

CALIFORNIA COASTAL COMMISSION

CENTRAL COAST DISTRICT OFFICE
725 FRONT STREET, SUITE 300
SANTA CRUZ, CA 95060
427-4863



RECORD PACKET COPY

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Filed: 04/06/00
49th day: 05/25/00
180th day: 10/03/00
Staff: SG
Staff report: 04/17/00
Hearing date: 05/11/00

**COASTAL DEVELOPMENT PERMIT APPLICATION
REGULAR CALENDAR**

Application number 3-00-022

Applicant Villas di Mare Investors, LLC

Agent John Mandurrago

Project location East side of Dolores Street between 7th and 8th Avenues, City of Carmel-by-the-Sea, Monterey County (APN 010-145-011)

Project description Subdivide an existing 5935 sq. ft. two story commercial building with 3145 sq. ft. of underground parking into two residential condominium units, one of 2630 sq. ft. on the first floor and one of 2279 sq. ft. on the second floor, maintaining the existing underground parking.

Approvals Received City of Carmel-by-the-Sea: Permit Number UP 99-31/DR 99-42/Condominium Subdivision

File documents Categorical Exclusion E-77-13 for City of Carmel-by-the-Sea

Staff recommendation... Approval with Conditions



California Coastal Commission
May 11, 2000 Meeting in Santa Rosa

Staff: S. Guiney, Approved by: *S.F.L. 4/19/02*

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I. SUMMARY

The applicant proposes to convert an existing two story commercial building into two residential condominium units, one on each floor. In general, the main issue with new development in Carmel is availability of water. Here, there is an existing commercial building with a certain amount of water use. The proposed residential water fixtures have been sized to use no more water than is now being used. Therefore, the proposed change to residential use will not demand more water than is already being used in the building. Parking, which can be at premium in Carmel, especially in the downtown area where this project is located, is already provided for in an existing parking garage located in the basement of the existing commercial building. Exterior changes would be relatively minor and would include of a new terra cotta tile roof to replace the existing wood shingle roof, new exterior stairway to second floor, new wrought iron decorative features including railings and gates, and removal of part of the existing south wall to accommodate a light well. This last work will not be visible from public areas but only from adjoining buildings. Because the project would be consistent with the Coastal Act and their would be no adverse effect on coastal resources, staff is recommending approval.



II. STAFF RECOMMENDATION ON COASTAL DEVELOPMENT PERMIT

The staff recommends that the Commission, after public hearing, **approve** the proposed project subject to the standard and special conditions below. Staff recommends a **YES** vote on the motion below. A yes vote results in approval of the project as modified by the conditions below. The motion passes only by affirmative vote of a majority of the Commissioners present.

Motion: I move that the Commission approve Coastal Development Permit Number 3-00-022 subject to the conditions below and that the Commission adopt the following resolution:

Staff recommends a **YES** vote.

Approval with Conditions. The Commission hereby grants a permit for the proposed development on the grounds that the development as conditioned is consistent with the requirements of the California Coastal Act of 1976 (Coastal Act), will not prejudice the ability of the City of Carmel to prepare a local coastal program conforming to Chapter 3 of the Coastal Act, and will not have any significant adverse effects on the environment within the meaning of the California Environmental Quality Act (CEQA).

III. CONDITIONS OF APPROVAL

A. Standard Conditions

- 1. Notice of Receipt and Acknowledgment.** The permit is not valid and development shall not commence until a copy of the permit, signed by the permittee or authorized agent, acknowledging receipt of the permit and acceptance of the terms and conditions, is returned to the Commission office.
- 2. Expiration.** If development has not commenced, the permit will expire two years from the date on which the Commission voted on the application. Development shall be pursued in a diligent manner and completed in a reasonable period of time. Application for extension of the permit must be made prior to the expiration date.
- 3. Compliance.** All development must occur in strict compliance with the proposal as set forth in the application for permit, subject to any special conditions set forth below. Any deviation from the approved plans must be reviewed and approved by the staff and may require Commission approval.
- 4. Interpretation.** Any questions of intent or interpretation of any condition will be resolved by the Executive Director or the Commission.
- 5. Inspections.** The Commission staff shall be allowed to inspect the site and the project during its development, subject to 24-hour advance notice.



6. **Assignment.** The permit may be assigned to any qualified person, provided assignee files with the Commission an affidavit accepting all terms and conditions of the permit.
7. **Terms and Conditions Run with the Land.** These terms and conditions shall be perpetual, and it is the intention of the Commission and the permittee to bind all future owners and possessors of the subject property to the terms and conditions.

B. Special Condition

1. Water

PRIOR TO OCCUPANCY, permittee shall submit to the Executive Director for review and approval written evidence of a final inspection and approval of water fixtures by the Monterey Peninsula Water Management District as required by permits 18169 and 18170 issued by that agency.

IV. RECOMMENDED FINDINGS AND DECLARATIONS

A. Project Location and Description

This project is located in the downtown area of Carmel, on Dolores Street one and one-half blocks south of Ocean Avenue (see **Exhibit I**). The site is in the Service Commercial (SC) zone district. The land use designation is Commercial. Residential uses are permitted in this zone district and land use designation.

The applicant proposes to subdivide an existing 5935 sq. ft. two story commercial building with 3145 sq. ft. of underground parking into two residential condominium units, one of 2630 sq. ft. on the first floor and one of 2279 sq. ft. on the second floor, maintaining the existing underground parking. There would be a number of changes to the exterior of the structure including a new terra cotta tile roof to replace the existing wood shingle roof, new stairway and second floor entrance, and decorative changes such as wrought iron gates and railings.

B. Standard of Review

The standard of review for projects requiring coastal development permits in the City of Carmel is the Coastal Act. The entire City of Carmel falls within the coastal zone, although most development is excluded from the requirement for a coastal development permit by Categorical Exclusion E-77-13. The Exclusion states that the type of development excluded in the applicable zone district is "service commercial uses on single or combined commercial parcels in the Service



Commercial (C-1-S) District." (The City changed the zone district abbreviation from C-1-S to SC since adoption of the exclusion). Residential use is not a service commercial use. Therefore, the proposed development is not excluded from the requirement for a coastal development permit and, because there is no certified LCP, the standard of review is the Coastal Act.

In this case, the structure already exists in a developed urban area and the proposed changes are mostly interior. Neither coastal access nor recreation are issues because the site is not between the sea and the first public road, is not an oceanfront parcel and is not otherwise suitable for coastal recreational uses. Drainage from the site is via the City's storm sewer system, which ultimately drains to the beach. Exterior changes are relatively minor and would not affect runoff or contribute material that would adversely affect the marine environment. The site does not contain any environmentally sensitive habitat, nor is any located nearby. Being in a fully developed urban area and with relatively minor exterior changes, no public views would be affected. Parking is not an issue because of the existing underground parking, which provides more than the required amount of parking

C. Water

Coastal Act Section 30250 states in part that

[n]ew residential. . . development shall be located within, contiguous with, or in close proximity to, existing developed areas able to accommodate it or, where such areas are not able to accommodate it, in other areas with adequate public services and where it will not have significant adverse effects, either individually or cumulatively, on coastal resources. . .

