



Supplement to 1/23/2012 MPWMD Board Packet

Attached are copies of letters received between December 3, 2011 through January 13, 2012. These letters are also listed in the January 23, 2012 Board packet under item 15, Letters Received.

Author	Addressee	Date	Topic
Dick Butler	David Stoldt	12/1/2011	Expansion of Los Padres Dam/Construction of New Replacement Dam
Simon Salinas	Jeanne Byrne	12/2/2011	Congratulations on Election to MPWMD Board
Bonnie Adams	Robert C. Brower, Sr.	12/12/2011	Election of Board Chair and Vice Chair for 2012
John V. Narigi & Mike Zimmerman	Robert C. Brower, Sr.	12/12/2011	Election for Chair and Vice Chair for 2012
Todd Norgaard and Roger Dolan	David Stoldt	12/12/2011	Monterey Regional Water Supply Project
Laurens H. Silver, Esq.	Barbara Evoy	12/14/2011	Enforcement of Cease and Desist Order against California American Water Company
David Stoldt	Barbara Evoy	1/9/2012	Response to 12/14/2011 Letter from Laurens H. Silver, Esq. re Cease and Desist Order
Simon Salinas	Robert C. Brower, Sr.	12/15/2011	Congratulations on Re-Election to MPWMD Board
Fred Meurer	David Stoldt	12/21/2011	Monterey Plaza Hotel Water Credit Extension Request
Robert J. Ernst III	David Laredo	12/23/2011	Jeffrey Taylor, Heritage Development; Water Distribution System Under Riparian Right
John V. Narigi	Stephanie Pintar	12/27/2011	Water Credit Extension, 270/284 Cannery Row - Redevelopment Project Site
Stephanie Pintar	John V. Narigi	1/6/2012	Response to 12/27/2011 Request from John Narigi for Water Credit Extension

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UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE

Southwest Region
777 Sonoma Ave., Room 325
Santa Rosa, CA 95404-4731

December 1, 2011

In response, refer to:
SWR/F/SWR3:JEA

RECEIVED

DEC 06 2011

MPWMD

David Stoldt
General Manager
Monterey Peninsula Water Management District
5 Harris Court, Building G
Monterey, California 93940

Dear Mr. Stoldt:

Thank you for your letter of October 20, 2011, requesting clarification of NOAA's National Marine Fisheries Service's (NMFS) position on the expansion of the Los Padres Dam and/or the construction of a new replacement dam on the Carmel River, Monterey County, California.

NMFS has been involved with protecting and restoring the South-Central California Coast (S-CCC) steelhead in the Carmel River since the fish were listed as threatened under the Endangered Species Act (ESA) in 1997. As you know, the Carmel River population of steelhead has been declining since the 1960s. Excessive water withdrawals and the two dams (San Clemente Dam and Los Padres Dam) have adversely impacted both their population and critical habitat for decades. The Carmel River Reroute and San Clemente Dam Removal Project, slated to begin in 2012, will provide unimpacted access for steelhead to 25 miles of spawning and rearing habitat upstream. This will be a major milestone towards restoring the connectivity of the river and increasing the steelhead population.

Monterey Peninsula Water Management District (MPWMD) is exploring the possibility of expanding storage capacity behind Los Padres Dam, either by dredging the reservoir of accumulated sediment, or by installing a rubber dam on the spillway. NMFS has been working with California American Water (CAW) to address CAW's adverse impacts to steelhead resulting from their water supply facilities and operations. Los Padres Dam is an impediment to steelhead migration both up and downstream. NMFS is encouraging CAW to study the feasibility of removing Los Padres Dam to avoid these impacts to steelhead and provide uninterrupted passage upstream into the Los Padres National Forest and downstream to the ocean. It follows then, we would not embrace the prospect of a new or enlarged dam.



As your letter states, proposals for constructing a new dam on the Carmel River were raised in the 1980s and 90s, and each time the proposals were rejected. NMFS is on the record as being opposed to building a new dam on the Carmel River. Dams and reservoirs are recognized to cause many detrimental effects to river ecosystems. Increasingly, scientists and environmental managers are coming to the conclusion that the most effective means of protecting and recovering species is by removing dams.

NMFS continues to support MPWMD and CAW in pursuing conservation, off-stream aquifer storage and recovery, reclamation of wastewater, and desalination as viable water supply projects for the Monterey Peninsula. If you have any questions please contact Ms. Joyce Ambrosius at (707) 575-6064 or joyce.ambrosius@noaa.gov.

