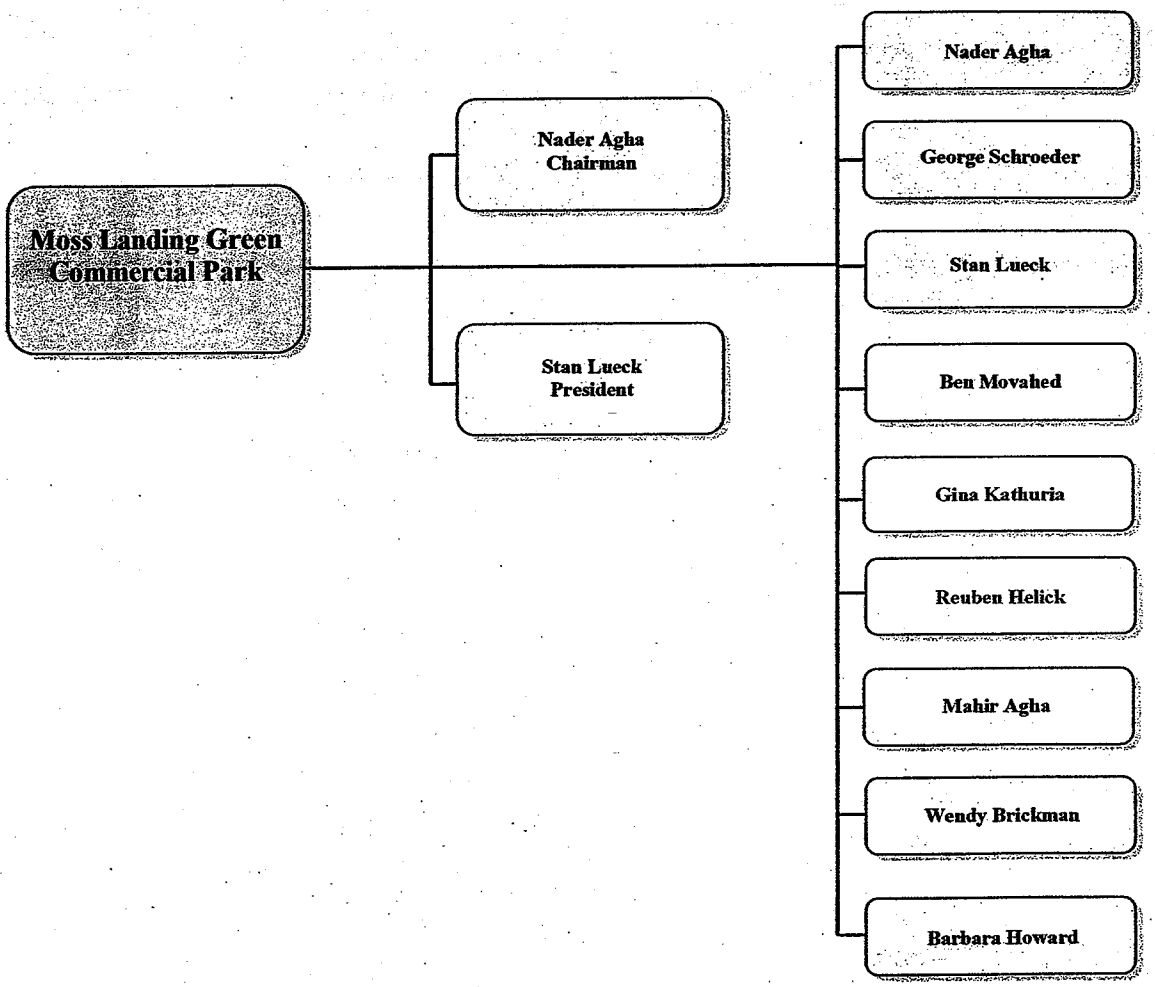
Project Advisory Board



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Q. TEAM EXPERIENCE

George Schroeder, Limited Partner, The People's Moss Landing Water Desal Project

George Schroeder practiced law in Monterey, CA from 1960-2000, with an emphasis in real estate and estate planning. He was a member of the City of Monterey Planning Commission for four years, including two years as Chairman. He has represented Nader Agha in all real estate matters from 1965 - 2000, and has been his partner since 1980 in real estate development in Monterey County. Since retiring from practice, he has been an advisor and consultant to Mr. Agha. Mr. Schroeder is a University of California at Berkeley undergraduate and a graduate from its law school, Boalt Hall, in 1958.