Water to support additional development is scarce throughout the entire Monterey Peninsula, including the City of Carmel. The Monterey Peninsula Water Management District (MPWMD) allocates water to all of the municipalities on the Monterey Peninsula. The actual water purveyor is the California American Water Company (Cal Am). Each municipality allocates its share of the water to various categories of development, such as residential, commercial, industrial, etc. According to City staff, there is no more water available from the City for a new use or one that increases demand.

Here, the MPWMD has issued water permits for the project indicating that installation of low flow fixtures will result in no increase in water demand (see Exhibit 3). Although no historic water use data has been provided to Commission staff, according to MPWMD staff, the District determines the water credit on a site by multiplying its square footage by a previously determined factor, based on the previous use. In this case, according to the District, there is 5935 square feet of floor space in the structure and the multiplier is 0.00007 acre feet. This results in a credit of 0.415 acre feet of water ($5935 \times 0.00007 = 0.415$). The proposed residences are projected to use 0.203 acre feet of



water each, for a total demand of 0.406 acre feet, 0.009 acre feet less than that with which the site is credited.

The water permits hold the property owner or owner's agent responsible for ensuring completion of a final inspection by MPWMD of the water fixtures. In order to ensure that the project does in fact not result in additional water demand, this permit is conditioned to require the permittee to submit to the Executive Director prior to occupancy written evidence of the MPWMD final inspection. With the installation of the appropriate fixtures, water demand will not be increased and the project can be found to be located in a developed area able to accommodate it, consistent with Coastal Act section 30250. Therefore, as conditioned, the project is consistent with Coastal Act Section 30250 regarding water supply.

D. LCP Planning Process

Section 30604 of the Coastal Act states in part that a coastal development permit shall be granted if the Commission finds that the development will not prejudice the local government's ability to prepare a Local Coastal Program (LCP) in conformity with the resource protection policies of the Coastal Act. The entire City of Carmel falls within the coastal zone, although most development is excluded from the requirement for a coastal development permit by Categorical Exclusion E-77-13. The proposal would occur within an existing building with only relatively minor changes visible from the street. None of the proposed changes are significant or out of character with the surrounding development.

On April 1, 1981, the Commission certified part of the LUP as submitted and part of the LUP with suggested modification regarding beach-fronting property. The City resubmitted an amended LUP which fixed the beach-fronting properties provisions, but which omitted the previously certified portion of the document protecting significant buildings within the City. On April 27, 1984, the Commission certified the amended LUP with suggested modifications to reinstate provisions for protecting significant structures. However, the City never accepted the Commission's suggested modifications. The result was that the City's entire LUP effectively became decertified. The City is currently working on a new LUP submittal.

The zoning or Implementation Plan (IP) was certified with suggested modifications on April 27, 1984. The City did not accept the suggested modifications and so the IP remains uncertified. The City is presently working on a new IP submittal.

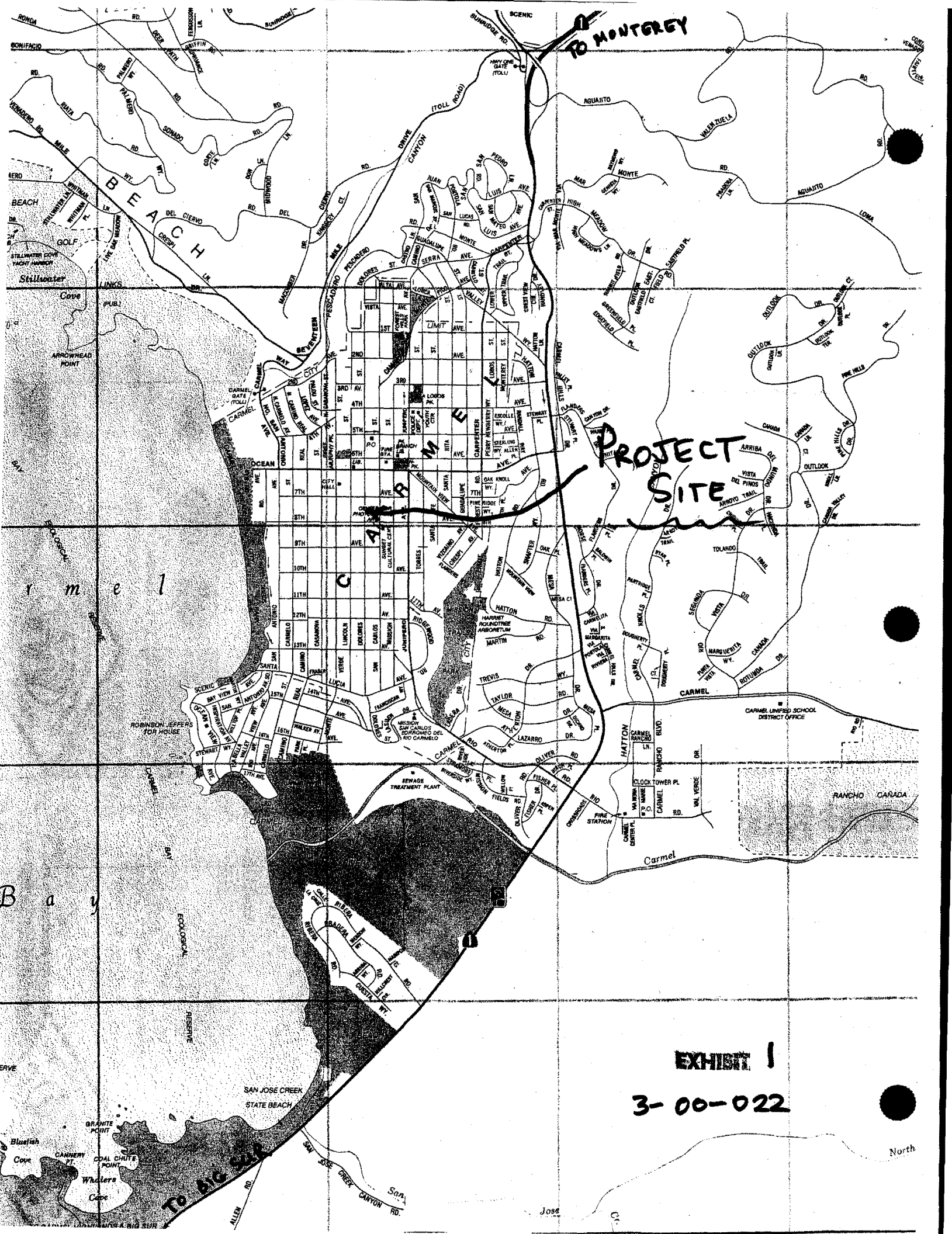
As conditioned, the proposed development is consistent with the policies contained in Chapter 3 of the Coastal Act and will not prejudice the ability of the City of Carmel-by-the-Sea to prepare and implement a complete Local Coastal Program consistent with Coastal Act policies.



