

STATE OF CALIFORNIA
WATER RESOURCES CONTROL BOARD
DIVISION OF WATER RIGHTS

In the Matter of:)
)
)
THE PROPOSED CEASE AND DESIST)
ORDER AGAINST CALIFORNIA)
AMERICAN WATER FOR THE)
UNAUTHORIZED DIVERSION OF WATER)
FROM THE CARMEL RIVER IN)
MONTEREY COUNTY.)
)
~~~~~ )

PORTOLA HOTEL & SPA at MONTEREY BAY

2 PORTOLA PLAZA, DE ANZA ROOM

MONTEREY, CA

MEETING TO RECEIVE PUBLIC POLICY STATEMENTS

TUESDAY, APRIL 1, 2008

1:19 P.M.

LINDA KAY RIGEL, CSR  
CERTIFIED SHORTHAND REPORTER  
LICENSE NUMBER 13196

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

1 APPEARANCES

2

3 CO-HEARING OFFICERS

4 Mr. Arthur Baggett

5 Dr. Gary Wolff, Vice Chairperson

6

7 STAFF

8 Mr. Ernest Mona, Water Resource Control Engineer

9 Mr. Buck Taylor, Staff Counsel

10 Mr. Larry Lindsay

11

12 ALSO PRESENT

13 Nancy Pratt, Citizens for Public Water

14 Herbert Olsen, representing himself

15 Robert W. Briggs, Executive Officer, Central Coast  
Regional Water Quality Control Board

16

Manuel Fierro, representing himself

17

Moe Ammar, President, Pacific Grove Chamber of Commerce

18

Patrick Orosco, Partner, The Orosco Group

19

Joy Colangelo, Co-Founder, Sustainable Pacific Grove

20

Joe Russell, Mayor, Del Rey Oaks

21

Eric Van Dyke, representing himself

22

Rami Kahlon, Director, Water Division California PUC

23

24

25

- 1 APPEARANCES (continued)
- 2 Tom Rowley, Vice-President, Monterey Peninsula  
Taxpayers Association
- 3
- 4 Rito Guerra, District Representative, Senator Abel  
Maldonado
- 5 Paul Bruno, representing himself
- 6 Kris Lindstrom, representing himself
- 7 Dean Provence, President, Monterey County Association  
of Realtors
- 8
- 9 Robert Bower, representing himself
- 10 Carrie Theis, President, Carmel Innkeepers Association
- 11 Dale Hekhuis, representing himself
- 12 William Kampe, representing himself
- 13 Mark Bastis, General Manager, Hyatt Monterey
- 14 Michelle Knight, representing herself
- 15 Jeanne Byrne, Vice-President, AIA Monterey Bay Chapter
- 16 Clive R. Sanders, President, Carmel River Watershed  
Conservancy
- 17 Janet Brennen, President, League of Women Voters of the  
Monterey Peninsula
- 18 Edwin Lee, representing himself
- 19 Carlos Ramos, President, League of United Latin  
American Citizens (LULAC)
- 20
- 21 David Dilworth, Helping Our Peninsula Environment  
(HOPE)
- 22 Robert Greenwood, Carmel Valley Association
- 23 Hank Smith, representing himself
- 24
- 25

1 APPEARANCES (continued)

2

3 Antonio A. Morales, President, Latino Merchants  
4 Association

5 Dan Limesand, Chairman, Government Affairs Commission,  
6 Monterey Peninsula Chamber of Commerce

7

8

9

10 PARTIES WHO PRESENTED INPUT

11

12 Jonas Minton, Planning and Conservation League  
13 Foundation spoke for 1 minute, 20 seconds.

14 Michael Warburton, Public Trust Alliance, spoke for 1  
15 minute, 34 seconds.

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## 1 P R O C E E D I N G S

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3 HEARING OFFICER BAGGETT: This is the time and  
4 place for the hearing to receive nonevidentiary policy  
5 statements concerning the proposed cease and desist  
6 order issued to the Cal American Water Company.

7 The proposed cease and desist order was issued  
8 on January 15, 2008 by the Assistant Deputy Director  
9 for the Division of Water Rights for the unauthorized  
10 diversion and use of water from the Carmel River in  
11 Monterey County.

12 This hearing is being held in accordance with  
13 the Notice of Public Hearing dated March 5th, 2008.

14 I'm Art Baggett, a member of the State Board  
15 and the lead Hearing Officer in this proceeding. With  
16 me is my colleague and Co-Hearing Officer, Vice  
17 Chairman Gary Wolff.

18 We are assisted by staff counsel Buck Taylor  
19 and Ernie Mona, our staff engineer.

20 The purpose of this hearing is to provide  
21 interested persons the opportunity to present  
22 nonevidentiary policy statements concerning their views  
23 on the proposed enforcement action.

24 Oral policy statements will be limited to five  
25 minutes -- or less, if you can do it in that. We also

1 will take written submission of these statements, and  
2 that's encouraged.

3           The Board has received correspondence from  
4 Assemblyman John Laird, Roger Briggs of the Central  
5 Coast Regional Water Control Board, Monterey County  
6 Mayors' Association, George Riley, the League of Women  
7 Voters, and George T. Krieger. These correspondence  
8 will all be treated as written policy statements.

9           I want to make it real clear that this is not  
10 the time or the place to present evidence for or  
11 against this proposed cease and desist order. This  
12 meeting will be the opportunity only for oral policy  
13 statements.

14           An evidentiary hearing will be scheduled to  
15 hear this matter on June 19th, 2008, and that will  
16 provide an opportunity for the Cal American Water  
17 Company, the prosecution team for the State Water Board  
18 and other interested parties who filed Notices of  
19 Intent to introduce evidence concerning the proposed  
20 cease and desist order.

21           Again, I guess I want to reiterate that we  
22 made it real clear in the prehearing conference that we  
23 held with the attorneys of the parties who filed Notice  
24 of Intent that parties have an opportunity different  
25 than the general public. Parties to this proceeding



1 will have an opportunity to make an opening statement,  
2 present witnesses, cross-examine witnesses.

3 So the purpose today is not to allow the  
4 parties to get two bites of the apple. You get your  
5 shot in the hearing. You don't get it again today.

6 Otherwise, we'll be dancing around opening  
7 statements all day long. That's why we made that  
8 comment before, and that's how I generally run a water  
9 hearing.

10 We've got more than enough general public  
11 comment cards here. We will give you your five  
12 minutes. I apologize if that wasn't communicated to  
13 some of the parties by their attorneys, but we made it  
14 very clear in that prehearing conference. With 18  
15 parties, we could be here another two hours. We'll  
16 have an opportunity later on.

17 Any comments?

18 HEARING OFFICER WOLFF: You plan to take  
19 these?

20 HEARING OFFICER BAGGETT: At this point, I'm  
21 not, unless somebody can make a strong case, but I'll  
22 just go through the interested persons. As I said,  
23 there's about two hours' worth here.

24 HEARING OFFICER WOLFF: I would comment then  
25 that I am new to the water rights hearing world. I

1 haven't done one before.

2 But I find it difficult to tell parties they  
3 can't testify here today; yet at the same time, from a  
4 procedural perspective, it does make sense. We're here  
5 to hear the people who don't have a chance in the  
6 hearings to present their case; and those people need  
7 to go first, and those people need to be heard. It's  
8 very important. There's no other opportunity later.

9 I'm deeply respectful of what it means to be  
10 an elected official, to run for office, to represent a  
11 community. I'm very sobered by the consequence,  
12 potential consequences, of the CDO for the local  
13 communities here.

14 So I hope the parties will understand there's  
15 no disrespect at all intended by this procedural  
16 decision to put off their testimony until the full  
17 hearing occurs.

18 HEARING OFFICER BAGGETT: With that, let's  
19 begin.

20 I'll try to give a couple people in advance in  
21 a room this large so we can keep this proceeding  
22 moving. There's a court reporter also; so if you could  
23 identify yourself, I think it would help those who want  
24 the transcript. Identify yourself clearly for the  
25 court reporter.

1           With that, Nancy Pratt, followed by Herb  
2 Olsen, it appears.

3           MS. PRATT: Good afternoon. Nancy Pratt,  
4 Carmel Valley. Yes. Go forward with the cease and  
5 desist order. Yes, State Water Board, be responsible.

6           For 13 years, Cal Am, the Monterey Peninsula  
7 Water Management District, the Board of Supervisors,  
8 and Peninsula cities have allowed new construction and  
9 issued water permits.

10           They have not taken Order 95-10 seriously.  
11 Little publicity has been given to the State Water  
12 Board mandate. I do not receive a Cal Am water bill,  
13 so I don't know what information is inserted into the  
14 water bills.

15           Please consider the number of miles and  
16 percentage of the system Cal Am has replaced for the  
17 main pipe, the water mains. What penalty will the  
18 company pay -- not the ratepayers -- if Cal Am does not  
19 reduce the 12 percent of unaccounted water loss that  
20 they are responsible for?

21           Why haven't we been put on mandatory rationing  
22 at this point? How many water hookups have been issued  
23 under -- while under Order 95-10?

24           Did you know that it took Cal Am four years to  
25 comply with a direct CPUC order to complete water

1 audits of its commercial customers? The CPUC directed  
2 Cal Am to conduct commercial water audits in 2003. The  
3 purpose was to have the water plant in place in case  
4 conservation enforcement decisions were required, and  
5 Cal Am failed to do so. And CPUC reissued its  
6 directive in 2006. Cal Am claims to have finished in  
7 2007.

8 This speaks volumes about what to expect from  
9 the corporate ownership of our water system.

10 Issue the CDO, and let's see how well the  
11 community lives up to its ability to audit, conserve,  
12 and live sustainably.

13 Delay in responding to 95-10 has cost us  
14 dearly. Business as usual will not help. Trust us has  
15 gotten us nowhere. Fear about health and safety  
16 impacts is a smoke screen for business as usual. We  
17 need a shift in thinking, and the CDO will start to  
18 help us focus.

19 And one other thing. Another state agency,  
20 the California Department of Food and Agriculture, is  
21 spraying us for light brown apple moths; and even  
22 though the pesticide is not water-soluble, the State is  
23 saying to wash off all outdoor furniture, play  
24 equipment, any outdoor things that people might be  
25 touching, to remove the oily film from the fair amount

1 of spray.

2 And please take that into consideration. The  
3 schools, residents, cities will have additional expense  
4 to wash off the spray in terms of being forced to cut  
5 back, yet the government is going to be spraying us  
6 once a month to 30 days for up to ten years.

7 So thank you.

8 STAFF COUNSEL TAYLOR: Could you spell your  
9 last name and give us your address?

10 MS. PRATT: Yes. P-r-a-t-t. 179 Del Mesa  
11 Carmel, Carmel Valley.

12 STAFF COUNSEL TAYLOR: Do you represent anyone  
13 other than yourself?

14 MS. PRATT: Citizens for Public Water. Thank  
15 you.

16 MR. OLSEN: I am Hebert Olsen.

17 HEARING OFFICER BAGGETT: Followed by Roger  
18 Briggs.

19 MR. OLSEN: I live in Monterey, and I'm a Cal  
20 Am customer.

21 My main concern is that I had a discussion  
22 with a person who was involved with Poseidon. Poseidon  
23 told me that if they were working on their plan, what  
24 they would have done was done all of the things that  
25 they could do without a permit.

1           They would have plans made, they would be  
2 generalized enough that they could go several different  
3 ways. And this would show -- if Cal Am had done it, it  
4 would show they were sincere in trying to solve  
5 problems; but if they had not done that, it raises the  
6 question: Were they really sincerely trying to solve  
7 the problem?

8           The second issue was touched on by Nancy. But  
9 what I see here is that the residents are the ones who  
10 are going to end up suffering. It makes no difference  
11 to Cal Am that they don't have the water; they merely  
12 say you guys use less, and we charge more.

13           So I would like to figure out some way whereby  
14 the problem becomes the problem of Cal Am, not the  
15 residents. That's all I have to say.

16           HEARING OFFICER BAGGETT: Thank you. Roger  
17 Briggs and Manuel Forey?

18           MR. FIERRO: Fierro.

19           MR. BRIGGS: My name is Roger Briggs, and I'm  
20 the Executive Director of the Central Coast Regional  
21 Board, and I did submit a policy statement pointing out  
22 that I'm not providing remarks that come from the  
23 Board.

24           However, we did have -- we've had board  
25 meetings discussing the issue, the problem with the

1 fishery, which is -- really gives rise to the proposed  
2 enforcement action.

3           So here's Carmel Valley. I'm going to zoom  
4 in, if you could please, on down to one of the  
5 problematic areas as far as this whole issue with the  
6 watershed basically getting shorted -- keep going  
7 here -- down to the Carmel Lagoon. One more please.

8           Here's the lagoon. And we'll be taking a look  
9 tomorrow from this vantage point, some of the  
10 restoration efforts in the lagoon.