Sincerely,



Dick Butler
North Central Coast Office Supervisor
Protected Resources Division

cc: C. Yates, NMFS, Long Beach
R. Svindland, CAW, Sacramento

MONTEREY COUNTY



BOARD OF SUPERVISORS ■ 168 West Alisal Street, 3rd Floor, Salinas, CA 93901
SIMÓN SALINAS, SUPERVISOR ■ District Three ■ Chief of Staff, Christopher M. Lopez
Telephone: (831) 755-5033 ■ Fax: (831) 796-3022 ■ District3@co.monterey.ca.us

RECEIVED

DEC 15 2011

December 2, 2011

MPWMD

Jeanne C. Byrne, Director
Monterey Peninsula Water Management District
P.O. Box 85
Monterey, CA 93942-0085

Dear Ms. *Jeanne* Byrne,

Congratulations on your victory in the recent election. During these tough economic times, collaboration is more important than ever. My office is always open to working with you on any new ideas or projects in your area of expertise. Through our joint efforts much more can be achieved for the residents of Monterey County.

I look forward to working with you in your capacity as Director of the Monterey Peninsula Water Management District. Please contact my office if I can be of assistance.

Once again, congratulations on your election to office and good luck in your future endeavors.

Sincerely,

Simón Salinas
Monterey County Board of Supervisors
District 3



RECEIVED

DEC 12 2011

MPWMD

December 12, 2011

Mr. Bob Brower, Chair
Monterey Peninsula Water Management District
5 Harris Court
Monterey, California 93940

Re: Election of 2012 Officers

Chair Brower and Members of the Board:

The Monterey County Hospitality Association strongly urges the Board to follow District Rule 2.5 and elect Dave Potter as Chair and David Pendergrass as Vice-Chair. This will allow for the normal and equitable rotation of the Chair and Vice Chair positions throughout the District.

Following District Rule 2.5 will also lead to the unique situation of Mr. Potter being the District Chair and Chair of the Board of Supervisors in 2012. Clearly the MPWMD and the County of Monterey have critical roles to play in securing a sustainable water supply. Having Mr. Potter in this unique "dual Chair" role could provide a strong advantage to the District and the people it serves in developing a long term water supply for the Peninsula.

MCHA believes following Rule 2.5 is in the best interest of the Peninsula for 2012.

Sincerely,

Bonnie Adams, President and CEO
Monterey County Hospitality Association

ADMINISTRATIVE OFFICE

OCEAN & MISSION • SUITE 201 • P.O. BOX 223642 • CARMEL, CA • 93922
PHONE: 831-626-8636 • FAX: 831-626-4269 • EMAIL: badams@adcomm4.com



RECEIVED

DEC 12 2011



MPWMD

FACSIMILE TRANSMITTAL SHEET

TO: CHAIR BROWER AND MEMBERS OF THE BOARD

FROM: BONNIE ADAMS, MCHA

DATE: 12-12-11

FAX NUMBER:

TOTAL NO. OF PAGES INCLUDING COVER:

2

PHONE NUMBER:

SENDER'S REFERENCE NUMBER:

RE: ELECTION OF OFFICERS

YOUR REFERENCE NUMBER:

URGENT **FOR REVIEW**

PLEASE COMMENT

PLEASE REPLY

PLEASE RECYCLE

NOTES/COMMENTS:



Coalition of Peninsula Businesses

A coalition of Monterey County Hospitality Association, Monterey Commercial Property Owners' Association, Monterey Peninsula Chamber of Commerce, Carmel Chamber of Commerce, Pacific Grove Chamber of Commerce, Monterey County Association of Realtors, Community Hospital of the Monterey Peninsula to resolve the Peninsula water challenge to comply with the CDO at a reasonable cost

**P.O. Box 223452
Carmel, California 93922**

RECEIVED

DEC 12 2011

MPWMD

December 12, 2011

Robert Brower, Chair
Monterey Peninsula Water Management District
5 Harris Court
Monterey, California 93940

Transmitted by fax to 644-9560 and hand delivered

Re: Election for Chair and Vice-chair for 2012

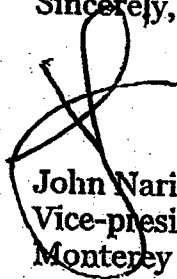
Dear Bob:

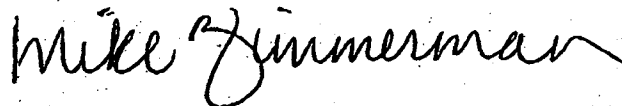
The Coalition of Peninsula Businesses urges that you follow the District's usual rotation and elect Supervisor Dave Potter Chair and Mayor David Pendergrass Vice-chair for 2012.

