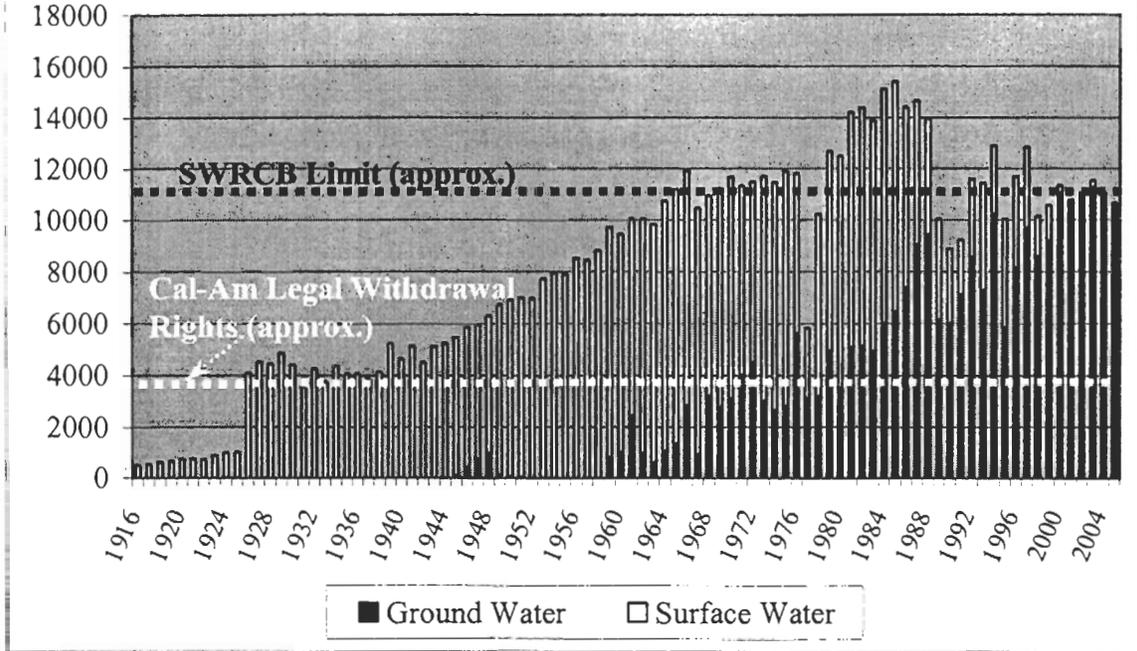


Figure 8-13
 Water Resources System for the Monterey Peninsula Area,
 Including Carmel River, Carmel Valley Alluvial Aquifer, and Seaside Groundwater Basin

Jones & Stokes

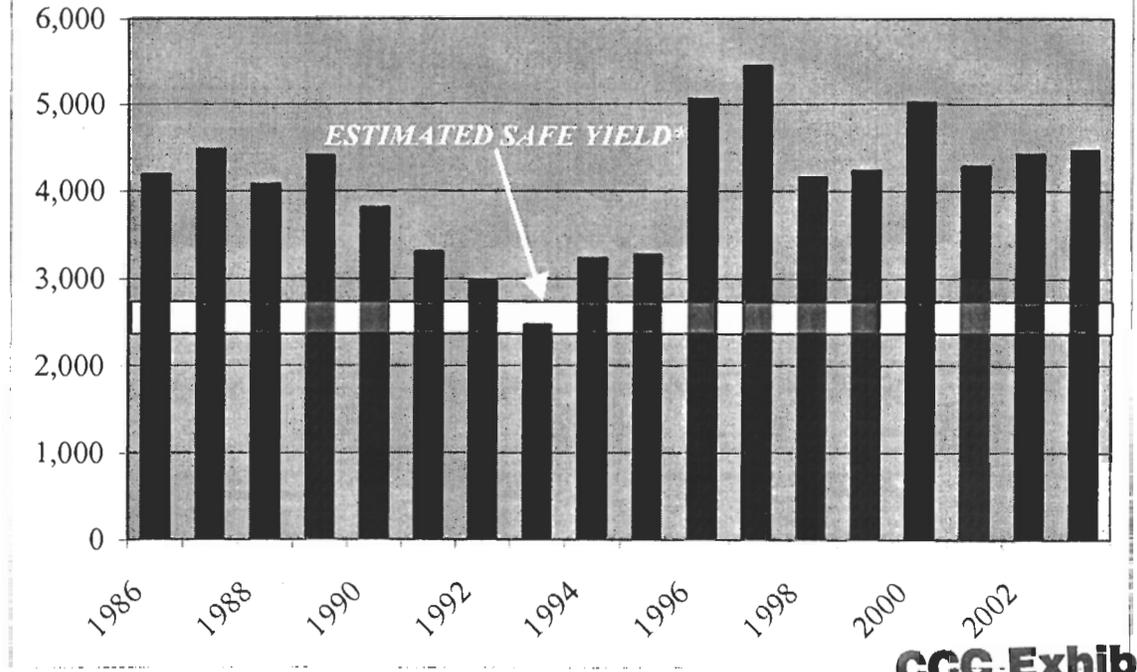
Cal-Am Production (Acre-Feet), Carmel River

Production Data Source: PDP EIR Table G.4-1B



Total Production (Acre-Feet), Seaside Groundwater Basin

Data Source: Yates et al, April 14, 2005, Table 4. Prepared for the MPWMD.



*Estimated Safe Yield from *Cal-Am Water v. City of Seaside*, Monterey County Superior Court Case M66343

STATE OF CALIFORNIA
CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY
STATE WATER RESOURCES CONTROL BOARD

DIVISION OF WATER RIGHTS

In the Matter of Unauthorized Diversion of Water by the
California American Water Company DBA California American Water
Cease and Desist Order WR 2008-00XX-DWR

SOURCE: Carmel River tributary to the Pacific Ocean

COUNTY: Monterey County

YOU ARE HEREBY GIVEN NOTICE THAT:

The State Water Resources Control Board (State Water Board) is authorized under Water Code section 1831 to issue a Cease and Desist Order (CDO) requiring California American Water (Cal-Am) to make further reductions in its unauthorized diversions from the Carmel River. The State Water Board issued Order WR 95-10 (Order 95-10) in 1995, determining that a substantial portion of the diversions made from the Carmel River by Cal-Am is unauthorized. At that time, the State Water Board deferred enforcement action and instead established water conservation goals and other actions Cal-Am could take to reduce the effects of its diversions as it sought to obtain an adequate legal water supply. In the twelve years since Order 95-10 was adopted, Cal-Am has not terminated its unlawful diversions from the Carmel River. Therefore, the State Water Board is authorized to issue a CDO in accordance with Water Code section 1831(d) which states:

The State Water Board may issue a CDO in response to a violation or threatened violation of any of the following:

- (1) The prohibition set forth in section 1052 against the unauthorized diversion or use of water subject to Division 2 (commencing with section 1000) of the Water Code.
- (2) Any term or condition of a permit, license, certification, or registration issued under Division 2 of the Water Code.
- (3) Any decision or order of the State Water Board issued under Part 2 (commencing with section 1200) of Division 2 of the Water Code, section 275, or Article 7 (commencing with section 13550) of Chapter 7 of Division 7 of the Water Code, in which decision or order the person to whom the cease and desist order will be issued, or a predecessor in interest to that person, was named as a party directly affected by the decision or order.

On {ADD DATE}, and in accordance with the provisions of section 1834 of the California Water Code, the State Water Board, Division of Water Rights (Division) provided notice of the proposed CDO against Cal-Am for the violation and threatened violation of the prohibition against unauthorized diversion and use of water.

FACTS AND INFORMATION

The facts and information upon which this CDO is based are as follows:

1. The Carmel River is a central coast California stream that drains a watershed area of 255 square miles and flows into the Monterey Bay. Cal-Am owns and operates the San Clemente Dam and the Los Padres Dam and 21 downstream extraction wells on the Carmel River.
2. San Clemente Dam had an original storage capacity of 2,140 acre-feet (af). Water is stored in this facility under pre-1914 appropriative water rights. Los Padres Dam is operated pursuant to License 11866 (Application 11674A), and authorizes a maximum withdrawal of 2,950 acre-feet per annum (afa). Historically, stored water has been released from Los Padres Dam to the river and re-diverted for use at San Clemente Dam. Cal-Am also has legal rights for 60 acres of riparian land adjacent to the Carmel River.
3. Due to extensive sedimentation in San Clemente and Los Padres reservoirs, the primary source of water supply for Cal-Am's customers is the 21 wells situated downstream of San Clemente Dam on the lower Carmel River. The wells pump subterranean water from the Carmel River for customer use. The wells supply about eighty-nine percent of water needs for Cal-Am customers. The balance of water is supplied by pumps drawing water from the Seaside Groundwater Aquifer.
4. On July 6, 1995, the State Water Board adopted Decision 1632 (D-1632) that approved Monterey Peninsula Water Management District's (MPWMD) Application 27614. Decision 1632 approved water rights for development of the proposed 24,000 af New Los Padres Dam Project.
5. On July 6, 1995, the State Water Board also adopted Order WR 95-10 regarding four complaints filed against Cal-Am. The Order required Cal-Am to terminate unlawful diversions from the Carmel River and to comply with specified conditions. The State Water Board found that Cal-Am has legal rights to divert 3,376 afa of water from the Carmel River, after taking into consideration the reduced capacity of Los Padres Reservoir due to sedimentation. (Order 95-10, p. 25.) Cal-Am's rights to divert 3,376 afa from the Carmel River consist of 1,137 afa of pre-1914 appropriative + 60 afa of riparian + 2,179 afa under License 11866 (Application 11674A).
6. Order 95-10 and D-1632 were both later amended by Orders 98-04 and 2002-02 to allow: 1) direct diversion and diversion to storage throughout the year from the Carmel River at times when flows were physically available over and above fish flow requirements; 2) that the total quantity of water originating in the Carmel River diverted to beneficial use by Cal-Am and MPWMD could not exceed 16,000 af; and 3) that Cal-Am would cease withdrawals of water from the San Clemente Dam and reduce diversions from production well facilities located in Subunit 2 of the Carmel River during low flow periods of the year, except during an emergency. The 16,000 af identified by Order 98-04 includes rights established by License 11866, Permit 7130B, Application 27614, Application 30215, pre-1914 appropriative and riparian rights.
7. In 1995, Cal-Am was diverting about 14,106 afa of water from the Carmel River to supply water to approximately 100,000 people in the greater Monterey Peninsula area. (Order 95-10, p. 1)
8. In Order WR 95-10, the State Water Board found that Cal-Am's diversions were having an adverse effect on: (a) the riparian corridor downstream of river mile 18.5; (b) wildlife dependent upon the corridor; and (c) steelhead and other fish that inhabited the river. (Order WR 95-10, pp. 25-8, 33-34.) There continues to be an annual drawdown or drying of the Carmel River in the area upstream of the Highway 1 bridge. Because Cal-Am is the largest diverter of water on the river, this drawdown of the river is attributable, at least in part, to Cal-Am's illegal diversions from the Carmel River. Cal-Am's pumping from the subterranean stream contributes to the reduction of surface flow. This reduction of flows creates segregated small pools of water that trap and strand steelhead and other fish which inhabit the river. The potential for substantially higher steelhead mortality is mitigated by volunteers from the local community who make two sweeps of the river annually to rescue stranded steelhead. Nevertheless, there are adverse effects on steelhead and other fish caused by the river drawdown.

9. Order 95-10 imposed several conditions on Cal-Am's continued unauthorized diversion from the Carmel River. (Order 95-10, p. 40) Condition number 2 of Order 95-10 states:

*Cal-Am shall diligently implement one or more of the following actions to **terminate** its unlawful diversions from the Carmel River: (1) obtain appropriate permits for water being unlawfully diverted from the Carmel River; (2) obtain water from other sources of supply and make one-for-one reductions in unlawful diversions from the Carmel River, provided that water pumped from the Seaside aquifer shall be governed by condition 4 of the Order which was to maximize production from the Seaside wells to honor servicing the existing connections and honoring existing commitments and to reduce diversions from the Carmel River. (Emphasis added)*

10. Since before 1996 Cal-Am and MPWMD have been attempting to develop other projects to obtain additional water to serve Cal-Am's customers. These projects have consisted of:

- Development and construction of a new Los Padres Dam (1995-1997). The New Los Padres Dam Project was presented to voters in the area in 1997. The project was not approved because of apparent growth inducing concerns in Carmel and the Carmel Valley area of Monterey County.
- Development of the Aquifer Storage and Recovery (ASR) project (2002 to present). Flows of the Carmel River in excess of the National Marine Fisheries Service fishery bypass requirements are proposed to be diverted from the river to underground storage in the Seaside Groundwater Aquifer. The State Water Board, in issuing water right Permit 20808A (Application 27614A) for the ASR project, allows the diversion of up to 2,426 afa of water from the Carmel River when flows exceed the bypass flows necessary for protection of endangered steelhead. Water is to be injected and stored underground in the Seaside Groundwater Aquifer before withdrawn for use.
- Development of the Coastal Water Project (2005-2013). This project proposes a 10,370 afa desalination plant. Three locations are currently being considered for development of the facility.

11. Condition 3(b) imposed by Order 95-10 states:

Urban and irrigation conservation measures shall remain in effect until Cal-Am ceases unlawful diversions from the Carmel River. Conservation measures required by the District shall have the goal of achieving 15 percent conservation in the 1996 water year and 20 percent conservation in each subsequent year. To the extent that the requirement conflicts with prior commitments (allocations) by the District, the Chief, Division of Water Rights shall have the authority to modify the conservation requirement. The base for measuring conservation savings shall be 14,106 afa. Water conservation measures required by this Order shall not supersede any more stringent water conservation requirements imposed by other agencies.

12. In 1996-1997, Cal-Am failed to meet the reduction in diversions from the Carmel River required by Order 95-10 and an Administrative Civil Liability complaint (ACL) was issued. Cal-Am entered into a settlement agreement with the Division in response to that ACL complaint in which Cal-Am agreed to implement additional water conservation measures. In 1998, Cal-Am reduced its diversion of water from the Carmel River from 14,106 afa to 11,285 afa. Since 1998 Cal-Am has submitted quarterly monitoring reports of its monthly water use showing diversions between 9,538 af and 11,178 af of water annually from the Carmel River. During the same period, MPWMD reports Cal-Am's production from the Carmel River between 10,133 afa and 11,179 afa. (MPWMD's Technical Memorandum 2006-02, Table 1) Both of these reported amounts exclude the water diverted from the Carmel River to the Seaside Groundwater Aquifer.

13. MPWMD's Regulation 15, adopted in 1999 and amended in 2005, calls for conservation and rationing of water within the MPWMD/Cal-Am service area in drier years. Since Regulation 15 was adopted, Cal-Am has been operating under Stage 1 Water Conservation guidelines. Regulation 15, as shown below, identifies a plan that can be implemented to reduce water diversion and consumption.
- Stage 1 Water Conservation guidelines call for Cal-Am to maintain its annual production of water from the Carmel River to less than 11,285 afa.
 - Stage 2 Water Conservation guidelines call for Cal-Am to maintain water use under regulatory constraints by implementing Landscape Water Budgets for large irrigators of three acres or more. This conservation level is triggered if Cal-Am fails to meet the end of month target amounts.
 - Stage 3 Water Conservation guidelines call for an immediate additional 7% reduction in water use if Cal-Am's current year to date end of month production amount exceeds the historical average year to date end of month production amount: 1) twice during the November to March period of each year; or 2) once during the April to September period of each year.
 - Stage 4 Water Rationing guidelines call for an additional 15% reduction in water use beginning June 1 or earlier, if on May 1 the total usable storage available to Cal-Am is less than 27,807 af but not less than 21,802 af.
 - Stage 5 Water Rationing guidelines call for an additional 20% reduction in water use beginning June 1 or earlier, if on May 1 the total usable storage available to Cal-Am is less than 21,802 af but not less than 15,615 af. If total usable storage is equal to or greater than 27,807 af on May 1, no water rationing is imposed.
 - Stage 6 Water Rationing guidelines call for an additional 35% reduction in water use beginning June 1 or earlier, if on May 1 the total usable storage available to Cal-Am is less than 15,615 af but not less than 9,610 af. If total usable storage is equal to or greater than 27,807 af on May 1, no rationing shall be imposed.
 - Stage 7 Water Rationing guidelines call for an additional 50% reduction in water use beginning June 1 or earlier, if on May 1 the total usable storage available to Cal-Am is less than 9,610 af. If total usable storage is equal to or greater than 27,807 af on May 1, no water rationing shall be imposed.
14. Since 1995, the population of the Monterey Peninsula area has increased from 100,000 to the current population figure of 112,000. In water year 2006 Cal-Am reportedly diverted 10,540 af from the Carmel River for consumptive use. The record of water diverted from the Carmel River during water year 2007 is incomplete because, as of the date of this action, Cal-Am has failed to file the 2007 fourth quarter report as required by condition 13a of Order 95-10.
15. On May 18, 2007, MPWMD met to discuss the future water needs for the Monterey Peninsula area including Carmel, Monterey and Seaside, The Presidio (Department of Army), Del Rey Oaks, Pacific Grove, Sand City, and the Monterey Peninsula Airport District. Based on the general plans provided by each entity within the service area, MPWMD estimates the total amount of water needed for future development to be an additional 4,545 afa.
16. On November 30, 2007, the State Water Board amended Permit 20808 (Application 27614) with the issuance of Permit 20808A that allows for the diversion of up to 2,426 af of water from the Carmel River for injection into wells located in the Seaside Aquifer as part of the ASR project. Permit 20808A requires that for the protection of the steelhead fishery in the Carmel River, minimum instream bypass flow requirements must be met before diversions from the Carmel River may occur.

17. Order 95-10 condition 2 intended that Cal-Am would make one-for-one reductions in the unlawful diversions from the Carmel River for water obtained from other sources, such as conservation. The current water management strategy used by Cal-Am/MPWMD, however, has not resulted in any significant reduction of unlawful diversions from the Carmel River since 1998. Instead, it appears that water savings resulting from conservation efforts have been redirected to support marginal increases in development.

THE STATE WATER BOARD FINDS:

1. Since 2000, Cal-Am has illegally diverted at least 7,164 afa from the Carmel River. Even with the approval of amended Permit 20808A, Cal-Am will still need to illegally divert between 4,738 afa and 7,164 afa (depending on the type of water year) to meet its current level of water use unless additional conservation measures are mandated and/or alternative sources are utilized. This continued diversion is considered a trespass under Water Code section 1052.
2. Cal-Am's unauthorized diversions continue to have adverse effects on the public trust resources on the Carmel River and should be reduced.
3. In the 12 years since Order 95-10 was adopted, Cal-Am has not complied with condition 2 of that Order which requires Cal-Am to terminate its unlawful diversions from the Carmel River. In fact, Cal-Am received an ACL in 1996-1997 for failure to reduce diversion from the Carmel River and in subsequent years has not made any significant reductions in its diversions beyond the initial 20% reduction required by condition 3(b) of Order 95-10.
4. Cal-Am's failure to reduce its unauthorized diversion along with the continued increase in demand for water within the Cal-Am/MPWMD service area, due to population growth and continued development, demonstrates a substantial risk that Cal-Am will continue its unauthorized diversions unless the State Water Board takes further action.