11           Zoom in a little bit further. Now we're going  
12 to take -- take a look at a photograph from  
13 underground. One more please.

14           It's tough using underground photographs.

15           Here's a cartoon picture of the lagoon to try  
16 to demonstrate some of the dynamics that I talked about  
17 in my policy statement where especially at high tide we  
18 have salt water that migrates into the lagoon, and so  
19 we get a salt water lens in the lagoon which means the  
20 fresh water lens is much less.

21           And basically, it squishes the habitat for the  
22 steelhead and the other fish in the lagoon, the other  
23 critters in the lagoon, including red-legged frogs.

24           And one of the dynamics of this is that the  
25 water heats up, the dissolved oxygen goes down, the

1 fish have less room to forage because they can't go  
2 down into this area.

3 And one of the things that we heard during our  
4 board workshops from one of the state parks people is  
5 that, as far as they can tell, one of the main reasons  
6 for the fish, the fry, reducing in numbers is not so  
7 much from lethal effects of the habitat in terms of  
8 water quality but the fact that they're driven up to  
9 the surface and so there's more predation by birds.

10 So this is one of the key issues, one of the  
11 problems in terms of the watershed getting shorted for  
12 years.

13 Next slide please.

14 Again.

15 So water use and conservation are relative  
16 terms. There's probably always an opportunity to  
17 conserve more. Next please.

18 Cal Am's per capita rate, I understand, is  
19 pretty low. But as I said here, compared to what.  
20 Next please. For example -- next.

21 Germany uses about one third of the US rate,  
22 for example, and of course other parts of the world use  
23 a whole lot less than that. Next.

24 As I said, the watershed has been shorted for  
25 decades, and I think it is appropriate for the State



1 Board to take more action. Next.

2 Next please.

3 I gave you some alternative numbers which are  
4 depicted here in this graph. All I had was a chart,  
5 basically just shows the State Board figures here, and  
6 these alternative figures which show a range of  
7 conservation here but giving credit for the aquifer  
8 storage projects, comes into being here. Range,  
9 because the aquifer storage recovery project will yield  
10 from 0 to 2600 acre feet per annum.

11 So I wouldn't put a whole lot of stock into  
12 this; it's more semantics than anything. But I'm just  
13 trying to point out that with what might appear to be a  
14 more reasonable additional conservation figure, you can  
15 bracket the amount there in the State Board order.

16 Next. Next please.

17 We talked about reducing the desal footprint.  
18 I cut this short by saying that in the presentation you  
19 heard this morning they basically covered this in terms  
20 of having kind of a hybrids approach to desal. And so  
21 you get rid of the problems that are associated with  
22 desal which are energy entrainment and brine disposal.  
23 Next.

24 So with beach wells or extruded basin wells --  
25 in other words, salty ground water wells -- you have a

1 lower salt content so there's less energy. There's a  
2 lower brine concentration that may be a nonissue in  
3 terms of marine discharge, and you solve the  
4 entrainment problem.

5 Next please.

6 And so I'm saying it makes sense to use a  
7 combination rather than just an either/or analysis.

8 Next.

9 Governor Pat Brown was actually talking about  
10 an argument for LID back in 1959, although he may not  
11 have known it, but retain water in the water sheds.  
12 And I'll end with that. Thank you.

13 HEARING OFFICER BAGGETT: Thank you. Manuel  
14 Fierro, followed by Moe Ammar.

15 MR. FIERRO: Members of the Board, interested  
16 citizens in the audience, my name is Manuel Fierro,  
17 M-a-n-u-e-l, F-i-e-r-r-o. I live at 461 Lime Street in  
18 Monterey.

19 To the Board members, welcome to Monterey. I  
20 want you to recognize something that you probably  
21 already know, having sat here this morning. You have  
22 raised a brouhaha of great proportions in our  
23 community.

24 I never seen so many people in an audience as  
25 I have today. I was there at the very first meeting

1 when Cal Am -- no -- Tems Water bought Cal Am. There  
2 were six of us in the audience.

3 Now -- and if only Will Rogers or Steinbeck  
4 were here today, he could really liven this place up.  
5 So if you weren't at the Board this morning, I  
6 apologize.

7 Now, you've had mayors, or you will have  
8 mayors, water departments of all kinds, politicians and  
9 everything. You have people and groups come under the  
10 95-10 mandate, the CDO. I'm sure developers are in the  
11 audience, listening attentively to you.

12 This morning, I heard phrases like in the  
13 process, ongoing, plan to, need to address, if funding  
14 is procured, we expect to, has been studied, we would  
15 like to, there is an exception.

16 I want you to know that I support the CDO.  
17 Why? Because our leaders have done so little over so  
18 long a time to solve the water problems.

19 The intensity, the urge, and the fear of the  
20 CDO has given an impetus to the issue like never  
21 before. If you modify or drop your CDO, we may be here  
22 in another 13 years.

23 Now, I was going to give several reasons why I  
24 am against Cal Am, but I am hesitant. Because over the  
25 last, oh, several meetings Cal Am has made it public

1 that they really have no intent or desire to build a  
2 desal plant at Moss Landing. So I'm not going to give  
3 you those reasons.

4 We need the CDO order as a catalyst to prompt  
5 and push and drag those in power to complete and finish  
6 efforts for complying with 95-10 and the cease and  
7 desist order.

8 I must admit some progress towards the CDO has  
9 been made in the past 12 months. I attended two  
10 different organizations over the past year. We need --  
11 but we do need a Damocles' sword over the heads of our  
12 leaders.

13 You, the State Water Resources Control Board  
14 can further compliance with 95-10 by keeping the cease  
15 and desist order in place. You can also help us by  
16 bringing to light the turtle-like speed of the  
17 permitting process that has hindered efforts to move at  
18 a faster speed.

19 I hope you could direct all the county, state,  
20 and federal offices to move at a faster pace and thus  
21 speed things up so that we citizens would be released  
22 from the cease and desist order in the next two years  
23 at the latest.

24 If we all work together, we can overcome our  
25 disaster with the water situation in an expeditious

1 way. We can do it. Please help us.

2 Thank you.

3 HEARING OFFICER BAGGETT: Thank you. Moe  
4 Ammar followed by Patrick Orosco.

5 MR. AMMAR: Good afternoon. My name is Moe  
6 Ammar, and I'm the President of the Pacific Grove  
7 Chamber of Commerce.

8 Our little chamber represents 530 businesses  
9 within the City of Pacific Grove. This afternoon,  
10 you'll be hearing from a lot of groups that come up and  
11 say we're the citizens for this, we're the citizens for  
12 that.

13 There are no verified numbers or paid  
14 memberships in those groups. Those individuals may  
15 represent one, two, or three people. They may even  
16 represent themselves.

17 I've been a resident of this area for over  
18 20 years. I've been the president of the Chamber of  
19 Commerce for 15 years. I've been a hospitality  
20 instructor at the local college for 13 years.

21 The issue before you is a quality of life  
22 issue. I would just share with you a couple of  
23 examples that testify to what I'm talking about.

24 Our little town of Pacific Grove's population  
25 is 15,500 people. The median age is 56. We conduct

1 multiple surveys as to what people are looking for in  
2 terms of businesses, services, quality. The issue  
3 before you is a quality of life issue.

4           The number one business that our residents  
5 have told us year after year that they need in the town  
6 of Pacific Grove is a car wash. Obviously, due to the  
7 water problem, we can't have a car wash.

8           Think about the impact of your decision today  
9 on the quality of life of the citizens of not only  
10 Pacific Grove but the entire Monterey Peninsula. Our  
11 senior residents are having to drive to either  
12 neighboring Carmel or Monterey just to have their car  
13 washed. They would like to have their car washed  
14 within their own city.

15           Secondly, we have multiple restaurants and  
16 businesses that wish to expand. It's just not feasible  
17 for them to conduct business within the limitations  
18 that have been placed.

19           The proposed water cutbacks are highly unfair  
20 to our area that has already reduced its water use to  
21 the lowest per capita in the State of California. It  
22 is unfair to the residents. It is unfair to the  
23 businesses.

24           When I teach at MPC, I teach hospitality  
25 students. My class now has 20 students. I teach them

1 conservation. I have spent 20 years in the hospitality  
2 business, and I will tell you things have really,  
3 really changed in our business.

4 We used to wash the linen every day, the  
5 towels. I cannot think of a property, whether it's in  
6 Pacific Grove, Monterey, or Carmel that doesn't have  
7 signs or programs that encourage conservation.

8 I cannot figure out what else can we do, and I  
9 would challenge this commission or anybody to tour some  
10 of our properties and share with us some of the things  
11 that we can do to save more water.

12 This is it. It has impacted the visitors that  
13 come here. It has put us at a disadvantage. We cannot  
14 add a spa, a pool, a Jacuzzi so that we can compete  
15 with the Napas of the world and other destinations.

16 I would close by stating my opposition to the  
17 CDO. And my name is Moe Ammar. M-o-e, A-m-m-a-r. And  
18 I live at 718 Sunset in the City of Pacific Grove,  
19 president of the Chamber of Commerce.

20 And thank you.

21 HEARING OFFICER BAGGETT: Thank you.

22 Patrick Orosco, and then Joy Colangelo?

23 MR. OROSCO: Good afternoon, Chairman Dudok  
24 and Vice Chair Wolff. My name's Pat Orosco of the  
25 Orosco Group. Apologize if I bastardized your name.

1           I am here to express unqualified support for  
2 Cal Am in proceeding with tremendous efforts and  
3 progress being made by Cal Am and the people in  
4 Monterey Peninsula in reducing water use and  
5 implementing the requirements for 95-10.

6           Cal Am and the people and businesses of our  
7 community have accomplished much in the face of  
8 overwhelming regulatory obstacles. Since Order 95-10  
9 was issued, Cal Am has met interim pumping goals under  
10 the order while pursuing a variety of alternatives to  
11 reduce pumping in Carmel River.

12           In the mid 1990s, Cal Am sought to build a dam  
13 that would have provided alternative long-term water  
14 use for the Peninsula.

15           When voters rejected that proposal, Cal Am  
16 turned its attention towards addressing the Monterey  
17 Peninsula's needs through a variety of other measures  
18 including conservation, aquifer storage, recovery, and  
19 the coastal water project.

20           In addition, Cal Am's supported various other  
21 initiatives including agreements with the City of Sand  
22 City, to operate Sand City's desal plan, and in  
23 cooperation with Cal Am, the cities of Seaside, Sand  
24 City, Monterey, Del Rey Oaks, and other jurisdictions  
25 and groundwater users to ensure responsible management



1 of the Seaside groundwater basin.

2 Several years ago, the Legislature put to the  
3 fate of a water project -- put to fate a water project  
4 to replace water supplies from the Carmel River in the  
5 hands of the Public Utilities Commission. Excuse me.

6 Despite the inevitable delays associated with  
7 the slow pace of movement in various bureaucracies with  
8 jurisdictions over the project, several alternative  
9 plans are taking shape, and the Environment Impact  
10 Report for that project will be circulated for public  
11 comment in the coming months. Real progress is being  
12 made.

13 As a local businessman, I would like to focus  
14 the rest of my comments on impacts post cease and  
15 desist order on the people and businesses, large and  
16 small, of the Monterey Peninsula.

17 The Monterey Peninsula has been under  
18 significant water constraints for as long as I can  
19 remember. The constraints have severely limited  
20 economic development for the Peninsula in many ways,  
21 some of which are obvious, some of which are more  
22 subtle.

23 These regulatory constraints don't just  
24 prevent large development projects from happening.  
25 Because water permits are unavailable, individuals who

1 wish to open a beauty salon, or restaurant, or other  
2 small businesses are not able to do so unless they can  
3 find a site with available water, often at a premium  
4 price.

5 In addition, projects that would provide more  
6 affordable housing units for Monterey Peninsula  
7 residents are prevented from moving forward.

8 It's difficult to measure the impact of these  
9 constraints on our community, but the impacts are very  
10 real. People from other parts of California and the  
11 United States are often shocked to learn of these  
12 severe local constraints and their stifling effects  
13 upon the entrepreneurial spirit, on housing, and  
14 economic development in our communities.

15 Despite the severe impact of existing water  
16 constraints, many businesses have risen to the  
17 challenge, adapted, survived, and some have even  
18 prospered.

19 Also, as a result of these limitations, the  
20 citizen of the Monterey Peninsula are among the most  
21 efficient water users in California.

22 It would be very difficult, however, for  
23 citizens to achieve additional conservation and for  
24 many businesses to survive the additional constraints  
25 proposed by the cease and desist order.

1           Those cutbacks, coupled with court-ordered  
2 reduction in production in the Seaside Basin under  
3 recent adjudication, would require the Peninsula to  
4 reduce water use from 2007 levels by nearly 50 percent  
5 over the next seven years.

6           This is the probable time frame it will take  
7 to get a regional water project online. Reductions  
8 would reach 66 percent in later years.

9           The only way to achieve the level of reduction  
10 in water uses would be to close businesses, turn away  
11 tourists, close down motel rooms, and stop all  
12 development.