The Coalition is very concerned about accomplishing a long-term water supply project before the CDO deadline; in our view, Supervisor Potter serving as Chair of the Board of Supervisors and Chair of the water district during 2012 will increase the chances for realizing this goal.

Please elect Supervisor Potter and Mayor Pendergrass Chair and Vice-chair respectively.

Sincerely,


John Narigi, Co-chair
Vice-president and General Manager
Monterey Plaza Hotel and Spa



Mike Zimmerman, Co-chair
Executive Vice-president and COO
Cannery Row Company

Carmel Valley Association

Carmel Valley, California
www.carmelvalleyassociation.org

Mr. David Stoldt
General Manager
Monterey Peninsula Water Management District
5 Harris Court
Monterey, CA 93942-0085

RECEIVED

DEC 12 2011

MPWMD

Dear David:

As you are probably aware, CAW has requested the go-ahead to undertake some of its capital projects associated with RDP. DRA has recommended denial while describing the current state of turmoil surrounding the project. DRA describes the uncertainty that the project will proceed as approved by CPUC and notes that major changes in the project could render some of the proposed capital work unnecessary or inappropriate.

CVA Water Committee (CVAWC) supports DRA's goal of preventing CAW expenditures that are linked to the desal plant which is uncertain in both size and location, while endorsing MPWMD's position of allowing CAW to proceed with facilities that would be used to enable the ASR to be used at its full permitted capacity.

In reading the DRA response filed 11-14-11, CVAWC felt that the DRA response was particularly helpful in that it clearly informed the Commission that the RDP needs to be re-examined in comparison to alternatives. DRA states:

DRA recommends that the Commission issue a new scoping ruling that will allow for a full examination of the Cal Am facilities under different project scenarios for a full examination of the Cal Am facilities under different project scenarios.

This strong and supportive position by DRA provides a positive opportunity for MPWMD. CVAWC thinks that MPWMD is in the best position to manage such an examination in conjunction with DRA and suggests that MPWMD view this opening as a chance to obtain financing that would enable a more comprehensive and definitive Contingency Plan than the current MPWMD effort.

Clearly, the contingency planning element of the Regional Plan is deficient as it indicated that the contingency response would be to continue the illegal pumping from the Carmel River. MPWMD should make this point to CPUC and state the reasons that implementation of the Regional Plan is in doubt and that the need for a contingency plan is very real and not just a compliance detail. MPWMD should propose a scope of work to CPUC along with a time line and budget estimate. It would be reasonable to request that the funding come from the same

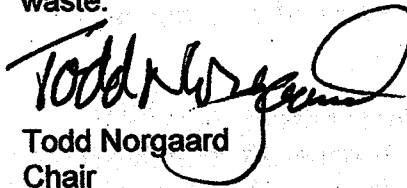
Carmel Valley Association

Carmel Valley, California
www.carmelvalleyassociation.org

source as funding for the Regional Plan /EIR

We would like to explore with you the steps that CVA can take to encourage a petition to CPUC endorsing the DRA position on Regional Desalination Project review and for MPWMD to develop a scope of work and a proposal to provide the management and staff support for the oversight and reexamination the DRA is recommending.

We are concerned that it might take forever to put together a workable coalition that involves the cities and that perhaps it will never happen. Therefore, the best alternative is for MPWMD to move ahead expeditiously. Considering the threats that face the RDP and the inexorable schedule demands, there is no time to waste.


Todd Norgaard
Chair


Roger Dolan

CALIFORNIA ENVIRONMENTAL LAW PROJECT
A Non-Profit Legal Corporation



Of Counsel

Laurens H. Silver, Esq.
P. O. Box 667
Mill Valley, CA 94942
Telephone: (510) 237-6598
Facsimile: (510) 237-6598
Mobile: (415) 515-5688

RECEIVED

DEC 14 2011

MPWMD

December 14, 2011

Sent Via Electronic Mail
bevoy@waterboards.ca.gov

Barbara Evoy
Chief Division of Water Rights
State Water Resources Control Board
1001 I Street
Sacramento, CA 95814-2828

Re: Sierra Club Request for Information Concerning Enforcement of Cease and Desist Order Against California-American (Carmel River) with Respect to Increases in Production from the Carmel River To Offset the Loss of Production Arising from the 2009 and 2012 Triennial Reductions in Pumping From the Seaside Basin

Dear Ms. Evoy:

The Seaside Adjudication Decision orders automatic mandatory reductions of the Seaside Basin operating yield by 10% triennially beginning in 2009 until the operating yield equals the natural safe yield. For WY 2012 a second 10% triennial reduction is required and is already in effect for this Water Year. See CDO at 39. As of this Water Year, the cumulative total of the 2009 and 2012 triennial reductions in production from the Seaside Basin is 1033 AFY.