IT IS HEREBY ORDERED, pursuant to sections 1831 through 1836 of the Water Code, Cal-Am shall cease and desist from diverting water from the Carmel River in excess of its legal rights in accordance with the following corrective actions:

1. Commencing on October 1 of the water year (October 1 through September 30) following the date of this Order, Cal-Am shall reduce its unauthorized diversions from the Carmel River in accordance with the following reduction schedule until all unlawful diversions of water from the Carmel River have been curtailed:

Water Year*	Percent Reduction**	Max. End of Year Diversion Amount
2008-09	15 percent	9,592 afa
2009-10	15 percent	9,592 afa
2010-11	20 percent	9,028 afa
2011-12	20 percent	9,028 afa
2012-13	35 percent	7,335 afa
2013-14	35 percent	7,335 afa
2014--	50 percent	5,642 afa

* A water year is defined as October 1 of each year to September 30 of the succeeding year.

**The base line for measuring the percent reduction shall be 11,285 afa.

Water diversion reduction measures required by this Order shall not supersede any more stringent water conservation requirements imposed by other agencies.

2. The State Water Board Deputy Director for Water Rights (Deputy Director) shall have the authority to modify the above reduction diversion schedule upon a showing by Cal-Am or MPWMD that such a reduction would have adverse impacts on public health and safety.
3. Within 90 days of the date of this Order, Cal-Am shall submit a work plan detailing how Cal-Am will comply with the above schedule for reducing water diversion from the Carmel River while developing alternative sources of supply to bring Cal-Am into compliance with its legal water right entitlements. The work plan shall consider all practical measures to reduce Carmel River demand or increase supplies and shall have a time line for achieving these measures. Cal-Am shall modify the plan in accordance with direction from the Deputy Director and shall implement the final work plan after its approval by the Deputy Director.

Upon the failure of any person or entity to comply with a CDO issued by the State Water Board pursuant to chapter 12 of the Water Code (commencing with section 1825), and upon the request of the State Water Board, the Attorney General shall petition the superior court for the issuance of prohibitory or mandatory injunctive relief as appropriate, including a temporary restraining order, preliminary injunction, or permanent injunction. (Water Code, § 1845, subd. (a).) Section 1845, subdivision (b) of the Water Code provides:

- (1) Any person or entity that violates a cease and desist order issued pursuant to this chapter may be liable for a sum not to exceed one thousand dollars (\$1,000) for each day in which the violation occurs.
- (2) Civil liability may be imposed by the superior court. The Attorney General, upon request of the [board], shall petition the superior court to impose, assess, and recover those sums.
- (3) Civil liability may be imposed administratively by the [board] pursuant to section 1055.

STATE WATER RESOURCES CONTROL BOARD

James W. Kassel
Assistant Deputy Director for Water Rights

Dated:

July 17, 2007

To: Susan Craig
427-4877

COMBINED CHART
LISTED CHRONOLOGICALLY

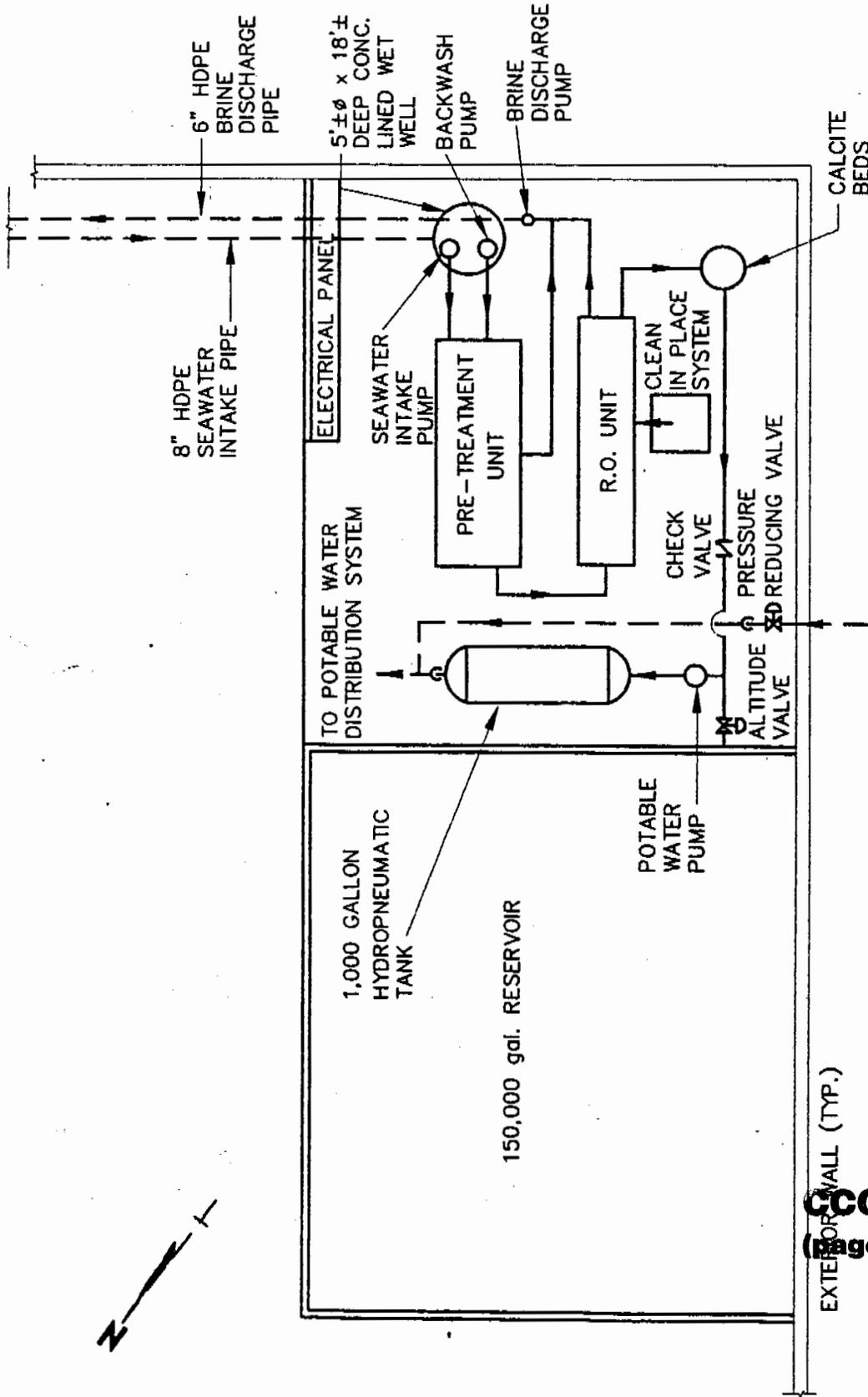
PROJECT NAME	TYPE OF PROJECT	ADDRESS	DATE SUBMITTED	EXISTING BATHROOMS	EXISTING WATER USE (1)	TYPE & NUMBER OF NEW FIXTURES (2)	H2O REQUEST	PROPOSED WATER USE (A/F)	RUNNING REQUEST TOTAL
Sumida, new SFR	New SF	36 Via Caribinea	02/07/2003	NA	NA	2 1/2 baths, kitchen, laundry (24.15)	0.242	0.242	0.242
Beardley, new Mixed-Use	New SF	201 Cannery Row	03/25/2003	NA	NA	1/2 & 2 1/2 baths, wash mach, sinks (04.6)	0.84	0.975 (3)	1.292
St. John's Greek Church	Comm/Inc	3061 Maricerey/Salinas Hwy	04/06/2003	NA	0	Fatiguous Assembly	0.766	0.704	1.788
Real, new SFR	New SF	50 Ponta Vista Pl	07/16/2003	NA	NA	2 1/2 baths, kitchen, laundry (24.9)	0.249	0.249	2.337
Real, new SFR	New SF	48 Ponta Vista Pl	07/16/2003	NA	NA	2 1/2 baths, kitchen, laundry (24.9)	0.249	0.249	2.286
Real, new SFR	New SF	54 Ponta Vista Pl	07/16/2003	NA	NA	2 1/2 baths, kitchen, laundry (24.9)	0.249	0.249	2.535
Real, new SFR	New SF	52 Ponta Vista Pl	07/16/2003	NA	NA	2 1/2 baths, kitchen, laundry (24.9)	0.242	0.242	2.764
Tedgewa, new SFR	New SF	685 Newby St	08/21/2003	NA	NA	2 1/2 baths, kitchen, laundry (24.15)	0.249	0.249	3.026
Yingst, new SFR	New SF	780 Lyndon St	08/21/2003	NA	NA	2 1/2 baths, kitchen, laundry (24.9)	0.123	0.123	3.375
Rhett Smith Mixed-Use	Comm/Inc	774 Waves Street	09/02/2003	NA	0 (1)	Commercial Office	0.201	0.201	3.388
Cathy Trust, new SFR	New SF	848 Filmore St	09/14/2003	NA	NA	2 baths, kitchen, laundry (20.3)	0.086	0.25	3.559
Great Beginnings Childcare	Comm/Inc	614 Cypress Street	12/03/2003	NA	0.161	12 Children Added	1.62	1.62	3.685
Firn, Colten & Hours Ptn	Comm/Inc	425 Pacific/426 Calle Principal	12/17/2003	NA	1.3	Commercial Office	0.267	0.267	3.965
Jack Stracz	Comm/Inc	788 Waves Street	04/12/2004	NA	0	Commercial Office	0.057	0.034	4.232
S. Shaw-Hare on Houston	Comm/Inc	578 B Houston Street	04/30/2004	NA	0.0224	Hair Salon (2 stations)	2.245	0.245	4.504
Richards, Robt & Richard	New SF	678 Newlon Street	05/07/2004	NA	NA	2 1/2 baths, kitchen, U/F laundry (24.3)	0.249	0.249	4.783
Climer, Chrs & Dentice	New SF	418 High Street	02/11/2005	NA	NA	2 1/2 baths U/F dishwasher, oversize Lb	0.246	0.246	5.029
Hamilton, Maurice & Vivian	New SF	23 Yerba Buena Ct	02/14/2005	NA	NA	2 1/2 bath, U/F washing mach, HW	0.039	0.166	5.068
Cardinale, Frank	SF Remodel	774 Spencer St	07/11/2005	1	0.427	2 full baths (3.9 F.U.s)	0.106	3.42	5.174
Patel, Ramesh	Comm/Inc	1300 Wainua Avenue	07/21/2005	NA	3.314	Hotel Rooms (2)	27.89	27.89	33.064
Ocean View Plaza	Comm/Inc	497-470-570 Cannery Row	07/21/2005	NA	0	Mixed-Use Project	0.101	0.234	33.165
Khalia, Sakirah	SF Remodel	643 Remond Ave	10/17/2005	1	0.055	2 full baths (10.1 F.U.s)	0.219	0.219	33.384
Haitley, Mery	New SF	747 Filmore St	02/13/2006	NA	NA	1 & 1/2 baths, washing mach & utility sink	0.243	0.243	33.627
Tri, Hyun Sook	New SF	4 Craimden Drive	03/08/2006	NA	NA	2 & 1/2 baths, U/F wash mach & dishwasher	0.392	0.392	34.019
Focummayeh, Farhad	3 Real Units	601 Lynton St	03/23/2006	NA	NA	3 units - each w/ 1 bath & wash mach	0.164	0.164	54.183
Michel, Steve	New SF	78 Via Ventura	03/24/2006	NA	NA	3 baths, U/F toilets, dishwasher & wash mach	0.074	0.161	34.237
Espannaco, Vince	SF Remodel	30 Boronia Lane	05/30/2008	1	0.107	1 1/2 baths (7.1 F.U.s)	0.167	0.328	34.424
Mr. & Mrs. Carl	SF to Multi-Family	119 Montecito	08/14/2006	2.5	0.161	4 full baths, dish. and clothes washers	0.058	0.274	34.482
Jr. Jorge Duarte	SF to Mixed-Use	498 Venster	09/01/2006	2	0.216	875 square feet of commercial space	0.047	0.248	34.529
Dee & Tracy Regan	SF Remodel	140 Tide Ave	05/23/2007	2	0.134	1 Full Bath			

RECEIVED

NOV 02 2007

CALIFORNIA
COASTAL COMMISSION
CENTRAL COAST AREA

CCC Exhibit 12
(page 1 of 1 pages)



**REVERSE OSMOSIS
PLANT - PLAN**

CONNECTED TO
CAL-AM WATER
CO. PIPING

**REVERSE OSMOSIS
PLANT - PLAN**

SCALE:

CCC Exhibit 13
Page 1 of 4 pages

000651

FIGURE 40
DESALINATION PLAN



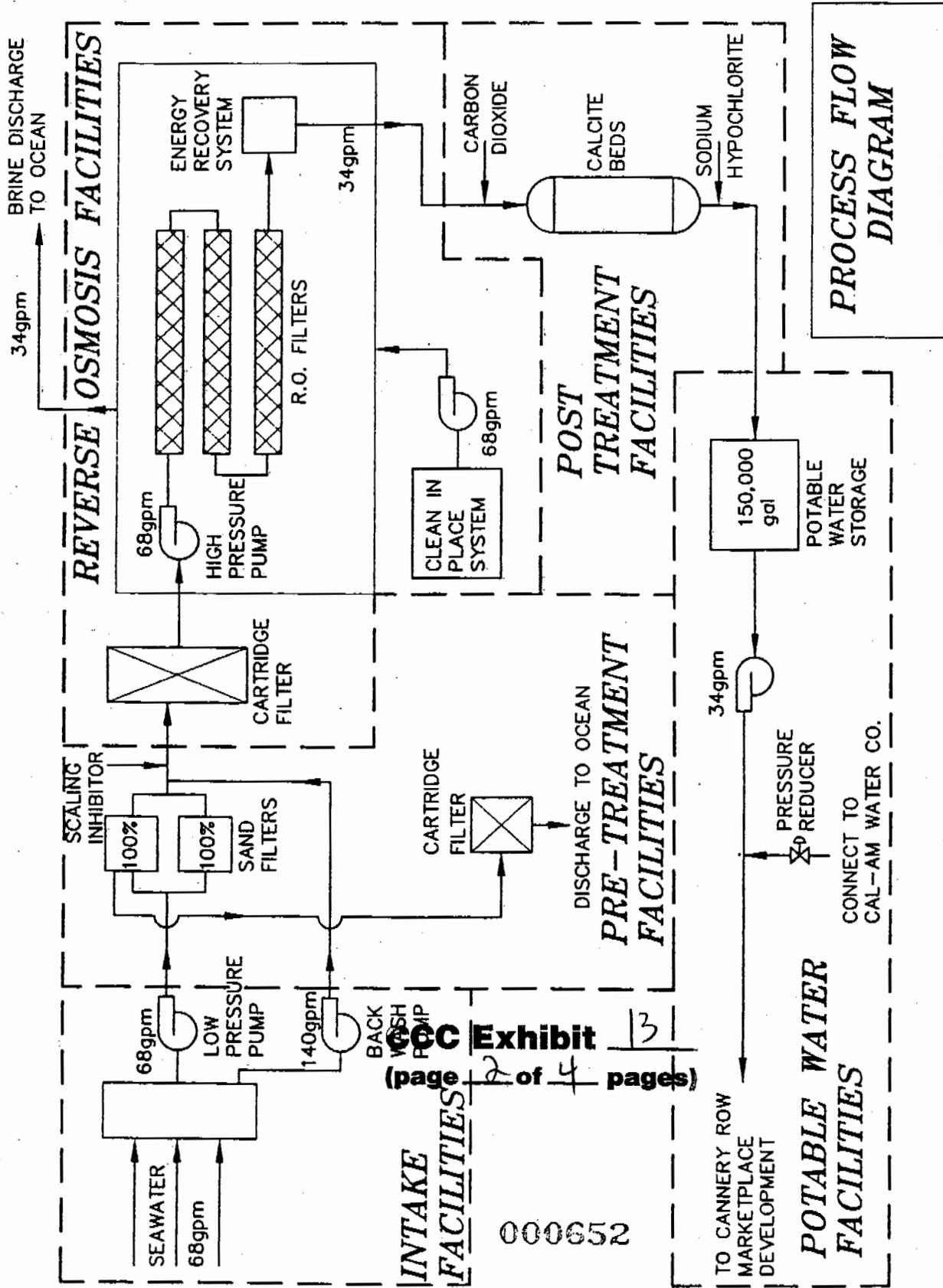
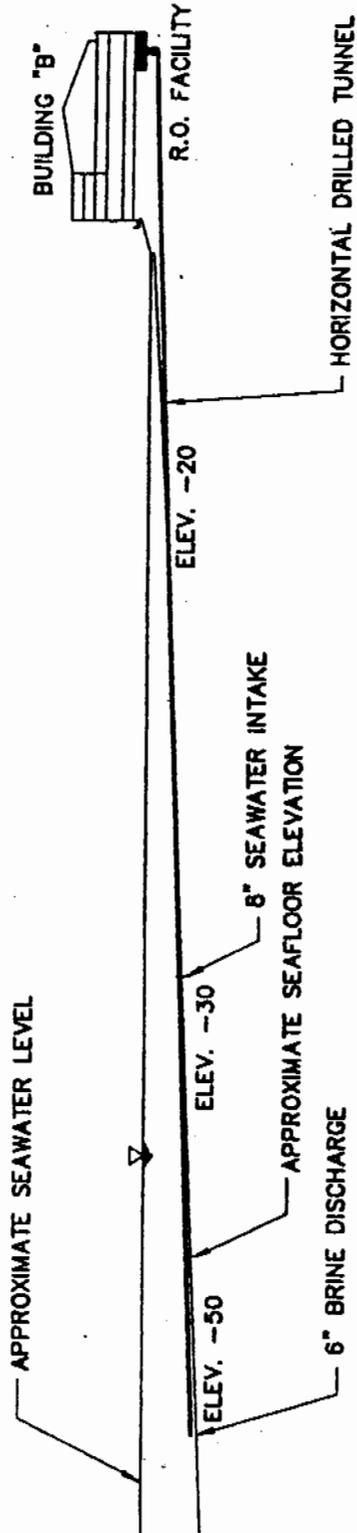


FIGURE 41
DESALINATION
PROCESS FLOW
DIAGRAM

Exhibit 3
page 2 of 4
page 6

000652



**INTAKE & DISCHARGE
PIPELINE PROFILE**

PROFILE
NO SCALE

NOTE:
ELEVATIONS BASED ON
MEAN LOW LOW WATER LEVEL

CCC Exhibit 13
(page 3 of 4 pages)

000657

FIGURE 43
INTAKE AND DISCHARGE
PIPELINE PROFILE





Technical Memorandum

Evaluation of Alternatives to an Open Ocean Intake

Cannery Row Project

Monterey, California

Introduction

Cannery Row Marketplace LLC (CRM) has engaged PB to perform a feasibility level engineering study to determine if a subsurface (below the ocean floor) intake structure is a feasible engineering alternative to the open ocean intake that is currently proposed for the Cannery Row project. This Technical Memorandum presents our evaluation of this alternative as well as a comparison of this alternative with the currently proposed open ocean intake.

Background

CRM intends to develop the Ocean View Plaza along Cannery Row and to utilize a seawater reverse osmosis (SWRO) system to provide potable water to the development. The required seawater intake capacity of the SWRO system is to be between 80 and 120 gallons per minute (gpm). To meet these feedwater requirements, the intake will likely consist of two parallel 6-inch-diameter high density polyethylene (HDPE) intake pipes connected to a screened intake system. Two intake pipes are being installed to allow for maintenance of one line, while still providing a continuous supply of feedwater through the other line. It is our understanding that CRM intends to use only one intake pipe at a time to supply feedwater. An open ocean intake system is currently proposed for the seawater intake. This open ocean intake design was selected because it is similar to the open ocean intake currently operated by the Monterey Bay Aquarium, which has proven to be a reliable design with minimal impacts to the surrounding marine environment. Nonetheless, CRM has been requested by Coastal Commission staff to evaluate the feasibility of a subsurface or below ocean bottom intake system.