E. California Environmental Quality Act (CEQA)

Section 13096 of the California Code of Regulations requires that a specific finding be made in conjunction with coastal development permit applications showing the application to be consistent with any applicable requirements of CEQA. Section 21080.5(d)(2)(A) of CEQA prohibits a proposed development from being approved if there are feasible alternatives or feasible mitigation measures available which would substantially lessen any significant adverse effects which the activity may have on the environment. The City of Carmel-by-the-Sea determined that the proposal was categorically exempt from the requirements of CEQA. The Coastal Commission's review and analysis of land use proposals has been certified by the Secretary for Resources as being the functional equivalent of environmental review under CEQA. Accordingly, the Commission finds that with the City's required conditions and the conditions attached to this permit, the project will not have any adverse effects on the environment within the meaning of CEQA.





TO MONTEREY

BEACH

CARMEL

PROJECT SITE

Carmel

Bay

To Big Sur

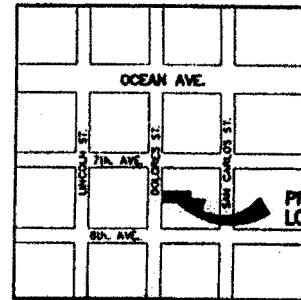
EXHIBIT 1

3-00-022

North

VILLAS di MARE BUILDING

Carmel-by-the-Sea



VICINITY MAP

SHEET INDEX

1. SITE PLAN
2. PARKING LEVEL PLAN
3. MAIN FLOOR PLAN
4. UPPER FLOOR PLAN
5. ELEVATIONS

EXHIBIT 2
3-00-022

PROJECT INFORMATION

APN 010-145-011
 SITE AREA 4,000.00 S.F.
 PLOT NO. 12
 ADDRESS: 1/2 BUILDING N/E. OF BIN ON OCEAN DR.
 CARMEL-BY-THE-SEA, CA. 93921

BUILDING COVERAGE

COVERAGE ALLOWED	70.0%	2,800.00 S.F.
EXISTING	73.0%	2,957.80 S.F.
PROPOSED	72.3%	2,892.30 S.F.

FLOOR AREA

FLOOR AREA ALLOWED	60.0%	3,200.00 S.F.
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EXISTING

LOWER LEVEL	2,953.00 S.F.
UPPER LEVEL	2,693.00 S.F.
COMMON AREA	289.00 S.F.
TOTAL	5,935.00 S.F.
GROUND LEVEL (Parking Garage)	3,145.00 S.F.

PROPOSED

LOWER LEVEL (Condominium #1)	2,830.10 S.F.
LOWER LEVEL (Condominium #2)	2,279.10 S.F.
COMMON AREA	97.00 S.F.
TOTAL	5,206.20 S.F.
GROUND LEVEL (Parking Garage)	3,145.00 S.F.

OPEN SPACE

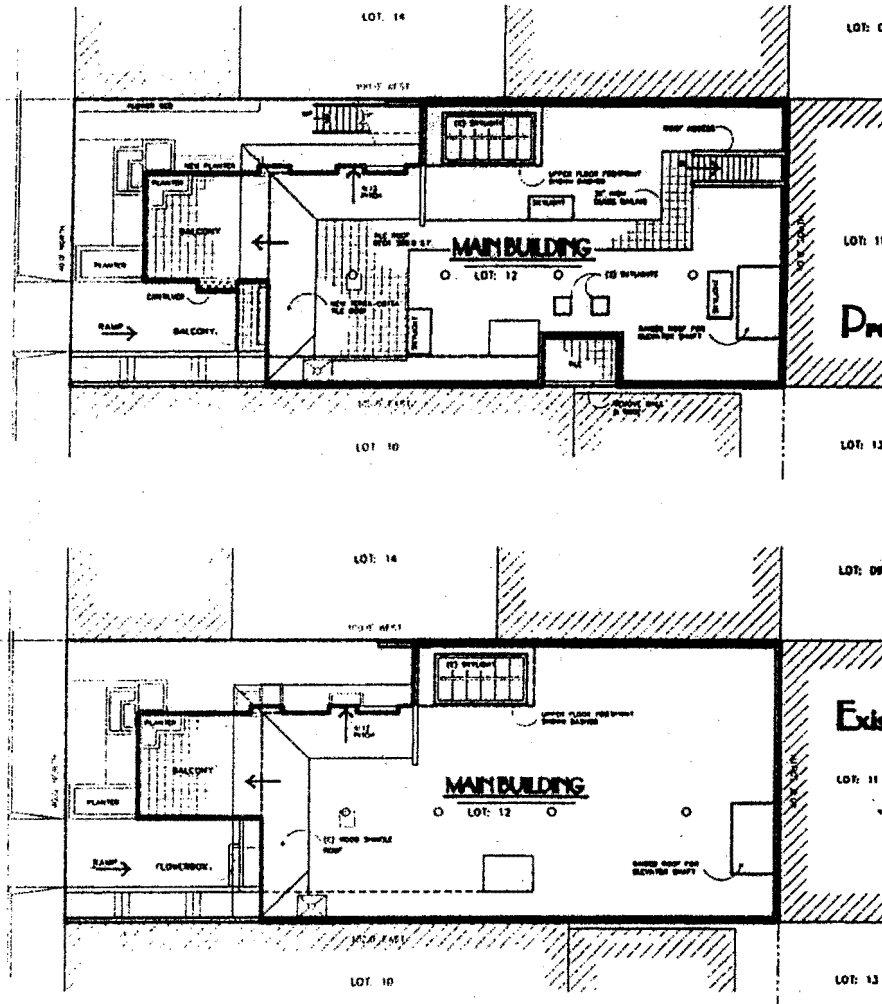
OPEN SPACE ALLOWED	30%	1,200.00 S.F.
EXISTING	24.3%	959.00 S.F.
PROPOSED	24.0%	987.00 S.F.

LANDSCAPE

LANDSCAPE ALLOWED	12%	480.00 S.F.
EXISTING	3.5%	139.00 S.F.
PROPOSED	4.0%	158.00 S.F.