Ben B. Movahed, PE, BCE, President, Watek Engineering Corporation

Ben B. Movahed, PE, BCE, is the President of Watek Engineering Corporation. He has over 25 years of engineering experience in the study, evaluation, design and construction services for water facility projects. An internationally respected engineer, Mr. Movahed has hands-on experience with over 40 advanced treatment technology projects, such as Reverse Osmosis, Nanofiltration, EDR, Microfiltration, MBR, Ultrafiltration and Ion Exchange treatment. He was the main author of the recently negotiated and published ten state standard policy for membrane filtration and Reverse Osmosis and has been in direct communication with EPA staff, as well as various state regulatory agencies through his activities as the chair of the AMTA government affairs and publication committee.

Stan Lueck, Manufacturer/Partner in DeSal America, LLC/President/Rodi Systems, Inc.

Mr. Lueck holds a Bachelor of Science in chemistry and has spent the last 30 years as a technical professional. His experience began as an undergraduate research associate in surface chemistry, and since then, he has been involved in numerous projects related to water treatment and environmental control. His client list includes Fortune 500 companies as well as federal government agencies. For the last 22 years, Mr. Lueck has specialized in the area of water treatment. He has designed treatment systems, provided troubleshooting and membrane cleaning services, conducted pilot tests and feasibility studies, and developed monitoring and control systems specifically for reverse osmosis and ion exchange applications. Mr. Lueck has trained several hundred water treatment operators from around the world.

Gina Kathuria, KCE Engineering, Inc.

Gina Kathuria, P.E. is the President of KCE Engineering, Inc. with offices in California and Maryland. As a registered engineer with the state of California, Ms. Kathuria has over 19 years of diverse experience in private consulting, local and state government. She worked for the San Francisco Bay Water Board and led the team that authored the water discharge permit for the first desalination plant in the San Francisco Bay area. She has also authored many permits in the areas of wastewater treatment plants, power plants, refineries, aquaculture facilities, groundwater treatment systems and more. She is a graduate of the University of Maryland with a degree in Civil Engineering.

Cameron A. Weist, Attorney at Law/Public and Private Financing

Cameron A. Weist, Attorney at Law, and founding partner of the Scotts Valley, CA-based Weist Law Firm, has over 20 years of experience in municipal law, securities law and tax law aspects of public and private finance. He is also educated and trained in several branches of economics, urban and regional planning, public policy, business administration, operations research, demography, accounting, finance and real estate. His decades of experience are applied to a broad array of financing projects and programs, and address such issues as infrastructure development, economic development, development feasibility, policy research, strategic planning, program and project financing evaluation.

Nader Agha, Managing Partner, The People's Moss Landing Water Desal Project

Nader Agha, Managing Partner and the founder and developer of the 200 acre Moss Landing Green Business Park, leads THE PEOPLE'S MOSS LANDING WATER DESAL PROJECT'S highly experienced management and engineering team.
Mr. Agha is a general contractor who has worked on over 90 projects and has been described as one of the best planners and estimators in Monterey County.

Mahir Agha – Project Consultant

Mahir was born and raised on the Monterey Peninsula. He earned his BFA from Cornell University along with a concentration of courses in Business-Economics-Real Estate. His career is highlighted with having grown and managed an office of 25 real estate appraisers; having been employed by a national bank with management responsibilities including risk management, quality control, and asset recovery; and most recently running his own real estate appraisal business. His recent contributions to the community include having served as a Cub master, an Assistant Scoutmaster, and as founder and Race Director of the Carmel Valley Fiesta Mountain Run.