Approximately 45-85 gpm of concentrate or process reject water will be generated as part of the SWRO process. This concentrate will be discharged through a 6-inch-diameter HDPE pipe to an open ocean discharge point located about 1,200 feet offshore and located far enough away from the intake to ensure the effluent is not mixed with intake feedwater. The discharge pipeline will be constructed in conjunction with the intake line.



Horizontal Directional Drilling

The land portion and nearshore subsurface segments of the intake and discharge pipes will be installed via Horizontal Directional Drilling (HDD) methodology. An HDD rig will be located within the project property on the landward side of Cannery Row Street and will be used to advance a "horizontal" borehole through the underlying granite formation to a location about 350 feet from the Cannery Row site, where the horizontal bore will exit the granite formation at a point immediately adjacent to a submarine sand channel (See Figure 1). This exit point is expected to be at a water depth of about 25 feet (MLLW); a profile view of the bore is shown on Figure 2.

The onshore and nearshore portion (extending to the HDD exit point) of the open ocean intake system and the subsurface intake alternative we evaluated will be installed in the following manner. Initially, the HDD rig will drill an approximately 8.5-inch diameter pilot hole, and eventually expand that hole to a final approximately 20-inch-diameter "tunnel" using reaming techniques. The two, approximately 6-inch-diameter intake pipes and the one, approximately 6-inch-diameter discharge pipe will then be bundled together and installed, or pulled into the final HDD bore. At the HDD exit point, permanent collar anchors will be installed around the three pipes, and the seafloor extension sections will be attached by a bolted flange connection.

Starting at the HDD exit point, the HDPE (or comparable material) pipes will be jettied into the surficial sediment of the sand channel and will be anchored in place by concrete weights attached to the pipes. The exact configuration of the weights has not yet been fully defined. From the HDD exit point, the current double pipe intake design will extend offshore approximately 450 feet farther to a depth of about the 40 feet (Figure 1).

The concentrate discharge line with diffuser will be similarly jettied into the sediment but will be extended an additional 400 feet or so offshore to a depth of about 50 feet.

Open Ocean Intake

At the terminus of the intake lines, the open ocean intake will be installed. The intake will consist of a 1 to 3 foot vertical riser that is perforated at the top and is attached by bolted flange connection and fitted with a velocity cap. The risers will be perforated with 1-inch-diameter ports through which the seawater will be drawn; the ports will also be fitted with a screen.



According to the criteria established in the "Ocean View Plaza, Draft Environmental Impact Report, dated April 2001" (the Draft EIR), the perforations (ports) of the open ocean intake would be fitted with a stainless steel screen to reduce entrainment of suspended material and marine debris. The stainless steel screen is to be designed with a mesh size not to exceed 0.125 inches, and would be fitted with a "velocity cap" which would reduce the maximum intake velocity to less than 0.2 feet per second (fps) to reduce entrainment of suspended material and debris and prevent passage of small fish and marine organisms. As described in the EIR, an open ocean intake velocity of less than 0.2 fps would result in insignificant impacts to the marine environment, including those of entrainment or impingement.

Subsurface Intake

PB evaluated the feasibility of constructing a subsurface (below sea-floor bottom) intake to supply seawater to the planned SWRO plant. The main difference between this alternative and the Open Ocean intake is that the intake system will consist of horizontally oriented pipes placed inside well screens buried beneath the sand deposits on the ocean bottom. The overlying sand layer will separate the open ocean from the intake pipes. Our experience indicates that the subsurface intake lines should be continuously buried beneath at least 5 feet of uniform sandy material to be effective.

Jet probing results cited in TEG's "Ocean View Plaza Desalination Plant, Offshore Drilling Program, Cannery Row, Monterey, California" report dated January 2004, indicate that an approximately 6 to 7 foot-thick sand overburden layer is present along the proposed intake alignment in water depths between approximately 36 to 46 feet. At a depth of about 51 feet (about 1,000 feet offshore), the sediment overburden thickness increased to approximately 15 feet. Prior studies indicate that the sand layer appears to be well sorted, with between 92% and 96% of the sediment having a median grain size ranging from 170 to 200 microns in diameter. Based on this grain size range, our preliminary suggestion would be utilize a well screen that would screen out or exclude grain sizes larger than 140 to 150 microns. To achieve the required intake water supply volume of 80 to 120 gpm utilizing our suggested well screen size, we estimate that the well screens would have to be approximately 30 feet in length. However, the distribution, thickness, and grain size of the sediments are inherently variable throughout the year, and an adequately-thick sand layer must be continuously present to accommodate the successful construction and operation of a subsurface intake system.



Our design concept calls for attaching 20-foot-long sections of 6-inch-diameter perforated pipe onto the end of the intake lines, and inserting these perforated sections into 30-foot-long sections of 8-inch-diameter wells screens, as described above. The perforations in the pipe would facilitate seawater inflow. These screened sections would be buried beneath at least 5 feet of marine sand. A schematic cross-section of the two intake pipes inside of well screens is shown as Detail No. 1.

In order to insure as much as possible that sufficient sand cover is maintained over the intake pipes, we recommend that the horizontal intakes be placed within a sand-filled precast pipeline intake chamber. For this alternative, the two intake pipes would extend out to the same location as the proposed open ocean intake (about 800 feet offshore and at a depth of about 40 feet). Eight-foot-long sections near the end of the intake pipes would be perforated to facilitate water inflow. An approximately 3-foot-long unperforated section would be attached on to the very end of the pipes. The perforated sections would be inserted into slotted well screens as described above, and the perforated pipe/well screen assembly would be housed within the pipeline intake chamber.

Our preliminary design calls for the pipeline intake chamber to be a concrete vault that is approximately 15 feet in length, 6 feet wide, and 6 feet high. The vault will be divided into two chambers (one being approximately 10 feet in length and the other being approximately 3 feet in length) separated by a concrete wall with two holes. A schematic diagram of this alternative is shown in Detail 2. The perforated and screened section will be placed in the longer chamber with the unperforated section inserted through the holes into the smaller chamber. A flap valve will be placed at the end of each pipe inside of the smaller chamber.

The part of the pipeline intake chamber housing the perforated/screened section will contain a layer of uniform, well sorted sand material, to about 6 inches from the top of the vault. The well screen slots will have a mesh size that is smaller than the diameter of the sand to minimize sediment intake.

A highly permeable geotextile fabric will be placed on top of the sand layer, and held in place with large rocks or cobbles. This will allow for the removing of finer material that may accumulate on top of the sand intake by water jet, without disturbing sand layer within the vault.

The top of the smaller chamber will be fitted with a removal cover, to allow access to the vault and allow for removal of pigs sent through the intakes for cleaning and maintenance purposes.



The large surface area of the screen (approximately 12 square feet with about 40% of the screen area open) would result in intake velocities of less than 0.1 feet per second. See Detail No. 2.

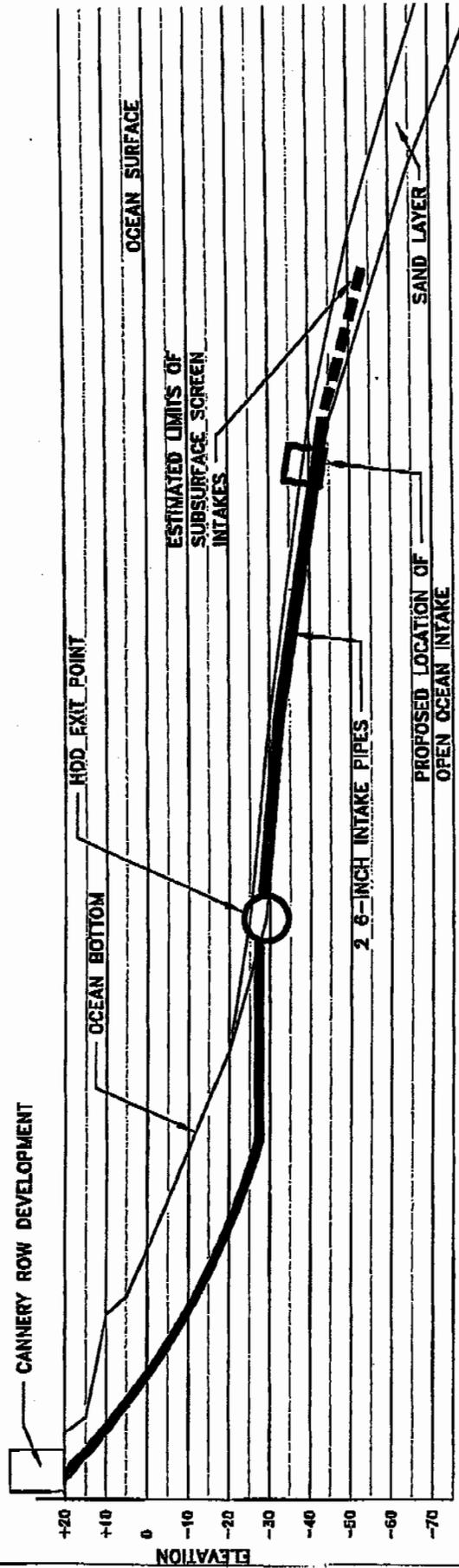
The pipeline intake chamber can be assembled with the screens and pipe on the surface before it is lowered into place. The depth of the pipeline intake chamber beneath the sea floor sediments needs to be coincident with the depth of the intake pipes extended out to this point.

Conclusions

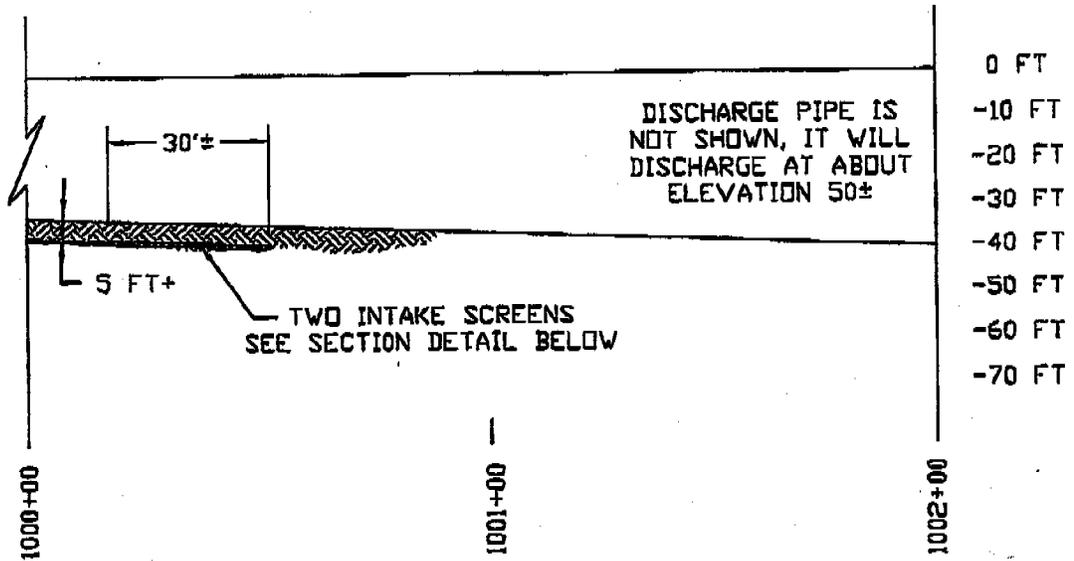
PB evaluated the feasibility of supplying 80 to 120 gpm of feedwater to the CRM SWRO treatment facility via a subsurface intake and developed a subsurface intake alternative that could meet the SWRO facility supply requirements.

- Based on this evaluation, we believe that because sediment distribution, thickness, and grain size are variable during the course of the year, we cannot confirm that a subsurface intake is feasible at this site. Any subsurface intake should include a submerged pipeline intake chamber to hold and maintain the required thickness of filtering sand material.
- Due to the extremely low intake velocities associated with both the open ocean intake and the subsurface intake alternatives, it is our opinion that there would be negligible benefits, if any, obtained from constructing a subsurface intake rather than the currently proposed open ocean intake relative to the potential for "impingement and entrainment."

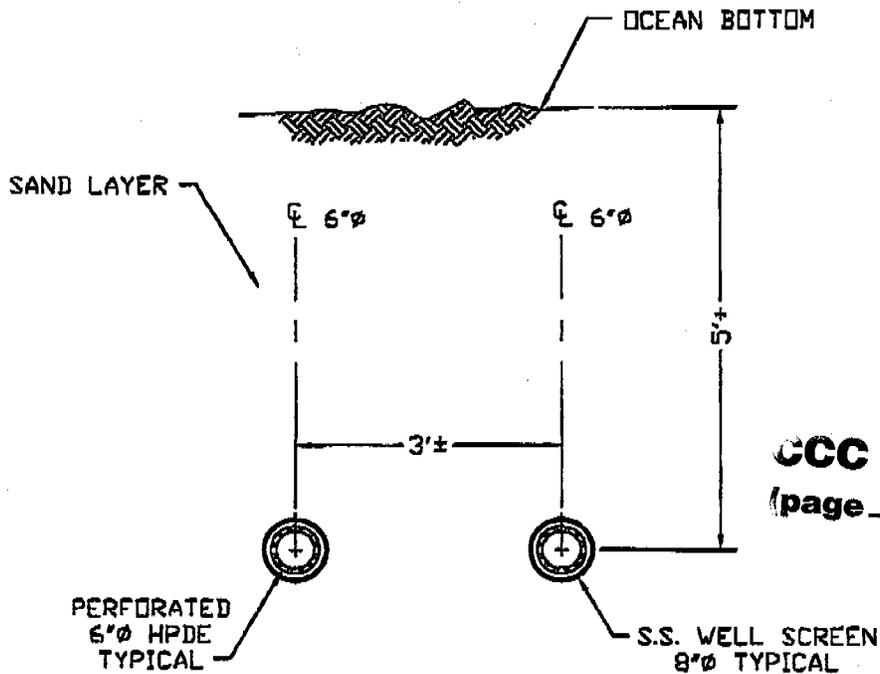
FIGURE 2. INTAKE PROFILE



DETAIL 1 SUBSURFACE INTAKE SCREENS



PROFILE



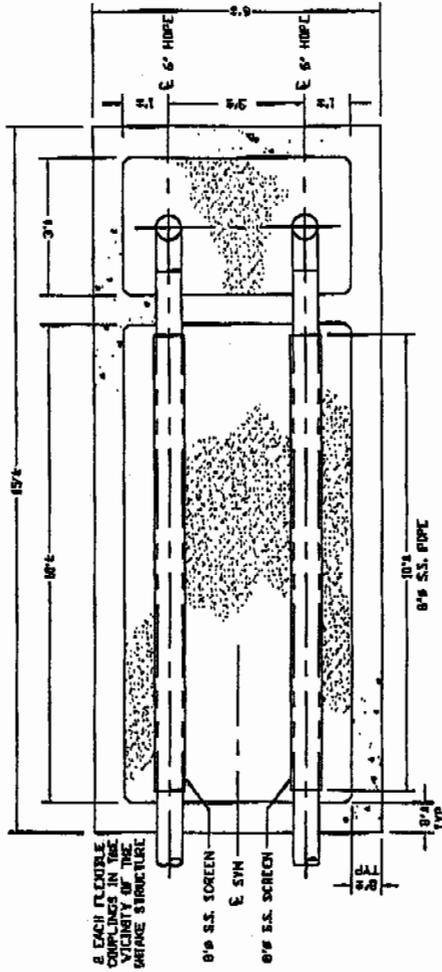
CCC Exhibit 14
(page 8 of 9 pages)

NOT TO SCALE

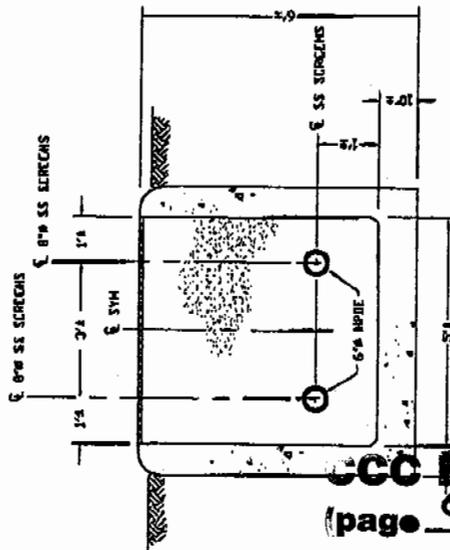
SECTION DETAIL

JUNE 2007

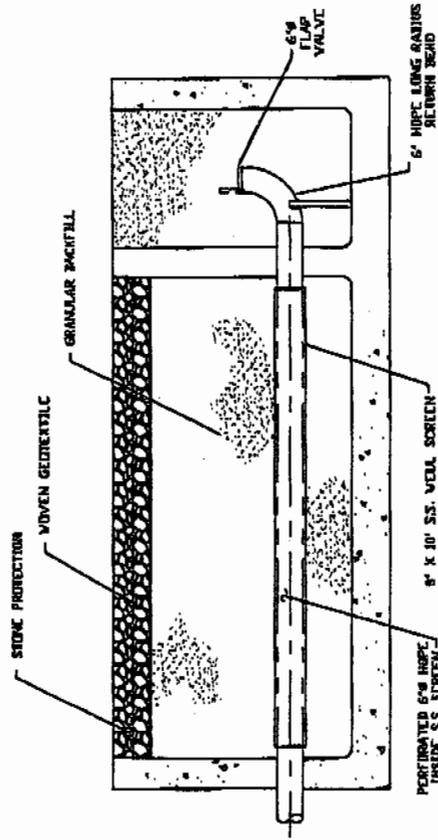
DETAIL 2 SUBSURFACE INTAKE INCLUDING A PIPELINE ENCASEMENT



PLAN VIEW



TYPICAL CROSS SECTION



LONGITUDINAL SECTION

NOT TO SCALE

JUNE 2007

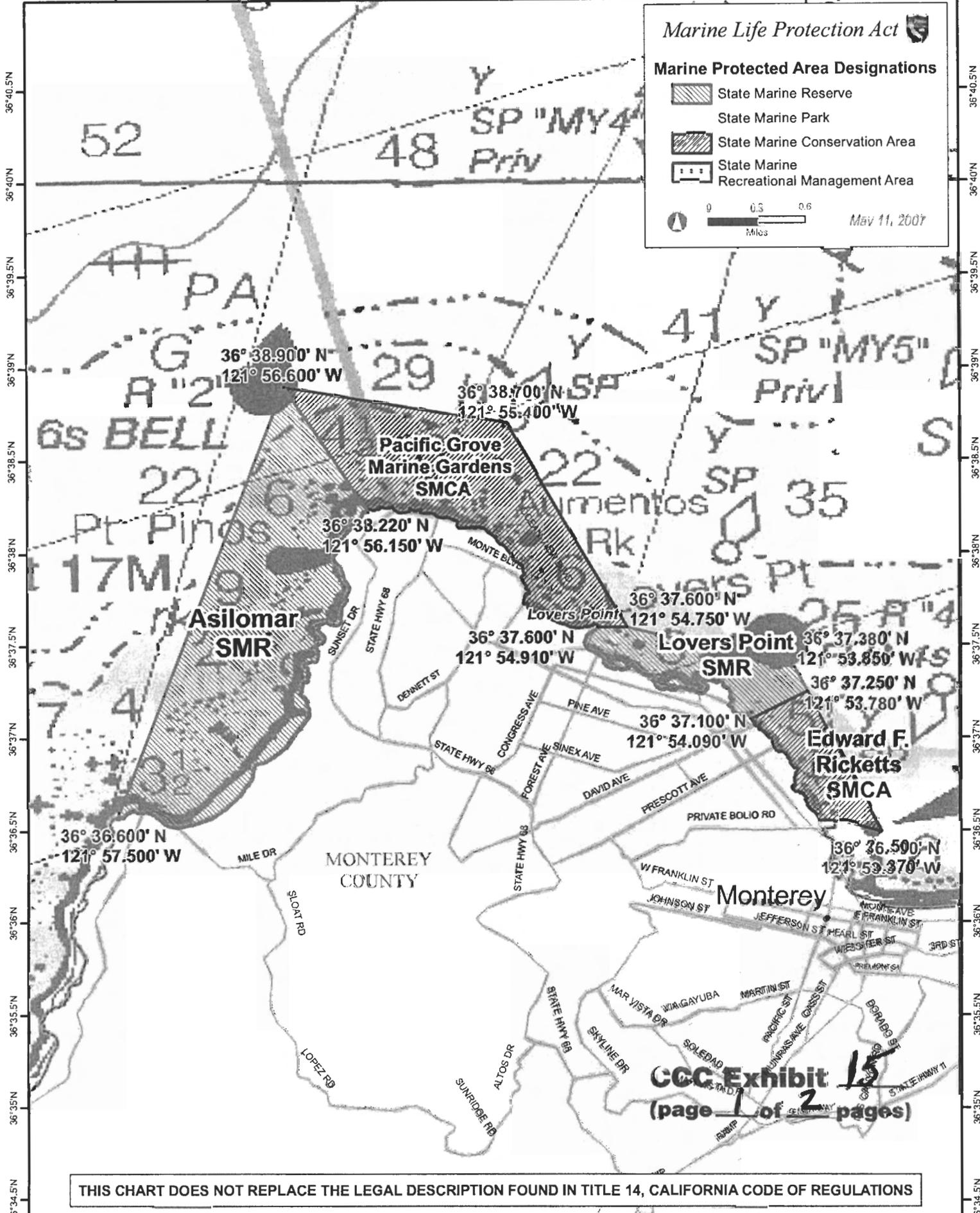
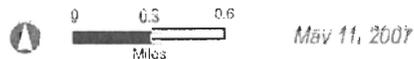
14

