

DEBORAH MALL, SBN 153407
CITY ATTORNEY
CITY OF MONTEREY
CITY HALL
MONTEREY, CA 93940
TELEPHONE (831) 646-3915
FAX (831) 373-1634

Attorney for the CITY OF MONTEREY

STATE OF CALIFORNIA
CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD
CENTRAL COAST REGION

In the matters of:

WHETHER THE DRAFT CEASE) DECLARATION OF CHUCK DELLA SALA
AND DESIST ORDER) IN SUPPORT OF PROPOSED
CONCERNING CALIFORNIA) MODIFICATIONS TO THE DRAFT
AMERICAN WATER'S) CEASE AND DESIST ORDER
DIVERSION FROM THE CARMEL)
RIVER SHOULD BE ISSUED)

I, Chuck Della Sala declare as follows:

1. I am the Mayor of the City of Monterey. I have served as Mayor since November of 2006 and served as a City Council Member for four years prior to becoming Mayor. If called as a witness, I would and could testify competently based upon my personal knowledge of the following:

2. In my capacity as the Mayor of the City of Monterey and as a Council Member I am familiar with the City's history, its present issues and concerns, and its needs and goals for the future. Additionally, I grew up in Monterey and maintain a business within the City.

3. Monterey was founded on June 3, 1770. The City incorporated in 1850 – the same year that California joined the United States as approved by delegates meeting at Monterey's Colton Hall. Monterey is approximately eight square miles and, according to the 2000 census, has a population of 29,674 residents. The City has approximately 12,600 households. In terms of area, approximately 28% is designated open space and available to residents and visitors alike for both active and passive use. We average approximately two million visitors each year to our City. Monterey

combines a healthy mixture of commercial and residential development located within an urban forest in excess of 25,000 trees. The City is almost entirely built out.

While it is difficult to predict precisely or quantify the exact effect of a moratorium, or water rationing on replacement or remodeling of existing homes and businesses, if adopted as proposed the draft CDO would have significant impacts on the City including: A) limiting the development of affordable housing; B) reducing transient occupancy tax (TOT), property and sales tax revenues; C) eliminating community programs, facilities, and services offered by the City; and consequently D) endangering the public health and safety of the City's citizens and visitors. The draft CDO would most likely result in a moratorium in new water service connections as well as water rationing within the California-American Water Company (Cal-Am) service area which would include the City of Monterey.

4. The opportunities for development in the City of Monterey are essentially limited to replacement and remodeling of existing buildings, aging housing and commercial stock, and City infrastructure. From 1980 to 1993 the Monterey Peninsula Water Management District (MPWMD) established water allocations for the City and other jurisdictions based on Cal-Am production limits. Since 1993 specific water allocations were issued to each jurisdiction when new water sources were developed. State Water Resources Control Board Order 95-10 was issued on July 6, 1995. No water has been allocated to the City since that time. The City exhausted its allocation in early 2003 by either pre-committing or allocating our remaining water resources to projects. However, approximately five (5) acre-feet of pre-commitments and/or allocations have not yet been exercised. Projects including development of 25 affordable housing units, public restrooms, and a redevelopment site in the City's downtown devastated by a fire in early 2007 would be stopped by a moratorium. A moratorium would also prevent other redevelopment sites from proceeding and would likely adversely impact rehabilitation of the City's infrastructure. Most importantly, a moratorium would effectively stifle the fledgling economic growth the City is currently afforded and upset the balance of vitality and general health of the community. A

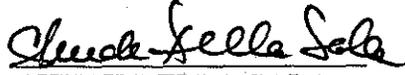
moratorium would severely constrain the redevelopment of the City by restricting projects to existing water credits available on individual sites.