13           The impacts of these cuts on the men, women,  
14 families who depend on their livelihood and on our  
15 tourism and economy, other business activities on the  
16 Monterey Peninsula, it would be devastating.

17           In the current economic climate, further  
18 severe reductions proposed by the cease and desist  
19 order would deliver a fatal financial blow to many  
20 businesses, to families, and to the overall economy of  
21 the Monterey Peninsula and could turn a recession into  
22 a serious prolonged economic downturn.

23           HEARING OFFICER BAGGETT: Thank you. Your  
24 time is about finished.

25           MR. OROSCO: Okay. If I may read my final

1 comment?

2 HEARING OFFICER BAGGETT: Okay.

3 MR. OROSCO: Thank you.

4 The California constitution requires the water  
5 resources of the state put to beneficial use the  
6 fullest extent of which they are capable and the  
7 conservation of such waters is to be exercised with a  
8 view to the reasonable and beneficial use in the  
9 interests of the people and for the public welfare. We  
10 urge you to reject this proposal.

11 Thank you.

12 HEARING OFFICER BAGGETT: Thank you. Joy,  
13 followed by Joe Russell.

14 MS. COLANGELO: Hi, Joy Colangelo. I have  
15 trouble saying my last name as well. Joy Colangelo,  
16 Sustainable -- C-o-l-a-n-g-e-l-o. Sustainable Pacific  
17 Grove. We have 160 members.

18 And I am here to support the CDO so that we  
19 have an opportunity to live within our resources, but I  
20 want to tell you what a city would look like if it was  
21 conserving water.

22 It would have restored reservoirs. It would  
23 have fixed its leaks. It would have eased its  
24 ordinances for gray water. It would have incentivized  
25 cisterns and holding tanks. We have a fog catcher up

1 in our unit, in our home, green spot.

2 We would have curbs set out to grab storm  
3 water in the underground springs that are running off  
4 into the bay. We would not be washing off our  
5 sidewalks. We would not be watering our lawns. We  
6 would not be using 80 gallons a day in our toilets or  
7 our drinking water. We would have tiered payments for  
8 heavy users.

9 These are just very small conservation  
10 measures that we don't see throughout this county. We  
11 don't see in any city. As soon as we see those, a  
12 visible, concrete effort to conserve water, we haven't  
13 even played the game.

14 Thank you.

15 HEARING OFFICER BAGGETT: Mr. Russell followed  
16 by Eric van Dyke.

17 MR. RUSSELL: Good afternoon gentlemen, Mr.  
18 Chair and board member. My name's Joseph Russell. I'm  
19 the mayor of Del Rey Oaks. I'm also the vice chair of  
20 the Monterey County Mayors Association. I also sit as  
21 chair of the Monterey Regional Water Pollution Control  
22 Agency, MRWPCA.

23 So I'm here today to basically ask you to  
24 delay the hearing of this matter.

25 As outlined in the Monterey County Mayors

1 Association letter of March 20th to the State Water  
2 Control Board, such an order will have a severe  
3 economic impact on this large county.

4 The cutbacks outlined in the CDO are draconian  
5 and simply punish consumers, both residential and  
6 business, especially the tourist industry, the  
7 construction industry.

8 This is for Cal Am's alleged violations, and  
9 the slowness of the PUC to complete the various  
10 regional studies and EIR which are currently still  
11 underway.

12 Instead of invoking the provision of the draft  
13 CDO, the two top priorities should be, as set forth in  
14 Assemblyman John Laird's letter to your Board, should  
15 be the following:

16 First, the PUC should complete those studies  
17 currently underway, thereby allowing the community to  
18 fully focus on the various regional solutions being  
19 proposed to produce a viable water supply and delivery  
20 to the Monterey Peninsula area and also to the north of  
21 the marina area.

22 The Monterey Regional Water Pollution Control  
23 Agency, of which I am chair, is intensely involved in  
24 such a solution with the proposed use of recycled water  
25 which can alleviate the alleged Carmel River overdraft.

1           For example, the proposed use of recycled  
2 water treated to a highly purified state could be  
3 injected into the Seaside Aquifer to offset the  
4 overdraft which is there.

5           This in turn would allow Cal Am to quit  
6 pumping as much water out of the Carmel Valley River.  
7 We think this is a very important project, and we  
8 intend to pursue it and vigorously.

9           Second, one of the top priorities should be  
10 fully to coordinate with other state boards and  
11 agencies to arrive at the least costly, most beneficial  
12 solution which would include the restoration of the  
13 Carmel River.

14           Now in addressing these two top priorities, I  
15 think it would be prudent and advisable to defer the  
16 consideration of the CDO until these two top priorities  
17 are fully considered.

18           The regional approach that's being studied  
19 that can benefit the entire area, help the Carmel  
20 River. There can be no doubt that the proposed CDO  
21 will be devastating to the community if instituted.

22           This is serious. Let's not rush into a  
23 solution which will have long-term ill effects on this  
24 wonderful community of the Monterey Peninsula.

25           Thank you for your attention, gentlemen.

1           HEARING OFFICER BAGGETT: Thank you. Eric Van  
2 Dyke followed by Rami Kahlon.

3           MR. VAN DYKE: Good afternoon. My name's Eric  
4 Van Dyke. I live in Aromas, 320 Seeley Avenue in  
5 Aromas. I'm a professional research ecologist. I'd  
6 like to think I'm here speaking for the fish and the  
7 amphibians and so forth; but of course I can't make  
8 that presumption, so I'll say I'm speaking for myself.

9           I moved to the Monterey Bay Area in the 1970s,  
10 bought my property in the 1980s, and since that time,  
11 watching very carefully, I've seen the overriding  
12 environmental issues in our region.

13           Oversuppression of our ground water, precious  
14 groundwater resources, and overdiversion, unnecessary  
15 diversion and commitment of surface water resources.

16           At the same time, I have heard a lot of talk  
17 about mitigation, trying to solve the problems that  
18 those overuse of resources are causing, a lot of talk,  
19 and not a lot of solutions.

20           I've heard -- and you'll hear today -- a lot  
21 of whining, a lot of excuses, and especially pleas for  
22 more time.

23           More time? Order -- the order to cut back on  
24 extraction or diversion from the Carmel River was  
25 13 years ago. How much more time do we need?



1           You're also going to hear today a lot about  
2 recycling, the success of recycling efforts, and I  
3 congratulate that of course. The water that's saved  
4 through recycling is a benefit to our community.

5           Nevertheless, our goal has been to mitigate  
6 the damage to our public trust resources, the damage to  
7 the Carmel River, the riparian habitats there, the fish  
8 and amphibians. I can go on.

9           That recycled water saving, as you all know,  
10 has gone to additional hookups, additional development.  
11 It has not gone back to mitigate damage to the Carmel  
12 River. Enough is enough.

13           So I'm here to ask you to strongly -- and I'm  
14 here to strongly support the draft cease and desist  
15 order and to make sure that you hear that our community  
16 strongly supports that and that in particular I -- our  
17 community strongly supports the prompt creation of a  
18 project that's environmentally sensitive, owned and  
19 operated by a public entity, and at an appropriate  
20 scale that will meet the needs of the Carmel River  
21 habitats and public trust resources.

22           I think I will end with that. You're going to  
23 hear a lot more today. I will leave you with one  
24 question, though: What took you so long?

25           HEARING OFFICER BAGGETT: Thank you.

1           Rami Kahlon followed by Tom Rowley. And I  
2   assume you're from the PUC, not the Ratepayer  
3   Advocate's position which is a party?

4           MR. KAHLON: That's correct.

5           HEARING OFFICER BAGGETT: Thank you. It's a  
6   difficult thing for a lot of people. The Ratepayers'  
7   Advocate is a separate division, totally separate; and  
8   they are parties to this proceeding, as they should be.

9           MR. KAHLON: Right.

10          Good afternoon. My name is Rami Kahlon,  
11   R-a-m-i, K-a-h-l-o-n. I am director of the Division of  
12   Water at the California Public Utilities Commission. I  
13   have with me Jason Reiger, R-e-i-g-e-r, who is a staff  
14   person at the Public Utilities Commission, as well as  
15   Stephen St. Marie, who is chief of staff to  
16   Commissioner Bohn, one of five commissioners.

17          The California Public Utilities Commission is  
18   dedicated to ensuring that consumers have safe,  
19   reliable utility service at reasonable rates which is  
20   in compliance with all laws and regulations as well as  
21   promoting the health of California's economy.

22          The CPUC has rate and service regulation over  
23   California American Water Company, Cal Am here in  
24   Monterey. In short, this means we set the rates Cal Am  
25   charges for water service, and we authorize Cal Am's

1 capital improvements. That includes the Coastal Water  
2 Project.

3 Cal Am has before the CPUC an application  
4 requesting a Certificate of Public Convenience and  
5 Necessity to construct and operate its Coastal Water  
6 Project. This application was filed back in 2004 in  
7 response to a study commissioned by the CPUC known as  
8 Plan B Project Report which my Department issued in  
9 July 2002.

10 As part of its application, Cal Am is required  
11 to prepare an Environmental Impact Report for which the  
12 CPUC is the lead agency. The draft EIR is scheduled to  
13 be released at the end of 2008. The draft EIR will  
14 evaluate the Coastal Water Project as well as project  
15 alternatives.

16 That means the final EIR could be issued in  
17 mid 2009, and construction could begin soon thereafter.

18 In addition, the CPUC has already implemented  
19 customer surcharges for recovery of preconstruction  
20 costs already borne by Cal Am for the Coastal Water  
21 Project. This serves to reduce the potential increase  
22 in water rates by project completion.

23 There is some good news -- more good news.  
24 Outside and independent of the pending application  
25 before the CPUC, considerable progress has been made

1 developing a regional project alternative. This effort  
2 was led and organized by the CPUC's Division of  
3 Ratepayer Advocates which is a group within the  
4 organization, an independent arm which advocates for  
5 ratepayers. And this effort included many of the  
6 public agencies in the Monterey area. A regional plan  
7 is expected later this summer and may be included in  
8 the EIR as one of the project alternatives.

9           The message that I would like to leave with  
10 you today is that since the Water Board issued Order WR  
11 95-10 great progress has been made in finding a  
12 permanent solution to the existing situation of  
13 overdrafting.

14           We are very close to culminating a multiyear  
15 effort so that Cal Am can comply with your Order 95-10.  
16 We hope that the CPUC and Cal Am can continue making  
17 progress to comply with your order, and that no action  
18 be taken such that progress to date is impeded.

19           Water supply issues are particularly  
20 challenging in Monterey, but I think in this instance  
21 the solution is close at hand.

22           Thank you.

23           HEARING OFFICER BAGGETT: Thank you. Tom  
24 Rowley followed by Lawson Little.

25           MR. ROWLEY: Good afternoon.

1           Tom Rowley. I'm a resident of Monterey.  
2 First moved here in 1968, and about 40 years that the  
3 Monterey Peninsula Taxpayers Association, MPTA, has  
4 been involved in water issues on the Peninsula, as long  
5 as I've been a resident, although I did not join the  
6 organization until I returned here after military  
7 service in the 1980's.

8           The 40-year record of MPTA has been to support  
9 reasonable and affordable solutions or water policies  
10 that will help our citizens, the local citizens of the  
11 Peninsula, and which includes the Cal Am ratepayers.

12           All of us that have been here for 40 years  
13 have been through and suffered through the pain and  
14 agony, whether it's a business or personal residence,  
15 of rationing twice in the '70s and '80s.

16           A cease and desist order will certainly result  
17 in a mandatory rationing program again. It's painful  
18 for the citizens. It's painful for the economy. And  
19 it's painful -- which right now the state does not need  
20 any more economic hits.

21           During the last year, our organization has  
22 participated in the PUC's Division of Ratepayers  
23 Monterey Bay REPOG. I understand you had a briefing on  
24 this, on a proposed -- this oversight group finally,  
25 finally, has proposed an affordable, sustainable -- do

1 I have your attention -- an affordable, sustainable,  
2 and an environmentally friendly project, okay, as an  
3 alternative to the very expensive desal plants that  
4 have been proposed at Moss Landing, so-called Coastal  
5 Water Project.

6 Because we are in a Catch-22, as some of you  
7 know that analogy, we have been conserving. To  
8 implement a cease and desist order now would be truly a  
9 Catch-22 situation.

10 The recommendation that our organization would  
11 like to suggest to you is that -- and I want to be  
12 careful in my wording -- that the EIR under review  
13 since July 2005 by the PUC be allowed to continue and  
14 that the draft CDO not be implemented before the PUC's  
15 environmental report is complete.

16 And I'd like to suggest to you that the  
17 earliest deadline that makes any rational, reasonable  
18 sense to implement the CDO would be the end of 2009 to  
19 allow plenty of time for the circulation of what's  
20 proposed in the PUC under review.