121°57.5'W 121°57'W 121°56.5'W 121°56'W 121°55.5'W 121°55'W 121°54.5'W 121°54'W 121°53.5'W 121°53'W

Marine Life Protection Act

Marine Protected Area Designations

-  State Marine Reserve
-  State Marine Park
-  State Marine Conservation Area
-  State Marine Recreational Management Area



36° 38.900' N
121° 56.600' W

36° 38.700' N
121° 55.400' W

36° 38.220' N
121° 56.150' W

36° 37.600' N
121° 54.750' W

36° 37.600' N
121° 54.910' W

36° 37.380' N
121° 53.850' W

36° 37.100' N
121° 54.090' W

36° 37.250' N
121° 53.780' W

36° 36.600' N
121° 57.500' W

36° 36.500' N
121° 53.370' W

CCC Exhibit 15
(page 1 of 2 pages)

THIS CHART DOES NOT REPLACE THE LEGAL DESCRIPTION FOUND IN TITLE 14, CALIFORNIA CODE OF REGULATIONS

121°57.5'W 121°57'W 121°56.5'W 121°56'W 121°55.5'W 121°55'W 121°54.5'W 121°54'W 121°53.5'W 121°53'W

**Edward F. Ricketts State Marine
Conservation Area**

[JPEG Chart](#) | [JPEG Image](#) | [PDF Chart](#) | [PDF Image](#)

Boundary: This area is bounded by the mean high tide line and straight lines connecting the following points in the order listed:

36° 36.50' N. lat. 121° 53.37' W. long.;
36° 37.25' N. lat. 121° 53.78' W. long.; and
36° 37.10' N. lat. 121° 54.09' W. long.

Permitted/Prohibited Uses: Take of all living marine resources is prohibited except:

- The recreational take of finfish by hook-and-line is allowed.
- The commercial take of giant kelp (*Macrocystis pyrifera*) and bull kelp (*Nereocystis spp.*) is allowed by hand in the area defined by subsection 165(c)(4)(D) under the following conditions:
 - Any individual kelp harvester with a valid permit issued pursuant to Section 165 may take no more than 12 tons of kelp from the portion of Administrative Kelp Bed 220 within the Edward F. Ricketts State Marine Conservation Area in any calendar month.
 - Duplicate landing records must be kept on board the harvest vessel in accordance with the requirements of Section 165.

CCC Exhibit 15
(page 2 of 2 pages)

AGREEMENT CONCERNING OCEAN VIEW PLAZA PROJECT

This AGREEMENT ("Agreement") is made by and between the City of Monterey, a California municipal corporation ("City"), California-American Water Company, a California corporation ("CAW") and Cannery Row Marketplace LLC, a California limited liability company ("Developer") as of December 1, 2005. City, CAW and Developer are collectively referred to as the "Parties."

Recitals

- A. CAW is a California public water utility regulated by a number of public agencies including the California Public Utilities Commission ("CPUC") and the State Water Resources Control Board ("SWRCB"). The City of Monterey, including the location of the Project described below, is within CAW's certificated service area under the rules of the CPUC.
- B. Developer is developing Ocean View Plaza Project, a multi-use commercial and residential project within the City ("Project"), which is defined by certain project area boundaries set forth on the attached Exhibit "A". Due to regulatory limitations imposed upon CAW under the terms of SWRCB Order WR 95-10, as amended, CAW is currently not allowed to expand its water service, including providing water service to the Project. CAW is working to develop a major water supply project to address SWRCB Order WR 95-10 but such project will not be on line soon enough to meet the deadlines faced by Developer. In the meantime the Project needs an interim, alternative water supply.
- C. City and Developer desire to have CAW provide water service to the Project. However, because CAW is not now able to serve the Project, Developer, CAW and the City have agreed that the City should form or cause to be formed a limited purpose community services district ("CSD") to provide water service to the Project only until such time as CAW is able to do so.
- D. Timely development of the Project is in the public interest.
- E. Nothing in this Agreement is intended to reduce or in any way limit or change the service area of CAW. CAW's service area will continue to include the Project site to allow for future water service when CAW provides written notice (the "Will Serve Notice") to the CSD and Developer that CAW is ready, willing and able to provide water service to the Project on the same terms and conditions that CAW provides water service to the remainder of its service area within the City.
- F. Nothing in this Agreement is intended to reduce or in any way limit CAW's rights

under its existing franchise agreement with the City, except to the extent expressly provided herein.

NOW, THEREFORE, the Parties agree as follows:

1. Recitals. Each of the foregoing Recitals is a part of this Agreement.
2. Formation of CSD.

(a) To address the specific issue of providing water to the Project, City will take all steps necessary to form a CSD for that limited purpose. The CSD shall be created in a fashion that expressly permits the CSD to provide water (i) solely to the Project and within the Project area boundaries and (ii) solely for the time period (the "CSD Water Service Period") commencing with the date on which Developer has completed construction of, and dedicated to the CSD, the desalination plant and related water system (the "Project Water System") until the time that CAW has provided the Will Serve Notice to the CSD and Developer (and such additional period as is necessary for CAW to provide hookups and commence water service to the Project). The formation documents for the CSD shall also expressly include language that will (x) facilitate and allow its dissolution upon the occurrence of any of the dissolution events described in Sections 3 or 5 of this Agreement and (y) require the decommissioning of the desalination plant and the removal by Developer of the on-site equipment that is part of the Project Water System within ninety (90) days following CAW's commencement of water service to the Project, subject to any extensions that may be reasonably required to facilitate the orderly removal of the equipment (the "Equipment Removal Obligation"). The foregoing conditions of formation (the "Formation Conditions") shall be limited to what is permitted by applicable law, and Developer shall provide CAW within ten days of the date hereof with an opinion of legal counsel that the Formation Conditions in the formation documents approved by LAFCO would be enforceable under applicable law, subject to such qualifications and limitations as are typically included in such legal opinions.

(b) In connection with the formation of the CSD and subject to the terms and conditions set forth in this Agreement, CAW agrees:

(i) Not to oppose such action and to support the City's efforts to form the CSD;

(ii) So long as CAW is not able to serve water to the Project, to waive its rights under Chapter 8.5 [Service Duplication], commencing with Section 1501, of the California Public Utilities Code. CAW also agrees that the formation of the CSD by the City for such limited purposes will not be treated by CAW as a basis for any claims against the City, including without limitation any claim based upon violation of CAW's franchise agreement with the City or for inverse condemnation;

(iii) To release the City and the CSD and their respective directors, officers, managers, employees, contractors, agents and representatives from any and all actions, proceedings, claims, damages, losses, obligations, liabilities and expenses, including attorneys'

fees, known or unknown, existing or contingent, based upon, arising out of or relating to (x) the formation of the CSD for the purposes and on the terms and conditions described in this Agreement, (y) the CSD's provision of water to the Project for the CSD Water Service Period on the terms set forth in this Agreement or (z) a claim that matters permitted by this Agreement constitute inverse condemnation and/or an exercise of the power of eminent domain by the City or the CSD or a breach of the franchise agreement between the City and CAW.

3. LAFCO Conditions of Approval. City covenants and agrees with CAW that City will recommend to LAFCO that LAFCO include each of the following conditions in its approval of the formation of the CSD:

(a) That any water service ever provided by the CSD will be limited to the Project and only within the Project area boundaries set forth on Exhibit A;

(b) That the CSD shall provide water service to the Project only during the CSD Water Service Period and shall cooperate with CAW to transition the water service to CAW promptly upon expiration of the CSD Water Service Period;

(c) That the CSD's governing board will be required to apply to LAFCO for dissolution of the CSD at such time as required by Sections 5(a) or 5(b) below; and

(d) That the members of the City Council of City will be appointed as the board of directors of the CSD.

In the event that LAFCO fails to include each of such conditions, or alternative language acceptable to CAW accomplishing the same purpose of such conditions, in its approval of the CSD, or in the event that LAFCO adds other conditions or provisions in connection with the formation of the CSD that are inconsistent with CAW's rights provided in this Agreement, then CAW shall have the right to give notice to dissolve pursuant to Section 5(a) within thirty (30) days of LAFCO approval in the same manner as if a required approval has not been obtained.

4. Developer Covenants. Developer covenants and agrees with CAW that:

(a) Developer shall not dedicate the Project Water System to the CSD in the event that a triggering event for dissolution of the CSD has occurred prior to the date when such dedication would otherwise occur;

(b) Developer shall require in the dedication agreement between Developer and the CSD (the "Dedication Agreement") that conditions to its dedication of the Project Water System to the CSD shall be that (i) CSD shall agree to dissolve in accordance with Section 5(b), (ii) Developer shall be responsible for satisfying the Equipment Removal Obligation in accordance with Section 2(a), and (iii) CSD shall agree that its right to provide water to the Project shall not be assignable to any third party, and the form of the Dedication Agreement shall be provided to CAW at least thirty (30) days prior to its effective date to provide CAW with an opportunity to review and provide input as to the form of the Dedication Agreement in order to provide the protections to CAW contemplated by this Section 4(b).

(c) Developer shall indemnify, defend and hold CAW harmless from and against any actions, proceedings, claims, damages, losses, obligations, liabilities and expenses, including attorneys' fees, known or unknown, existing or contingent, based upon, arising out of or relating to (i) any challenge to CAW's exercise of its rights to provide water service to the Project under the franchise agreement currently in effect between the City of Monterey ("City") and CAW, (ii) any revenue loss to CAW due to the failure of the CSD formed as contemplated by the Agreement to turn over water service for the Project to CAW at such time as a triggering event described in Section 5 below has occurred, or (iii) any claims by water customers in the Project area that they have been required to bear excessive water service fees or costs prior to CAW's commencement of water service to the Project or any duplicative fees or costs of water service resulting from the transition of water service from the CSD to CAW.

(d) As a condition to the sale or transfer of the commercial component of the Project, Developer shall require the buyer or transferee ("Commercial Buyer") and any successors or assigns of the Commercial Buyer to assume the obligations of Developer under this Agreement. No buyer of the residential component or the individual buyers of residential units shall be required to assume the obligations of Developer under this Agreement. At CAW's request, Developer shall execute and record a memorandum to evidence the obligations of Developer and to confirm that such obligations shall run with the land as to the commercial component of the Project and bind any Commercial Buyer or its successors or assigns under this Agreement.

In the event that Developer fails to perform any of its obligations under this Agreement at or prior to the dedication of the Project Water System to the CSD, then CAW shall have the right to give notice to dissolve pursuant to Section 5(a) within thirty (30) days following Developer's failure to cure such breach in the same manner as if a required approval has not been obtained.

5. Triggering Events for Dissolution of CSD.

(a) If, within three months from the date of LAFCO's determination of formation of CSD (the "Confirmation Period") CAW advises City and Developer in writing that (i) any required approvals required by law from the CPUC, the SWRCB or other agency for CAW to be authorized to executed and perform this Agreement have not been obtained, or (ii) any required approvals from CAW's Board of Directors or shareholders have not been obtained, then the City covenants that it shall promptly cause the CSD to apply to LAFCO for the dissolution of the CSD and the City and Developer shall fully support such application, unless the City, Developer and CAW have agreed in writing to extend the Confirmation Period. In the event CAW gives written notice to the City and Developer that (x) CAW's Board of Directors has provided all required approvals (subject to any governmental approvals that may be required), (y) CAW has applied for any governmental approvals deemed by CAW to be required and (z) such application for approval is still pending before the governmental agency, the Confirmation Period shall be deemed automatically extended for an additional ninety (90) day period to obtain such governmental approval. Failure by the City and/or the CSD to take action to dissolve as required herein shall result in the termination of CAW obligations to the City and the CSD pursuant to Sections 2(b)(ii) and 2(b)(iii) and CAW shall have the right to exercise any and all remedies available to it under the law.

(b) At such time as the CSD Water Service Period has expired and CAW is providing water service to the Project, the CSD shall take all steps necessary to apply to LAFCO for permission to dissolve the CSD in accordance with the conditions imposed by LAFCO and in accordance with its contractual obligations under the Dedication Agreement. The CSD shall commence the process to undertake that dissolution within one month of expiration of the CSD Water Service Period, provided that CAW has commenced to provide water to the Project on the same terms and conditions as CAW's service of potable water to the balance of City. Such dissolution shall be undertaken by the CSD as a priority matter and shall be completed within six months, if possible. The City shall support the application to LAFCO to dissolve the CSD. Failure by the CSD to take action to dissolve as required herein, or by the City to support such application, shall be deemed a material breach of this Agreement and shall result in the termination of CAW's obligations to the CSD and/or the City, as applicable, pursuant to Sections 2(b)(ii) and 2(b)(iii) and CAW shall have the right to exercise any and all remedies available to it under the law against the non-performing party or parties, including but not limited to an action for inverse condemnation.

6. Obligations Independent. The rights and obligations of City and Developer with respect to CAW are separate and independent and any breach of this Agreement by Developer shall not result in any termination of City's rights under Section 2.

7. Binding Effect. Without limiting any other provision hereof, the obligations and rights in this Agreement shall be binding upon, extend to, and inure to the benefit of the undersigned Parties and to the benefit of any and all of their respective employees, officers, directors, shareholders, servants, successors, predecessors, assignees, transferees and any and all other persons and entities acting or purporting to act on their respective behalf, and any and all firms, corporations, associations, partnerships, limited liability companies and other entities affiliated with, controlled by or otherwise related to any of the undersigned Parties.

8. Parties in Interest. Except as expressly stated in this Agreement, nothing in this Agreement, whether express or implied, is intended to confer third-party beneficiary status or to confer otherwise any rights or remedies on any third person or entity (hereinafter collectively "third party"); nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third party to any undersigned Party to this Agreement; nor shall any provision of this Agreement afford any third party any right of subrogation, indemnity, contribution, or set-off.

9. Full Authority. Each of the Parties to this Agreement hereby represents, covenants, and warrants that said Party, and the signatory of said Party, has the full right, power and authority to execute this Agreement on behalf of said Party, and to execute any and all documents as may be necessary to effectuate the terms of this Agreement, and that neither Party, nor any signatory for said Party has sold, assigned, transferred, conveyed, hypothecated, encumbered or otherwise disposed of any rights, titles, interests causes of action or other claims which said Party may have or have had in relation to the transactions or other matters described in this Agreement. CAW further represents to City that notwithstanding the rights reserved to CAW in the event of a triggering event as described in Section 5(a) above, the obligations of CAW pursuant to Sections 2(b)(i), 2(b)(ii) and 2(b)(iii) of this Agreement are enforceable against

CAW, so long as City complies with its obligations under Section 5(a) in the event that any required approvals are not obtained.

10. Informed Consent. Each undersigned Party hereby declares that said Party has received, or had the opportunity to receive, sufficient information, either through said Party's own legal counsel or other sources of said Party's own selection, so as to be able to make an intelligent and informed judgment whether to enter into this Agreement, subject, however, to CAW's right to review of the legal opinion to be provided to CAW pursuant to Section 2(a) above. Each undersigned Party further states that each has read this Agreement in its entirety prior to executing this document, and that each has executed this Agreement voluntarily, with competence and capacity to contract and with knowledge of the terms, significance and legal effect of this Agreement. By executing this Agreement, it is understood by each Party that substantial rights may be compromised and/or waived in their entirety.

11. Attorneys' Fees. If any action, motion or proceeding at law or in equity is instituted to enforce or interpret the terms of this Agreement, the undersigned Parties agree that the prevailing Party therein shall be entitled to an award of reasonable attorneys' fees, costs, and necessary disbursements, as determined by a court of competent jurisdiction, in addition to any other relief to which said Party may be entitled.

12. Further Assurances. The undersigned Parties each agree to execute all documents and perform all acts necessary or appropriate to effectuate the performance of the terms of this Agreement.

13. Severability. It is intended that each portion of this Agreement shall be treated as a separate and divisible covenant, and in the event that any portion is deemed unenforceable, the remainder shall continue to be in full force and effect so long as the primary purpose of this Agreement is unaffected. Provided however, that for the purposes of this Section 13, the Parties agree that any material alteration or deletion of the conditions set forth in this Agreement that would impair the ability of Cal-Am to enforce such conditions would materially and fundamentally frustrate the purpose of this Agreement and that in such event the entire Agreement will become null and void and Cal-Am shall have the right to pursue any rights or remedies it may have under applicable law with respect to water service to the Project, including without limitation, an action under Section 1503 of the California Public Utilities Code.

14. Complete Instrument. This Agreement contains the complete understanding made between or among the Parties with respect to the matters contained in the Agreement. This Agreement cannot be amended or modified in any manner except by a writing executed by each of the undersigned Parties or by their valid successor(s). The undersigned Parties agree and acknowledge that no representations, warranties, covenants, assurances or other promises not specifically set forth in this Agreement have been made by any Party in connection with the subject matter of this Agreement, nor is any Party relying on any such conduct in entering into this Agreement. Any negotiations or other communications between the Parties are superseded by this Agreement and of no force or effect. This Agreement has been negotiated and prepared by and for all undersigned Parties equally and shall not be construed as having been drafted by

any particular Party.

15. Governing Law and Jurisdiction. The enforcement and interpretation of this Agreement shall be governed exclusively by the laws of the State of California.

16. Counterparts. This Agreement may be signed in counterparts and each counterpart shall have the same force and effect as though the signatures were contained in a single document. Counterparts may be executed by facsimile.