HEIGHT LIMIT

MAXIMUM HEIGHT ALLOWED	26.00'
EXISTING HEIGHT	25.00'
PROPOSED HEIGHT	26.00'



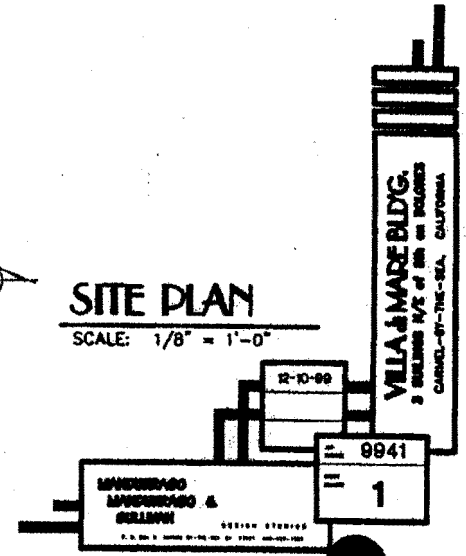
Proposed

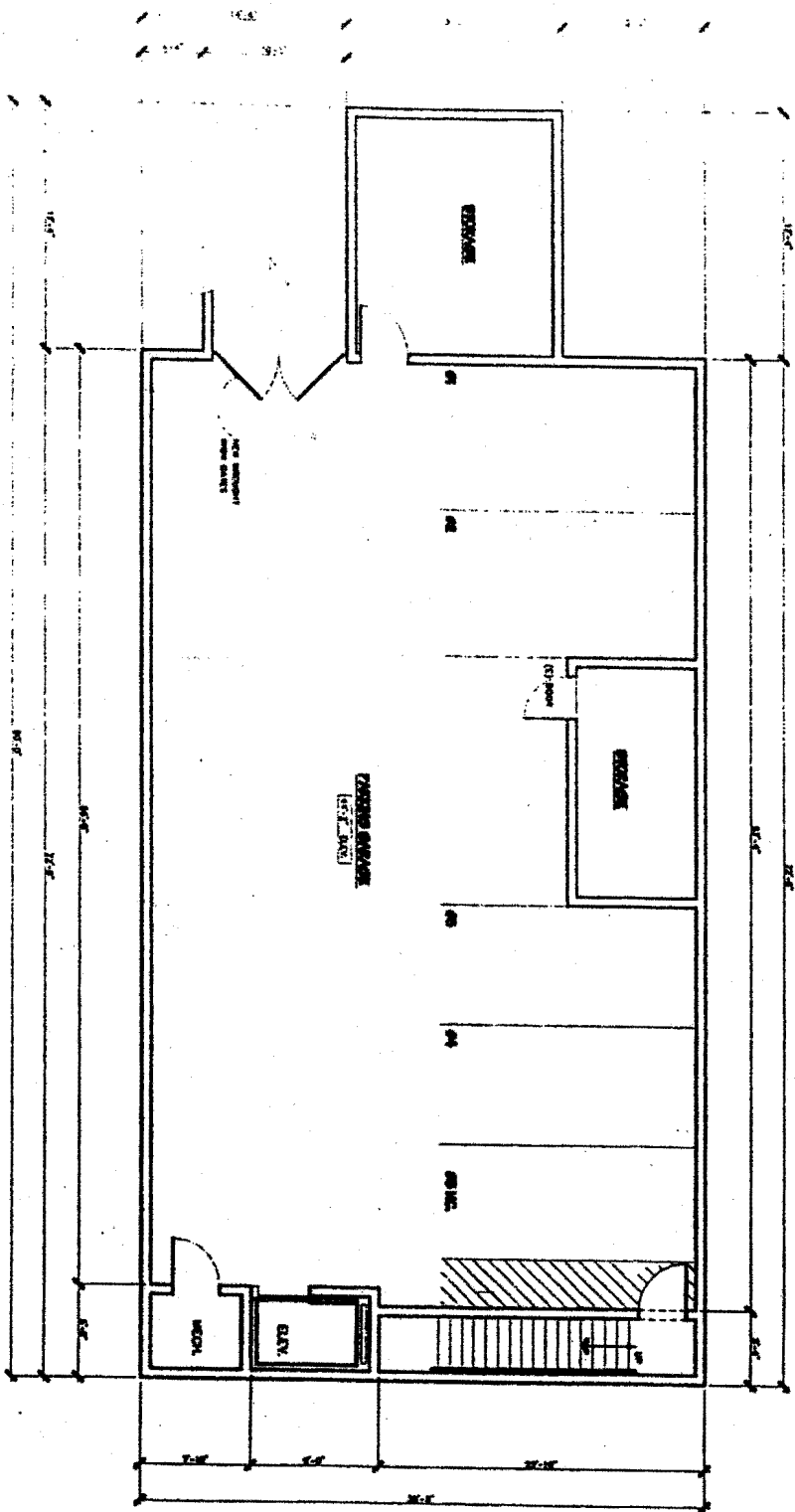
Existing



SITE PLAN

SCALE: 1/8" = 1'-0"