21 Thank you very much.

22 HEARING OFFICER BAGGETT: Thank you. Lawson  
23 Little followed by Rito Guerra.

24 MR. LITTLE: Good afternoon. My name's Lawson  
25 Little. I'm the president of Quail Lodge in Carmel

1 Valley.

2 I've been blessed and was able to -- I was  
3 born and raised on the Monterey Peninsula. And in the  
4 early days as a boy, I had some friends who lived on  
5 the river and I was able to go out in the summer, in  
6 July, and enjoy in the '50s the fish and play on the  
7 river in a couple weeks in July.

8 In some summers, there was no water there  
9 either then, very similar to how it's going to be  
10 probably this July, you know. There wasn't enough  
11 rainfall, and we're not going to have the river flowing  
12 year-around. And here we are 60 years later in the  
13 same condition.

14 And what has happened since then? You know,  
15 it's not a new subject. We know we need -- we have  
16 enough rain. We don't have enough storage capacity  
17 here.

18 And as a result of the politics of the day,  
19 our community here is fractured. We have all special  
20 interests all around wanting their piece of the pie or  
21 no piece of the pie.

22 So where is the solution? I don't know where  
23 the solution is, but I'm telling you that we are under  
24 great stress as businesses here. Cal Am, looking at it  
25 as strictly a business, it's been maligned. Their

1 employees have been criticized, a soft way of putting  
2 it.

3           They've run a business. And the business has  
4 lost 30 percent of the product. They spend their  
5 budget to tell their customers not to buy their  
6 product. That's not an easy thing to do.

7           Then the customers complain because the rates  
8 go up. Their costs stay the same -- the costs go up,  
9 wages and oil goes up. So they reduced their revenues  
10 by 30 percent of what they can sell. So they do need  
11 to have more water produced somewhere.

12           And I'm not sure where the solution is on  
13 that, but I know the EIR is coming forward with some  
14 projects, and then there's more projects added on that.  
15 And the community needs to come to a decision on what  
16 project we need to support collectively and move  
17 forward and put it online.

18           So I don't support the CDO, and I highly  
19 recommend that we get behind the Environmental Impact  
20 Report and get this community together where we can all  
21 support one project so that we can come to a solution  
22 to have another water source.

23           Because that's what -- the district came by  
24 and got a dam approved, and the -- and that would  
25 protect the valley from the short rainfall, it would



1 protect the valley from the floods that happened.

2 But that was voted down because the political  
3 interests said let's win this election too, and they  
4 did. So we don't have that up here. Now we have to go  
5 somewhere else and find it.

6 I don't know how the Board can play a part in  
7 helping this community decide which project to take,  
8 but we need to get a project and get behind it and  
9 support it.

10 So thank you for listening.

11 HEARING OFFICER BAGGETT: Thank you. And  
12 after Rito is Paul Bruno.

13 MR. GUERRA: Thank you. I'm Rito Guerra,  
14 District Representative for State Senator Abel  
15 Maldonado; and on behalf of the senator, I want to  
16 welcome you to the 15th district.

17 HEARING OFFICER BAGGETT: Thank you.

18 MR. GUERRA: I'll be reading a letter from the  
19 senator. That letter has already been provided to the  
20 board. (Reading:)

21 I'm writing to request that the Board  
22 not move forward on the draft cease and  
23 desist order related to diversion of water  
24 in the Carmel River by California American  
25 Water.

1           If the Board adopts this order, the  
2           consequences could be devastating to the  
3           local economy which is focused on the  
4           tourist industry. The operation of numerous  
5           hotels and restaurants that serve visitors  
6           to the area will be severely impacted.

7           This regulatory action will add to the  
8           economic hardship already being experienced  
9           by these businesses due to the softening  
10          economy.

11          Furthermore, the health and safety of  
12          the 38,000 Cal Am customers on the Monterey  
13          Peninsula will be put at risk if this order  
14          is adopted. The schedule for reducing Cal  
15          Am's diversion of water from the Carmel  
16          River is extremely aggressive and would  
17          certainly jeopardize the ability to serve  
18          its customers as is mandated by the  
19          California Public Utilities Code as a  
20          regulated utility.

21          If increased conservation is the goal of  
22          the CDO, the Board must recognize that Cal  
23          Am in partnership with the community has  
24          already made significant strides in water  
25          conservation.

1           According to a 2006 survey, Monterey  
2 Peninsula customers had the lowest per  
3 capita water use of any urbanized area in  
4 California. In fact, Cal Am consistently  
5 exceeds the conservation schedule outlined  
6 in Order 95-10.

7           It also appears that this Order is not  
8 justified. While the draft CDO is based on  
9 the premise that Cal Am has failed to meet  
10 Condition 2 of the above Order 95-10, the  
11 actions of Cal Am dispute that claim.

12           For instance, initially a dam project  
13 was proposed which was rejected by the  
14 voters. Subsequently in 1998, the  
15 Legislature passed and the Governor signed  
16 Assembly Bill No. 1182 directing the  
17 California Public Utilities Commission to  
18 develop an alternative to that dam project.

19           Eventually, the PUC recommended a  
20 desalination plant located at Moss Landing.  
21 Cal Am has been diligently moving forward on  
22 that project since the PUC made its  
23 recommendation.

24           In addition, Cal Am is actively  
25 participating with other state entities

1 including the PUC on studying alternatives  
2 to the Moss Landing desalination project and  
3 procuring new sources of water.

4 While I do support restoring the health  
5 of the Carmel River, I cannot support this  
6 regulatory action at the expense of the  
7 residents and businesses of the Monterey  
8 Peninsula.

9 Subjecting the community to the  
10 extremely detrimental effects of the CDO is  
11 unwarranted in light of the fact that Cal Am  
12 is meeting conditions of Order 95-10 and is  
13 engaged in efforts to end the excess  
14 diversion from the Carmel River while still  
15 providing the necessary water to its  
16 customers.

17 It is only the lack of a sense of  
18 urgency by other regulatory agencies that  
19 has prevented Cal Am from showing more  
20 progress on ending excess diversion.

21 The community should not suffer due to  
22 the failings of state agencies.

23 Thank you for your consideration,  
24 sincerely Abel Maldonado, Senator, 15th  
25 District.

1 Thank you very much.

2 HEARING OFFICER BAGGETT: Thank you. Thank  
3 the senator.

4 Paul Bruno followed by Kris Lindstrom.

5 MR. BRUNO: Greetings, welcome to Monterey.  
6 My name is Paul Bruno, and I am a resident of the City  
7 of Monterey.

8 I am the Vice President of the Carmel River  
9 Watershed Conservancy. I also serve as the Vice Chair  
10 of the Seaside Groundwater Basin Watermaster. And I'm  
11 also an appointed member of the Monterey Peninsula  
12 Water District Ad Hoc Media Advisory Committee. I am  
13 at this meeting speaking as an individual.

14 I spent many years as a volunteer addressing  
15 various aspects of our community's water supply issues.  
16 I remember participating in Fred Keeley's Plan B  
17 meetings testifying in Sacramento. I actively  
18 participated in subsequent iterations of the various  
19 supply alternatives.

20 I'm quite surprised and disappointed that the  
21 State Water Resources Control Board has chosen to issue  
22 a draft cease and desist order.

23 Our community has been making progress toward  
24 solving its water supply problem. People have come  
25 together. There are real collaborative efforts that

1 are being undertaken. Community leaders are now  
2 focused on integrated regional water supply plans with  
3 the need for environmentally sound, sustainable, and  
4 cost effective solutions.

5 Please do not stop this momentum. Enforcing  
6 the cease and desist order will do nothing to speed up  
7 this process. It will only hurt residents and  
8 businesses.

9 Our community has done a commendable job of  
10 conserving our water resources. To punish them as we  
11 make progress would send the wrong message. If  
12 anything, it takes time and energy away from the  
13 process.

14 As a member of the California Republican Party  
15 Board of Directors, I seldom quote Assembly member John  
16 Laird, but today we agree.

17 Please defer acting on the draft cease and  
18 desist order. Allow us time to quote find an effective  
19 solution that restores flows to the Carmel River and  
20 effectively considers the many objectives and needs of  
21 the local community and the state. Thank you. I live  
22 at 114 Via Del Milagro, Monterey.

23 HEARING OFFICER BAGGETT: Thank you. Kris  
24 Lindstrom followed by Dean Provence.

25 MR. LINDSTROM: Good afternoon. My name's

1 Kris Lindstrom. I'm a resident of the City of Pacific  
2 Grove. I've been there for 20 years. I've been a  
3 waste water consultant for 30 years. I'm a former  
4 chair of the Monterey Peninsula Water Management  
5 District, elected official here, served on the State  
6 Water Resources Control Board -- or the Department of  
7 Water Resources Advisory Committee on state water  
8 conservation and all the alternatives, and I'm here to  
9 support the cease and desist order.

10 For far too long, we have not taken the  
11 necessary action to reduce the illegal use of water  
12 from the Carmel River. I and other citizens will be  
13 rather concerned about paying fines if it gets down to  
14 that. We've all conserved to the extent we can.

15 But the profits coming out of the illegal  
16 diversion need to go back to the river and solutions.  
17 And I think this cease and desist order will really  
18 awaken the communities to get on with the solutions and  
19 perhaps it will stimulate more discussion of local  
20 alternatives and perhaps public ownership of future  
21 investments to provide for our water needs and the  
22 infrastructure and improvements needed for  
23 conservation.

24 I really support some of the other speakers  
25 like Nancy Pratt and the research ecologist here about

1 our need to restore things.

2 I for one don't care about a car wash in  
3 Pacific Grove. I just, you know, a lot of us are  
4 concerned about improving our own community, getting  
5 our golf course off political water, capturing storm  
6 water, the local solutions.

7 We need to take action. We can't allow the  
8 state to keep forcing us to do things. We need to take  
9 action.

10 But this is a great step to move forward, but  
11 you've got to get the PUC to take action. And they're  
12 a hindrance rather than a help. And I was here for  
13 Plan B and it's just been taking forever.

14 So thank you very much.

15 HEARING OFFICER BAGGETT: Thank you. Dean  
16 Provence and then Bob Bower.

17 MR. PROVENCE: My name is Dean Provence. I am  
18 a resident of Pacific Grove 928 19th Street. I'm here  
19 as representative of the Board of Realtors as their  
20 president this year.

21 What we really need is the State's help to  
22 encourage a solution versus fines and cease and desist  
23 orders that will really harm us. Voters really want a  
24 balanced solution where we have drought production and  
25 the owners of record of lots can make improvements to



1 the lots.

2 We're not looking at runaway growth, but we  
3 want to be able to adhere to the State mandates. And  
4 whatever fees and costs are passed on to Cal Am are  
5 going to be passed on to the rate customers.

6 So we really are against the cease and desist  
7 order and really would love your help in really finding  
8 solutions.

9 The Catch-22 that was mentioned earlier is  
10 also between Cal Am and our local water board. So when  
11 Cal Am has their hands tied by other government  
12 entities, you know, things get done pretty slowly. So  
13 we'd like your help looking for a solution.

14 HEARING OFFICER BAGGETT: Thank you.

15 So Bob Bower and then there's a double card,  
16 David Dilworth and Robert Greenwood.

17 MR. BOWER: Gentlemen, my name is Robert  
18 Bower. I am a newly elected director of the Water  
19 Management District; however, I'm here representing  
20 myself, not the district.

21 I also own a local winery and am part of the  
22 hospitality industry here on the Peninsula.

23 Cal Am provides most of the water to not only  
24 my business but most of the hospitality businesses here  
25 on the Peninsula. I'm sure it's been mentioned before

1 but we are the lowest per capita users of water in the  
2 state. We've cut our water use since 1988 by almost  
3 30 percent. Further cutbacks would really have a  
4 significant impact on certainly business and employment  
5 here on the Peninsula.

6 We recognize the need to curtail the  
7 overpumping of the Carmel River. It's a very important  
8 function, something that is very near and dear to most  
9 of us on the Peninsula. But this has to be done in a  
10 more organized method.

11 The State seems to think that we've not been  
12 doing anything for the 12 or 13 years since 95-10.  
13 That's really not correct. There are at least seven  
14 projects that are under consideration at this present  
15 time, mixtures of desal, mixtures of all other kinds of  
16 projects that would address the 95-10 issue.

17 Even the district itself has now got behind  
18 and has taken off the shelf a project they put there  
19 four years ago and called it the 95-10 project.

20 The reason the district actually delayed work  
21 on their own project was because we all believed the  
22 Cal Am project was moving forward, Coastal Water  
23 Project. If you look back at the time line in 2004,  
24 the Coastal Water Project was supposed to come on line  
25 in 2008, and today's meeting would be moot before all

1 of us.

2           However, due to delays by Cal Am, delays by  
3 the PUC, delays by everybody else that is involved in  
4 this process, they don't look at that plan as being  
5 viable till 2015. That's a long time away. So the  
6 District has decided to take on its own plan to solve  
7 this issue of the overpumping of the Carmel River.

8           I'll leave you with one thought. And that is,  
9 if you want to punish Cal Am, punish Cal Am. Don't  
10 push the businesses and the people of our community.