The SWRCB CDO requires that Cal-Am should be prohibited from increasing its diversions from the River to offset its loss of production from the groundwater basin. The CDO found:

“that the adjudication will decrease the supply of water available to Cal-Am for its customers. Nevertheless, we conclude that Cal-Am should be prohibited from increasing its diversions from the river to offset the loss in production from the groundwater basin. Water to offset the loss of groundwater production may be found by aggressively implementing: (1) the retrofit program; (2) the program to reduce the use of potable water for outdoor irrigation; and (3) the main replacement program and demand management by programs such as MPWMD’s Regulation XV, prohibiting waste and non- essential water use... Such efforts may offset the

Barbara Evoy
 Chief Division of Water Rights
 Page 2 of 3

loss of groundwater production over a period of years.” (emphasis added, CDO at 40).

Although since 2005 Cal-Am has been able to stay well below its Board imposed production limits under Order 95-10 and the 2009 CDO,¹ now that the 2012 triennial reduction is in effect and the Cal-Am production from the Seaside Basin reduced by another 517 AFY, Sierra Club believes it is necessary for the Division to formulate guidance as to how Board staff will enforce the Board’s finding in the CDO that is intended to prevent any net increase in diversions from the River to offset the loss in production from the Seaside groundwater basin.

Sierra Club believes that the staff need to audit on an annual basis whether Cal-Am has increased its diversions from the River to offset the cumulative triennial Seaside Basin production reductions. In order to satisfy the SWRCB objective of prohibiting Cal-Am from increasing its diversions from the River to offset the loss in production from the groundwater basin, the Water Rights Division annually (1) should determine any loss of production from the Seaside Basin attributable to the Adjudication decision (taking into account the 2009, 2012, and 2015 triennial reductions) and (2) consider the following factors to determine whether there has been an offset of the loss in production from the Seaside Basin that would result in no net increase in diversions from the Carmel River.

a. the total amount saved from the retrofit program (including the [cumulative] amount deducted from the production ceiling under the CDO for that water year with respect to retrofitting).

b. the total amount saved from the outdoor irrigation reduction program (including the [cumulative] amount deducted from the production ceiling under the CDO for that water year with respect to outdoor irrigation).

c. the total amount saved through main replacement, (including the amount deducted from the production ceiling under the CDO for that year with respect to main replacement).

d. the total amount saved through demand management under MPWMD Regulation XV, which includes water saved under the District’s program to prohibit waste and non essential water use, as well as water saved through demand management under Stages 1-7 of Water Conservation and Rationing, as set forth in Regulation XV.

e. any amount of “replacement” water from obtained by California-American that would satisfy the criteria of Order 95-10.

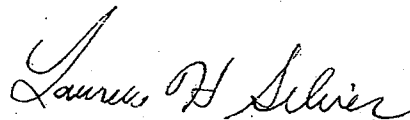
¹ In Water Year 2007, Cal-Am accounted for about 90% of total production within the MPWRS (Monterey Peninsula Water Resource System).

Since 2005 production from the Carmel River has been lower than the SWRCB production limit. In WY 2005, 5.4% less; in WY 2006, 6.6% less. Cal-Am production from the Carmel River Basin in WY 2007 was 10,444 AF. In 2007, Cal-Am diversions were 841 AF (7.5%) below the 11,285 AF diversion limit. In WY 2008 Cal-Am was 625 af or 6% below the SWRCB production limits. In WY 2009, Cal-Am was 818 af or 7% below the SWRCB production limit. In 2010 Cal-Am was projected to be 785 af or 8% below the SWRCB production limit. See California-American Water Annual Production Targets and Actual Production from Carmel River Sources and Seaside Basin Coastal Subarea Wells for Customers in its Main Monterey System for Water Years 2005-2010. Attached as Appendix A.