5. Operating revenues for the City are based primarily on transient occupancy tax (TOT), property taxes and sales taxes. The TOT comprises 27% of the City's revenue, while property tax represent approximately 15%, and sales tax 14%. The City receives a significant economic enhancement when properties are redeveloped and subsequently reassessed at higher values. The City processes hundreds of building permits annually that involve redevelopment. A moratorium or rationing of water could affect the ability of local visitor-serving establishments to effectively utilize and/or remodel aging facilities. This in turn would become a deterrent to visitors who might otherwise choose Monterey as a destination. A loss in visitors could be expected to result in a loss of jobs within the hospitality industry and other visitor-serving related businesses, which account for a significant portion of the City's annual revenues. As referenced above, this would result in reduced services to residents and prevent the City from properly stewarding our natural environmental amenities.

6. To date, the City of Monterey as well as other district jurisdictions have made significant sacrifices and gone to great lengths to conserve water. MPWMD requirements related to conservation are among the most stringent in the state and exceed requirements of most districts in the State of California. Within the MPWMD, residents of jurisdictions must meet, and many have exceeded, MPWMD conservation goals. The City has instilled strong water conservation ethics by installing low-flow water fixtures throughout City buildings, drought-tolerant landscaping, and drip irrigation. The City continually educates residents and the development community on conservative water use through development based wholly on sustainability and green building practices. The City has maintained an active role in regional dialogs such as the Division of Ratepayer Advocates regarding use of recycled and reclaimed water, stormwater runoff, and other technical solutions to recapture and reuse water. Virtually all of the City slopes toward Monterey Bay and these slopes are replete with springs and runoff through streets, which act as a filtering agent for groundwater resources. More

specifically, many of our narrow streets are not paved to their full width, leaving an undeveloped permeable right-of-way or linear greenbelt of five (5) to twenty (20) feet on each side of the roadway, which act as a run-off filter. The City of Monterey leads by example by encouraging in-fill redevelopment that employs sustainable building practices including the wise use of water resources.

I declare under a penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration is executed this 8th day of July, 2008 at Monterey, California.


CHUCK DELLA SALA
Mayor

1 **PROOF OF SERVICE**

2 STATE OF CALIFORNIA) ss.
3 COUNTY OF MONTEREY)

4 I, Elaine Ramos, declare as follows: I am employed in the County of Monterey, State of
5 California. I am over the age of eighteen years and not a party to the within action. My
6 business address is City of Monterey, City Attorney's Office, City Hall, Monterey, CA 93940.

7 On July 8, 2008 I served the following document:

8 **DECLARATION OF CHUCK DELLA SALA IN SUPPORT OF PROPOSED**
9 **MODIFICATIONS TO THE DRAFT CEASE AND DESIST ORDER**

10 on the interested parties to said action by the following means:

11 **(BY HAND-DELIVERY)** By delivering a true copy thereof, enclosed in a sealed envelope,
12 to the address(es) shown below.

13 **(BY MAIL)** By placing a true copy of the above-referenced document(s) enclosed in a
14 sealed envelope with postage thereon fully prepaid, in the United States mail at Salinas,
California, addressed as shown on the attached Exhibit A.

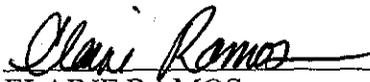
15 **(BY OVERNIGHT DELIVERY)** By placing a true copy thereof, enclosed in a sealed
16 envelope, with delivery charges to be billed to the City of Monterey, to be delivered by
Federal Express, to the address(es) shown below:

17 Mr. Paul Murphey, State Water Resources Control Board, 1001 I St., 14th Floor, Sacramento,
18 CA 95814

19 **(BY FACSIMILE TRANSMISSION)** By transmitting a true copy thereof by facsimile
20 transmission from facsimile number (831) 373-1634 to the interested parties to said action at
the facsimile number(s) shown below.

21
22 I declare under penalty of perjury under the laws of the State of California that the
23 foregoing is true and correct.