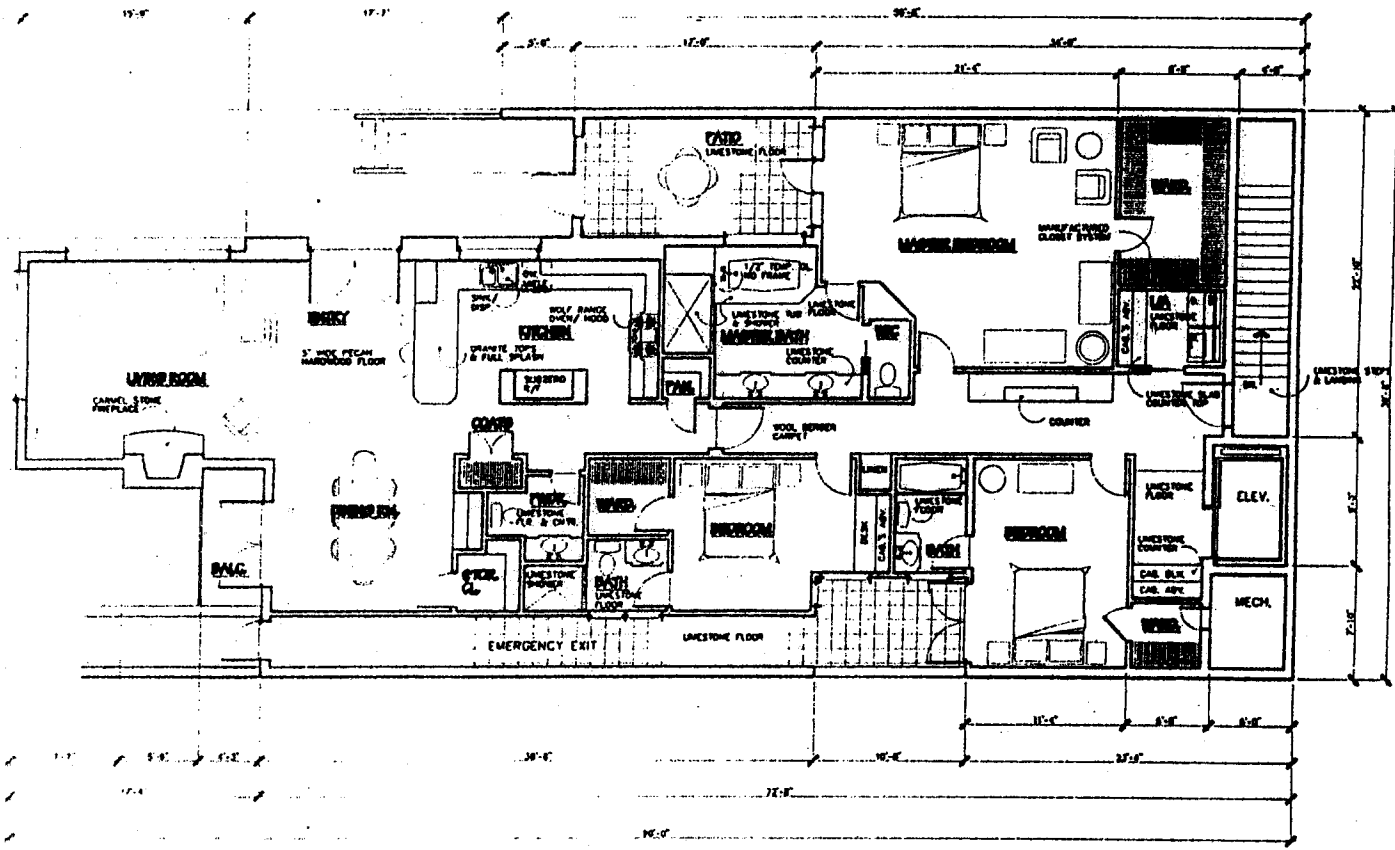


Proposed Lower
FLOOR PLAN
 SCALE: 1/4" = 1'-0"
 3,145.0 Sq. Ft.

ARCHITECTURAL
 ENGINEERING &
 INTERIOR DESIGN
 1500 S. GARDEN AVENUE, SUITE 100, ANAHEIM, CALIF. 92805
 714-771-1111
 2
 9841
VILLA LA MARE BLDG.
 244 GARDEN BLVD. S.W. OF DEL. ON BALDWIN
 GARDEN-ON-THE-SEA, CALIFORNIA

EXHIBIT 2 2
 3-00-022

EXHIBIT 2 3
 3-00-022



SPECIFICATIONS

- | | |
|-----------------|-------------------------------------|
| PLUMBING | KOHLER |
| CABINETS | PARTER BRCH |
| WALLS & CEILING | THIN WALL PLASTER |
| WINDOWS | ANDERSON CASEMENT |
| DOORS | 1-3/4" SOLID CORE (PLANK) |
| HARDWARE | SOUTHWESTERN ANTIQUE |
| LIGHTING | LOW VOLTAGE RECESSED |
| RAILING | HAMMERED & DISTRESSED ANTIQUE STEEL |



Proposed Main FLOOR PLAN
 SCALE: 1/4" = 1'-0"
 2,630.10 Sq. Ft.

