

On Jul 13, 2016, at 3:16 PM, Jason Burnett <jason.burnett@gmail.com> wrote:

Felicia and Barbara,

Greetings from Fargo, North Dakota. I'll keep this short as we are on a cross-country family road trip and I'm trying to avoid email (plus my son just returned from the playground). As you probably know, my term as mayor has ended and we've decided to move to Washington DC. Hence I write you as a private citizen, albeit one who is still working to help the community through ongoing informal involvement with the Monterey Peninsula Regional Water Authority.

I've enjoyed working with both of you over the past couple of years on different ideas for a revised CDO. I hope that I've been helpful in sharing my thoughts on community dynamics and how to create incentives for continued progress on a water supply project(s). I wanted to share a couple of quick final thoughts before the Board makes its decision.

Thank you for adopting the basic approach involving milestones that we proposed. I think this will help continue the focus that we've had over the past several years. Part of the design of the milestones was to create a dynamic whereby the community could avoid water rationing provided we continue making progress (and would face consequences if we didn't). For this dynamic to work it is important to ensure that the Effective Diversion Limit (EDL) is set at an aggressive yet feasible level so that the community doesn't face water rationing if it continues making progress. This would undermine the very work that we seek to promote. My sense is that the EDL proposed in the staff report, although not what the community requested, is nonetheless workable provided several other adjustments are made.

The first adjustment involves the recently completed Rancho Canada golf course forbearance agreement. Over the past couple of years I have repeatedly heard from the SWRCB that they are concerned about watering golf courses with Carmel River water. The SWRCB's concerns were one of the reasons that I came up with the idea and encouraged CalAm to buy the water from the Rancho Canada golf course and cause the course to be shut down prematurely. This single transaction eliminates the second largest pumper of Carmel River water (the first being CalAm itself) and immediately returns about 300 acre feet (AF) per year to the river. Although not part of the forbearance agreement, the transaction will likely cause most of the water to remain in the river in perpetuity and benefit the ecosystem long after CalAm has ceased its illegal pumping.

The Rancho Canada transaction is exactly what I heard the SWRCB request and presumably continues to want. In order to recognize the benefits of this transaction and to encourage future such agreements in the Carmel River watershed (and elsewhere in the state, for that matter), I would strongly encourage the SWRCB to give credit for the water saved. This would raise the effectively diversion limit by approximately 300 AF and would bring the staff proposal inline with the proposal made by the community.

It would also be important that the SWRCB provide a system to incentivize future such transactions. Without providing a 50/50 split as the community proposed or some other incentive

to the community, it is doubtful that anyone would bring forward similar transactions for CalAm to consider. If 100% of the water from future water rights transactions is dedicated to the river, the only effect for the community of asking CalAm to buy water rights will be to see an increase in water bills. It would take a very unusual community leader to continue to advocate for such a scenario. Instead, no transactions will be pursued or consummated and the river would get 100% of nothing. It would be better for all to have 50% or some other reasonable fraction of the water dedicated to the river while providing an incentive for the community to pursue these agreements (the fact that the Rancho Canada transaction came through my efforts is evidence that CalAm alone will be unlikely to accomplish what could be accomplished if the community is also engaged).

The second adjustment is to allow for carry over credits to encourage the community to over comply with the EDL in any given year. While it is true that the community has over complied with the limits in the current CDO, the EDL being considered will leave very little room especially as the Seaside Basin ramp down continues. Allowing for some year-to-year variability will allow for more organized management and likely will cause more water to be in the river in most years. Limits can be imposed to prohibit the use of too many carry over credits in any given year. Without allowing for carry over credits, the community will be concerned about exceeding the EDL in the out years even if all milestones are met. This is not the dynamic that we are working to create.

I know from talking with some at the SWRCB that there is the sense that the Monterey Peninsula, while once a leader in water conservation, has fallen behind other communities. If this is the reason that the staff report does not allow carry over credits then I would respectfully submit that there are better policy levels to pull to encourage water conservation. Carry over credits will allow for the long-term planning and investment in water conservation that we want; no carry over credits will cause investment in water conservation intermittently (only when the EDL may be exceeded) and in a way won't likely produce lasting conservation. It will also distract from our efforts to pursue a water supply.

Thank you for considering my thoughts. I'd be happy to talk although my guess is that the ex-parte rules won't allow it.

Thank you,
Jason

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