

cc: J. Macedo ✓
A. Culiso ✓

RECEIVED

December 8, 2017

DEC 13 2017

Ms. Pamela H. Silkwood
Horan Lloyd
26385 Carmel Rancho Blvd, Suite 200
Carmel, CA 93923

Office of Enforcement

Re: Your letter dated December 6, 2017 to the Central Coast Water Quality Control Board

Dear Ms. Silkwood,

Thank you for copying us on your December 6th letter to the Central Coast Water Quality Control Board, as it gives us an opportunity to clear up the misunderstandings in that letter.

1. Membership in our organization is purely voluntary. Although most landowners and growers, of all sizes, have chosen to join, some have not. That is for your clients to decide.
2. We welcomed everyone at the table after negotiations between the State and the original 19 landowners who received letters in December of 2015 broke down. Your clients chose not to participate, as did many others who took a "wait and see" attitude to see if the State would follow up. In contrast to your statement that the agreement was negotiated behind "closed doors", no one was excluded, except by their own choice.
3. The assessment structure is not perfect, but when you do not know the revenue side (how many people will join) and you do not know the expense side (how much replacement water is going to cost) you make the best estimates you can. Since many more voluntarily joined than we expected, we announced at our Member meeting this week (before receiving your letter) we have suspended assessments. We also announced we would be reassessing that structure after January 1st. Again, had your clients decided to join with a portion of the original 19 and additional concerned landowners, they could have helped shape this.
4. At every Executive Committee meeting (we meet every other week) and at our recent Member meeting, we discussed and distributed our financials. Much of the work is performed voluntarily, to keep costs down, and as in any good organization, bills are approved by someone other than the person writing the checks. (In fact, since May, we have only written 26 checks, so it does not take a herculean effort to trace the money in or out.) We have also retained the respected local accounting firm of Hayashi Wayland to provide bookkeeping and tax services. Finally, the original members of the group paid the expenses until May 1, 2017 and accepted that as their responsibility. They have not received,

and have not asked that the organization reimburse them for this which totaled more than \$100,000.

5. As with anything new, directions change. We started out to get a legislative solution so that the original landowners and growers did not carry the whole load. This required lawyers, lobbyists and others. While those efforts were not fruitful yet on the local level, we believe these efforts have contributed to momentum for a state-wide solution (SB 623). We are reevaluating our approach in light of 623, and have cut expenses for the new year. Again, had your clients decided to engage in our efforts, they would have been able to help shape this effort.

6. Finally, the application for your clients was handled as any other application. We have consistently conditionally accepted applications where the Confirmation Notice was not signed, or was signed with a modification. Of course, your clients are free to engage the State "under protest", but if they choose to join this group, it is on the same basis as every other Member.

In short, the Salinas Basin Agriculture Stewardship Group was formed by the consensus of those who chose to step-up and see if they could address a problem. That opportunity is available to anyone in the basin, including your clients who have been conditionally accepted provided they provide an unaltered application.

Again, thanks for giving us the opportunity to clear up your misunderstandings.

Sincerely,

As Listed Below

The Executive Committee

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Cc: Senator Bill Monning
Ms. Felicia Marcus, Chair, State Water Resources Control Board

Ms. Eileen Sobeck, Executive Director, State Water Resources Control Board

Mr. John Robertson, Executive Director, Central Coast Regional Water Quality Control Board

Mr. Michael Thomas, Assistant Executive Director, Central Coast Regional Water Quality Control Board

✓ Mr. Christian Carrigan, Office of Enforcement

Ms. Angela Schroeter, P.G.

Mr. Hector Hernandez, Water Resources Control Engineer, Central Coast Regional Water Quality Control Board