Wendy Brickman – Marketing/ Public Relations

Wendy Brickman is the founder of the award-winning marketing firm, Brickman Marketing, which, since 1990, has provided an array of marketing, publicity, advertising, social media and market research services. She has an MBA in Marketing Management from Loyola Marymount University in Los Angeles, MA in Broadcast Journalism from USC and a BA in English from UCBerkeley.

Barbara Howard – Marketing Consultant

Barbara Howard is an award-winning marketing professional with extensive marketing, writing and project direction experience. She has worked in an executive capacity in many industries including Energy Conservation, Natural Products, Manufacturing, Distribution, and Publishing. She offers expertise in all media and multichannel integration, and is also a director of video, television and radio productions.

**Certified MAI commercial appraisal is available. **Approximately 18 months after obtaining permits Note: Information subject to change*
****Based on typical permitting process time, water will be made available by July 2015; assuming no extraneous, unnecessary, or political interference.*

THE PEOPLE'S MOSS LANDING WATER DESAL PROJECT
A Green Sustainable Project

HISTORY

2003 Purchase of 200-acre former Kaiser National Minerals and Refractories Plant by Nader Agha. The site is renamed the Moss Landing Green Commercial Park.

2003 Nader Agha realizes the site and existing infrastructure and "grandfathered" permits (presently zoned for light and heavy industry and production of utilities) will make an excellent site for a tentative 10,700 acre-feet/year desalination plant using approximately 25 acres and another 35 acres for a solar farm. There are two existing "grandfathered" intake pipes and two existing outfall pipes. One outfall pipe terminates at a portion of the interior harbor that is part of the site and one pipe terminates at the deep sea 4000 feet away from the property. The site also has many other desirable features and has existing 300,000 square feet of building space and 12 KV electrical service available on-site. It has an existing 60 million gallons per day permit for seawater intake and discharge. It has railroad spur access and 44 million gallons of storage capacity plus on-site fresh water tanks and nearby fresh water wells for stand-by.

2004 Nader Agha meets with the Monterey County Health Department and is told he has to have a public agency, and have a backup system in case of a mishap, to build a desalination plant. It is recommended that he contact the Pajaro/Sunny Mesa Community Water Services District (Pajaro/Sunny Mesa).

2004 Nader Agha meets with Pajaro/Sunny Mesa, and they tell him it desires to build a desal plant to service its customers.

2004 Nader Agha enters into a 98-year lease of a portion of the 200 acre site and the infrastructure with Pajaro/Sunny Mesa on which Pajaro/Sunny Mesa is to build its desal plant. The lease contains a provision that if permits and EIR are not obtained by Pajaro/Sunny Mesa within five years, the lease may be terminated.

2005 The site is described by the Moss Landing Marine Laboratories to be the most suitable site for a desalination plant in the state of California.

2005 Permit for Pilot Project received from Monterey County.

2005 Nader Agha meets with Cal Am President and others at Cal Am and tells them about the project. They were very supportive, pleased and interested.

2005-2009 Two Coastal Commissioners request review of the Existing Monterey County Desal Pilot Permit. Pajaro/Sunny Mesa proposes remedies and still the Commission did not act on it.

2007-2011 Repairs of over $300,000 are made to the existing seven 3-million gallon storage tanks on the site which are modified to hold 5 million gallons of water each for a total of 35 million gallons. All electrical to the pumps stations has been completely rewired.

2007-2009 Marina Regional Desalination project plan proposed as required by PUC.

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449 Alvarado Street, Monterey, CA 93940 Office: 831-646-1677 Mobile: 831-594-9711

2009 An amendment to the Pajaro/Sunny Mesa lease is signed extending the time to obtain the permits and EIR to March 2011, with a requirement that monthly reports be given to Nader Agha about progress regarding them.