17. Notices. Written notices to be given pursuant to this Agreement shall be given in accordance with the provisions of the franchise agreement, provided that any such notices to the City shall include copies to the City Attorney of City at the City's office address and any such notices to CAW shall include copies to CAW's general counsel at its San Diego office address and to its vice-president and general manager at its Monterey office address. Any notice to be given to Developer shall be sent as follows (unless and until such address information is changed by written notice from Developer to the other Parties hereto):

Cannery Row Market Place LLC
535 Cowper Street
Palo Alto, CA 94301
Attn: Philip R. Taylor
Phone: (650) 614-9203
Fax: (650) 833-6903
phil@prtaylor.com

18. Assignment. This Agreement and the rights of City hereunder shall not be assignable by City to any entity other than the CSD. Any rights under this Agreement assigned to the CSD shall not be further assignable by the CSD to any other entity without the prior written consent of CAW, which may be granted or withheld in its sole and absolute discretion. No assignment of the City's rights shall relieve the City of its obligations under this Agreement.

IN WITNESS WHEREOF, each Party has executed this Agreement as of the date first above written.

CITY:

City of Monterey,
a California municipal corporation

By: *[Signature]*

Name: Fred Meurer

Title: City Manager

ATTEST:

By: _____

Name: _____

Title: _____

APPROVED BY.

RISK MANAGEMENT

APPROVED AS TO FORM:

BEST BEST & KRIEGER LLP

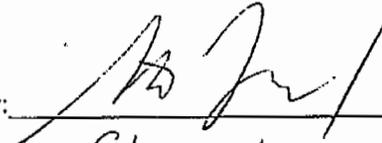
By: *[Signature]*

Name: GLEN PRICE

[Signatures Continue on the Next Page]

CAW:

California-American Water Company,
a California corporation.

By: 
Name: Steven Leonard
Its: Vice President

DEVELOPER:

Cannery Row Marketplace LLC,
a California limited liability company

By: _____
Name: _____
Its: _____

CAW:

California-American Water Company,
a California corporation.

By: _____

Name: _____

Its: _____

DEVELOPER:

Cannery Row Marketplace LLC,
a California limited liability company

By: Philip R. Taylor

Name: Philip R. Taylor

Its: Authorized Representative

INDEMNIFICATION AGREEMENT

THIS Indemnification Agreement ("Agreement") effective November __, 2005 is made by and between the City of Monterey, a municipal corporation ("City" or "Indemnified Party") and Cannery Row Marketplace LLC, a California limited liability company ("Developer"). City and Cannery Row Marketplace LLC are hereinafter sometimes referred to individually as "Party" and collectively as "Parties."

Recitals

A. The parties desire to form a community services district ("CSD") to serve water to the Ocean View Plaza project ("Project").

B. The City and Developer desire to set forth the terms concerning the construction of the water system which will service the Project and the dedication of such system to the CSD.

C. The City desires Developer to indemnify the City with respect to certain liabilities associated with the formation and operation of the CSD, and to provide for certain cost reimbursements.

D. Developer has obtained from California America Water Co. a waiver and release of any rights that it may have to assert a taking of property by the City in connection with water service provided by the CSD to the Project, a copy of which is attached hereto as Addendum "A" ("Cal-Am Waiver").

E. Developer agrees to undertake the following covenants and obligations in accordance with the terms and conditions of this Agreement

NOW, THEREFORE, in consideration of the foregoing recitals and the covenants and promises set forth herein, the parties hereto agree as follows:

1. Water System. Developer shall provide City with certification from the equipment manufacturers, contractors and providers for the components of the desalination system that the desalination plant and related water distribution infrastructure proposed by Developer to be dedicated to the CSD are sufficient to provide an adequate and reliable supply of water to the Ocean View Plaza project in compliance with all applicable federal, state and local laws and regulations ("Water System"). Prior to commencement of water service to the Project, the Water System shall be dedicated to the CSD in exchange for the obligation of the CSD to provide water service to the Project. The terms of the dedication of the Water System to the CSD shall be as set forth on the attached Addendum "C", unless otherwise agreed to in writing between the Developer and the CSD.

2. Indemnity by Developer. Developer and City hereby agree as follows:

(a) To the fullest extent permitted by law, Developer shall indemnify, defend, protect and hold harmless City, its elected officials, officers, agents, employees, successors and assigns (collectively, the "Indemnified Parties") from and against any and all claims (including, without limitation, claims for bodily injury, death or damage to property), demands, obligations, damages, actions, causes of action, suits, losses, judgments, fines, penalties, liabilities, costs and expenses (including, without limitation, attorneys' fees, disbursements and court costs, and all other professional, expert or consultants' fees and costs) of every kind and nature whatsoever (each a "Claim" and collectively, "Claims") which may arise from or in any manner relate to:

- (i) any action taken by the City in connection with the formation of the CSD, the application to the local agency formation commission in connection with same and any pre-operational activities of the CSD prior to dedication of the Water System;
- (ii) any action taken by the Developer in connection with the formation of the CSD, including preparing materials for or assisting the City with the application to the local agency formation commission and any pre-operational activities of the CSD undertaken by Developer prior to dedication of the Water System;
- (iii) any action taken by Developer (including without limitation, the negligent and/or willful misconduct with respect to acts, errors and/or omissions of Developer, its managers, members, employees, agents, contractors, affiliates, successors and assigns) with respect to the Project, including without limitation, the construction, testing and operation of the Water System prior to dedication of the Water System to the CSD;
- (iv) any defects in the construction of the Water System, including without limitation, any liability from claims by the CSD that the Water System is incomplete, inadequate or insufficient for the CSD to provide water service for the Project, provided, however, that the indemnity of Developer under this section shall survive for a period of twenty-four (24) months following the commencement of regular water service to the Project by the CSD. For the purposes of this agreement, "regular water service" shall mean the date upon which the CSD undertakes daily operation of water service to no less than fifty percent (50%) of the Project and shall not include any testing or idle periods prior to occupancy of the Project. The CSD shall provide written notice to Developer of the date upon which regular water service commences;
- (v) any claims brought by California America Water Co. (notwithstanding the Cal-Am Waiver) alleging a taking of property

by the CSD pursuant to the California Public Utility Code; or any other claim or cause of action alleging a breach of the franchise agreement between California American Water Co. and the City; and

- (vi) any liability to the Indemnified Parties arising as a result of a breach of Developer's obligations under this Agreement.

Notwithstanding the foregoing, nothing herein shall be construed to require Developer to indemnify City from any Claim arising from the gross negligence or willful misconduct of the City or from damages or defects caused by abuse of the Water System, modifications of the Water System not approved by Developer, improper operation or maintenance of the Water System, or normal wear and tear and usage in the operation of the Water System by the CSD following the CSD's commencement of operation of the Water System.

(b) As a condition of sale, the successors in interest and/or assigns of Developer of the commercial component of the Project shall assume the indemnity obligations of Developer specified in paragraph 2 of this Agreement. Said indemnity obligations shall not extend to any successors in interest or assigns of the residential component of the Project. At the City's request, Developer shall execute and record a memorandum of indemnity documenting the foregoing assumption requirement.

(c) The "costs" and "expenses" for which the Indemnified Parties are indemnified and held harmless shall include reasonable attorneys', accountants', investigators' and experts' fees and expenses sustained or incurred in connection with the defense or investigation of any claim or liability; and

(d) The duty to defend hereunder is wholly independent of and separate from the duty to indemnify and such duty to defend exists regardless of any ultimate liability of Developer. Such defense obligation shall arise immediately upon presentation of written notice to Developer of a Claim by any Indemnified Party. Developer's indemnification obligation hereunder shall survive the expiration or earlier termination of this Agreement until such time as action against any Indemnified Party for such matter indemnified hereunder is fully and finally barred by the applicable statute of limitations. Promptly following receipt of any written claim or legal proceeding asserted by a person or entity which is not a party to this Agreement ("Third Party Claim"), the Indemnified Parties shall notify Developer of such claim in writing. Developer shall have a period of thirty (30) days (or such lesser period as may be required to timely respond to a Third Party Claim) following the receipt of such notice to commence the defense thereof. Developer thereafter shall undertake and diligently pursue the defense of the Third Party Claim with counsel reasonably acceptable to the Indemnified Parties; provided, however, that Developer shall not consent to entry of judgment or enter into any settlement agreement without the consent of the City, which does not include a complete and unconditional release of the Indemnified Parties or which imposes injunctive or other equitable relief against the Indemnified Parties. Provided the Indemnified Parties provide timely notice of any Third Party claim to Developer, Developer shall reimburse the Indemnified Parties for any legal expense reasonably incurred by the Indemnified Parties to timely respond to a Third Party Claim prior to Developer assuming the defense thereof. Developer shall keep the Indemnified Parties

regularly informed as to the conduct of the defense of the Third Party Claim. Developer shall include City's attorney on all proofs of service and endeavor to ensure that all other parties to the litigation do the same. Developer's counsel shall provide the City attorney with an advance draft copy of all court filings to be submitted by Developer's counsel at least five days prior to the filing date. If the procedural requirements of the court do not allow for the foregoing time period, then defense counsel shall promptly give notice of the required filing to the City Attorney and the City Attorney shall respond with any comments as soon as reasonably practical, but in no event less than 24 hours prior to the due date for the filing. If there is an ex parte motion requiring a response within 24 hours or less, then defense counsel shall, if reasonably practical, notify the City attorney of the form, nature and substance of the motion and the response. In the event that the City attorney has specific comments on any such filing (other than ex parte motions as described above), then Developer's counsel shall reasonably cooperate with the City attorney to address such comments to the City attorney's satisfaction prior to the filing of the brief or other document. Furthermore, in the event that the City attorney on behalf of the Indemnified Parties provides Developer with written notice of a proposed change in the conduct of the defense or the legal strategy for such defense, Developer shall provide a written response within five days of receipt of such notice of its intended action in response to such request. If the Developer does not respond as required or the City attorney and the Developer's counsel cannot agree on a course of action which is satisfactory to the Indemnified Parties within five days of such written response by Developer, then the City shall be entitled to assume control of the defense of the Third Party Claim. Notwithstanding the exercise by City of its right to take control of the defense of the Third Party Claim, Developer shall continue to be responsible for the timely payment when due of all fees and costs associated therewith. In the event the City assumes control of the defense, the City shall not consent to entry of judgment or enter into any settlement agreement without the consent of the Developer, which does not include a complete and unconditional release of Developer or which imposes injunctive or other equitable relief against Developer. If Developer fails to assume and diligently pursue the defense of a Third Party Claim, the Indemnified Parties may defend against such Third Party Claim in such manner as they may deem appropriate, including without limitation, settlement thereof on such terms as the Indemnified Parties may deem appropriate, and to pursue such remedies as may be available to the Indemnified Parties against Developer.

3. Covenants by Developer. Developer hereby covenants and agrees with City that effective upon the adoption of a resolution of application by the City Council regarding the formation of the CSD, Developer shall take the following actions to mitigate the risk of any claims against the City and to secure its obligations under this Agreement:

(a) Developer shall secure extended warranties which are assignable to and enforceable by the CSD that the materials and equipment used in the construction of the Water System are of good quality and new, unless otherwise permitted or required under the Agreement, and that the Water System will be free from construction defects in the quality or workmanship of the work performed. The Developer shall also provide copies of all the permits required for the construction and operation of the Water System. This Agreement shall not waive any rights of Developer to challenge any requirements of any permitting agencies. Developer hereby represents that the scope of these warranties includes any express warranty that Developer has received from any desalination plant equipment manufacturers, suppliers or distributors in connection with the construction of the subject desalination facility, but shall not

include any remedy for damages or defects caused by abuse, modifications not approved by Developer, improper operation or maintenance, or normal wear and tear and usage. Except as set forth below, said warranties shall be valid for a period of twenty four (24) months ("Warranty Period") following the date of substantial completion of the desalination plant. Other than described above, no other warrants, express or implied, are hereby required or given by Developer. As to any warranties described in this Paragraph 3 for the construction of inflow and outfall pipeline facilities or the vertical shaft that connects the pipelines to the desalination equipment and storage tanks, in the event that the Developer cannot obtain warranty protection for the full Warranty Period, then from the expiration of the actual warranty for such items until the end of the Warranty Period, Developer shall fund a contingency reserve in the amount of twenty percent (20%) of the replacement value of the items which no longer have warranty coverage. The warranty reserve shall cover warranty claims as if the warranty was still in effect and such claims shall be paid out of the warranty reserve prior to the CSD making any claim against Developer under Paragraph 2(a)(iv). The warranty reserve shall be placed in an interest bearing account requiring the signature of Developer and the CSD to make warranty related disbursements. Any excess funds in the warranty reserve following the expiration of the Warranty Period (except for pending warranty claims), shall be released to the Developer. Any disputes concerning warranty coverage shall be resolved by arbitration before a single arbitrator in the County of Monterey in accordance with the rules of the American Arbitration Association.

(b) Developer shall comply with the insurance requirements that are attached hereto as Addendum "B". Notwithstanding the foregoing, this agreement does not require duplicate coverage and to the extent that Developer and/or its contractors obtain or have insurance that is equivalent or better than the requirements on Addendum "B" (including without limitation OCIP or CCIP "wrap" coverage), and any such equivalent coverage shall fulfill Developer's obligations under Addendum "B". In the event that there is an actual conflict between the insurance requirements set forth on Addendum "B" and the insurance requirements of Developer's lender for the Project, that cannot reasonably be resolved without a material increase in the cost of insurance coverage for the Project, then the City shall make a good faith effort to cooperate with Developer to resolve such conflict.

4. CSD Formation and Reimbursable Costs.

(a) The City shall be responsible for the process of forming the CSD, including without limitation, the submission and prosecution of the application to the local agency formation commission and any pre-operational activities of the CSD. Notwithstanding the foregoing, the Developer may take an active role in initiating, scheduling, and preparing documentation for the formation of the CSD to the extent that such role has been approved in writing by the City in advance. Developer and City shall coordinate their actions and each shall cooperate with the other to ensure that the formation process occurs expeditiously, efficiently and in full compliance with all laws, rules and regulations governing such formation. Developer shall be responsible to reimburse City for its actual costs, including the time of City personnel, spent in connection with the formation of the CSD. Time spent by City personnel shall be reimbursed at an hourly rate derived by taking the weekly salary (which shall include an weekly pro-rata allocation of employee benefits) of such personnel divided by the number of hours in a work week. City shall submit monthly invoices to Developer with respect to such time, which invoice shall be paid within thirty (30) days of the date thereof. Under no circumstances shall

invoices be held by City longer than sixty days, which shall constitute a material breach of this Agreement and shall relieve Developer of any reimbursement duties herein.

(b) It is further anticipated that City resources and personnel shall be necessary for initial start-up activities for the CSD prior to the commencement of water service. With respect to such activities, Developer shall cooperate with City personnel and/or personnel selected by the City to operate the Water System for the CSD. At the request of the Developer, the City may, but shall not be required to, agree in writing to allow Developer to undertake certain initial start-up activities which do not require direct City involvement. Although the Parties do not anticipate significant start-up costs during the period following formation of the CSD to the commencement of water service, to the extent that there are such costs (including without limitation, insurance premiums and the set up of billing and other operational procedures), City staff shall submit a budget of anticipated start-up costs to Developer and Developer shall fund such costs up front within thirty (30) days notification from the City. In the event that such costs are expected to exceed the budget, City staff shall provide a revised budget setting forth the excess items in reasonable detail and Developer shall fund such additional costs up front within fifteen (15) days notification from the City. The City shall provide a monthly accounting, with reasonable detail, to Developer of all actual costs applied to the funds on deposit with the City. Staff time shall be calculated in the manner set forth in sub-section (a) above. When all start-up activities have been completed, any excess funds shall be returned to Developer. Start up costs paid by Developer pursuant to this Paragraph 4(b) will be reimbursed to Developer to the extent that such costs are recoverable by the CSD from its ratepayers and the CSD collects such costs. In the event that the Developer abandons or otherwise terminates the Ocean View Plaza project after the formation of the CSD, but prior to the commencement of construction, then Developer shall further reimburse the City for all costs and attorneys fees reasonably necessary to terminate proceedings for the formation of the CSD or dissolution of the CSD.

5. Improvement Security.

(a) Developer shall obtain a surety bond in the amount of one hundred percent (100%) of the cost of completing that portion of the project that is at least sufficient to provide for completion of the Water System (the "Water System Phase"), in such form as may be required by and for the benefit of the lender for the Project. The proceeds of said surety bond shall not be payable for any purpose other than completion of the Water System Phase and shall provide for the City to receive notice of any claim against the bond or the termination or modification of the bond. Developer shall provide City with a copy of the surety bond prior to the commencement of construction of the Project and/or the Water System.

(b) In the event that a bond is not required by the lender for construction of the Water System Phase or the lender requires that the proceeds be available for any purpose other than completion of the Water System, Developer shall provide a surety bond or other alternate security as is reasonably acceptable to the City to ensure completion of at least the Water System Phase, which surety bond or alternate security shall be released by the City as such time as construction of the Water System Phase has been completed by Developer. Such bond or alternate security shall be in place prior to the commencement of construction of the Project and/or the Water System.

6. Authorization. Developer shall provide City with documentation satisfactory to City showing that all action necessary pursuant to Developer's organization documents to authorize the execution and performance of this Agreement by Developer has been duly taken.

7. Termination. This Agreement shall automatically terminate ten years from the date of acceptance of the dedication of the Water System to the CSD.

8. Survival. The obligations of Developer for claims relating to occurrences arising prior to termination pursuant to Paragraph 7 of this Agreement shall survive the termination of this Agreement for the applicable statute of limitations.

9. Incorporation of Exhibits. All exhibits, attachments and addenda attached to this Agreement are hereby incorporated within this Agreement and made a part hereof.

[signature page follows]

IN WITNESS WHEREOF, Developer and City have executed this Agreement.

CANNERY ROW MARKETPLACE LLC,
a California limited liability company

By: Philip R. Taylor
Philip R. Taylor
Authorized Representative

CITY OF MONTEREY

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

By: Thomas Gibson
Thomas Gibson of
Best Best & Krieger LLP

RVBUS\QWP\686610.10
11/1/05

CCC Exhibit 17
(page 8 of 20 pages)

IN WITNESS WHEREOF, Developer and City have executed this Agreement.