12-10-99

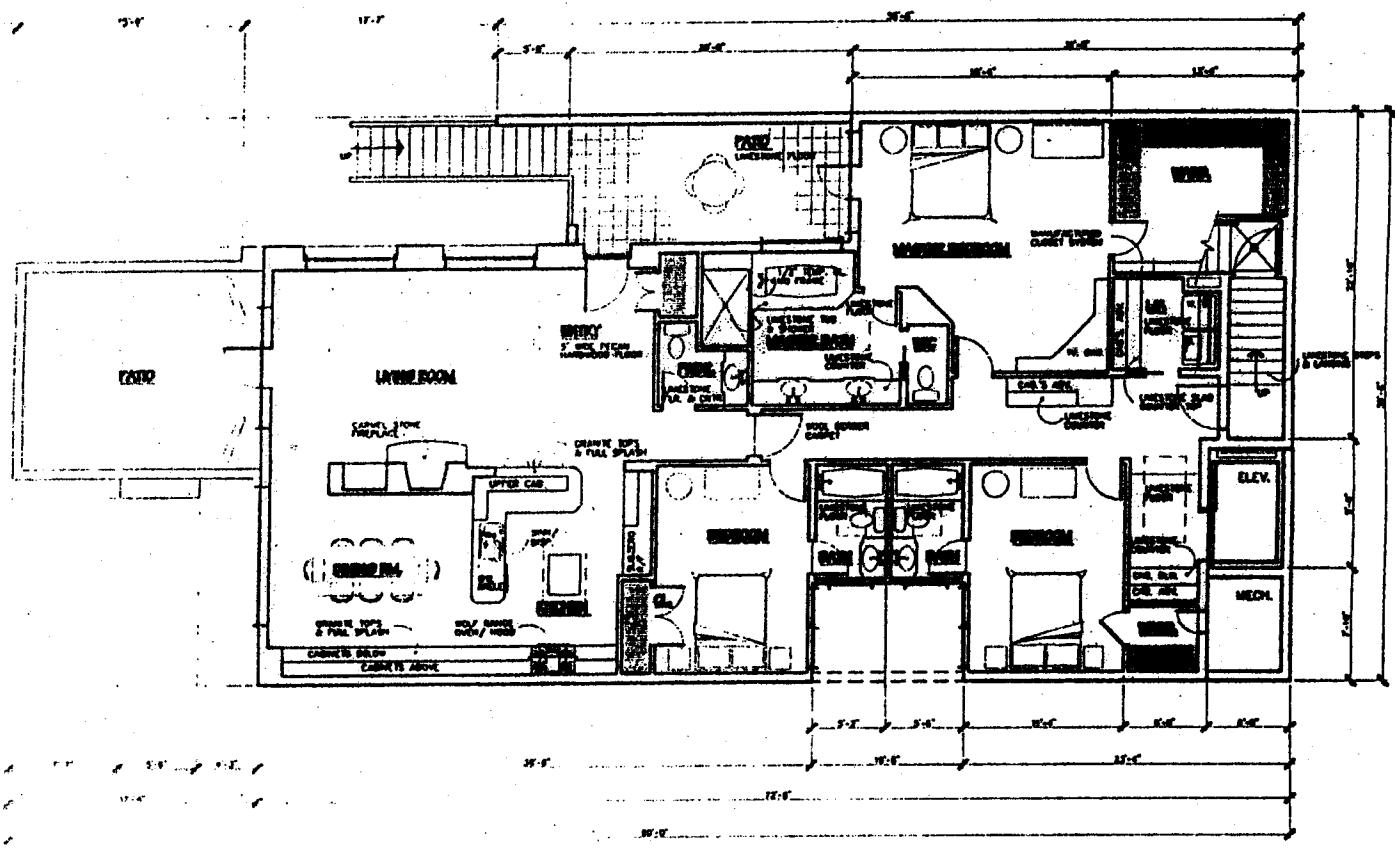
9941

3

VILLA WADE BLDG.
 304 MILLERS AVE. of W. of DELANO
 CALIF. 97301-116-324, CALIFORNIA

LANDRAGO LANDRAGO & MILLER
 DESIGN STUDIO
 7700 S. GARDEN AVENUE, SUITE 200, GARDEN GROVE, CA 92647

EXHIBIT 2
3-00-022



- SPECIFICATIONS**
- PLUMBING - KOHLER
 - CABINETS - PAINTER BIRCH
 - WALLS & CEILINGS - THIN WALL PLASTER
 - WINDOWS - ANDERSON CASEMENT
 - DOORS - 1-3/4" SOLID CORE (PLAIN)
 - HARDWARE - SOUTHWESTERN ANTIQUE
 - LIGHTING - LOW VOLTAGE RECESSED
 - RAILING - HAMMERED & DISTRESSED ANTIQUE STEEL



Proposed Upper FLOOR PLAN

SCALE: 1/4" = 1'-0"
2,279.0 Sq. Ft.

12-10-68

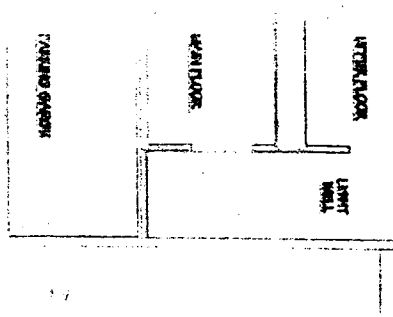
0941

4

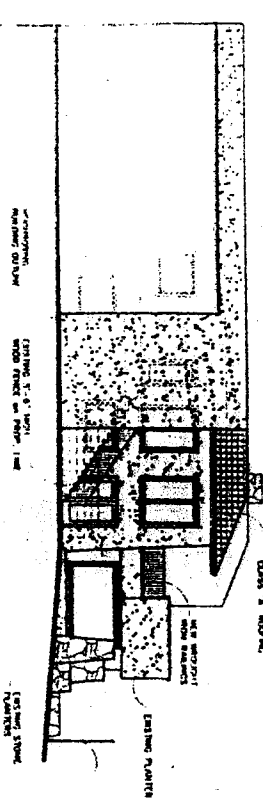
WERNER & WERNER
ARCHITECTS
1000 10TH AVENUE
SAN FRANCISCO, CALIFORNIA

VILLA & WARE BLDG.
2nd. FLOOR PLAN 1/4" = 1'-0"
CALIFORNIA - 97-106 - 60A

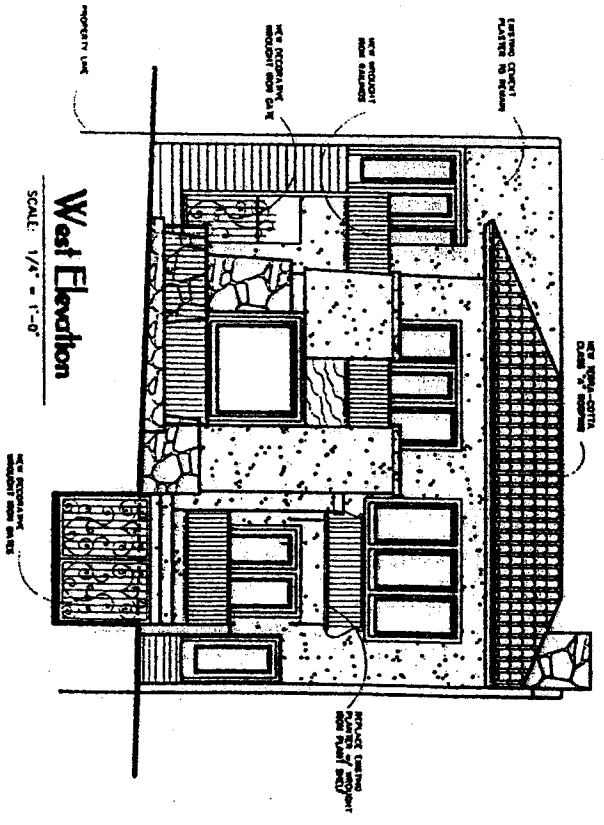
Light Wall Section



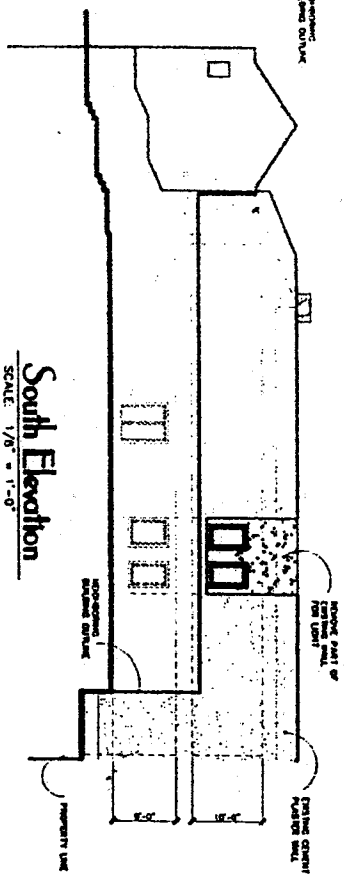
North Elevation



West Elevation



South Elevation



Proposed ELEVATIONS

VILLAS & MORE BLDG.
 2ND. BUILDING N/E of 9th. on BOLTON.
 CARMEL-BY-THE-SEA, CALIFORNIA

Architectural information including project number 0941, date 2-07-00, and a logo for 'Architectural Interiors & Exteriors'.

EXHIBIT 2 5
 3-00-022



MONTEREY PENINSULA WATER MANAGEMENT DISTRICT P.O. BOX 85 • Monterey, CA 93942-0085 (831) 649-2500 FAX (831) 649-4870

PERMIT: 18169 Date: 03/06/00

MPWMD WATER PERMIT

Final Inspection Required by MPWMD Phone: (831)625-1553 Phone: (831)625-1553

Applicant: Villas Di Mare Invest, LLC

Agent: Robert Mandurrago

Applicant Mailing Address: PO Box R Carmel, CA 93921

Property Address: Dolores, 3 NE of 8th Avenue CARMEL, CA 93921

Water Company: CAL-AM

Allocation debited: 0.000 AF Lot: AF Number: 010-145-011

Permit Type: REMODEL (Residential) Number of Proposed Connections: 1 OF 2

Existing Land Use OFFICE

Proposed Land Use MFD - UNIT 1

Water Account Number:

Remarks: ORD #60/80-ULF TOILETS, ULF WASHER-18GLS MAX, ULF DISHWASHER, HOT WATER SYSTEM & DRIP IRRIGATION REQ*SEP. METER REQ*

F E E S

Table with columns: FIXTURES, NO. OF FIXTURES, FIXTURE UNIT VALUE, FIXTURE UNIT COUNT. Includes rows for Bathtub, Shower, Wash Basin, Water Closet, Large Bathtub, KIT/ULF DISHWASHER, BATH SHOWER, ULF WASHER-18GLS MAX, BATH 2ND-LAV, Connect, Processing, and Credits applied.