Barbara Evoy
Chief Division of Water Rights
Page 3 of 3

After determining the amount of water saved or "replaced" through an alternative supply source by Cal-Am under paragraphs a-e, with respect to the Water Year under consideration, the staff should determine to what extent if any, Cal-Am's decreased production from the Seaside Basin was offset by a-e supra. The goal of the annual audit will be to ensure that any cumulative increase in diversions from the River to offset the cumulative loss in groundwater production from the Basin, attributable to the Adjudication, will have been offset by 2016. Adjustments may be made to the annual production allowance established under the CDO to take into account substantial production offsets resulting in increased Carmel River diversions not offset by (a) – (e) supra. Until such time as the cumulative loss in production from the Seaside Basin that results in augmented diversions from the River has been offset, (no net increase in diversions from the River attributable to reductions in production from the River), no water will be deemed available to satisfy unused allocations made under the MPWMD's 1991 water allocation decision, even if the moratorium is set aside by a court, or through settlement of the pending litigation. Water produced from the Carmel River for Aquifer Storage and Recovery purposes and stored in the Basin cannot be deemed available to offset decreased production from the Seaside Basin that results in augmented diversions from the Carmel River.

This issue has also been raised with the MPWMD in the context of its annual and quarterly water budgeting process and warrants a prompt response from the Division, since this matter may be considered by the District at its next Board meeting in January.



Laurens H. Silver, Esq.
California Environmental Law Project
Attorney for Sierra Club

cc:

David Laredo
David Stoldt

January 9, 2012

Barbara Evoy
Division of Water Rights
State Water Resources Control Board
1001 I Street
Sacramento, CA 95814-2828

Dear Ms. Evoy:

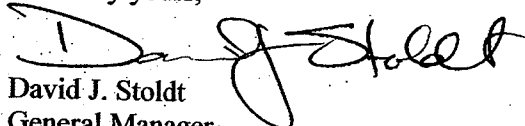
Sierra Club has provided me with a copy of a letter to you dated December 14, 2011 in which Sierra Club is seeking an opinion from the State Water Resources Control Board ("SWRCB") as to how certain language cited by Sierra Club beginning at page 39 of the Cease and Desist Order ("CDO") should be interpreted. We are especially interested in any efforts to create water accounting as discussed in the letter. Since any guidance provided by the SWRCB to clarify its objectives would raise some important considerations with respect to this District's water budgeting process, the District looks forward to a prompt response to the Sierra Club inquiry.

As background, in a letter dated September 16, 2011, addressed to Bob Brower, Chairman of the District, the Sierra Club, through its attorney, requested the District to consider, in connection with an agenda item relating to Regulatory Water Production Targets for Water Year ("WY") 2012, that any California American Water Company ("Cal Am") production offsets affecting the Carmel River arising from the 2012 triennial reductions ordered under the Adjudication with respect to Cal Am production from the Seaside Basin ("Basin"). The Sierra Club asked the District, in the context of the Regulatory Water Production Targets for WY 2012, to take into account any increase in production from the Carmel River arising from the 2012 triennial reduction. The Sierra Club based its request to Chairman Brower on language in the CDO at page 40, stating that "we conclude that Cal Am should be prohibited from increasing its diversions from the River to offset the loss in production from the ground water basin."

At the Board meeting, Sierra Club asked the District for water budgeting purposes, to subtract the amount of the 2009 and 2012 triennial reductions from the production ceiling from the Carmel River, in order to ensure that Cal Am was not offsetting its loss of production from the Basin by increasing its diversions from the Carmel River (so long as its production from the River was below the yearly ceiling imposed by the SWRCB.) The District took no action on the Sierra Club request, but staff agreed at the hearing to consider Sierra Club's request in connection with later Quarterly Water Budget deliberations. Our staff is currently examining the Sierra Club proposals and reviewing the December 14th letter.

On behalf of the District, I urge you to give guidance as to how SWRCB believes the language of the CDO should be interpreted and its implications for the water budgeting process that is conducted quarterly and annually by the District. Thank you for your consideration in this matter.

Sincerely yours,


David J. Stoldt
General Manager

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MONTEREY COUNTY



BOARD OF SUPERVISORS ■ 168 West Alisal Street, 3rd Floor, Salinas, CA 93901
SIMÓN SALINAS, SUPERVISOR ■ District Three ■ Chief of Staff, Christopher M. Lopez
Telephone: (831) 755-5033 ■ Fax: (831) 796-3022 ■ District3@co.monterey.ca.us

RECEIVED

DEC 15 2011

MPWMD

Bob Brower, Director
Monterey Peninsula Water Management District
P.O. Box 85
Monterey, CA 93942-0085

Dear Mr. *Bob* Brower,

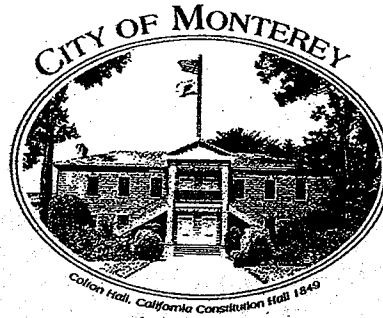
Congratulations on your victory in the recent election. During these tough economic times, collaboration is more important than ever. My office is always open to working with you on any new ideas or projects in your area of expertise. Through our joint efforts much more can be achieved for the residents of Monterey County.