CANNERY ROW MARKETPLACE LLC,
a California limited liability company

By: Philip R. Taylor
Philip R. Taylor
Authorized Representative

APPROVED BY:
[Signature]
RISK MANAGEMENT

CITY OF MONTEREY

By: [Signature]
Name: _____
Title: _____

APPROVED AS TO FORM:

By: _____
Thomas Gibson of
Best Best & Krieger LLP

ADDENDUM "A"

CAL-AM WAIVER

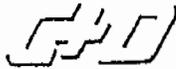
~~See Attached~~

SEE EXHIBIT 16
FOR THIS DOCUMENT

EXHIBIT "A"

Map of Project Area Boundaries

(See attached page)



704020

Legal Description for
Ocean View Community Service District

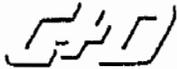
In the City of Monterey, County of Monterey, State of California, and described as follows

A portion of lot 1 and all of lots 2,3,4,5,6,7,8,9,10,11 of Waterfront lots; lots 5,7,9,11,13,15 of Block 2; McClellan Avenue (Abandoned); and lots 1,3,5,7 and a portion of lots 6,8 and 10 of Block 20, and that portion of Cannery Row (formerly Ocean View Avenue between the Waterfront lots and blocks 1 and 20 as shown on the map entitled, "Little's Survey of New Monterey", filed in Volume 1 of Maps, Cities and Towns at page 12, of the Monterey County Records:

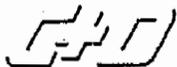
The boundary of said area is described as follows:

BEGINNING AT THE NORTH EAST CORNER OF LOT 7 WITHIN BLOCK 20 WHICH IS IDENTIFIED AS A ¾ IRON PIPE SET WITH A PLASTIC PLUG, RCE 15310,

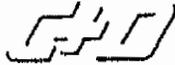
- 1) SOUTH 55°15'00" WEST, 145.29 FEET;
- 2) SOUTH 3°21'05" WEST, 56.84 FEET;
- 3) NORTH 6°22'05" WEST, 56.84 FEET;
- 4) ALONG A CURVE WITH A CENTRAL ANGLE OF 23°56'08", A RADIUS OF 503.0 FEET, AND A LENGTH OF 210.13 FEET,
- 5) NORTH 34°44'41" WEST, 30.00 FEET;
- 6) SOUTH 55°15'00" WEST, 1.25 FEET;
- 7) NORTH 34°44'41" WEST, 329.91 FEET;
- 8) NORTH 55°15'00" EAST, 95.02 FEET,
- 9) NORTH 83°59'41" EAST, 68.43 FEET (CROSSING CANNERY ROW [FORMERLY OCEAN VIEW AVENUE]);
- 10) NORTH 55°15'00" EAST, 253.34 FEET;
- 11) NORTH 83°49'35" EAST, 19.97 FEET;
- 12) SOUTH 36°50'56" EAST, 13.97 FEET;



- 13.) SOUTH 60°34'27" WEST, 12.96 FEET;
- 14.) SOUTH 83°47'16" WEST 10.64 FEET;
- 15.) NORTH 39°56'06" WEST, 9.48 FEET;
- 16.) SOUTH 65°56'44" WEST, 10.56 FEET;
- 17.) SOUTH 20°45'06" WEST, 16.59 FEET;
- 18.) SOUTH 00°53'06" EAST, 13.38 FEET;
- 19.) SOUTH 45°35'41" WEST, 7.97 FEET,
- 20.) SOUTH 82°36'54" WEST, 12.08 FEET;
- 21.) SOUTH 30°14'06" WEST, 11.93 FEET;
- 22.) SOUTH 61°02'12" EAST, 6.01 FEET,
- 23.) SOUTH 01°56'58" WEST, 3.81 FEET;
- 24.) SOUTH 25°21'25" WEST, 8.68 FEET;
- 25.) SOUTH 30°02'40" EAST, 66.60 FEET;
- 26.) SOUTH 70°20'14" EAST, 10.90 FEET;
- 27.) NORTH 01°48'23" WEST, 9.59 FEET;
- 28.) NORTH 50°55'43" EAST, 7.40 FEET,
- 29.) SOUTH 89°25'12" EAST, 10.60 FEET,
- 30.) NORTH 55°33'25" EAST, 10.88 FEET;
- 31.) SOUTH 43°38'14" EAST, 9.67 FEET;
- 32.) SOUTH 42°35'48" WEST, 25.97 FEET,
- 33.) SOUTH 41°49'35" EAST, 7.45 FEET;
- 34.) NORTH 50°21'45" EAST, 29.22 FEET;
- 35.) NORTH 84°02'44" EAST, 5.04 FEET,



- 36.) SOUTH 36°15'03" EAST, 6.35 FEET;
- 37.) SOUTH 41°57'17" WEST, 42.70 FEET;
- 38.) SOUTH 42°26'18" EAST, 36.42 FEET;
- 39.) SOUTH 45°43'11" EAST, 12.43 FEET;
- 40.) SOUTH 27°59'13" EAST, 25.80 FEET;
- 41.) SOUTH 05°46'13" WEST, 10.23 FEET;
- 42.) SOUTH 31°54'28" EAST, 8.74 FEET;
- 43.) SOUTH 83°43'00" EAST, 11.48 FEET;
- 44.) SOUTH 11°05'09" WEST, 17.82 FEET;
- 45.) SOUTH 34°06'02" WEST, 15.98 FEET;
- 46.) SOUTH 09°39'31" EAST, 4.77 FEET,
- 47.) NORTH 78°20'10" EAST, 12.05 FEET;
- 48.) SOUTH 84°16'36" EAST, 15.70 FEET,
- 49.) SOUTH 48°46'45" EAST, 5.11 FEET;
- 50.) SOUTH 28°01'57" WEST, 11.77 FEET;
- 51.) SOUTH 61°22'23" WEST, 6.31 FEET;
- 52.) NORTH 73°42'58" WEST, 7.64 FEET,
- 53.) SOUTH 36°57'16" WEST, 14.79 FEET,
- 54.) SOUTH 06°10'31" EAST, 13.58 FEET,
- 55.) SOUTH 31°46'04" EAST, 32.84 FEET,
- 56.) NORTH 69°45'06" EAST, 7.74 FEET;
- 57.) SOUTH 36°49'00" EAST, 6.56 FEET;
- 58.) SOUTH 54°08'50" WEST, 8.16 FEET;



- 59) SOUTH 49°30'37" EAST, 10.47 FEET;
- 60) NORTH 60°49'07" EAST, 2.53 FEET;
- 61) SOUTH 51°45'28" EAST, 11.81 FEET;
- 62) SOUTH 75°27'20" EAST, 20.14 FEET;
- 63) SOUTH 86°11'55" EAST, 24.94 FEET,
- 64) SOUTH 45°44'18" EAST, 16.27 FEET;
- 65) SOUTH 31°41'16" EAST, 20.89 FEET,
- 66) SOUTH 38°34'51" EAST, 32.78 FEET,
- 67) SOUTH 83°08'08" EAST, 28.75 FEET;
- 68) SOUTH 59°04'44" EAST, 38.50 FEET,
- 69) SOUTH 55°15'00" WEST, 221.39 FEET,
- 70) SOUTH 55°15'00" WEST, 60.00 FEET (CROSSING CANNERY ROW
[OCEAN VIEW AVENUE]); TO THE TRUE POINT OF BEGINNING

CONTAINING 4.27 ACRES MORE OR LESS

Assessor Parcel Numbers:

001-021-010	001-022-023
-011	-024
-012	-025
-013	-026
-014	-027
-015	-028
-016	-029
-017	-030
-018	-031
-019	-032
-020	-033
	-034
	-035
	-036
	-037



CCC Exhibit 17
(page 16 of 20 pages)

ADDENDUM "B"

INSURANCE REQUIREMENTS

1. Without limiting Developer's duty to indemnify, Developer shall maintain or cause to be maintained, as required by the terms of this agreement, and at Developer's and/or contractors' sole expense, a policy or policies of insurance (including primary or combinations of primary and excess insurance, and/or OCIP/CCIP/wrap coverages that include the requisite insurance) with the following minimum limits of liability:

(A) Commercial general liability insurance, including but not limited to bodily injury, property damage, personal and products completed operations hazard coverage. If Developer's coverage includes claims for advertising injury, then the City shall further have the benefit of that coverage. Such coverage shall have a combined single limit of not less than \$2,000,000 per occurrence, \$2,000,000 for products completed operations aggregate, and a \$5,000,000 general aggregate. Such insurance shall be maintained until dedication of the Water System and, in the case of completed operations coverage, until three years following dedication of the Water System

(B) Commercial automobile liability insurance including owned, leased, non-owned, and hired automobiles, with a combined single limit of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate. Such insurance shall be maintained until dedication of the Water System.

(C) If Developer employs others in the performance of this Agreement, Developer shall maintain/cause to be maintained workers' compensation insurance in accordance with California Labor Code section 3700 and with a minimum of \$1,000,000 per occurrence for employer's liability, for the duration of time that such workers are employed.

(D) Professional liability insurance with limits of not less than \$1,000,000 per claim and \$2,000,000 in the aggregate for the civil engineering work to be performed. Developer will either maintain/cause to be maintained that coverage in full force or obtain extended reporting (tail) coverage (with the same liability limits) for at least three years following the dedication of the Water System. The retroactive date, if any, must be prior to the commencement of the work.

(E) Builder's risk insurance and/or other property insurance insuring 100% of the replacement cost of the improvements (subject to a maximum \$5,000 deductible) under construction. Such insurance shall be maintained until dedication of the Water System.

2. All insurance required by this Agreement shall be either:

(A) placed with carriers authorized by law to transact insurance business in the State of California and with a current A.M. Best rating of no less than A:VI, OR

(B) placed with carriers with a current A.M. Best rating of no less than A:VII

excepting the State Compensation Insurance Fund when not specifically rated.

3. The requisite commercial general liability policy shall:

(A) Provide an endorsement naming the City of Monterey and the CSD as additional insureds, under an ISO CG 20 10 07 04 and ISO 20 37 07 04 or their equivalent.

(B) Provide that such insurance is primary and non-contributing insurance to any insurance or self-insurance maintained by the City or the CSD.

(C) Contain a "Separation of Insureds" provision substantially equivalent to that used in the ISO form CG 00 01 10 01.

(D) Provide for a waiver of any subrogation rights against City or the CSD, via an ISO CG 24 01 10 93 or its equivalent.

4. The workers' compensation policy shall be endorsed with a waiver of subrogation in favor of the City of Monterey and the CSD for all work performed and/or activities conducted under this Agreement.

5. For the general liability, automobile liability, and errors and omissions insurance, Developer shall cause the City to be a certificate holder under such policies. Developer shall cause a certificate(s) of insurance under a standard ACORD certificate of insurance or its equivalent, providing City with direct notice rights from the insurer and copies of required endorsements showing City and CSD as additional insured and waiver of subrogation to be issued to City. Neither the failure of the City to demand, nor the failure of the Developer to cause such certificates to be furnished shall waive the obligation to procure and maintain liability insurance as required by this Agreement.

6. Developer shall not commence work under this agreement until all insurance requirements are met. Developer may, at its option, require that a third party or parties (such as a general contractor) obtain and maintain the above insurance as long as it meets the requirements of this Addendum. City may demand at any time that it be furnished with a copy of any of the above insurance policies.

7. The insurance requirements hereunder, and whether any claim is covered under any insurance, shall not alter Developer's obligations under the indemnification provisions of this Agreement.

8. In the event Developer fails to comply with the insurance requirements stated herein, City may, at its option: (i) acquire and maintain in effect the required policies of insurance, subject to reimbursement of all costs and expenses by Developer; or (ii) pursue any rights and remedies it may have against Developer at law or in equity for the breach of this Agreement. However, before any action by the City, City must provide Developer with 15 days written notice of the claimed deficiency and an opportunity to cure.

ADDENDUM "C"

TERMS OF DEDICATION OF WATER SYSTEM TO THE CSD

- a. The Water System (as defined in paragraph 1 of the Agreement) shall be permitted for construction and operation by any and all permitting and regulatory agencies necessary for the operation of a desalination plant and distribution of water for the uses contemplated by the Ocean View Plaza Project, including but not limited to the following permitting and regulatory agencies, as applicable:
1. State Water Resources Quality Control Board / Regional Water Quality Control Board (Central Coast)
 2. Monterey County Environmental Health Department
 3. National Oceanographic and Atmospheric Administration
 4. Monterey Bay National Marine Sanctuary
 5. U.S. Army Corps of Engineers
 6. California Coastal Commission
 7. City of Monterey
 8. Monterey Peninsula Water Management District
 9. U.S. Coast Guard
 10. U.S. Fish and Wildlife Service
 11. National Marine Fisheries Service
 12. California Department of Fish and Game
 13. California Department of Health Services
 14. California State Lands Commission
- b. Concurrent with the dedication of the Water System, Cannery Row Marketplace LLC shall transfer any and all applicable permits and approvals necessary for the operation of the Water System for the uses contemplated by the Ocean View

Plaza Project as approved by the City of Monterey, without cost to the Community Services District.

- c. Cannery Row Marketplace LLC shall dedicate the Water System to the Community Services District, without cost to the Community Services District.
- d. Concurrent with the dedication of the Water System, Cannery Row Marketplace LLC shall transfer all warranties described in Section 3(b) of the Indemnity Agreement for the benefit of the Community Services District that the Water System has been completed in accordance with the standards and specifications set forth in the certification described in Section 1 of the Indemnity Agreement and that the Water System shall be fully operational upon delivery to the Community Services District.
- e. The dedication of the Water System shall be made pursuant to a written dedication instrument in recordable form which is reasonably satisfactory to the CSD and conforms to the terms of the Agreement and Addendum C.

CALIFORNIA COASTAL COMMISSION

CENTRAL COAST DISTRICT OFFICE
725 FRONT STREET, SUITE 300
SANTA CRUZ, CA 95060
(831) 427-4863



May 3, 2007

Anthony Lombardo
c/o Lombardo & Gilles
P. O. Box 2119
Salinas, CA 93902-2119

Subject: ***Oceanview Plaza Response Letter (CDP Application No. 3-06-065)***

Dear Mr. Lombardo,

This letter is in response to your letter of April 13, 2007 and our meeting of May 2, 2007 regarding the status of the Oceanview Plaza application (3-06-065). Regarding the specific issues raised in your letter and discussed at our meeting:

- 1. Applicant:** Your letter dated February 22, 2007 stated that "the terms under which the CSD was formed require it to comply with any conditions." In our letter of March 26, 2007, we requested that the applicant cite the specific document that contains this statement. You have stated that you will provide a signed copy of the indemnification agreement document between the City and the applicant that provides the cited language. Although we are not considering this a filing requirement, we would appreciate receiving this document.
- 2. Application Fee:** We have received payment of the fee for the current application (3-06-065), which resolves this filing requirement. In response to the request for a refund of the fee that was paid for the original application for the Oceanview Plaza project (3-03-010), please note that the Commission's permit application (page 6, #6) states "If a permit application is withdrawn, a refund will be due only if no significant staff review time has been expended (e.g., the staff report has not yet been prepared). Denial of a permit application by the Commission is not grounds for a refund." Because considerable Commission staff time and State funds were expended on the previous two submittals, including application review time, the drafting of numerous letters of correspondence, meetings between the applicant and Commission staff, preparation of a staff report, and a Commission hearing, Commission staff has determined that the applicant is not entitled to a refund of the original fee.
- 3. Public Access:** Recent Commission approvals along Cannery Row (the Cannery Row Hotel, Bubba Gumps' deck expansion, Monterey Plaza Hotel) have required a lateral access component along the entire seaward side of the buildings (not below the buildings) with vertical connections to this lateral access, consistent with the requirements of the Cannery Row Land Use Plan. The proposed project does not include an uninterrupted lateral access component along the seaward side of the buildings. Our previous letter identified this inconsistency not as a filing requirement but as an issue that warrants further consideration by the applicant. However, the previously requested information regarding if, and how frequently, any of the proposed public access areas may be restricted for private events continues to be critical to our analysis of the proposed project's consistency with Coastal Act access policies and therefore remains a relevant application information requirement. With regard to your question about timing restrictions on public access at other locations along Cannery Row, I have enclosed a document that details the Commission's requirements regarding public access availability at the Cannery Row Hotel, which is currently under construction.

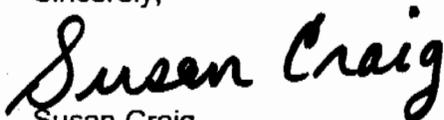
CCC Exhibit 18
(page 1 of 2 pages)

4. Hazards: The EIR notes that portions of the project could be subject to flooding and impact damage by storm waves or a combination of storm waves and tsunami. The proposed mitigation in the EIR states "The project shall incorporate engineering design and construction materials and methods to withstand wave impacts from a 100-year storm event." The project submittal should include a description of these engineering design and construction materials and methods, i.e. describe how the mitigations required by the technical reports for the project have been incorporated into the project. This information should also include the proposed mitigations stated in Edward B. Thornton's "Wave Impacts on Ocean View Plaza, Monterey, California." To ensure adequate protection from hazards, these plans should account for the projected rise in sea level over the next 100 years.

5. Desalination Plant. In our letter of December 22, 2006, we stated that the intake and outfall lines proposed as part of the development would be considered fill and would therefore be subject to requirements of Coastal Act Section 30233(a), but that the project as currently proposed does not appear to conform to any of the three requirements of this Coastal Act Section. We recommended that the proposed project design be changed to either do away with fill in coastal waters or that the entire length of the pipelines, including their intake and discharge points, be installed fully beneath the seafloor. Again, we reiterate that the avoidance of fill in coastal waters is necessary to address the requirements of Coastal Act Section 30233(a). Thus, it is essential that the project application be accompanied by an analysis of the feasibility of a subsurface intake and discharge and, if feasible, include detailed plans for such facilities.

In addition, even if above-surface intakes and discharges were approvable, Coastal Act Section 30233(a) requires that a project incorporate all feasible mitigation measures to minimize intake and discharge-related impacts. Thus, to the degree that the project continues to propose such facilities, an entrainment study and an associated mitigation plan that includes biological information about the types and numbers of organisms that would be subject to entrainment, will be required. The submittal of any such plan should be accompanied by an incidental take permit and/or a Habitat Conservation Plan required by NOAA Fisheries to address any impacts to listed species.

Sincerely,

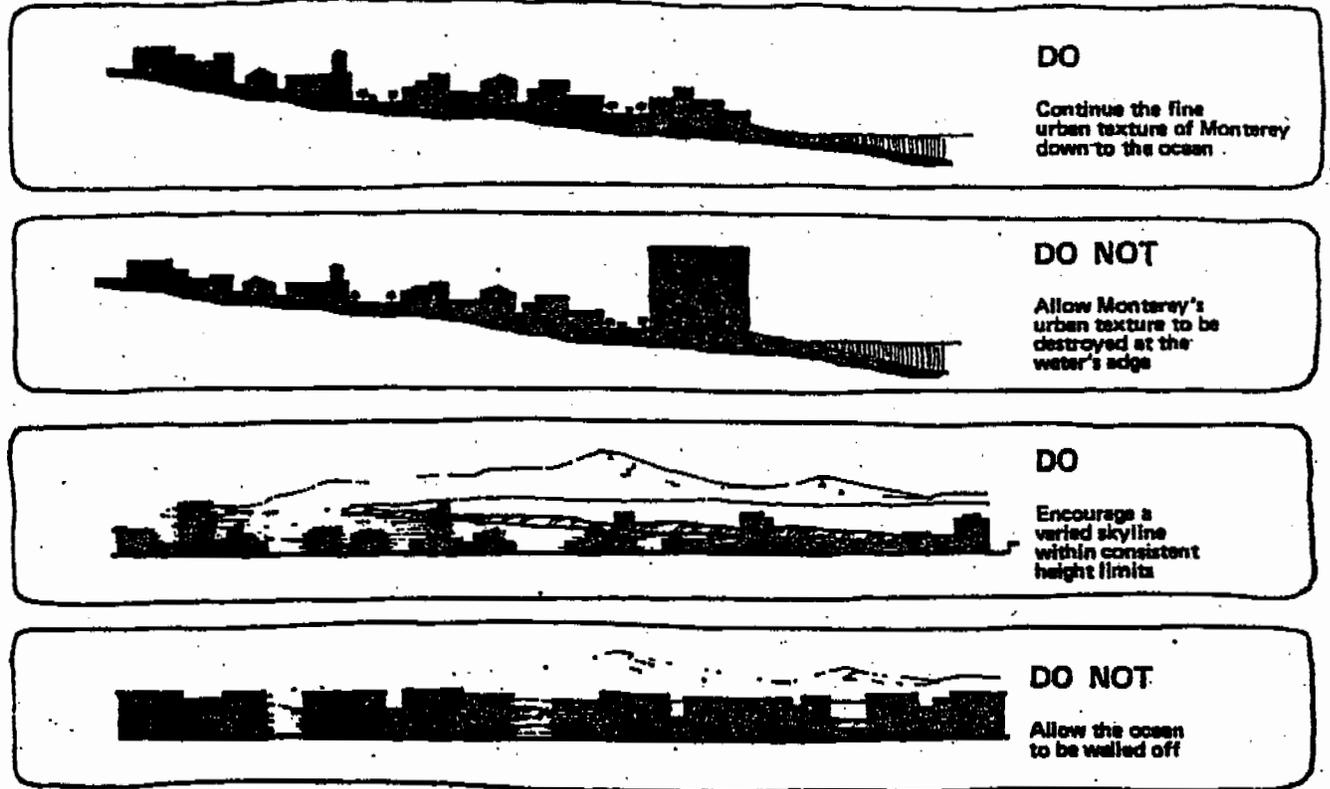


Susan Craig
Coastal Planner
Central Coast District Office

Enclosure

3. LCP Policies - DEVELOPMENT

- a. Views to Monterey Bay and the Cannery Row shoreline are to be preserved and enhanced for pedestrian and vehicle passengers by requiring new development to be in keeping with the sightlines shown in Figure 18.
- b. The fine urban texture of New Monterey is to be continued to the shoreline, with a variation in building height, bulk, and massing as illustrated in Figure 19.