2010 Nader Agha signs agreement with Desal America to be the provider of the desal plant.

2010 Brent Constanz and David Armanasco become associated with Nader Agha to develop his Moss Landing desal project on Nader's property. Six months after their joining the project, they break away and start their own competing desal water project in Moss Landing under the name "Deep Water Desal", which is similar to Mr. Agha's but without any site on which to build it.

2011 Someone connected to Surfriders Foundation suggested to Nader Agha that the desal intake be limited to only the small marine enclave he owns next to the Moss Landing Harbor near the highway.

2011 Permits and EIR not obtained by Pajaro/Sunny Mesa and lease expires.

2011 Nader Agha proposes to sell or lease the land and existing infrastructure and the pilot project and the in-progress EIR at a significant discount (75%) of the MAI certified appraisal of fair market value.

2006-2011 Nader Agha looked into purchasing a solar 6-megawatt energy system.

2006-2011 Nader Agha instructed his engineers to locate a state-of-the-industry screening and filtering system to protect the sea organisms.

2011 Calculations are done to show that the cost of the whole project will be only $128,750,000 or less.

2011 Independent MIA appraisal of the site and its current infrastructure is completed

2011 New public relations team instead of David Armanasco Public Relations is brought in. The project's name is changed to The People's Moss Landing Water Desal Project and the public relations team begins sharing information with the public and elected officials.

2011 New team meets with several entities that can become the necessary public agency.

Oct. 2011 The People's Moss Landing Water Desal Project purchases the on-site portable pilot desal plant (50,000 gallons per day) from Calera.

Oct. 2011 New team hires EIR Consultant to start work on an EIR.

Nov. 2011 Makes presentation at Monterey Peninsula Public Forum in Seaside, California

Nov. 2011 Presents The People's Moss Landing Water Desal Project Public Forum.

Dec. 2011 Produces television programs which air on AMP and MyTV, Comcast Channel 11

Dec. 2011 The video programs can be viewed online: www.ThePeoplesWater.com

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Dec. 2011 Several city officials tour The People's Moss Landing Water Desal Project site: Cities represented were: Pacific Grove, Carmel, and Monterey. Also present were representatives from MRWPCA and MPWMD.

Dec. 2011 CSUMB class tours The People's Moss Landing Water Desal Project site as part of their research project. They declare the project to be the best water solution for the Monterey Peninsula.

Dec. 2011 **Monterey County Superior Court judge orders a new environmental review for the proposal.** Judge Lydia Villareal said the Marina Coast Water District should be the lead agency on the project and must prepare and certify an environmental impact report. Marina Coast's board improperly relied on the PUC's environmental report to approve the regional project and a new EIR will be required to consider alternatives, impacts and mitigations more fully.

NOTE: Previous public statement made by Nader Agha since 2010: "Neither the PUC nor Cal Am have the right to order an EIR. Only a Public Agency which will build the plant has the right to order the EIR."

Jan. 2012 The People's Moss Landing Water Desal Project continues plans for a non-profit organization to interface with a public agency.

Jan. 2012 As requested by several local mayors, a respected water desal independent consultant is preparing an evaluation of The People's Moss Landing Water Desal Project.

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Monterey County
The Herald
www.montereyherald.com

OPINION

Gary Omernick
Publisher • 646-4...
Royal Calkins
Editor • 646-4...

People's desal project the best alternative

We are a group of students from CSU Monterey Bay doing research on the future of the Monterey Peninsula's water supply. After researching the alternatives, we approve of the People's Moss Landing Water Desalination Project. It is the most effective alternative to the Monterey Bay Regional Desalination Project.

The infrastructure is a continuation of the Moss Landing Water Desalination Project that was originally launched in 2004. It consists of 60 acres that are functional and will save ratepayers money as a result. The facility can operate within 18 months after permits, reducing pumping from the Carmel River while lowering the reliance on the Seaside Basin. The site is zoned for use and the development of energy and utility operations.