24 Executed on July 8, 2008, at Monterey, California.

25
26 
27 ELAINE RAMOS
28

John D. Rubin
Diepenbrock, Harrison
400 Capitol Mall, 18th Floor
Sacramento, California 95814

Telephone No: (916) 492-5000
Facsimile No: (916) 446-4535
jrubin@diepenbrock.com

Micheal B. Jackson
P.O. Box 207
Quincy, California 95971

Telephone No: (530) 283-1007
Facsimile No: (530) 283-4999
mjattv@sbcglobal.net

Robert J. Baiocchi (aka Bob Baiocchi)
P.O. Box 1790 ⁹⁶¹⁰³
Graeagle, California 9103

Telephone No: (530) 836-1115
rbaiocchi@gotsky.com

Reed Sato
1001 I Street
Sacramento, California 95814

Telephone No: (916) 341-5889
Facsimile No: (916) 341-5896
rsato@waterboards.ca.gov

Jonas Minton
1107 - 9th Street, Suite #360
Sacramento, California 95814

Telephone No: (916) 719-4049
Facsimile No: (916) 448-1789
jminton@pcl.org

CALIFORNIA AMERICAN WATER

CARMEL RIVER STEELHEAD ASSOCIATION AND CALIFORNIA SPORT FISHING PROTECTION ALLIANCE

CALIFORNIA SALMON AND STEELHEAD ASSOCIATION

WATER RIGHTS PROSECUTION TEAM

JONAS MINTON

Bob McKenzie
Government Affairs Director
P.O. Box 223542
Carmel, California 93922

**MONTEREY COUNTY HOSPITALITY
ASSOCIATION**

Telephone No: (831) 626-8639
Facsimile No: (831) 626-4269
info.mcha.net
bobmck@mbay.net
lflowery@nheh.com
detienne@nheh.com

Christopher Keifer
NOAA Office of General Counsel
501 W. Ocean Boulevard, Suite 4470
Long Beach, California 90802

NATIONAL MARINE FISHERIES SERVICE

Telephone No: (562) 980-4076
Facsimile No: (562) 980-4084
Christopher.keifer@noaa.gov

Thomas H. Jamison, Esq
Fenton & Keller
P.O. Box 791
Monterey, California 93942-0791

PEBBLE BEACH COMPANY

Telephone No: (831) 373-1241
Facsimile No: (831) 373-7219
Tjamison@fentonkeller.com

Laurens H. Silver
P.O. Box 667
Mill Valley, California 94942

**CALIFORNIA ENVIROMENTAL LAW
PROJECT**

Telephone No: (415) 383-7734
Facsimile No: (415) 383-7995
larrysilver@earthlink.net

John G. Williams
875 Linden Lane
Davis, California 95616

Telephone No: (530) 753-7081
jgwill@den.davis.ca.us

Donald G. Freeman, Esq.
Law office of Perry & Freeman
P.O. Box 805
Carmel, CA 93921-0805

CITY OF SEASIDE

Telephone No: (831) 624-5339
Facsimile No. (831) 624-5839

David Laredo, Esq.
De Lay & Laredo
606 Forest Avenue
Pacific Grove, CA 93950

**MONTEREY PENINSULA WATER
MANAGEMENT DISTRICT**

Telephone No: (831) 646-1502
Facsimile No. (831) 646-0377
dave@laredolaw.net

James G. Heisinger, Jr., Esq. Heisinger,
Buck & Morris
P.O. Box 5427
Carmel, CA 93921-5427

CITY OF SAND CITY

Telephone No: (831) 624-3891
Facsimile No. (831) 625-0145
jim@carmellaw.com

Andrew Ulmer
Division of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

DIVISION OF RATEPAYER ADVOCATES

Telephone No: (415) 703-2056
Facsimile No: (415) 703-2057
eau@cpuc.ca.gov

Fred Meurer
City Manager
Colton Hall
Monterey, California 93940

CITY OF MONTEREY

Telephone No: (831) 646-3886
Facsimile No: (831) 646-3408
meurer@ci.monterey.ca.us

EXHIBIT "A"
Proof of Service
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Chandra Ferrari
Department of Fish & Game
Office of the General Counsel
1416 Ninth Street, 12th Floor
Sacramento, California 95814

**CALIFORNIA DEPARTMENT OF FISH
AND GAME**

Telephone No: (916) 654-3819
Facsimile No: (916) 654-3805
cferrari@dfg.ca.gov

EXHIBIT "A"
Proof of Service
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