I look forward to working with you in your capacity as Director of the Monterey Peninsula Water Management District. Please contact my office if I can be of assistance.

Once again, congratulations on your election to office and good luck in your future endeavors.

Sincerely,

Simón Salinas
Monterey County Board of Supervisors
District 3



December 21, 2011

RECEIVED

JAN - 3 2012

MPWMD

Mayor:
CHUCK DELLA SALA

Councilmembers:
LIBBY DOWNEY
JEFF HAFERMAN
NANCY SELFRIDGE
FRANK SOLLECITO

City Manager:
FRED MEURER

Mr. David Stoldt, General Manager
Monterey Peninsula Water Management District
P.O. Box 85
Monterey, CA 93942-0085

Dear Mr Stoldt:

I am writing to confirm that the property located at 270/284 Cannery Row is located within the boundaries of the Cannery Row Redevelopment Area Plan and that the Redevelopment Agency considers the 270/284 Cannery Row property a Redevelopment Project Site as reflected by the Agency's approval of an Owner's Participation Agreement (OPA) approved under Resolution No. 800 on March 21, 2000. I have enclosed a copy of the implementing Resolution as well as the OPA for your consideration.

Redevelopment of this site is an important component of the successful implementation of the goals and objectives of the Cannery Row Redevelopment Plan and the Redevelopment Agency supports the planning and implementation of project on the site. As such, we support the Monterey Plaza Hotel's water credit extension request.

Sincerely,

Fred Meurer
City Manager

c: Chair Della Sala and Members of the RDA
Fred Cohn, Assistant City Manager
Christine Davi, Acting City Attorney
Kimberly Cole, Managing Principal Planner
Chip Rerig, Chief of PEEC
Rick Marvin, Housing and Property Manager
Don Rhoads, Finance Director

**RESOLUTION NO. 800
OF THE REDEVELOPMENT AGENCY
OF THE CITY OF MONTEREY
AUTHORIZING OWNER PARTICIPATION AGREEMENT WITH
MONTEREY PLAZA HOTEL LIMITED PARTNERSHIP**

WHEREAS, the Redevelopment Agency of the City of Monterey ("Agency") has developed a Redevelopment Plan for the Monterey Cannery Row Redevelopment Project (the "Redevelopment Plan"); and

WHEREAS, the City Council of the City of Monterey has adopted the Redevelopment Plan by Ordinance No. 1255 C.S.; and

WHEREAS, Health and Safety Code Section 33380 provides that a redevelopment agency shall permit owner participation in the redevelopment of property in the project area in accordance with the approved redevelopment plan; and

WHEREAS, in accordance with the requirements of Health and Safety Code Section 33339, the Redevelopment Plan provides for the participation by owners in implementation of the plan, and this is also provided for in Section 302 of the Redevelopment Plan; and

WHEREAS, Monterey Plaza Hotel Limited Partnership ("Owner") is a qualified owner under the Redevelopment Plan by reason of its long-term ground leasehold estate to various properties located within the area of the Redevelopment Plan; and

WHEREAS, Owner has evidenced its willingness to assist in implementation of the Redevelopment Plan; and

WHEREAS, Owner has requested that the Agency enter into an Owner Participation Agreement with it with respect to the property it has at 270/284 Cannery Row for purposes of carrying out a project in conformity with the Redevelopment Plan for a large format theater, conference, retail and office facilities (the "Project"); and

WHEREAS, Owner has already received approval for the Project by the City of Monterey in the form of Use Permit No. 99-140 and by the California Coastal Commission in the form of Coastal Development Permit No. 3-99-070; and

WHEREAS, the City of Monterey has certified a mitigated negative declaration, finding that the Project, with mitigation measures incorporated in it and by conditions of approval imposed by the City, will not have significant impact on the environment; and

WHEREAS, the Agency has reviewed and considered the mitigated negative declaration certified for the Project and concurs in the finding of no significant effects of the Project, as mitigated; and

WHEREAS, there has been no new information or changes in circumstances or changes in the Project warranting further environmental review since certification of the negative declaration; and