The project is sustainable due to its 6-megawatt solar panels that will power the desalination plant and lower monthly water bills. There are three backup systems that consist of 14 water storage tanks, two freshwater wells and a 45-acre deep storage facility. The project will protect marine organisms through an advanced screening and filtration system. Total cost for the desalination plant including pipeline to Seaside will be $128.6 million, which is significantly less than other proposed alternatives.

Joey Comacho and others
Seaside

Water 'experts' not to be trusted

Your article quoting Steven Kasower, the so-called Public Utilities Commission expert whose "sage advice" is for Cal Am ratepayers to blindly follow "the experts" regarding the desalination disaster, was both insulting and self-serving.

I went to one of his group meetings and he lacked any broad knowledge of Monterey County issues, the state Water Resources Control Board orders, ag issues in the Salinas Valley or California groundwater rights law. It was his "leadership" that advanced the corrupted desal project that proposed to steal groundwater from farmers and landowners in the Salinas Valley for the financial gain of the "experts."

Which experts would you suggest we follow, Steve? Cal Am's, who want to steal groundwater from the valley? Jim Heitzman of the Marina Coast Water District, whose paid consultants, Lyn Melton and his company, RMC, allegedly paid off Steve Collins to tell the farmers that Cal Am was going to sue them if they objected to Kasower's plan? Kasower's friends Collins and Curtis Weeks, who are being investigated for corruption? Or maybe our gutless mayors who collectively decided to hide out and not disclose any information to the public about the desal debacle?

Maybe we should not follow Kasower's advice or the "experts." We the ratepayers are not that dumb.

J.A. Sullivan
Pacific Grove

See the websites, judge for yourself

I have done much research lately on the proposed solutions to our water problem. The only desal project that had a good technical plan and low cost is the People's Moss Landing desal project proposed by Nader Agha. It is less than half the capital cost of the plan proposed by Cal Am. It will also have much lower operating costs, as it uses solar panels to pressurize the water through the membrances.

Most people seem to take it for granted that the regional desal project is the only choice. I disagree. The project involves three partners: the Marina Coast Water District, Cal Am and the Monterey County Water Resources Agency. Marina Coast has an obvious conflict, which was pointed out on the front page Dec. 10. It wants to annex all of Fort Ord into its service district. By doing so, it can get Peninsula residents to pay the desal charges for their much larger customer base.

The Division of Ratepayer Advocates has said the regional plan is far too expensive compared to other desal projects.

I suggest that all Peninsula residents read the websites of the two projects. Judge for yourselves, then contact your county supervisor and the Division of Ratepayer Advocates of the Public Utilities Commission.

Philip Cardeiro
Pebble Beach

People's desal project comes out ahead

I am uncertain that Jim Johnson and I were at the same meeting Oct. 28, as his article made no mention of Nader Agha's $800 per acre-foot People's Moss Landing Water Desal project option as compared to the $2,300 to $5,000 acre-foot options associated with the other water supply projects. Nader's high cost estimate for his project was $1,500, which is still substantially lower.

Nader reports his costs are partially based on the existing infrastructure on his property where refurbished intake and outlet pipes already exist. The other projects do not have this advantage. The train track spurs that terminate on his property can also accommodate movement of construction equipment and materials to his site, thus reducing impacts to local roads.

If the environmental analysis that must be prepared for Nader's project tells all and can substantiate the basis for Nader's lower costs, then there is no question that the People's Moss Landing Water Desal project is the winning project.

Matthew Sundt
Monterey

Supervisors should abandon desal project

If the water powers of Monterey County do not get their act together by 2014 and reduce water taken from the Carmel River by 70 percent, severe rationing will be imposed on all Cal Am ratepayers.

The time has come for the Board of Supervisors to abandon the scandalous and questionable Marina Coast desal project. They have been in closed session mediation talks since summer seeking a way to continue this beleaguered, litigious and outrageously expensive project promoted by Cal Am.