11           Thank you.

12           HEARING OFFICER BAGGETT: Thank you.

13           David Dilworth?

14           MS. PRATT: He had to step out for a moment.

15           HEARING OFFICER BAGGETT: Carrie Theis. Is  
16 that -- am I saying it correctly? Then followed by  
17 William Kampe.

18           MS. THEIS: Good afternoon. My name is Carrie  
19 Theis. I'm the president of the Carmel Innkeepers  
20 Association. I am here today to represent 43 inns,  
21 hotels, and bed and breakfasts in Carmel-by-the-Sea.

22           We respect the Board's intention to accelerate  
23 and ensure Cal Am's progress towards compliance with  
24 water rights order 95-10. However, we respectfully  
25 request that the Board not do so with such a

1 financially disastrous, unrealistic, and unachievable  
2 schedule as you have proposed in your draft cease and  
3 desist order.

4 We support the approach outlined in  
5 Assemblyman John Laird's letter to your board dated  
6 March 25th.

7 We understand the Board is required to set  
8 time lines and consequences for noncompliance so that  
9 the problems identified in 95-10 can be remedied. The  
10 Board should set reasonable and achievable time lines  
11 which do not punish the business community.

12 The hoteliers of Carmel-By-The-Sea have not  
13 contributed in any way to delay selecting a solution in  
14 response to 95-10.

15 The Board should recognize that according to  
16 water use statistics available from Cal Am businesses  
17 in general and the hospitality industry in particular  
18 have achieved a reduction in water use greater than the  
19 required initial rate set in 95-10, for instance, above  
20 30 percent reduction versus the required 20 percent.

21 Therefore, the Board should acknowledge that  
22 we have been doing our share to minimize impact on the  
23 Carmel River ecosystem.

24 The members of the Innkeepers Association also  
25 comply with the Monterey Peninsula Water Management

1 District regulations on water use and additionally  
2 cooperate with Cal Am's program to encourage voluntary  
3 reduction in water use by our guests.

4           We do this through the use of in-room  
5 information cards that encourage our guests to reuse  
6 towels and forego the daily changing of bed linens.  
7 Our hotels have also been voluntarily installing  
8 low-flow shower heads and low-volume toilets as  
9 replacements or updates even though it was not legally  
10 required for us to do so.

11           I need to make it unequivocally clear to the  
12 Board that our association members cannot continue to  
13 keep their doors open for business while incurring the  
14 reductions in water availability that are proposed by  
15 the draft cease and desist order.

16           The Board is expecting that we will be able to  
17 accommodate a net total reduction in the Carmel River  
18 water use from historic levels of 32 to 60 percent.  
19 Our industry cannot absorb such reductions yet somehow  
20 remain in business.

21           This expectation is quite clearly unrealistic  
22 and cannot be sustained without bankruptcy or the  
23 closure of many businesses and having a severe impact  
24 on our community.

25           We cannot financially afford to forego selling

1 rooms to avoid exceeding our share of the future severe  
2 reduction in water production.

3           The Board needs to take into account that the  
4 regulatory delays imposed on Cal Am by our state  
5 agencies. With all these competing agencies, the  
6 courts and regulation and time lines in play, it is  
7 completely irrational to expect Cal Am to have any  
8 project addressing 95-10 operational until after the  
9 draft cease and desist order will have already imposed  
10 a 50 percent reduction in Carmel River diversions.

11           The combined effect of the draft cease and  
12 desist order will be to reduce the water available to  
13 the community by 60 percent since 1995. I fail to see  
14 how the Board can claim that such a schedule is  
15 reasonable, feasible, or equitable and sincerely  
16 request that you consider your draft decision and work  
17 with the municipalities to create a solution that is  
18 feasible.

19           Thank you for your time.

20           HEARING OFFICER BAGGETT: Thank you. Dale  
21 Hekhuis.

22           MR. HEKHUIS: My name is Dale Hekhuis,  
23 H-e-k-h-u-i-s. I'm speaking for myself. I am a former  
24 board chairman of the MPWMD. I've given you a broader  
25 paper that I'm going to cut to the chase and be brief.

1           The draft cease and desist order has a very  
2 demanding pumping reduction scheduled that needs  
3 revision. It requires that pumping of the Carmel River  
4 be reduced by 15 percent or 1700 acre feet in the very  
5 first year of operation.

6           Such a reduction isn't feasible because there  
7 isn't any replacement water currently available. In  
8 effect, the communities are going to have to start from  
9 scratch and come up with increasing amounts of  
10 replacement water over time.

11           I proposed a two-step project.

12           Step one: Formulate and implement a voluntary  
13 water conservation program that could produce 1500 acre  
14 feet of water in the first five years. More water  
15 could be gained from a mandatory rationing program, but  
16 that would be extremely difficult to sustain over an  
17 extended period.

18           Step two: Formulate and implement a 6,000  
19 acre foot desalination project that could be  
20 accomplished within five years.

21           A strong candidate for this project, as has  
22 already been mentioned, would be an on-the-shelf  
23 desalination plant on the Monterey Peninsula water  
24 management district. This plant, which is currently  
25 being updated, would produce a maximum of 8450 acre

1 feet. In my opinion, it could be permitted and  
2 constructed within five years.

3 In closing, I would like to think that your  
4 pumping reduction schedule is provisional and that it  
5 could accommodate to the kind of project that I am  
6 proposing.

7 Thank you.

8 HEARING OFFICER BAGGETT: Thank you. William  
9 Kampe and then Mark Bastis.

10 MR. KAMPE: Good afternoon, my name is Bill  
11 Kampe. I'm a resident of Pacific Grove, and thank you.

12 I'm here to express my personal alarm about  
13 the CDO as it's written. And the concern I have is  
14 that the CDO is directed toward Cal Am, yet as  
15 individuals we're the ones, residents and businesses  
16 here on the Peninsula, we're the ones who will feel the  
17 brunt of that CDO.

18 As individuals, there is very little we can do  
19 to impact the things that I believe the State Water  
20 Resources Board can achieve.

21 And the irony is -- and I feel like we're  
22 Alice in Wonderland here; we're all mad in a way. And  
23 I've heard several people speak in favor of the CDO,  
24 and I think in the spirit of conservation and  
25 environmental protection.



1 I believe most of us as residents of the  
2 Peninsula in fact are very willing to make efforts in  
3 conservation. We are very concerned about the  
4 environment and willing to support that.

5 However, the irony is in trying to create  
6 alternatives for our water supply Cal Am and our water  
7 management district encounter a number of obstacles  
8 often from the same voices of conservation and  
9 environmental protection that are in support of the  
10 CDO.

11 We're in kind of a Catch-22. I would just  
12 really urge the State Water Resources Board put its  
13 primary energy into helping to remove obstacles in  
14 creating appropriate alternatives for water sources  
15 rather than simply penalizing the individuals who as  
16 individuals can do very little to effect outcomes on  
17 this topic. Thank you very much.

18 HEARING OFFICER BAGGETT: Thank you. Mark  
19 Bastis and Michelle Knight.

20 MR. BASTIS: Good afternoon. I'm Mark Bastis.  
21 I'm the general manager of the Hyatt Regency in  
22 Monterey. I'm also the president of the Monterey  
23 Hospitality -- Monterey County Hospitality Association.  
24 I'm here today to speak on behalf of my business.

25 Hyatt's been here in Monterey in various ways,

1 shapes, and forms since the early 1950s first as the  
2 Mark Thomas Inn, Hyatt Del Monte House and to what we  
3 are today, Hyatt Regency Monterey.

4 We employ approximately 400 staff members who  
5 live throughout Monterey County. And our commitment to  
6 the community has been seen throughout the years, but  
7 is very evident in the tremendous amount of money  
8 that's begun to revitalize the property right now.

9 A large part of the refurbishment that's going  
10 on, the multi-million dollars that is being spent, has  
11 been put to all the good conservation efforts that are  
12 part of business today: Low-flow toilets -- low-volume  
13 toilets, low-flow showers, replacing landscaping with  
14 low water usage and many, many other initiatives, both  
15 for water and other utilities.

16 The 40 percent reduction in water that's  
17 proposed really roughly equates to 40 percent reduction  
18 in hotel rooms. You can't operate hotel rooms without  
19 water.

20 A 40 percent reduction in hotel rooms equates  
21 to a 40 percent reduction in our colleagues and our  
22 staff that work in our hotel. Reduction to California  
23 American Water is really a reduction to the economic  
24 livelihood of our associates.

25 We respectfully ask the Board to reconsider

1 the CDO or defer it to some of the many viable  
2 replacement water tactics that are out there or thought  
3 of and are able to proceed.

4 Thank you very much.

5 HEARING OFFICER BAGGETT: Thank you.

6 Michelle Knight and Jeanne Byrne.

7 MS. KNIGHT: Hello. My name is Michelle  
8 Knight. Over the pass four years I was an elected  
9 member of Monterey Peninsula water management district.  
10 My term ended in December, and now I'm just a normal  
11 citizen.

12 Through these experiences though, coupled with  
13 my post-graduate work in environmental studies, I feel  
14 I have had an opportunity to understand the water  
15 issues in greater depth, and I'm here to testify that  
16 in my opinion that to further enforce cuts in the  
17 supply of water from the Carmel River would be  
18 devastating to the human community that surrounds the  
19 river.

20 This community stepped up after the original  
21 order and made an intense and successful conservation  
22 effort, squeezing a lot more drops out of what we were  
23 allotted.

24 With the easy, moderate, and even many of the  
25 hard efforts on this community's part already in force,

1 I do not believe that we would be able to cut the  
2 amounts you are seeking without major impacts on the  
3 local economy and livelihoods.

4 To do this to a community that's already  
5 cooperating fully with efforts to respect the needs of  
6 the river and balance it with the human needs of those  
7 around it would be grossly unfair.

8 Pressures on the river have already driven  
9 efforts to overextract the Seaside Basin now -- which  
10 is an overdraft which is now adjudicated.

11 We have intense efforts to reuse water on our  
12 golf courses, and are already using it in artichoke  
13 fields. The district made permanent its project to  
14 expand capacity for time of excess river flows.

15 Local communities are diligently working to  
16 put together programs for storm water control and  
17 runoff and reuse if possible. And as you know, there  
18 are no easy answers left.

19 It appears that finally California American  
20 Water and DRA are looking for real solutions and real  
21 plans are in progress. These are real opportunities  
22 for success in taking pressure off the Carmel River,  
23 yet all these projects are expensive and  
24 time-consuming.

25 My fear is that if this order is adopted the

1 powers that be will be forced into forging ahead,  
2 building smaller projects that only make up for our  
3 past deficits, and I firmly believe our community is  
4 simply too small to pay for the cost of a lot of  
5 smaller projects in succession.

6 To keep our community vibrant and alive, we  
7 have to be able to look for answers that look to our  
8 past, our present, and our future.

9 I applaud your vision in keeping pressure on  
10 us about our water use, but I beg you to acknowledge  
11 the success we have had and to let us continue on the  
12 path to making a regional solution a reality. Please  
13 do not enforce further cuts on this community.

14 Thank you.

15 HEARING OFFICER BAGGETT: Thank you. Jeanne  
16 Byrne then Ed Schaupp.

17 MS. BYRNE: Jeanne Byrne J-e-a-n-n-e. Last  
18 name B-y-r-n-e. Past mayor of Pacific Grove, Vice  
19 Chair of American Institute of Architects on the  
20 Peninsula. I'm here representing the Board of  
21 Directors of the American Institute of Architects,  
22 Monterey Bay Chapter.

23 Representing the Board, the chapter opposes  
24 the implementation of the State Water Resources' cease  
25 and desist order until a replacement water project is

1 in place.

2 In the 1990s, the State Water Resources  
3 required Cal Am to significantly reduce their pumping  
4 from the Carmel River. Cal Am and the community have  
5 diligently complied with water conservation efforts to  
6 stay within the Water Resources previously reduced  
7 pumping levels.

8 Cal Am has also been diligent about pursuing a  
9 desalination plant and other alternative water sources.

10 The State Water Resources has not until now  
11 pursued further reduction in the Carmel River pumping  
12 since Cal Am and the community have demonstrated a good  
13 faith effort to comply with the Board's requirements.

14 AIAMB, along with others in the community,  
15 does not understand the sudden change in the State  
16 Water Resources position. The detrimental effect of  
17 this cease and desist order will be devastating to the  
18 community's economy, health, safety, and environment.

19 State Water Resources certainly has a moral  
20 obligation, if not also a legal one, to see that a  
21 water project sufficient for the community is in place  
22 prior to any further reduction in Cal Am's ability to  
23 supply water.

24 Instead of a punitive approach, the community  
25 needs State Water Resources' support in moving Cal Am's

1 water solution forward with all of the various agencies  
2 including the Coastal Commission and the staff.

3 State Water Resources is obligated to assist  
4 the community in realizing a sufficient water supply,  
5 not only for residents of the area but also to resolve  
6 all the varied environmental concerns related to  
7 pumping from the Carmel River.