WHEREAS, the Owner Participation Agreement would provide the assurances necessary to the owner to justify further expenditure of time and monies in order to carry out the Project; and

WHEREAS, the Owner Participation Agreement provides for implementation of the Project as approved by the City and the California Coastal Commission, including all mitigation measures incorporated in and imposed on the Project; and

WHEREAS, the Agency finds that the Project would assist in implementing the Redevelopment Plan and should be encouraged by all reasonable means;

NOW THEREFORE, the Agency does hereby find that the Owner Participation Agreement attached hereto as Exhibit 1 is consistent with approvals previously granted by the City of Monterey and the California Coastal Commission, would further the purposes and policies of the Redevelopment Plan and should therefore be approved; and

BE IT FURTHER RESOLVED, the Agency Chairperson is hereby authorized to execute such Owner Participation Agreement on behalf of the Agency provided that the agreement has first been executed by Owner; and

BE IT FURTHER RESOLVED, that the Agency Chairperson shall seek full cooperation from the City of Monterey and all other public bodies in fulfilling the purposes of the Owner Participation Agreement in implementing the project.

PASSED AND ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF MONTEREY this 21st day of March, 2000, by the following vote:

- AYES: 4 COUNCILMEMBERS: ALBERT, CANEPA, EDGREN, ROBERSON
- NOES: 1 COUNCILMEMBERS: VREELAND
- ABSENT: 0 COUNCILMEMBERS: NONE

[Handwritten Signature]
APPROVED:

/s/DANIEL ALBERT
Mayor of said City

ATTEST:
[Handwritten Signature]
/s/BONNIE GAWF
City Clerk thereof

Robert J. Ernst, III

Attorney at Law

335 Melody Lane
P.O. Box 487
Salinas, CA 93902-0487
Tel (831) 753-6125
Fax (831) 753-1035
bobernst@pacbell.net

RECEIVED

JAN - 6 2012

MPWMD

December 23, 2011

David Laredo
Frances Farina
Monterey Peninsula Water Management District
5 Harris Court, Building G
Monterey, CA 93940

RE: JEFFREY TAYLOR; HERITAGE DEVELOPMENT; WATER DISTRIBUTION SYSTEM UNDER RIPARIAN RIGHT

Dear Fran and David,

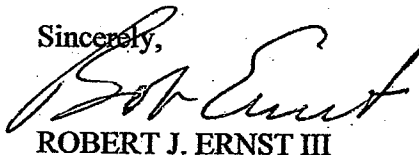
Jeffrey Taylor has asked me to assist him in his process to subdivide his 100 acre parcel located in the Carmel Valley.

I am in receipt of the November 16, 2011 memorandum from Fran Farina to David Laredo concerning Mr. Taylor's request to make a preliminary determination of water rights (pre 1914 appropriative rights), which I read with interest. At the very end of the memorandum the statement is made that the Heritage land possesses a, "valid riparian water right that can provide the basis for a water distribution system." Does this mean that the riparian right would be sufficient to support 10 domestic water uses on site?

As the materials that were provided to support the pre 1914 rights request show, the Heritage property has been farmed for hundreds of years. Irrigation water has been delivered on site for agricultural uses in much greater quantities than would be required for the proposed domestic land uses. Given the higher priority of domestic water use derived from a riparian right, could the quantity of water used in the past for irrigation purposes now be used for the proposed 10 domestic water uses?

Thank you for clarifying these issues for Mr. Taylor.

Sincerely,



ROBERT J. ERNST III



400 Cannery Row
 Monterey, CA 93940-1489
 (831) 646-1700
 FAX (831) 373-2245

John V. Narigi
 Vice President
 General Manager

December 27, 2011

RECEIVED

JAN - 3 2011

MPWMD

Stephanie Pintar
 Monterey Peninsula Water Management District
 5 Harris Court, Bldg G
 Monterey, CA 93940

Re: Water Credit Extension
 270/284 Cannery Row – Redevelopment Project Site

Dear Stephanie:

The Monterey Plaza Hotel currently holds an unexpired water credit in the amount of 2.26 acre feet per year for the benefit of the property known as 270 & 284 Cannery Row, which is located within the boundaries of the City of Monterey Cannery Row Redevelopment Project Area (“Redevelopment Project Site”). The water credit resulted from the permanent abandonment of a scooter/moped sales and service business and a warehouse at the Redevelopment Project Site. Currently, the Redevelopment Project Site is vacant. In order to facilitate the ongoing efforts of the City, the Redevelopment Agency, and the Monterey Plaza Hotel in planning and implementing a redevelopment project at the Redevelopment Project Site, the Monterey Plaza Hotel is requesting a sixty (60) month extension of its water credit pursuant to Rule 25.5 (A)(4).

