



**Coastal  
Conservancy**  
March 17, 2004

EXHIBIT 16-H

**RECEIVED**

MAR 19 2004

**MPWMD**

Board of Directors  
Monterey Peninsula Water  
Management District  
P.O. Box 85  
Monterey, CA 93942

Dear Directors:

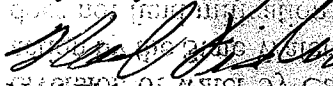
It has come to my attention that the question has arisen as to the possibility of the Coastal Conservancy funding or undertaking some part of the District's Carmel River mitigation program. This question has arisen in the context of your pending decision to renew the mitigation program.

It is my understanding that the mitigation program resulted both from your District's certification of an environmental impact report that required mitigation related to diversion of water by California American Water (Cal-Am) from the Carmel River and action by the State Water Resources Control Board (SWRCB). The Coastal Conservancy does not fund mitigation for the impacts of what are essentially private activities. Thus, we would not fund or undertake any part of your program in this case, since it arises from the diversion and use of water from the Carmel River for residential and other private customers.

The Coastal Conservancy is interested in continuing to work with local partners, including the Monterey Peninsula Water Management District, to restore the resources of the Carmel River. This could include jointly developing projects using a combination of your mitigation funding and other State sources, provided there is a clear separation between what is funded for mitigation purposes and what is an enhancement, not part of a regulatory program.

I hope that this has been helpful.

Very Truly Yours,

  
Neal Fishman  
Deputy Executive Officer

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Environmental Program