8 State Water Resources cannot responsibly  
9 further reduce pumping from the Carmel River without an  
10 alternative resource in place.

11 Thank you. I will submit the letter.

12 HEARING OFFICER BAGGETT: Thank you. Ed? Ed  
13 Schaupp? S-c-h-a-u-p-p. Is Ed here? Is David  
14 Dilworth back?

15 MS. PRATT: Back and out again, sorry.

16 HEARING OFFICER BAGGETT: Makes it tough.

17 Clive Sanders followed by Janet Brennen.

18 MR. SANDERS: Good afternoon, gentlemen. My  
19 name is Clive Sanders. I'm the president of the Carmel  
20 River Watershed Conservancy and a member of the  
21 Monterey Peninsula Water Management CRAC committee,  
22 that's the -- always forget what CRAC stand for.  
23 Anyway. It's intended to help advise the Board  
24 members.

25 The Carmel River Watershed Conservancy is

1 indebted to to the State Water Control Board because  
2 you made available the funds that enabled us to get  
3 established, and you also provided the funds for the  
4 creation of the watershed assessment and the action  
5 plan.

6           And our members and very many other people  
7 that have been helping, which includes the Water  
8 Management District and CSUMB, who did some of the  
9 studies, scientific studies, are all behind what I'm  
10 about to say. I believe behind what I'm about to say.  
11 There may be some individuals.

12           According to Google, All Fools' Day, which is  
13 today, is one of the most light-hearted days of the  
14 year. However, you will recall that the jester, or the  
15 fool, in England in the royal courts was often a wise  
16 man who was able to explain the complicated issues at  
17 the court in a way that everyone could understand.

18           So let me play the part of the fool.

19           Almost 13 years has passed without any action  
20 on the part of the Board. I remember a few years ago  
21 at such a hearing as this listening to Mr. Baggett tell  
22 the very small audience that was there -- and it was as  
23 if he was talking to me and Dr. Roy Thomas at the  
24 Steelhead Association.

25           He seemed to look straight at us and said,



1 it's time you guys got your act together. And I'm sure  
2 you remember that.

3 We've tried to do that. I think the  
4 communities have tried to do that.

5 There's a lunatic fringe amongst us that wants  
6 to have a public flogging of those they deem  
7 responsible for our problems. That doesn't do anybody  
8 any good.

9 There is a group who wanted to take over the  
10 water company. The voters turned that one down.

11 Sometime we make a little progress, and then  
12 sometimes we find fault and we're back where we  
13 started.

14 Now, these are all our mistakes, yes, but I  
15 think it is difficult in this kind of environment for  
16 things to move swiftly forward.

17 In addition to Cal Am's CWP at Moss Landing --  
18 or anywhere else it could be at; there's a plan which  
19 is being described by other people. We support that  
20 program. We want to participate in it at the watershed  
21 level.

22 We think there's also an opportunity here for  
23 that 30 -- let me get my numbers right -- 3,376 acre  
24 feet that is currently riparian rights, the Carmel  
25 River, which Cal Am has: That could be given up. That

1 would leave the Carmel River with no drag on it other  
2 than what's happening already in the Carmel Valley with  
3 agriculture and with the number of wells being dug and  
4 kept on being dug. We would like to see that, if it's  
5 possible.

6           The Carmel River would always be there as an  
7 emergency because I don't think we want that river to  
8 dry up anyway because if something goes wrong with the  
9 desalination plant or plants using that water. I think  
10 that's in the plan. I'm not sure. Haven't seen it  
11 mentioned.

12           We've taken care of the seismic dangers of the  
13 San Clemente Dam by the reroute to the Carmel River and  
14 sequestering of the sediment behind the dam.

15           All of these things are involved in what we're  
16 talking about today. Somewhere along the way, one of  
17 these things ties up. A lot of energy is spent getting  
18 all of this in place.

19           My point is that Cal Am is an integral part of  
20 all this. We need to be supporting them, not sniping  
21 away at presumed failings.

22           Their failure to meet the demand in order  
23 95-10 is our problem. We could have had all the water  
24 we wanted from the Central Valley at \$13 an acre foot,  
25 but our leaders did not wish to be in the hands of the

1 farmers. Maybe they were right.

2 HEARING OFFICER BAGGETT: Are you about  
3 finished? I'll give you a couple more seconds here.

4 MR. SANDERS: Okay.

5 Lastly, can the Board assure us that their  
6 mathematics is going to work?

7 I returned to the Peninsula in 1991 and was  
8 very surprised to learn that we were required to make  
9 up a shortfall in Cal Am's revenue as the enforced  
10 savings program was so successful that Cal Am had not  
11 been able to sell enough water to cover its overhead  
12 expenses.

13 It seems unreasonable to enforce a new  
14 rationing order on the users that would require voters  
15 to lay out more cash for using less water.

16 Thank you.

17 HEARING OFFICER BAGGETT: Thank you.

18 Janet Brennen followed by Edwin Lee.

19 MS. BRENNEN: Members of the Board, I am Janet  
20 Brennen, and I am President of the League of Women  
21 Voters of the Monterey Peninsula. The League has  
22 studied water issues over numerous years, and we  
23 support the intent of the cease and desist order.

24 As pointed out in the order, in the 13 years  
25 since order 95-10 was issued, water savings resulting

1 from conservation have been redirected to support  
2 marginal increases in development. The population has  
3 increased about 12,000 people.

4 The Monterey Peninsula cannot continue to go  
5 in opposite directions at the same time, conserving and  
6 growing, using Carmel River water.

7 If Order WR 95-10 has any meaning at all,  
8 there must be an emphatic gradual reduction of drafting  
9 from the Carmel River. Therefore, we urge a moratorium  
10 on hookups imposed as a condition of the cease and  
11 desist order so that any further water savings are not  
12 used for new development.

13 We are aware that failure to meet the cease  
14 and desist order may result in fines that could be  
15 passed on to current ratepayers. This must not be  
16 allowed to happen. Rather, the order should be urgent  
17 yet practical.

18 Imposing a moratorium will provide incentives  
19 to the community to support alternative water supply  
20 projects while assuring the Carmel River will not be  
21 degraded any further.

22 We also urge that the reduction in pumping be  
23 based on conditions in the river to avoid  
24 administrative draft during periods when the river has  
25 ample water.

1           The severe reductions after the first two  
2 years will be a hardship for the communities involved,  
3 and close monitoring of river conditions along with  
4 continued restoration efforts will be needed.

5           Additionally, we ask also that Cal Am be  
6 ordered to provide adequate fish passage over the Los  
7 Padres Dam to help save the endangered steel fishery.

8           The League is also concerned about  
9 fragmentation. Several municipalities have made  
10 individual efforts to solve the water supply problem  
11 and crisis with small municipal and developer  
12 desalination projects.

13           The permitting of multiple small desal plants  
14 to support a city's development plan takes focus away  
15 from solving the problem of the Carmel River and may  
16 worsen these problems. In the likely event of failure,  
17 these plants' backup water service will fall to Cal Am,  
18 the local service provider.

19           Currently, the Monterey Peninsula Water  
20 Management District has voted unanimously to resurrect  
21 its plan for a local desal plant which is sharply  
22 focused on resolving Order WR 95-10 and would not be  
23 growth-inducing. We support this effort since it is  
24 the most likely one to succeed in the short-term and  
25 because it maintains local control.

1           There are enough problems related to solving  
2 Order 95-10 without adding another controversial  
3 element by providing impetus for further growth  
4 inherent in all other projects.

5           In short, solution to the water problems on  
6 the Monterey Peninsula require an incremental approach.  
7 We need to begin by addressing the overdraft of the  
8 Carmel River, and we can do that by implementation of  
9 Order WR 95-10.

10           Thank you.

11           HEARING OFFICER BAGGETT: Thank you. Edwin  
12 Lee and then Carlos Ramos.

13           MR. LEE: Good afternoon, members of the Board  
14 and fellow citizens. I'm Edwin Lee, Post Office Box  
15 2495, Carmel, California.

16           I support the cease and desist order draft  
17 asking only that it be delayed until the people have  
18 one more chance to vote on whether they will support it  
19 or not.

20           Within a couple of years, the project who  
21 solved the water problem, shortly after the 95-10 was  
22 ordered, the water district engineered and planned a  
23 24,000 acre foot dam to replace, I guess, the Los  
24 Padres Dam.

25           Unfortunately the people in -- matter of fact,

1 they went to the point they had certified an EIR and  
2 gotten permits from the various permitting agencies  
3 needed at that time.

4           Unfortunately, the people voting when it came  
5 to financing voted to reject the financing. That was  
6 an irresponsible act on the part of the community.

7           Normally when children act irresponsibly,  
8 someone in authority, usually a father or mother,  
9 corrects them. And so I think it is necessary that you  
10 correct this community and their past behavior.

11           In addition, the community has elected members  
12 of the water district board who imposed a dam and were  
13 very happy when it was finally -- Cal Am finally  
14 withdrew the request for a permit and developed plans  
15 for a dam at the same site, but they didn't follow  
16 through.

17           Instead the Coastal Water Project, the 24,000  
18 acre dam proposed by the district would have cost one  
19 third the amount of the Coastal Water Project and would  
20 have provided 20,000 acre feet for general use in the  
21 community and the additional 4,000 acre feet to supply  
22 summer flow to the Carmel River. This would have been  
23 a great advantage.

24           And I simply request that -- I request that  
25 the Board have another election on the dam that the

1 people rejected. You can act then. But please delay  
2 your decision and implementation until after such  
3 election takes place. Thank you.

4 HEARING OFFICER BAGGETT: Thank you.

5 Carlos followed by -- is it Annette Chaplain  
6 or Arnett Chaplain.

7 MR. RAMOS: Good afternoon, board members.  
8 And yes, welcome to Monterey County and our wonderful  
9 Monterey Peninsula.

10 My name is Carlos Ramos. I am a resident of  
11 Carmel-By-The-Sea. My address is PO Box 2645 because I  
12 do not have a physical address. And I'm here to  
13 request and support that you not go forward with Order  
14 95-10.

15 I'm a small business owner here as an  
16 individual. However, I am also here because in the  
17 community I wear several hats.

18 One of them is president of the League of  
19 United Latin American Citizens, LULAC, a national  
20 organization established in 1926 but locally here on  
21 the Peninsula since 1988. We cover the area of Big Sur  
22 all the way up through the marina.

23 I am here because in addition to social  
24 justice and civil rights issues, the task before you is  
25 also very much a, I believe, a quality of life issue



1 that impacts the entire community.

2 It's not just the business community, it's not  
3 just local municipalities and of course the  
4 environmentalist -- and I feel that I love my community  
5 and the quality of life and support maintaining and  
6 preserving what we can.

7 But also there's the community, and more  
8 specifically the work force. Someone mentioned  
9 13 years has elapsed. Well, a lot of things have  
10 happened in 13 years.

11 Case in point: The Monterey Peninsula Unified  
12 School District has gone through a lot of change in its  
13 students, K through 12. At one time, yes, probably 13  
14 years ago, the students of color from various diverse  
15 cultural groups were less than 15 percent. Now it's  
16 close to 70, 70 percent. That is our current and  
17 future of this community.

18 So I would like to propose to you to  
19 interject, to add within your paradigm, within your  
20 context, social justice issues that take into  
21 considerations the needs of, yes, the small business  
22 communities, the local municipalities, and everyone  
23 wanting to preserve our environment, but also  
24 community, specifically work force.

25 In the city of Seaside, for example, which is

1 composed forty percent of basically this water district  
2 you're looking at a work force that contributes  
3 tremendously to the hospitality business. I am a small  
4 business owner, but I am also very much engaged with  
5 that community.

6 So please, do not go forward with this order.  
7 Defer it for some more viable options. A moratorium is  
8 totally unacceptable. Give us the time and continue --  
9 allow us to continue with prudent, equitable options to  
10 allows us to cross this critical bridge that will be  
11 nothing but a win/win, not just for some but for all.

12 Thank you.

13 HEARING OFFICER BAGGETT: Thank you. George  
14 Riley then Ed Schaupp. Is he not here?

15 MR. RILEY: I'm George Riley, speaking with  
16 Citizens for Public Water, Monterey Peninsula, 1198  
17 Castro Road.

18 I want to welcome you here because of your  
19 CDO. I think there is a lot of comments you've heard  
20 today that are very generalized statements and ignore  
21 some of the world of denial we have been living in for  
22 the last so many years.

23 The fact that they mentioned health and  
24 safety, business, economy -- devastation to the  
25 economy, all those comments, I think, are fear, fear

1 statements so they will scare you away.

2 I think that this community has only reacted  
3 when there's external pressure on the water issue. On  
4 the water issue. This community was doing very little  
5 before 95-10. They were taking stabs at saving, not  
6 overdrafting the river.