I declare under penalty of perjury that the information on this permit, the accompanying application, and any attachments is correct to the best of my knowledge and belief. I have had an opportunity to review the Rules and Regulations of the MPWMD. The undersigned, as property owner or agent thereof, hereby authorizes MPWMD staff to make on-site inspections as deemed necessary to insure the accuracy of this application and compliance with the permit.

Therefore, by signing this water permit, the undersigned acknowledges the District's right to assess and collect fees and impose fines for added water fixtures or changes in use occurring without amendment of the water permit. Water fixtures added without amendment of the water permit may be subject to a requirement of removal. The current title-holder of the property and/or his agent is responsible to arrange for the completion of a final inspection by the MPWMD. Failure to arrange for a final inspection may result in a Notice of Violation recorded against the property, may subject a future property owner to fees and penalties, or may result in interruption of water service at the site.

Signature of Property Owner/Agent

Date 3-9-00

Monterey Water Management District issues a permit for the above project. This permit constitutes your receipt for the total fees shown. This permit may be revoked or other penalties imposed upon discovery of any substantial inaccuracy with respect to the above application.

EXHIBIT 3

3-00-022

Page 1



**MONTEREY PENINSULA
WATER MANAGEMENT DISTRICT**

P.O. BOX 85 • Monterey, CA 93942-0085
(831) 649-2500 FAX (831) 649-4870

PERMIT: 18169
Date: 03/06/00

**MPWMD WATER PERMIT
(continued)**

Final Inspection Required
by MPWMD

Applicant: Villas Di Mare Invest, LLC

Phone: (831)625-1553

Agent: Robert Mandurrago

Phone: (831)625-1553

Applicant Mailing Address: PO Box R
Carmel, CA 93921

Property Address: Dolores, 3 NE of 8th Avenue CARMEL, CA 93921

03/06/00
Issued

MPWMD Delegated Agent

NOTE: This permit does not guarantee service by any water company, public utility, or municipal water agency.
This permit may be canceled at the request of the jurisdiction following notice to the property owner.

EXHIBIT 3

3-00-022

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
P.O. BOX 10000, CARMEL, CA 93921-0000
(831) 425-0000 FAX (831) 425-4070

PERMIT: 18170

Date:03/06/00

MPWMD WATER PERMIT

Final Inspection Required by MPWMD

Phone: (831)625-1553

Applicant: Villas Di Mare Invest, LLC

Agent: Robert Mandurrago

Phone: (831)625-1553

Applicant Mailing Address: PO Box R Carmel, CA 93921

Property Address: Dolores, 3 NE of 8th Avenue CARMEL, CA 93921

Water Company: CAL-AM

Allocation debited: 0.000 AF Lot:

AP Number: 010-145-011

Permit Type: REMODEL (Residential)

Number of Proposed Connections: 2 of 2

Existing Land Use OFFICE

Proposed Land Use MFD - UNIT 2

Water Account Number:

Remarks: ORD #60/80-ULF TOILETS,ULF WASHER-18GLS MAX,ULF DISHWASHER,HOT WATER SYSTEM & DRIP IRRIGATION REQ*SEP. METER REQ*

F E E S

FIXTURES	NO. OF FIXTURES		FIXTURE UNIT VALUE		FIXTURE UNIT COUNT
Bathtub(may have shower above)	2.0	X	2.0	=	4.00
Shower-separate stall:	1.0	X	2.0	=	2.00
Wash Basin, each	5.0	X	1.0	=	5.00
Water Closet, ULF, 1.6 gal.	4.0	X	1.7	=	6.80
Large Bathtub (over 55 gal.)	1.0	X	3.0	=	3.00
KIT/ULF DISHWASHER	1.5	X	1.0	=	1.50
MBATH SHOWER	(2.0)	X	1.0	= (2.00)
ULF WASHER-18GLS MAX	1.0	X	1.0	=	1.00
MBATH 2ND-LAV	(1.0)	X	1.0	= (1.00)

Connect 0.00
Processing 0.00
=====

Credits applied: 20.300 Fixture Units TOTAL ---> 0.00

I declare under penalty of perjury that the information on this permit, the accompanying application, and any attachments is correct to the best of my knowledge and belief. I have had an opportunity to review the Rules and Regulations of the MPWMD. The undersigned, as property owner or agent thereof, hereby authorizes MPWMD staff to make on-site inspections as deemed necessary to insure the accuracy of this application and compliance with the permit.

Furthermore, by signing this water permit, the undersigned acknowledges the District's right to assess and collect fees and impose fines or added water fixtures or changes in use occurring without amendment of the water permit. Water fixtures added without amendment of the water permit may be subject to a requirement of removal. The current title-holder of the property and/or his agent is responsible to insure completion of a final inspection by the MPWMD. Failure to arrange for a final inspection may result in a Notice of Violation recorded against the property, may subject a future property owner to fees and penalties, or may result in interruption of water service at the site.

Signature of Property Owner Agent

Date 3-9-00

The Monterey Water Management District issues a permit for the above project. This permit constitutes your receipt for the total fees shown. This permit may be revoked or other penalties imposed upon discovery of any substantial inaccuracy with respect to the above application.

EXHIBIT 3

3-00-022

MONTEREY PENINSULA
WATER MANAGEMENT DISTRICT
P.O. BOX 85 • MONTEREY, CA 93940
(831) 648-2500 Fax: (831) 648-2470

MPWMD WATER PERMIT
(continued)

PERMIT: 18170
Date: 03/06/00

Final Inspection Required
by MPWMD

Applicant: Villas Di Mare Invest, LLC

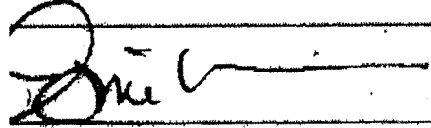
Phone: (831)625-1553

Agent: Robert Mandurrago

Phone: (831)625-1553

Applicant Mailing Address: PO Box R
Carmel, CA 93921

Property Address: Dolores, 3 NE of 8th Avenue CARMEL, CA 93921



MPWMD Delegated Agent

03/06/00
Issued

E: This permit does not guarantee service by any water company, public utility, or municipal water agency.
This permit may be canceled at the request of the jurisdiction following notice to the property owner.

