

EXHIBIT 12-D



October 30, 2013

Mr. Uwe Grobecker
Santa Lucia Café
484 Washington Street
Monterey, California 93940

**Subject: Water Permit Requirement for Change of Use – Santa Lucia Café,
484 Washington Street, Monterey (APN: 001-692-011)**

Dear Mr. Grobecker:

This letter is a follow-up to our October 24, 2013, meeting regarding the Water Permit requirement for the Change of Use for the Santa Lucia Café located at 484 Washington Street, Monterey. Water Permit No. 15856, issued on February 11, 1997 (copy enclosed), permitted the business as a deli (Group II) use. The business began operating as a full-service restaurant in the early 2000s without first obtaining a Water Permit for the increased capacity. The business is currently for sale and you are hoping that potential buyers will be able to continue to operate Santa Lucia Café as a 48-seat restaurant.

District Rule 20, *Permits Required*, necessitates a Water Permit for any Change of Use or Expansion of Use. In reviewing the property file for 484 Washington Street, Monterey, staff was unable to locate a Water Permit for the restaurant use. Based on the description you provided, and corroborated by the information on the website www.santaluciamonterey.com, the existing use is classified as a "restaurant" with a Water Use Factor of 0.020 Acre-Feet Annually (AFA) per seat.

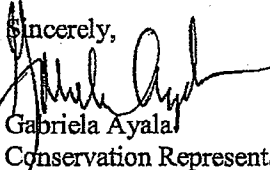
To continue operating Santa Lucia Café as a full-service restaurant, a Water Permit is required. The former 2,277 square-foot deli use converted to restaurant use would permit a 22-seat restaurant. You have the option to permit this use and pay the processing fee of \$350. However, a 48-seat restaurant requires an additional 0.504 AFA. The City of Monterey must authorize water from its Allocation and sign off on a Non-Residential Water Release and Water Permit Application. The current Connection Charge per Acre-Foot of water is \$25,328.00 plus the \$350.00 processing fee. You may also revert your operation back to the former deli use. This use provides no full food service and uses disposable items.

In summary, a Water Permit was required prior to the Change of Use in the early 2000s. The City of Monterey must authorize water from its Allocation for the Change of Use, and the District must issue a Water Permit. The owner of the property is responsible to ensure compliance with District laws. The current permitting violation must be corrected by **December 1, 2013**.

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Properties not in compliance with District law are subject to recordation of a Notice of Non-Compliance on the property title. The City of Monterey's Water Allocation may be debited and connection charges in the amount of \$13,115.31 assessed against the property. Your immediate attention to this matter is appreciated. This letter constitutes a Notice of Violation, which must be remedied by **December 1, 2013**. We appreciate your cooperation and anticipate compliance with the Water Permit requirements.

I am available to answer questions related to the Water Permit process. I can be reached at 658-5601 or by email at gabby@mpwmd.net.

Sincerely,

Gabriela Ayala
Conservation Representative

Enclosure: Water Permit No. 15856

cc: Mr. Anthony G. Davi, Property Owner
Mr. Todd Bennett, Senior Associate Planner, City of Monterey

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