The City adopted the Cannery Row Redevelopment Plan in 1981 in accordance with the Community Redevelopment Law of California (Health and Safety Code Section 33000, et seq.). The Redevelopment Plan provides for the redevelopment, rehabilitation and revitalization of Cannery Row. The primary purposes of the Redevelopment Plan are the elimination of blight and blighting influences, preservation of the older Cannery buildings, where feasible, and assuring new development of compatible scale and character.

The Monterey Plaza Hotel, in collaboration with the City’s Redevelopment Agency, have been working together to redevelop the Redevelopment Project Site since early 2000. In 2000, the Redevelopment Agency and the Monterey Plaza Hotel entered into an Owner Participation Agreement (Exhibit A), to redevelop the Redevelopment Project Site with a theater, retail spaces with offices above, and banquet and conference space to serve visitors and to be operated, in part, in association with the operation of the Monterey Plaza Hotel property. In entering the OPA, the Agency found in Recital “E” that redevelopment of the property “is critical to the fulfillment of the

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Redevelopment Plan and that, in order to ensure such development...and that the inability of the Owner to develop the property...would result in a continuation of blight and blighting influences, particularly consisting of the two partially ruined and abandoned buildings currently occupying the site and the deteriorating structures overlying the entire site.”

The Redevelopment Agency has identified this property as a Redevelopment Project Site based on the prior OPA, and recognizes this redevelopment project undertaking as a key component to the successful implementation of the goals and objectives of the Cannery Row Redevelopment Plan. (Exhibit B) The Redevelopment Agency is ready and willing to assist the Monterey Plaza Hotel in planning and implementing a redevelopment project and supports the Monterey Plaza Hotel's extension request.

Unfortunately and due to the inability of the Monterey Plaza Hotel's original redevelopment partner to obtain the requisite financing to proceed with the theater/retail redevelopment project and the inability to secure other redevelopment partners, the Monterey Plaza Hotel was forced to abandon the proposal. Since 2006 and due to the severe and ongoing economic downturn and the extreme difficulty in securing financing for any development projects, the Monterey Plaza Hotel has been unsuccessful in securing an economic partner to implement the prior redevelopment plan or any other redevelopment plan for the Redevelopment Project Site. Accordingly and in light of the complexity involved in securing an appropriate financial partner, negotiating the terms of a potential partnership, and potential need for Agency involvement and participation, the Monterey Plaza Hotel is requesting a sixty (60) month extension of its water credits, which is critical to the ultimate redevelopment of the site.

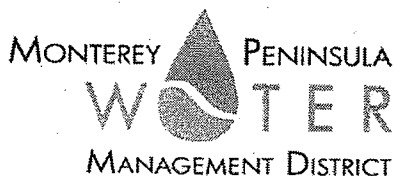
Sincerely,



John V. Narigi
Vice President and General Manager

JVN/gd
Enclosures

cc: David Stoldt, General Manager, MPWMD
Dave Laredo, General Counsel, MPWMD



January 6, 2012

Mr. John Narigi, Vice President and General Manager
Monterey Plaza Hotel & Spa
400 Cannery Row
Monterey, California 93940-1489

Subject: Extension of Water Use Credit for 270/284 Cannery Row, Monterey (APNs: 001-031-004 and 001-031-005)

Dear Mr. Narigi:

In accordance with MPWMD Rule 25.5-D, the following Water Use Credit has been extended for **60 months** at the Site referenced above:

- **Credit for 2.26 acre-feet of water resulting from the permanent abandonment of uses verified on March 18, 2002.**

This Water Use Credit may provide the basis for new, modified, or Intensified Water Use on the Site until **March 18, 2017**. This letter acknowledges that an extension of time to reuse a Water Use Credit has been granted.

It is important to note that the information provided in this letter is based on the District's current Rules and Regulations. The District's Rules and Regulations are subject to change by action of the Board of Directors. Water Permit Applications are subject to the rules in effect at the time a complete application is received.

The Water Use Credit shown in this letter is a final determination of the Water District's General Manager. Final determinations of the General Manager may be appealed to the District Board within twenty-one (21) days after any such determination pursuant to District Rule 70. For information about the appeal process, contact the District office.

This letter should be presented to the Water Management District to utilize the credit.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephanie Pintar".

Stephanie Pintar
Water Demand Manager

cc: Cannery Row Company
Jason Retterer

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