7 But we have been living with a complacency  
8 here and talking about plans and plans and plans and  
9 plans and promises and to-dos and so on as mentioned  
10 earlier. There is a good chance there's some real  
11 things are going to happen -- not right away. But as  
12 happened -- I have some concerns about the tenor of  
13 some of the comments that likely scare you away from  
14 the CDO.

15 Without the CDO, I think this community will  
16 go back to doing business as usual and hoping, hoping,  
17 hoping that things will work out in the near-term.  
18 It's not going to be in the near-term. None of these  
19 plans are in the near-term. None of them.

20 There's only one that has a chance, and that  
21 is the Water Management District desal that's just  
22 recently come off the shelf. That particular project  
23 could have been perhaps within a year of operating had  
24 it gone forward.

25 But no, it was delayed because of promises,

1 promises, promises. That's what you heard a lot of  
2 today. I just encourage you to not get caught in the  
3 Catch-22 issue about trying to conserve, and thank you  
4 for doing a great job in the future.

5           We have done a great job, but it's with  
6 mechanical devices. We have gotten water efficient  
7 devices and low-flow this and that, and much of that  
8 has been paid for by the ratepayers.

9           It has been voluntary to the extent that  
10 people often do it on their own dollar, much of it with  
11 rebate and incentives that are financial. They're paid  
12 for by some of the ratepayers money. So we're stuck.  
13 The ratepayers are stuck with supporting this issue no  
14 matter which way it comes out.

15           I want to give you credit for your CDO. I  
16 don't necessarily agree that it's practical in every  
17 aspect, but I think you should issue it in I think  
18 maybe in some modified form.

19           I want to go back to what LBJ said once. You  
20 have -- once you have their attention -- it wasn't his  
21 quote -- you have an amazing ability to concentrate  
22 their minds.

23           And I think, if nothing else, this CDO has  
24 brought this community to a realization that something  
25 has to happen and something has to happen fast. And I

1 think and I hope you can stick with your guns on this  
2 issue and realize a couple of things.

3 All the talk about the Cal Am proposal with  
4 Moss Landing, that project has no traction in this  
5 community, has very little.

6 The very reason that the REPOG and the wide  
7 range of participation in this latest -- you heard part  
8 of it this morning -- regional water supply issue, one  
9 reason why that thing came into being was because  
10 nobody liked the Cal Am proposal.

11 It was filed with the PUC. The PUC did not --  
12 did not sponsor the community participation project for  
13 the planning effort. The Ratepayers Advocates did.  
14 They had to get the PUC to approve it.

15 So it was the pressure of an undesirable  
16 project and of all the comments today to say let this  
17 go through the PUC. Let the EIR project wait till  
18 2009, all that stuff.

19 It will ignore some of the fundamental issues  
20 of that very plan, the very plan you saw the stack of,  
21 hierarchy of things. The very last issue was the desal  
22 plant. That is the most expensive and the last piece  
23 of the water formula that's supposed to serve this  
24 community. It's the most expensive, the most  
25 complicated, the most controversial.

1           But the first -- the beginning steps,  
2   conservation, storm water, recycle, reuse, all those at  
3   the bottom, every time you hear about that plan, you  
4   hear about easy, low-hanging fruit, they say as these  
5   first level of issues are implemented because they're  
6   available and they're less costly and they're possible,  
7   that then it reduces the size of the desal in the long  
8   run.

9           Nobody -- there is no organized effort in  
10   support of conservation and desal and so on beyond what  
11   we've been doing in the past.

12           Your CDO will put pressure to implement and  
13   act on conservation options, storm water options. It  
14   will focus the mind. It will get the agencies that  
15   have responsibility for this to say this is important.

16           In the past, they'd say this is important but.  
17   We need to have them say this is important, and this is  
18   what we're going to do about it.

19           I think there has been a fragmentation around  
20   the county, and I think -- I mean the Monterey  
21   Peninsula -- and to the extent we have not been able to  
22   focus the mind -- I'm sorry; I wasn't looking that  
23   direction.

24           To the extent we have not been able to focus,  
25   it allows people to say we're doing well, we're

1 planning this, this is in the works, look how much.

2 It's not all talk. But it's not all high priority.

3 You put this in a high priority phase. That's  
4 what's needed in this community. It will bring them  
5 together. It will also bring the long-term projects  
6 closer in play.

7 You will get it all. You will get it all with  
8 the CDO. You'll get the low-hanging fruit, the  
9 attention to easy access water supply options, and  
10 you'll get the pressure to long-term solution too. I  
11 say issue the CDO.

12 Thank you very much.

13 HEARING OFFICER BAGGETT: Thank you very much.

14 Well, we have four more cards plus a dozen  
15 parties that have people represented by parties. I  
16 think what I would propose is that we take a short  
17 break.

18 Before we do, I should explain to you that  
19 normally, why this party -- how we do this normally is  
20 policy statements are at the hearing, prior to the  
21 hearing beginning, and if a party has a policy person  
22 such as a mayor and they are a party to the case, then  
23 the mayor is part of that opening statement. And it  
24 comes off the time.

25 Because in a hearing, especially with 20

1 parties like this, we enforce time limits very strictly  
2 for presentation of evidence, for opening statements,  
3 closing statements, much like the court. We have to,  
4 or we would be, you can imagine, ad nauseam in some of  
5 these proceedings. So to be fair, we set a time.

6 I would be willing, and I talked to my  
7 co-hearing officer here, to allow parties -- because  
8 there's a dozen people, Fish and Game, four mayors,  
9 there's a few folks here who are definitely parties, I  
10 think four from the Steelhead Association -- if you  
11 want to deduct that from your opening statement, I know  
12 it's going to be -- Ernie's going to love this one, a  
13 timekeeping nightmare. But we'll just take that time  
14 off the opening statement which in a hearing like this  
15 would only allow ten minutes anyway. I don't know  
16 if -- we haven't talked about this.

17 STAFF MEMBER MONA: For clarification, you  
18 mean opening statements during the evidentiary hearing?

19 HEARING OFFICER BAGGETT: Evidentiary hearing.  
20 Do you want to -- that has happened, I can say, in a  
21 significant number of hearings I've done. They have  
22 had general managers as part of opening statements or  
23 elected officials as part of their opening statement,  
24 and I'll just say that is part of your time.

25 So why don't we take a ten-minute break.



1 We'll come back and do the rest of the nonparty cards.  
2 And if you want to have, since you're down here, if you  
3 want to do that, we'll keep track of the time.

4 (Recess)

5 HEARING OFFICER BAGGETT: Could we resume? If  
6 people could please have a seat or go outside and have  
7 a conversation there.

8 Okay. We've got four more cards, then what I  
9 will do is I will allow those who have filed Notices of  
10 Intent to speak if they so desire; and we'll keep track  
11 of the time with the court reporter and subtract it  
12 from the opening statement time if you want to speak.

13 With that, David Dilworth is up, and Robert  
14 Greenwood asked to do a joint presentation. Proceed.

15 MR. DILWORTH: Thank you, Board Member  
16 Baggett. This is David Dilworth with Helping Our  
17 Peninsula Environment.

18 We have a two-part mission half of which is  
19 protecting our environment, and the other half is  
20 protecting democracy. Democracy actually figures into  
21 this in an interesting way.

22 First, I want to point out that we find that  
23 you did find this correctly. You found that two-thirds  
24 of our water was illegally pumped by Cal Am 13 years  
25 ago. Since 1998, we have lived under an additional

1 constraint which is an officially declared water supply  
2 emergency.

3           Since our moratorium in 1977, this water  
4 district has added 8,000 new water connections. That's  
5 not a misprint. Actually, more than 8,000. Several of  
6 those have been new golf courses.

7           As Mr. Riley said earlier, this community  
8 doesn't do much unless it gets external pressure, so we  
9 welcome the CDO. And while some details my be adjusted  
10 for your consideration, we think this is the right  
11 thing, and we want you to find that Cal Am is in  
12 violation of that order.

13           We want to point out why. Cal Am -- of those  
14 8,000 new connections, Cal Am has never opposed a  
15 single new connection. Actually, that's on  
16 overstatement. I do remember, since we go to almost  
17 all the water board meetings, I do remember a single  
18 time when Cal Am expressed some concern about one new  
19 water connection out of 8,000. That's not a whole lot  
20 of foot-dragging.

21           This overpumping may be the largest violation  
22 of Endangered Species Act in the history of California.  
23 This is not just my words; this is the words of Joe  
24 Blum. He used to be the head of NOAA Fisheries. Joe  
25 Blum has since passed on, wonderful fellow, but Joe

1 said there may be larger violations, but this one has  
2 more dead fish you can flop down in front of a judge  
3 than anything else I have ever seen.

4           Because of this, I want to bring to your  
5 attention a quote by a famous French philosopher whose  
6 name escapes me, of course. That is: Government will  
7 always do the right thing after they have exhausted  
8 every other possibility.

9           And I think that's the state we're in here.  
10 Cal Am is trying to be yet the largest possible project  
11 ever since the voters turned this project down.

12           And this is where democracy comes into it.  
13 Because the citizens of Monterey Peninsula have the  
14 ability to vote down goofy projects like the giant  
15 desal project in '93 and the giant growth-supporting  
16 dam in 1995, Cal Am has tried to make a project outside  
17 this area so we can't vote on it.

18           So, here are our suggestions.

19           The State should order a moratorium in  
20 addition to the CDO, a moratorium on all new water  
21 connections. We support the same thing that the League  
22 of Women Voters did.

23           Water increases. The Water Management  
24 District has a magical way of measuring water, not with  
25 actual gallonage but by fixtures. There's virtually no

1 one on either side of the aisle who supports this goofy  
2 way of doing water management.

3           The State should also rescind -- the next  
4 please -- rescind the fictitious water entitlement that  
5 was given to Pebble Beach Company. We've heard several  
6 water experts throughout the state, including State  
7 agencies, who think that this issue needs to be brought  
8 to the forefront and this water entitlement and other  
9 water entitlements brought forward and taken a good  
10 look at.

11           Because the Water Management District really  
12 created this water for Pebble Beach Company out of thin  
13 air. It's paper water they had no authority to create.

14           Then one more thing. The State should require  
15 a highest priority of the only project in our water  
16 district. This is the Sand City desal draft EIR. This  
17 was a draft EIR prepared in 2003.

18           Cal Am led, was -- one of the former heads of  
19 Cal Am was on our water management district, and they  
20 shelved this thing in 2003. Five years ago.

21           The new water board, thank goodness,  
22 unanimously pulled it back off the shelf. But if they  
23 had worked on it judiciously in 2003, we might be  
24 drinking water out of this -- legal water out of this  
25 today.

1           One more thing, and that was echoed by Roger  
2 Briggs, and that is: Please remind the water district  
3 and Cal Am that they probably need to combine projects  
4 to add up to a solution here.

5           Finally, for more information, you can get a  
6 copy of this report from HOPE's website.

7           Thank you for your attention.

8           HEARING OFFICER BAGGETT: Thank you.

9           Do you have a co- -- Robert Greenwood? And  
10 then Hank Smith. Dr. Smith is on deck.

11           MR. GREENWOOD: My name is Robert Greenwood.  
12 I'm speaking for the Carmel Valley Association, and I  
13 have been attending water meetings on their behalf for  
14 more than 20 years.

15           I'd just like to point out that in 2005, the  
16 Monterey Peninsula Water Management District got  
17 together with the county supervisors and they set up an  
18 interagency board called the Monterey Bay Water  
19 Resources Agency, specifically to select a water  
20 project from the choices they had before them.

21           That organization has never met. I reminded  
22 the MPWMD of that in 2006, and the agency has still  
23 never met.

24           So regretfully, I'm supporting the cease and  
25 desist order because of the inaction of our local

1 agency. Thank you.

2 HEARING OFFICER BAGGETT: Thank you. Hank  
3 Smith followed by Antonio Morales.

4 MR. SMITH: Mr. Baggett, thanks a lot for  
5 holding this hearing in our community, and also thank  
6 you for the opportunity to give us an opportunity to  
7 speak. Welcome to Monterey, nice to have you here.

8 HEARING OFFICER BAGGETT: Thank you.

9 MR. SMITH: I personally as an individual and  
10 a resident, lifelong resident, of the Monterey  
11 community want to support the CDO.

12 And because we're -- as you have heard in the  
13 comments that have been made today, we're a fractured  
14 community. We can't agree on any given particular  
15 proposal.

16 So your CDO is going to force us down this  
17 funnel, if you will, to finally a solution to it. And  
18 we need our valuable tourist industry. We need to  
19 support the river and all the creatures in it.

20 And the period of time that it has taken for  
21 us to come up with this, I think, by any reasonable  
22 person is -- 13 years is probably a little bit long.  
23 So thanks a lot for forcing us to get together and come  
24 up with something that will work for everybody.

25 One of the things that hasn't been mentioned,

1 and that's -- I think I'm surprised in all the people  
2 that have talked, maybe you're not aware of it, but Cal  
3 Am, I think it was in December, published a figure that  
4 20 percent of our water users use 46 percent of the  
5 water.