Source: 1973 Cannery Row Plan

Figure 19. Development Guidelines: Bulk and Building Height.

- c. The architectural character of the old cannery structures is to be respected along Cannery Row, with a variation in building heights and roof forms, and buildings fronting on pedestrian ways as shown in Figure 20.

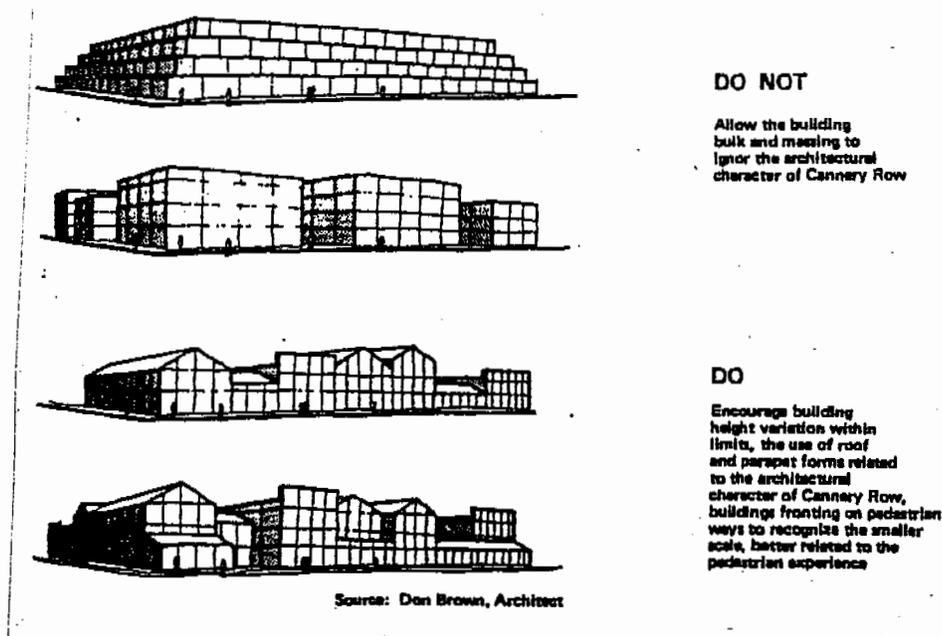
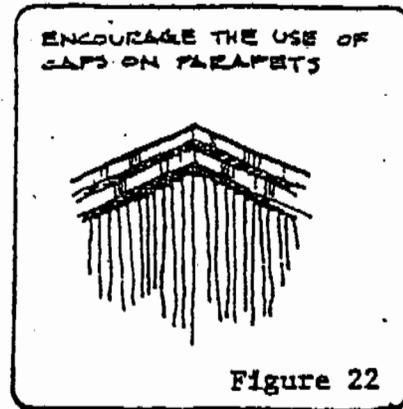
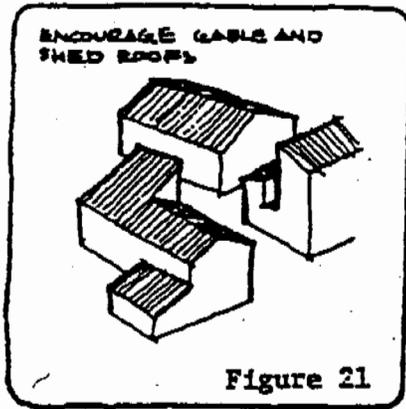


Figure 20 Development Guidelines: Building Height and Character Along Cannery Row

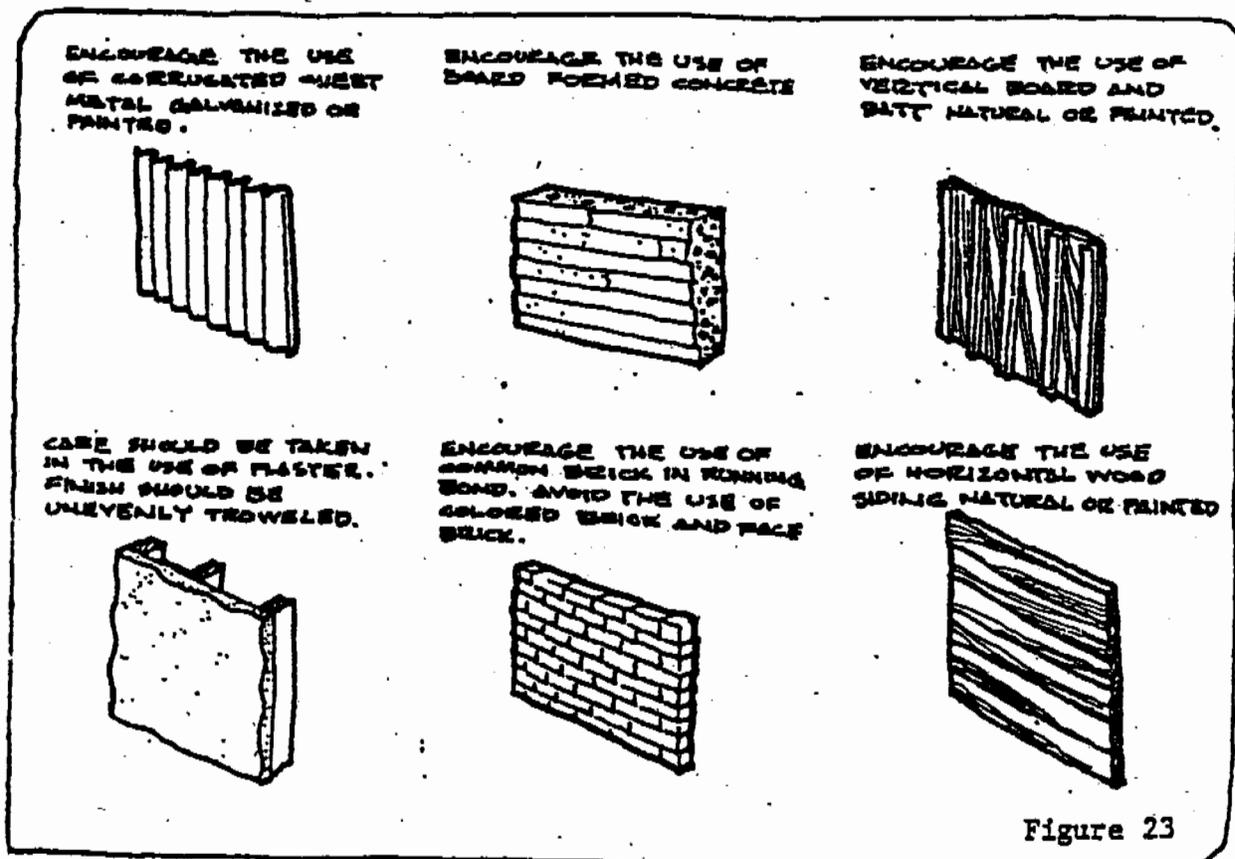
- d. To maintain the architectural character and resulting pedestrian scale defined in finding g., architectural review guidelines are to be implemented which encourage the following building design elements.*

1. Multiple shed and gable roof forms for "cannery" type building as shown in Figure 21 (As defined in finding g., the "cannery" type of building form is a highly complex collage composed of skylights, tall smoke stacks, and a multitude of "odd" structures which work to create an exciting sculpture).
2. Parapet designs terminated by a heavy cap for the roof forms for warehouse type building as shown in Figure 22 (As defined in finding g., the "warehouse" type of building form is a large simple structure which is decorated by a finely scaled fenestration pattern).

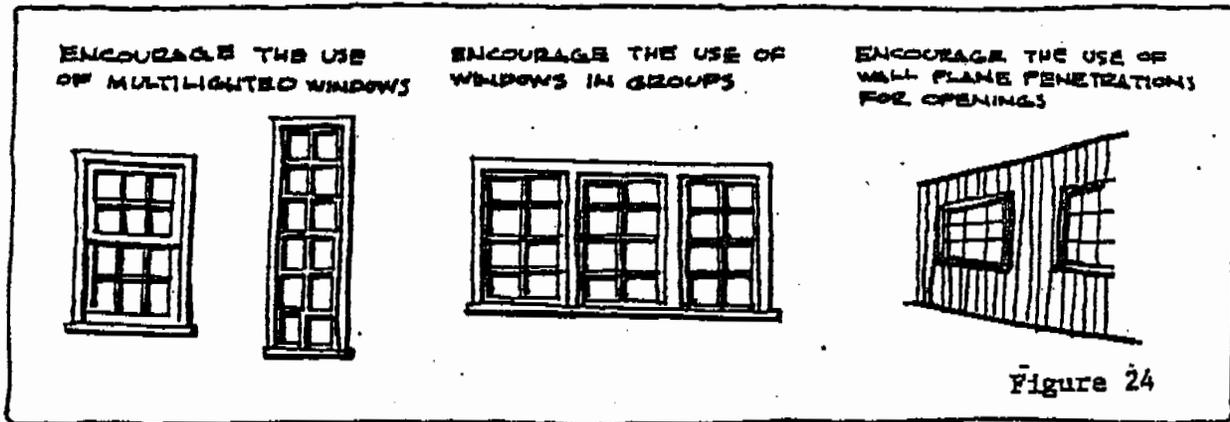
* NOTE: These building design elements with accompanying sketches have been taken from the Urban Design Plan prepared by the architectural firm of Brown and Takigawa for the 1973 Cannery Row Plan.



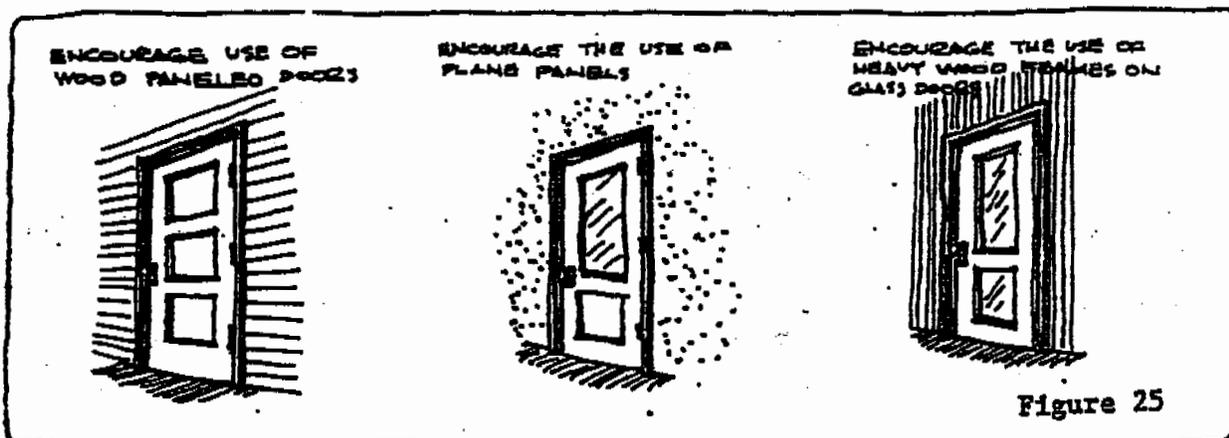
3. Finely dimensioned wall material to include corrugated sheet metal, horizontal wood siding, board formed concrete, irregularly troweled plaster, board and batt and common brick in running bond (Figure 23).
4. Wall material limited in number on one building (Continuity of material tends to unify a building where a conglomeration of materials becomes disturbingly confusing and breaks continuity of interest).



5. Rectangular multi-lighted windows. Encourage use in groups and encourage wall plane penetrations for openings (Figure 24).

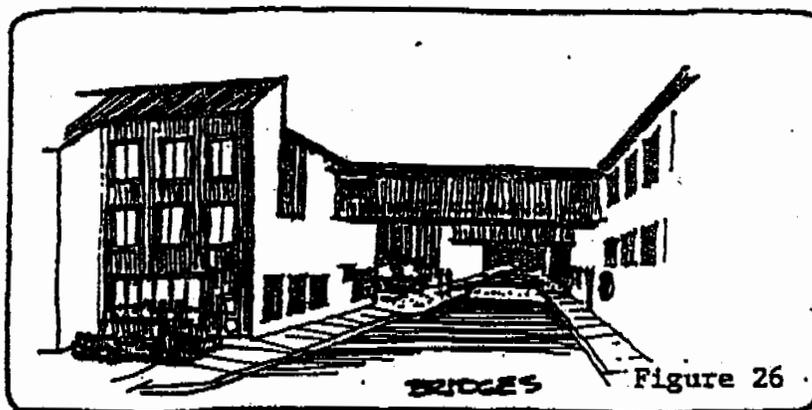


6. 3'0 x 6'8" wood frame or wood panel doors (Figure 25).

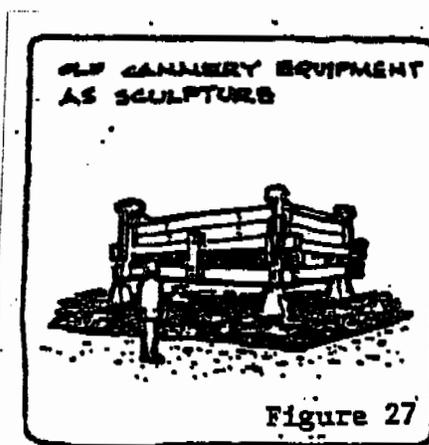


7. Exterior stairways.
8. Sign forms to include plaques with painted letters, either free standing or wall mounted, and block letters painted directly on walls in colors of low contrast with the wall.

9. Bridges on streets parallel to the ocean. Limited in width and spaced so as not to create a tunnel effect (Figure 26).



- e. To maintain the unique streetscape and resulting pedestrian scale defined in findings l. and m., architectural review guidelines are to be implemented which encourage the following landscape design elements:*
1. Simple planting in keeping with the waterfront setting. Succulents and shrubs in character with the Northern California Coast. Cypress as the dominant tree form. Landscaping done in clumps and not continuously along the streets (Cannery Row is somewhat barren and this is one of the features contributing to its uniqueness).
 2. Concrete street paving patterns for Cannery Row.
 3. Discarded cannery equipment and fish oil tanks forming abstract sculpture. Discarded cannery equipment could take form of benches and trash receptacles as long as such use does not become "theatrical", old iron baskets as planters (Figure 27).

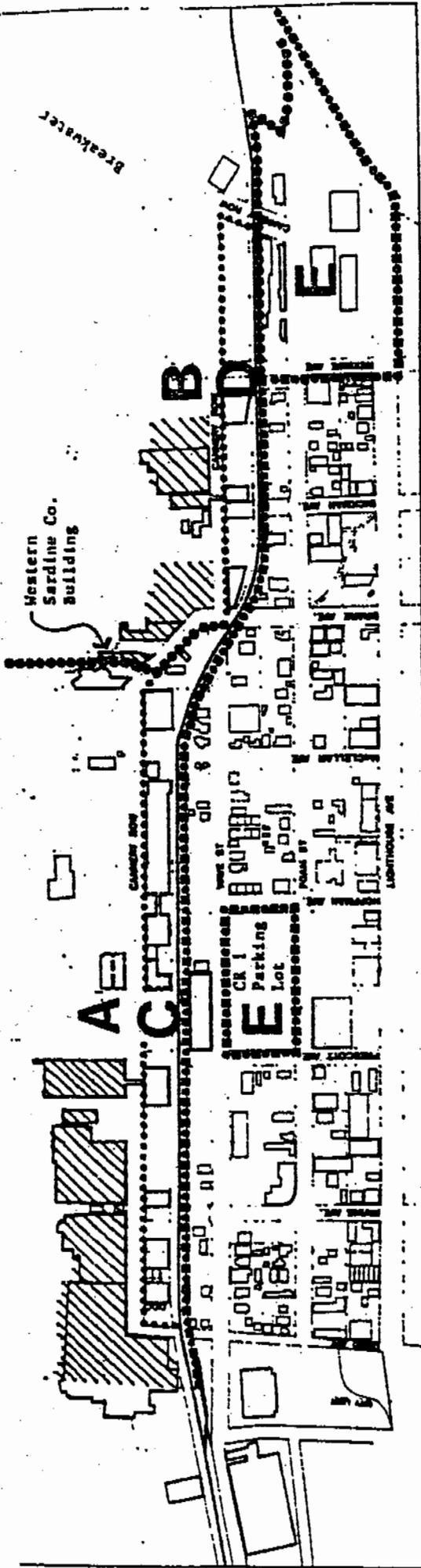


*NOTE: These landscape design elements with accompanying sketches have been taken from the Urban Design Plan prepared by the architectural firm of Brown and Takigawa for the 1973 Cannery Row Plan.

CCC Exhibit 19
(page 5 of 11 pages)

4. Old industrial type of street light fixtures.
5. Power poles and wires.
- f. Building height and scale on the bay side of Cannery Row is to be controlled by a combination of the following:
 1. On the bay side from but not including the Western Sardine Co. building to and including the Hovden Cannery building at David Avenue as shown in Figure 28 (Area A.).
 - a) A maximum floor area ratio of 2.0 (i.e., on a 50,000 square foot parcel, building square footage is to be a maximum of 100,000 square feet). Building square footage devoted to parking is not to be counted against the building square footage allowed by the floor area ratio of 2.0.
 - b) A maximum basic height limit of 35 feet as measured from Cannery Row Street. Use permits shall be required to exceed the 35 foot height limit up to a maximum of 45 feet if any of the following conditions are met:
 - 1) That additional height above 35 feet is designed so as to assure that the historic character of Cannery Row structures (as defined by development policies c. and d.) is respected.
 - 2) The location and configuration of the additional permitted building height is designed to assure that the architectural character and resulting pedestrian oriented scale and perspective of the Cannery Row buildings (as defined by development finding g. and development policy d.) is respected.
 - c) The gross square footage of any story above 35 feet in height as measured from Cannery Row Street is to be limited to 40% of the structure's building outline.
 - d) Within 20 feet of an adjacent historic structure as defined by development policy o., new development shall not rise more than 1 story or 15 feet above the height of the adjacent structure.
 - e) In as much as the Ocean View Hotel project has been granted a permit prior to the certification of this LUP, the Ocean View Hotel project is to be excluded from the above height limitations so long as it is built pursuant to the conditions in its coastal permit.