I believe the public can reasonably expect our supervisors to renounce this highly controversial scheme and consider another alternative, the very affordable People's Moss Landing Desal Project. This seawater reverse osmosis system is truly an innovative approach toward providing an alternative water resource for the peninsula.

One independent and knowledgeable local spokesman, Ron Weitzman, chairs an organization, WaterPlus. He is a strong advocate for the People's Moss Landing water project and continues to promulgate relevant information to enlighten ratepayers on this long-term water solution. For example, the estimated cost of Cal Am water is $3,600 per acre-foot compared with Moss Landing's $1,800 per acre-foot.

Perhaps the supervisors and Cal Am need a reality check in 2012, which just happens to be an election year.

Jim Willoughby
Pacific Grove

Cal Am the tail wagging the water dog

Why does Cal Am do the bidding of Peninsula cities without costing the cities money or work? Any local city or combination of cities could build a desalination plant. Sand City has done it. So why does Cal Am carry the water?

The answer has to be that Cal Am knows that a city having the council votes to build a desalination plant likely also has the votes to purchase Cal Am. Municipalization would give the cities the same access to ratepayer money that Cal Am now has to build the desal plant. The cities hold a heavy hammer over Cal Am's head.

The cities want a large desalination plant, and Cal Am plans to pay for it by milking its herd of cash cows.

WaterPlus seeks to put an end to this exploitive treatment of local ratepayers. If all the projects that Cal Am has in the pipeline were to come to fruition, a typical residential water bill could go up more than $100 a month. That would put homeowners facing foreclosure over the edge and make it extremely difficult for many other families to continue to live here.

The time has come for Peninsula cities to take over the management of our water from Cal Am.

Ron Weitzman
WaterPlus president

Judge orders new desal EIR

Villareal says Marina Coast should take lead on project

by Jim Johnson
Herald Staff Writer

In a development certain to add even more delay to the Regional Desalination Project, a Monterey County Superior Court judge ordered a new environmental review for the proposal.

In a ruling issued Monday, Judge Lydia Villareal said the Marina Coast Water District should be the lead agency on the project and must prepare and certify an environmental impact report.

Inside
Cal Am names new general manager, A9

Ag Land Trust sued Marina Coast last year, alleging the district should have been the lead agency under the California Environmental Quality Act, or CEQA, and should have been responsible for the EIR instead of the state Public Utilities Commission.

The suit alleged Marina Coast's board improperly relied on the PUC's environmental report to approve the regional project, and alleged the document failed to adequately address a number of relevant issues. The issues included the reliability of the proposed desal plant, water rights, impacts to neighboring properties and exportation of water from underground sources in the Salinas Valley.

The Ag Land Trust, a nonprofit organization dedicated to preservation of farm land, owns property near a proposed desal project well site.

Ag Land Trust attorney Michael Stamp said the ruling had the potential to allow greater public participation and scrutiny of the regional project, which has largely been created and debated in private.

"I think it means better

Please see EIR page A9

Urges probe of desal misconduct

Your Jan. 10 editorial opposing payment to desalination project manager RMC was right on target.

It is high time the residents of this county drew a line in the sand when their elected representatives get together in a back room and try to spend taxpayer money without full disclosure of the facts.

Not one more dime should be disbursed on the desal project until the ongoing inquiries regarding misconduct have been completed.

Robert E. Montgomery
Washington, D.C.
Editor's note: Montgomery is a former general counsel to the Federal Energy Administration and the White House Office of Consumer Affairs and assistant to the U.S. Army's general counsel.

Commentaries

Commentaries reflect the opinions of the writers and are not necessarily those of the PG Bulletin. We invite diverse viewpoints from the community.

An Open Letter to the People on the Monterey Peninsula

This is My Opinion and Only My Opinion

BY RICHARD STILLWELL

For the last few years, we have been talking about water that we don't have. I use to swim and play in the Carmel River. Not any more, now it is almost dry in the summer. The state says we have to find another source for our water. For the last 25 years, the Water Management District and Cal Am have done just about nothing, but takes our money. Now along comes Marina Desal. I will give them credit. At least they have done something. It turns out they weren't that smart.