6 Now, I've heard lots of comments that we do a  
7 really good job of conserving water, and we're probably  
8 the lowest water-using community in California, maybe  
9 even the United States. But that figure alone should  
10 tell you we can meet your CDO just by having a water  
11 policy which puts some teeth in it.

12 Right now, because of the financial resources  
13 that some of our resident water users have, you know,  
14 the penalties that they pay as the rates move up the  
15 scale, and as you use more and more, the price of your  
16 water bill goes up, some as high as \$2000 a month and  
17 I've heard others \$3500 a month, that seems like those  
18 folks are not being deterred by that, our present water  
19 policy.

20 So I would suggest that we need to rethink  
21 that. It's kind of like we had a series of incidents  
22 here over Easter. We had people from out of town, for  
23 example -- giving you an example of this.

24 People from out of town come down to our  
25 beaches, and we have signs that say this is dangerous.

1 You know, don't go into the water, et cetera. And --  
2 but we've had several drownings and really some close  
3 calls.

4 The point that I'm trying to make is, if you  
5 find out that human beings don't respond to signs, for  
6 example, then you go to Plan B. And in this case, we  
7 have a water policy that doesn't deter people. So we  
8 need either -- after they have exceeded their  
9 allocation a fine system that will grab their attention  
10 or some other mechanism. I don't have the total answer  
11 to that, but I have given it a lot of thought.

12 I would also suggest that Cal Am only take  
13 their legal water supply during the winter months. I  
14 would also suggest that the drought supply which is  
15 possibly the ASR project, possibly the desal plant in  
16 Sand City, that be used during the summer.

17 The other thing that I think is really  
18 important is that the way Cal Am takes their water from  
19 the river is a series of wells up and down the river.  
20 I would like to see them refurbish the well that's at  
21 the lower end of the river down near the lagoon and  
22 have the water taken from there.

23 Why? Because then you're allowing flow  
24 throughout the whole river system rather than taking it  
25 from the upper end and the last four or five miles of



1 it dry up.

2           And I am putting some of my words into action  
3 because I participate in a rescue effort every year,  
4 and we rescue roughly 10,000 steelhead. Now, these are  
5 not adult steelhead, they are fingerlings, but some of  
6 them -- a certain percentage of them -- survive.

7           The other thing that -- a couple of comments,  
8 then I'm finished. One is, in biology we talk about a  
9 particular area as having a carrying capacity. What  
10 does that mean? That means for all the creatures that  
11 live there, they have water, they have protection, and  
12 they have food.

13           This Peninsula seems to me we're at the  
14 critical -- maybe even over this, the carrying capacity  
15 for our particular region.

16           The other thing that I heard here today -- and  
17 you're going to force us to do this by your CDO -- I  
18 heard someone say we need, you know, a car wash  
19 facility in our local area. One of the local car wash  
20 owners I talked to here 10, 15 years ago, he switched  
21 to a recycling system, and it paid for itself in two  
22 years.

23           The Pebble Beach Company has received some  
24 criticism from time to time here. But you know, they  
25 recycle the water for their golf courses.

1           So I think there's talent and intellect in  
2 this community to deal with the issues as you force us  
3 to do.

4           So thanks a lot for coming.

5           HEARING OFFICER BAGGETT: Thank you. Antonio  
6 Morales, and that's it.

7           MR. MORALES: Good afternoon Board Members.  
8 Welcome to the Monterey Peninsula. My name is Antonio  
9 Morales, and I am a business owner and also I'm the  
10 president of the Latino Seaside Merchant Association,  
11 and please do not go forward.

12           I urge you, the Control Board, to not move  
13 forward with the order. Our resident businesses and  
14 local governments will then continue to provide our  
15 community with our water needs. Do not lessen our  
16 quality of life. Thank you.

17           HEARING OFFICER BAGGETT: Thank you.

18           That's all the cards I have other than  
19 parties. And what I will now allow is I'll call upon  
20 those who filed a Notice of Intent to Appear as a party  
21 to this hearing.

22           If any person from that group from one of  
23 these parties -- we have 20 of them who filed a Notice  
24 of Intent -- wishes to speak now, we'll keep track of  
25 time with the court reporter and we'll subtract it from

1 the opening statements time allotment when the actual  
2 proceeding commences.

3 This is not -- I understand there are motions  
4 already to decide whether all those who filed will in  
5 fact be parties. This does not presume they will be a  
6 party. This is those who filed a Notice of Intent to  
7 be a party.

8 STAFF MEMBER LINDSAY: We have a  
9 gentleman who --

10 MR. LIMESAND: Chamber of Commerce, Monterey  
11 Peninsula. Do you have a card?

12 HEARING OFFICER BAGGETT: If I did, I would  
13 have read it. Why don't you fill another one out.

14 MR. LIMESAND: Thank you. My name is Dan  
15 Limesand. I'm here with the Monetary Peninsula Chamber  
16 of Commerce as their chair, Government Affairs  
17 Commission. I'll be relatively brief.

18 So the Chamber of Commerce of the Monterey  
19 Peninsula represents over 900 employers here on the  
20 Peninsula. We have had a long-standing policy of  
21 supporting the development of sustainable water supply  
22 and chimed in when we could, such as today.

23 The water cutbacks proposed in the cease and  
24 desist order would be devastating for the business  
25 community, forcing major cutbacks in activity and

1 costing thousands of jobs, the result of which will  
2 cost the local municipalities millions of dollars in  
3 discretionary revenues from transient occupancy taxes  
4 and visitor and nonvisitor locally generated sales tax.  
5 This will ripple through the economy, in fact the  
6 entire region, for those working and residing in the  
7 Peninsula.

8           The proposed water cutbacks are highly unfair  
9 to an area that has already reduced its water use to  
10 the lowest per capita rate in California, as we've  
11 heard over and over from the speakers.

12           The businesses and residents of the Cal Am  
13 service area have repeatedly risen to the occasion to  
14 conserve water use but this problem cannot be solved  
15 just through conservation.

16           We urge you not to adversely impact Peninsula  
17 businesses and residents with even more drastic  
18 cutbacks.

19           As we've heard, there is a number of viable  
20 options moving through the pipeline to address the  
21 long-term water needs for the Monterey Peninsula, and  
22 we respectfully request the State Water Resources  
23 Control Board to rescind or defer the cease and desist  
24 order until one or more of these options can come to  
25 fruition.

1 Thank you, very much.

2 HEARING OFFICER BAGGETT: Thank you. Did we  
3 miss any other cards? Okay.

4 Now let me start then. I will -- what I want  
5 to do is orderly go down the list here. And I'll just  
6 list the parties, and if you've got someone that wants  
7 to speak now instead of speaking so much when the  
8 hearing proceeds, I'll allow you to do so.

9 But again, this doesn't -- those who filed and  
10 those who intend to appear as a party in these  
11 proceedings. So if you have someone that it would be  
12 difficult for them to get to Sacramento to be part of  
13 your opening, then now is the time to let them speak.

14 Does the prosecution have anything? Cal  
15 American? The Ratepayer Advocates, I don't think are  
16 here. Carmel River Steelhead Association? I didn't  
17 see anybody. Okay. Carmel-by-the-Sea, we have Mayor  
18 Sue McCloud. City of Monterey? City of -- Sand City?  
19 City of Seaside? California Salmon and Steelhead  
20 Association? Any policy statement? Fish and Game,  
21 Bill was here.

22 MR. LOUDERMILL: We'll wait.

23 HEARING OFFICER BAGGETT: Do you want to wait,  
24 Bill? Okay. California Sportfishing Protection  
25 Alliance. Who else is here? Jonas Minton, Planning

1 Conservation League?

2 MR. MINTON: Thank you, Mr. Baggett. I  
3 appreciate the opportunity to speak briefly, the time  
4 of which will be subtracted from our opening remarks.

5 I want to express to you and to members of  
6 this community why we are supporting the cease and  
7 desist order. One reason in particular, you've heard  
8 today that there are many possibilities for how this  
9 community can develop additional water supplies to meet  
10 the cutbacks in 95-10.

11 It is my observation that this great interest  
12 has been sparked as much as anything else by the  
13 possibility that there would be a cease and desist  
14 order. As was mentioned earlier, when you came back  
15 down here a year or so ago, people weren't so  
16 interested. Now, though, you've got their attention.

17 Unfortunately, as we know, there is a big step  
18 between having a list of projects and having projects  
19 that people agree on. Unfortunately, this particular  
20 region has had a notable history of being unable to  
21 agree on specific projects that they would move to  
22 forward. And so we believe that the cease and desist  
23 order will allow you to do your job.

24 Your job is not to provide an alternate water  
25 supply for this region. Your job is to enforce the

1 public trust provisions of the Water Code.

2 And what I'm hoping that this community will  
3 do is look at the cease and desist order as really a  
4 call for them to direct their energies to the people  
5 here locally, those water agencies and water managers  
6 who need to come to agreements among themselves, and  
7 then actually move projects forward.

8 So that's why we believe the cease and desist  
9 order is appropriate.

10 Thank you.

11 HEARING OFFICER BAGGETT: Thank you. Monterey  
12 Peninsula Water District?

13 MR. LADERO: The District will defer its  
14 comments.

15 HEARING OFFICER BAGGETT: National Marine  
16 Fisheries? I don't see anybody here. Pebble Beach  
17 Company? The Public Trust Alliance. Mr. Warburton.

18 MR. WARBURTON: Just we appreciate this. I'm  
19 the Executive Director of a group called Public Trust  
20 Alliance which uses the public trust in our water  
21 resources to defend public rights. And these are very,  
22 very important in a case like this.

23 And we support the CDO for exactly the reasons  
24 that Jonas Minton came and David Dilworth, interested  
25 in preserving democracy. That democracy is broken in

1 the case of the enforcement of water rights.

2 Campaign contributions and the ability to  
3 mount a legal defense oftentimes determine who gets the  
4 water. And in the case of the Carmel River, people  
5 don't own water just because they can take it.

6 And there's a phenomenal opportunity to work  
7 together for a viable future, this community in  
8 particular, because there's a lot of money here. And  
9 if that money was dedicated to constructive use and  
10 working together, some phenomenal things could happen.

11 And we certainly look forward to working with  
12 the Board, community organizations, and others to  
13 support the public trust which is an affirmative part  
14 of the duty of the Board.

15 HEARING OFFICER BAGGETT: Thank you.

16 We don't have Seaside Basin Watermaster and  
17 the Ventana Chapter of the Sierra Club. I didn't see  
18 anyone. Okay.

19 I think that's all the cards, all the Notices  
20 of Intent, unless I missed someone.

21 With that, the Oral Public Policy Statement  
22 Period is now over for these proceedings. You will  
23 have an opportunity, if anyone, you know, wants to  
24 write a written policy statement. They will be put in  
25 the record, and the record will be open for such



1 purposes until June 19th.

2 STAFF COUNSEL TAYLOR: Through the 18th.

3 HEARING OFFICER BAGGETT: Through the 18th,  
4 okay. Through 5 o'clock, we'll say, on the 18th of  
5 June. If you would like to send an e-mail or fax a  
6 policy statement or know someone who would, that would  
7 be welcome and fine.

8 This is quite different than three years ago  
9 when I think we were last here. I do recall those  
10 remarks and comments.

11 But fortunately or unfortunately, this is a  
12 whole different proceeding today. We are not acting in  
13 a -- cajoling or trying to get the parties together.

14 This will be a formal evidentiary hearing. I  
15 just want to remind everyone of that. Where the law  
16 and the facts, the law being the Order and the Water  
17 Codes in the state of California and the facts  
18 presented by all the parties to that proceeding will be  
19 the basis on which the Board rules on this action.

20 So it's a little bit different than the  
21 discussions this morning; I just want to reinforce  
22 that.

23 So I trust those who are here with some of the  
24 parties to the proceeding who will be parties come  
25 prepared with the facts and the law, and that's what's

1 going to carry the day and that's what's going to make  
2 the decision one way or the other and allow us to make  
3 that decision in a timely fashion also.

4 So with that, these proceedings are closed.

5 Thanks.

6 \* \* \*

7 (Thereupon the MEETING TO RECEIVE PUBLIC  
8 POLICY STATEMENTS adjourned at 3:37  
9 p.m.)

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1 CERTIFICATE OF REPORTER

2 I, LINDA KAY RIGEL, a Certified Shorthand  
3 Reporter of the State of California, do hereby certify:

4 That I am a disinterested person herein; that  
5 the foregoing MEETING TO RECEIVE PUBLIC POLICY  
6 STATEMENTS was reported in shorthand by me, Linda Kay  
7 Rigel, a Certified Shorthand Reporter of the State of  
8 California, and thereafter transcribed into  
9 typewriting.

10 I further certify that I am not of counsel or  
11 attorney for any of the parties to said meeting nor in  
12 any way interested in the outcome of said meeting.

13 IN WITNESS WHEREOF, I have hereunto set my  
14 hand this April 9, 2008.

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19 LINDA KAY RIGEL, CSR  
Certified Shorthand Reporter  
20 License No. 13196

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