EXHIBIT 3 4

3-00-022

**MONTEREY PENINSULA
WATER MANAGEMENT DISTRICT**

POST OFFICE BOX 85
MONTEREY, CA 93942-0085 • (831) 649-2500
FAX (831) 649-4870 • http://www.mpwmd.dst.ca.us

Recording Requested by:

And When Recorded Mail To:
Monterey Peninsula Water Management District
Post Office Box 85
Monterey, California 93942-0085

**NOTICE AND DEED RESTRICTION
REGARDING LIMITATION ON USE
OF WATER ON A PROPERTY**

NOTICE IS HEREBY GIVEN that the real property situated in the City of Carmel-by-the-Sea:

**DOLORES, 3 NE OF 8TH AVENUE {L12 B91/CARMEL BY THE SEA}
ASSESSORS PARCEL NUMBER 010-145-011,**

hereinafter referred to as the "subject property," is located within the jurisdiction of the Monterey Peninsula Water Management District, a public agency formed and operating within the provisions of law found at Statutes of 1977, Chapter 527, as amended found at West's California Water Code Appendix, Chapters 118-1 to 118-901. Villas Di Mare Investor, LLC, (hereinafter referred to as Owner(s)), is the record owner(s) of the subject property. Owner(s) and the Monterey Peninsula Water Management District each acknowledge that the installation and maintenance of two ultra low-flow washing machines, manufactured with no wash cycle capable of using greater than 18 gallons of water, two dishwashers with no complete wash cycle capable of using greater than 7.66 gallons of water, and an instant-access hot water system capable of supplying hot water at any access point within six seconds, are permanent requirements of the property. The permitted water use at the subject property is to supply the potable water requirements for a multi-family dwelling consisting of:

- 8 ultra low-flush toilets (1.6 gallons-per-flush maximum)
- 10 wash basins (2.2 gallons-per-minute maximum flow)
- 2 kitchen sinks (2.2 gallons-per-minute maximum flow) and two dishwashers (7.66 gallons maximum on all cycles)
- 2 washing machines (18 gallons maximum on all cycles)
- 3 standard bathtubs (under 55 gallon overflow capacity, may have showerhead above)
- 3 stall showers (2.5 gallons-per-minute maximum flow)
- 2 oversize bathtubs (over 55 gallon overflow capacity, may have showerhead above)
- Reasonable outdoor water use as needed and as allowed by District Rules.

Owner(s) acknowledges that the condition requiring the installation and maintenance of the ultra-low flow appliances referenced above has been voluntarily accepted as a condition of Water Permit Nos. 18169 and 18170, and is permanent and irrevocable, unless amended by the filing of a less restrictive deed restriction.

EXHIBIT 3

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3-00-022

NOTICE IS FURTHER GIVEN that present and/or future use of water at the subject property site is restricted by Monterey Peninsula Water Management District Rules and Regulations to the water use requirements referenced above. Any intensification of water use on the subject property, as defined by District Rule 11, will require prior written authorization from the City of Carmel-by-the-Sea and prior written authorization and permits from the Monterey Peninsula Water Management District. Approval may be withheld by either the City or Water District, in accord with then applicable provisions of law. Present or future allocations of water may not be available to grant any permit to intensify water use at this site. If any request to intensify water use on subject property is approved, connection charges and other administrative fees may be required as a condition of approval. Rule 11 defines intensification of water use as any change in water use occurring on a parcel which, in a residential use, is evidenced by an increase in the number of fixture units serving that parcel.

NOTICE IS FURTHER GIVEN that in the event intensification of water use on subject property occurs without such an authorizing permit, all water use on this site may thereafter be revoked in accord with Water Management District Rule 23, which states, "Intensification of Water Use without a permit shall provide cause for revocation by the District of all water use by any person on that Site." Such revocation could cause the irrevocable extinction of any right or entitlement to water use, water use capacity, or water credit for the subject property.

NOTICE IS FURTHER GIVEN that intensification of water use on subject property without the advance written approval of the Monterey Peninsula Water Management District is a violation of District Rules and may result in a maximum penalty of \$250 for each offense as allowed by District Rule 148. Each separate day, or portion thereof, during which any violation occurs or continues without a good faith effort by the responsible party to correct the violation shall be deemed to constitute a separate offense. All water users within the jurisdiction of the Monterey Peninsula Water Management District are subject to the District Rules, including Rules 11, 23, and 148.

It is intended that this Notice and Deed Restriction act as a deed restriction upon the subject property, that it shall be irrevocable except upon the terms stated herein, and that its restrictions shall be enforceable independent of any other provision of law or ordinance. This Notice and Deed Restriction shall be enforceable by the Monterey Peninsula Water Management District or any public entity which is a successor to the District.

The Owner(s) elects and irrevocably covenants with the District to abide by the conditions of this Notice and Deed Restriction to enable issuance of Water Permit Nos. 18169 and 18170. But for the limitations and notices set forth herein, approval of this water permit would otherwise be withheld and found to be inconsistent with the Monterey Peninsula Water Management District Rules and Regulations.

This Notice and Deed Restriction is placed upon the subject property and any transfer of this property, or any interest therein, is subject to this deed restriction. This Notice and Deed Restriction shall have no termination date unless amended by the filing of a less restrictive deed restriction.

If any provision of this Notice and Deed Restriction is held to be invalid, or for any reason becomes unenforceable, no other provision shall thereby be affected or impaired.

OWNER(S) agrees to record this Notice and Deed Restriction in the Recorder's Office of the County of Monterey, and by such recordation accepts unconditionally the terms and conditions stated herein.

By: Gabriela Ayala
Gabriela Ayala
Conservation Representative
Monterey Peninsula Water Management District

Dated: 3/16/2000

The undersigned Owner(s) request and consent to recordation of this Notice and Deed Restriction Regarding Limitation on Use of Water on a Property. (Signatures must be notarized).

By: John Mandurrago
Villas Di Mare Investors, LLC
JOHN MANDURRAGO

Dated: 3/8/00

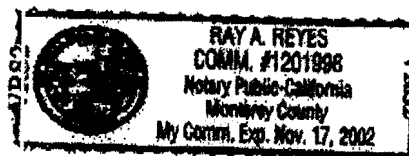


STATE OF CALIFORNIA }
COUNTY OF Monterey } ss.

On 3/8/00 before me, Ray A. Reyes, personally appeared John Mandarrago personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies); and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature [Handwritten Signature]



(This area for official notarial seal)

Title of Document: Mte and Deed Restrictio
Date of Document: 3/6/00 No. of Pages: 3
Other signatures not acknowledged: none