They got caught with their hand in the cookie jar. It's done. Start over.

I don't trust Cal Am. I don't trust the Water Management District. I don't trust our Supervisors. I don't trust the Marina Desal bunch.

Along comes Nader Agha's People's Desal in Moss Landing. (So he's riding a white horse.) Nader has everything we need for DeSal. Already in place, over a million dollars worth. I have been out to his place twice, I have listened, looked and touched it. It's there. His project is about one third the price of the Marina Desal scheme, but no one will listen to him.

Some people are very impressed with the project, but they don't trust him. They sit right at his table and tell him he's crazy. They want him to get an opinion from a third party. Now the answer to our water problem: Carmel, Pacific Grove, Monterey, Seaside, and the Peninsula Water Management District should put up $5,000 each and hire a couple of engineers and water specialists. If they look it over, and if it looks good, we should sign a contract with him. It's done.

We can have water some time in 2015. Everybody is happy.

Time for Potter to remove himself

County supervisors are attempting to remove the cap on Cal Am credit to pay the complacent consultant, RMC, in the defunct Marina desal project. This is wrong. RMC should be fined rather than rewarded, as it gave a faulty assessment. After the fact, Judge Lydia Villarreal ruled that only a local public agency, not the PUC or Cal Am, could order an environmental impact report, though that had been brought to their attention repeatedly, particularly by me.

Paying RMC is unfair and illegal. RMC should not receive any more money. It should refund all the money it has received to date for its faulty assessment and complicity in the conflict of interest with Steve Collins and his already eliminated partner, Curtis Weeks. This is in addition to the secrecy and surrounding shenanigans.

It will be foolish for supervisors to add more fuel and illegalities to the fire. In my opinion, it is time for David Potter, who is largely responsible for the debacle, to remove himself from the scene so someone else could act objectively, honestly and in the best interest of the ratepayers.

Nader Agha

Pacific Grove

Editor's note: Agha has offered to build a desalination plant of his own as an alternative to the Marina project.

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CALIFORNIA
AMERICAN WATER

California American Water - Monterey
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Pacific Grove, CA 93950
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January 13, 2012

Mr. David Stoldt
General Manager
Monterey Peninsula Water Management District
Post Office Box 85
Monterey, CA 93942-0085

RE: Carmel River In-stream Flow Study

Dear Mr. Stoldt:

Further to our recent water issues discussion, I want to reiterate California American Water's strong support for updating the current Carmel River In-stream Flow Study. The most recent study is nearly ten years old and it is my understanding that the lower reaches of the Carmel River have changed (through natural causes) to a degree that a revision is warranted. An update to the study would provide a clearer picture of the required lower river flows though shallower riffles that would support the migration of adult steelhead.

As California American Water pursues its options on the Carmel River, either through Aquifer Storage and Recovery and/or perfecting Table 13 water rights, it will be important for stakeholders, like NOAA Fisheries and the Carmel River Steelhead Association, to understand the impact of additional withdrawals on the river. We believe the Monterey Peninsula Water Management District's staff has both the in-house expertise and an intimate knowledge of the river to complete this study most effectively. Further, we feel that Monterey Peninsula Water Management District's funding this project offers residents of the Monterey Peninsula the lowest cost option for the work.

It is important that we move forward with the advance planning of this study as soon as possible. That would require budgetary approval by the Monterey Peninsula Water Management District's board in the upcoming budget cycle. With that in mind, please feel free to reach out to either myself or California American Water's staff for any assistance you might need in developing your business case. I look forward to working with you on this project as well as the host of other projects moving forward on the Monterey Peninsula that will supplement our water supply.

I can be reached at (831) 646-3291, if you have any updates on progress or any questions related to this study.

Sincerely,

Eric Sabolsice
General Manager
Coastal Division

cc: Rich Svindland, Vice President Engineering