2. On the bay side from and including the Western Sardine Co. building to the Coast Guard breakwater as shown in Figure 28 (Area B.).
 - a) A maximum floor area ratio of 2.0 (i.e., on a 50,000 square foot parcel, building square footage is to be a maximum of 100,000 square feet). Building square footage devoted to parking is not to be counted against the building square footage allowed by the floor area ratio of 2.0.
 - b) A maximum basic height limit of 35 feet as measured from Cannery Row Street. Use permits shall be required to exceed the 35 foot height limit up to a maximum of 45 feet (50 feet for hotel uses) if any of the following conditions are met:
 - 1) That additional height above 35 feet is designed so as to assure that the historic character of Cannery Row structures (As defined by development policies c. and d.) is respected.
 - 2) The location and configuration of the additional permitted building height is designed to assure that the architectural character and resulting pedestrian oriented scale and perspective of the Cannery Row buildings (As defined by development finding g. and development policy d.) is respected.
 - c) The gross square footage of any story above 35 feet in height (above 40 feet for hotel uses) as measured from Cannery Row Street is to be limited to 40% of the structure's building outline.
 - d) Within 20 feet of an adjacent historic structure as defined by development policy o., new development shall not rise more than 1 story or 15 feet above the height of the adjacent historic structure.
- g. Building height and scale on the land side of Cannery Row is to be controlled by a combination of the following:
 1. On the land side north of Drake Avenue towards Pacific Grove as shown in Figure 28 (Area C.).
 - a) A maximum floor area ratio of 3.0 (i.e., on a 25,000 square foot parcel, building square footage is to be a maximum of 75,000 square feet). Building square footage devoted to parking is not to be counted against the building square footage allowed by the floor area ratio of 3.0.



**CANNERY ROW
LOCAL COASTAL PROGRAM
CITY OF MONTEREY**



Figure 28

DEVELOPMENT POLICIES
Height Limits, Floor
Area Ratios, and
Development Over the
Water

- Maximum floor area ratio of 2.0 and a basic height limit of 35 feet as measured from Cannery Row Street. The 35 foot height limit may be exceeded to a maximum of 45 feet with a use permit. See Policy f.1. on page IV-B-14 for conditions.
- Maximum floor area ratio of 2.0 and a basic height limit of 35 feet as measured from Cannery Row Street. The 35 foot height limit may be exceeded to a maximum of 45 feet (50 feet for hotel uses) with a use permit. See Policy f.2. on page IV-B-15 for conditions.
- Maximum floor area ratio of 3.0 and a basic height limit of 35 feet as measured from Cannery Row Street. The 35 foot height limit may be exceeded to a maximum of 45 feet with a use permit. See Policy g.1. on page IV-B-15 for conditions.
- Maximum floor area ratio of 3.0 and a basic height limit of 35 feet as measured from Cannery Row Street. The 35 foot height limit may be exceeded to a maximum of 45 feet (60 feet for hotel uses) with a use permit. See Policy g.2. on page IV-B-17 for conditions.
- Maximum height limit of 35 feet. See Policies i. and j. on pages IV-B-18 and IV-B-19.

- A** BAY SIDE OF CANNERY ROW
(North of Western Sardine Co. building)
- B** BAY SIDE OF CANNERY ROW
(Western Sardine Co. building to Breakwater)
- C** LAND SIDE OF CANNERY ROW
(North of Drake Avenue)
- D** LAND SIDE OF CANNERY ROW
(South of Drake Avenue)
- E** CITY CORPORATION YARD,
COAST GUARD BLOCK, AND
CITY CR 1 PARKING LOT

DEVELOPMENT ALLOWED BEYOND MEAN HIGH TIDE
Only in existing structures and on slabs presently extending beyond the mean high tide line. On all other parcels, development is not to extend beyond the mean high tide line. See Policy h.

COASTAL ZONE BOUNDARY

CCC Exhibit 19
(page 8 of 11 pages)

- b. A maximum basic height limit of 35 feet as measured from Cannery Row Street. Use permits shall be required to exceed the 35 foot height limit up to a maximum of 45 feet if any of the following conditions are met:
 - 1) That additional height above 35 feet is designed so as to assure that the historic character of Cannery Row structures (As defined by development policies c. and d.) is respected.
 - 2) The location and configuration of the additional permitted building height is designed to assure that the architectural character and resulting pedestrian oriented scale and perspective of the Cannery Row buildings (As defined by development findings g. and development policy d.) is respected.
 - c) The gross square footage of any story above 35 feet in height as measured from Cannery Row Street is to be limited to 40% of the structure's building outline.
 - d) Within 20 feet of an adjacent historic structure as defined by development policy o., new development shall not rise more than 1 story or 15 feet above the height of the adjacent historic structure.
2. On the land side south of Drake Avenue towards the Coast Guard breakwater as shown in Figure 28 (Area D.).
- a) A maximum floor area ratio of 3.0 (i.e., on a 25,000 square foot parcel, building square footage is to be a maximum 75,000 square feet). Building square footage devoted to parking is not to be counted against the building square footage allowed by the floor area ratio of 3.0.
 - b) A maximum basic height limit of 35 feet as measured from Cannery Row Street. Use permits shall be required to exceed the 35 foot height limit up to a maximum of 45 feet (60 feet for hotel uses) if any of the following conditions are met:
 - 1) That additional height above 35 feet is designed so as to assure that the historic character of Cannery Row structures (As defined by development policies c. and d.) is respected.
 - 2) The location and configuration of the additional permitted building height is designed to assure that the architectural character and resulting pedestrian oriented scale and perspective of the Cannery Row buildings (As defined by development findings g. and development policy d.) is respected.

- b) A maximum basic height limit of 35 feet as measured from Cannery Row Street. Use permits shall be required to exceed the 35 foot height limit up to a maximum of 45 feet (60 feet for hotel uses) if any of the following conditions are met:
- 1) That additional height above 35 feet is designed so as to assure that the historic character of Cannery Row structures (As defined by development policies c. and d.) is respected.
 - 2) The location and configuration of the additional permitted building height is designed to assure that the architectural character and resulting pedestrian oriented scale and perspective of the Cannery Row buildings (As defined by development findings g. and development policy d.) is respected.
- c) The gross square footage of any story 35 feet in height (above 50 feet for hotel uses) as measured from Cannery Row Street is to be limited to 40% of the structure's building outline.
- d) Within 20 feet of an adjacent historic structure as defined by development policy o., new development shall not rise more than 1 story or 15 feet above the height of the adjacent historic structure.
- h. Shoreline development along Cannery Row is not to extend seaward so far as to require new seawalls or alteration of the natural shoreline with the exception of parcels where structures or slabs presently exist over the water as shown in Figure 28. Existing structures and slabs beyond the mean high tide line are not to be extended horizontally as part of any new development and are not to encroach further on the natural shoreline beneath the structures. Under no circumstances is any existing structure or slab to be extended vertically so as to be any lower than 13 vertical feet above the mean high tide line. Coastal dependent uses dependent on coastal marine resources may be exempted from the 13-foot vertical clearance requirement (The 13-foot above mean high tide vertical height requirement is the current approximation of the area subject to flooding or damage from tsunami and storm waves and this 13-foot requirement may be modified based on new information to be developed).
- i. Building height and scale along Foam Street and Wave Street is to be controlled by a combination of existing City Zoning Ordinance provisions (a maximum height limit of 35 feet), and architectural review guidelines addressing the siting of structures, materials, roof forms, and relationship to adjacent buildings and properties.*

*See asterisk at bottom of page 117.

CCC Exhibit 19
(page 10 of 11 pages)

- j. Building height and scale along Lighthouse Avenue is to be kept compatible with the existing built-out pattern by a combination of existing City Zoning Ordinance provisions (a maximum height limit of 35 feet), and architectural review guidelines addressing siting of structures, materials, roof forms, and relationship to adjacent buildings and properties.*
- k. Reasonable mitigations are to be required as a condition of development where it would adversely impact archaeological or paleontological resources as identified by the State Historic Preservation Officer.
- l. New development is to be approved only where available supplies of water, parking, and circulation capacities are shown to exist (See policies in Parking, Circulation, and Water sections).
- m. Each development shall be required to demonstrate compliance with the Land Use Plan policies applicable to the particular project under consideration.
- n. For structures and landscape improvements, along both sides, facing the proposed recreational trail, architectural review guidelines should be implemented which emphasize and encourage landscape and design elements similar to those found and encouraged along Cannery Row Street so as to maintain the unique public use opportunities and resulting pedestrian scale referred to in the above findings.
- o. Historic sites and buildings shall be designated by the City as part of the implementation phase. Identified historic sites and buildings shall be preserved at existing locations to protect and preserve community character.
- p. All new development is to meet the conditions of a historic documentation program to be developed as part of the implementation phase. More specifically, the historic documentation program will require that the history of the site be exhibited as part of any new development (i.e., plaques, pictures, artifacts, etc.).
- q. All Development Policies in this Section are to be adhered to in line with the requirements of the Uniform Building Code.

*NOTE: Policies i. and j. address the intensity of development for an area outside the Coastal Zone. This outside area is addressed because of policies in the Parking section which propose that any surplus spaces in this area outside the Coastal Zone be used to serve development in the Cannery Row Coastal Zone area. To identify available surplus spaces, the intensity of proposed development needs to be known.

CALIFORNIA COASTAL COMMISSION

CENTRAL COAST DISTRICT OFFICE
725 FRONT STREET, SUITE 300
SANTA CRUZ, CA 95060
(831) 427-4863



March 26, 2007

Jacqueline Zischke
c/o Lombardo & Gilles
P. O. Box 2119
Salinas, CA 93902-2119

Subject: ***Oceanview Plaza Submittal Status Letter (CDP Application No. 3-06-065)***

Dear Ms. Zischke,

This letter is in response to your letter of February 22, 2007 regarding our request for additional information regarding the Ocean View Plaza application submittal, as discussed at our January 16, 2007 meeting.

1. Applicant: In our December 22, 2006 letter, we had requested that a duly authorized representative of the CSD provide a written statement establishing its participation as co-applicant. In your letter of February 22, 2007, you stated that "the terms under which the CSD was formed require it to comply with any conditions." Please provide the specific reference that demonstrates that the CSD must comply with any relevant conditions placed on the project as part of any future California Coastal Commission approval.

2. Application Fee: The fee schedule includes a \$200 fee if more than 75 cubic yards of grading is proposed for a residential project, which is the case here. Please submit a total fee of \$18,320¹. Regarding the requested refund for the fee paid for the previous submittals, we are still analyzing the amount of staff time that went into the two previous submittals to determine the amount of refund, if any, that the applicant is due. When we have completed this analysis, a refund check for the appropriate amount, if any, will be issued. In the meantime, however, the fee for this application must be submitted before the permit application can be filed.

3. Public Access: Your letter of February 22, 2007 makes reference to our June 26, 2001 letter regarding the draft EIR. However, our letter of June 26, 2001 also stated:

In response to the Cannery Row Marketplace DEIR, Commission staff had requested a description of the way in which lateral access improvements would connect with the lateral accessway established on the Chart House property south of the project site and whether lateral access improvements had been designed to allow for a future connection with the property north of the project site. The DEIR does not describe either lateral access connection. This should be addressed in the EIR.

Furthermore, Cannery Row LUP Public Access Policy 3.d.2 states:

Pedestrian movement parallel and adjacent to the water shall be required with unobstructed views of the water in the form of an open or enclosed walkway a minimum of 8 feet wide across the seaward sides of structures, as a condition of all new development, consistent with the Coastal Act's requirements for shoreline access.

The Commission has required lateral access on the seaward side of new developments on Cannery Row, e.g., the Monterey Plaza Hotel and the Cannery Row Hotel that is currently under

¹ (\$120 x 51 residential units) + (\$12,000 for commercial space) + (\$200 grading fee) = \$18,320.

construction. We appreciate the submission of the drawing identified as C103 that shows the proposed public access, but which does not include a lateral public access component across the seaward side of the buildings. Thus, it appears that the proposed project does not provide lateral coastal access. Please clarify if this is not the case.

Regarding the hours of the day that public access will be available, your letter states that "Public access shall be provided in accordance with the provisions of the LUP." Cannery Row LUP Public Access policy 3.d.1. states that, for **backs of structures** along the shoreline, access is to be "open to the public during daytime business hours..." Please be more specific about the proposed hours of public access throughout the project site.

At our meeting of January 16, 2007, we requested that the application submittals identify if, and how frequently, any of the proposed public access areas may be restricted for private events. Please provide this information.

4. Hazards: Please submit the development plans that detail how the potential impacts of storm waves and tsunamis, as described in Edward B. Thornton's "Wave Impacts on Ocean View Plaza, Monterey California," will be mitigated. These plans should account for the projected rise in sea level over the next 100 years.

5. Desalination Plant. In our letter of December 22, 2006, we stated that the intake and outfall lines proposed as part of the development would be considered fill and would therefore be subject to requirements of Coastal Act Section 30233(a), but that the project as currently proposed does not appear to conform to any of the three requirements of this Coastal Act Section. We recommended that the proposed project design be changed to either do away with fill in coastal waters or that the entire length of the pipelines, including their intake and discharge points, be installed fully beneath the seafloor. At our meeting of January 16, 2007, we reiterated that the project needs to evaluate the feasibility of onshore or nearshore subsurface intakes and discharges at various locations and depths. Your letter of February 22, 2007 does not address this issue. Again, we reiterate that the avoidance of fill in coastal waters is necessary to address the requirements of Coastal Act Section 30233(a). Thus, it is essential that the project application be accompanied by an analysis of the feasibility of a subsurface intake and discharge and, if feasible, include detailed plans for such facilities.

In addition, even if above-surface intakes and discharges were approvable, Coastal Act Section 30233(a) requires that a project incorporate all feasible mitigation measures to minimize intake and discharge-related impacts. Thus, to the degree that the project continues to propose such facilities, an entrainment study and an associated mitigation plan that includes biological information about the types and numbers of organisms that would be subject to entrainment, will be required. The submittal of any such plan should be accompanied by an incidental take permit and/or a Habitat Conservation Plan required by NOAA Fisheries to address any impacts to listed species.

Jacqueline Zischke
Ocean View Plaza Application Status
March 26, 2007
Page 3

Please contact me at 427-4863 if you have any questions about the required information discussed above.

Sincerely,



Susan Craig
Coastal Planner
Central Coast District Office

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3-06-065
Page 3 of 3

*

RECEIVED

JAN 22 2008

CALIFORNIA
COASTAL COMMISSION
CENTRAL COAST AREA

1-16-08

Dear Coastal Commission

Project: app 3-06-065
Ocean View PLAZA MONTEREY

I have lived in Monterey my whole life, 56½ years. I am very protective of my Monterey and of its history and environment.

The Ocean View plaza project is a development that has great benefit for the people of Monterey and our visitors alike. Here are the benefits:

① The dilapidated 75 year old historic 'STOHANS Building' on the site will be renovated by the developer and to be used as a cultural and historic center for Cannery Row. This cultural center will represent the Monterey heritage of Sicilians, Japanese, Chinese, Portuguese, Mexicans, Scandinavians, and Anglos that lived or worked on Cannery Row, such as Cannery workers and Fishermen. My Mother

Exhibit 21
page 1 of 16

(2)

worked in the canneries from 1926 to 1966 and my father was a fisherman in Monterey for 35 years. This museum is needed now because many of the old time Monterey residents are dying off and those that are still alive will be valuable assets for the knowledge of the new cultural center. This museum is extremely important for the future enjoyment and education of Monterey. And it is mandatory that the developers build and create it.

2) The developer of the Ocean View Plaza will also build a reproduction of the SAN XAVIER warehouse across the street using the actual facade and materials of the original building. This will allow a closer resemblance to the historic Cannery Row environment

3) A park will be established on the property also for all to use

CCC Exhibit 21
(page 2 of 16 pages)

4) A promenade will be established

(3)

allowing pedestrians to walk to the shoreline on the property for the first time in many years.

5) The developer will be required to spend 2 million dollars to reduce traffic congestion on Lighthouse Blvd. and Cannery Row. This money is extremely important to the city of Monterey and traffic solutions.

6) The present graffiti-laden site will be beautified replacing many years of being an ugly eyesore.

7) The money from taxes this site will give to the city from its RETAIL profits and history center will aid the citizens of Monterey for police and fire protection, road repairs, park maintenance, library funding, and many other Monterey projects.

8) There will be a low income housing component to the project that will aid our citizens also.

(4)

To sum it all up, the Ocean View project is a great benefit to the citizens of Monterey and also to our visitors. Economically, historically, and environmentally it saves the Stohans processing plant to be used as a cultural center and reproduces the San XAVIER building right on its same site. For all the reasons I have stated please vote IN FAVOR OF this project because it truly improves Cannery Row and provide income for our City to be used for our citizens.

PLEASE LET ME KNOW when and where the meeting will take place for the vote on the Ocean View project so that I may attend and speak on its behalf.

PLEASE Make sure all commissioners receive this letter.

Thank You

RONALD LOMANTO

16 CRAMDEN DR.

Monterey, Calif. 93940

tele: (831) 648-1559
phone

CCC Exhibit 21
(page 4 of 16 pages)



Cannery Row Business Association

Founded 1960

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JAN 08 2008

CALIFORNIA
COASTAL COMMISSION
CENTRAL COAST AREA

January 7, 2008

California Coastal Commission
45 Fremont Street, Suite 2000
San Francisco, CA 94105

Dear Commissioners:

On behalf of the merchants in the Cannery Row Business Improvement District, I'm pleased to submit a letter of support for the Cannery Row LLC Ocean View Plaza project.

"Cannery Row" is an area steeped in history and ambiance. The street itself offers visitors and residents a glimpse into the history of California's early canneries, and the location on Monterey Bay affords beautiful vistas. The exception to this is the proposed site for the Ocean View Plaza, which is currently a blighted, unattractive, unsafe, wasted piece of waterfront property. In its current condition it provides no public access to the water, yet attracts vagrants and vandals. It has been vandalized several times. The proposed Ocean View Plaza will allow the public to enjoy views of Monterey Bay as well as learn about the history of Cannery Row. The project will complete Cannery Row in a way not seen since the hey-day of the Canneries.

The Cannery Row Business Improvement District strongly encourages the Coastal Commission to support the City of Monterey's approval of the Ocean View Plaza project.

Sincerely,

Eileen Angclos

Immediate Past President

Cannery Row Business Improvement District

CCC Exhibit 21
(page 5 of 14 pages)



Monterey County Hospitality Association
"The Voice of Your Hospitality Community"

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JAN 07 2008

CALIFORNIA
COASTAL COMMISSION
CENTRAL COAST AREA

January 7, 2008

Pat Kruer, Chair, and Members
California Coastal Commission
45 Fremont Street, Suite 2000
San Francisco, Ca 94105 - 2219

Transmitted by fax to: (415) 904-5400 and (831) 427-4877

RE: Support for Ocean View Plaza Project, Cannery Row, Monterey

Dear Commissioner Kruer and Members:

The Monterey County Hospitality Association strongly urges support for the Ocean View Plaza project on Cannery Row in Monterey.

MCHA is the trade association for our region's travel and tourism industry. The project before you is a critically important component of Monterey's Cannery Row, a major tourist draw and attraction. The local travel and tourism industry struggles to remain competitive with other destinations; approval of this project eliminates a major detraction from Cannery Row and will enhance our ability to compete. In addition, approval of Ocean View Plaza will accomplish a high planning priority of the City of Monterey, a priority for over two decades. Below we cite several reasons why this project should be approved.

The site of this project has been an unsafe, unsavory eye-sore for years and a blight on a very popular tourist destination.

The Ocean View Plaza project accomplishes several important goals; it is an essential brownfield remediation opportunity; it is an unparalleled mixed-use urban infill opportunity; it will provide safe and scenically unequaled ocean access (direct coastal access has been unavailable in the project area for over two decades); and it will add jobs and ocean-related tourism opportunities and jobs. In addition, Ocean View Plaza will offer the public a Cannery Row history museum, an important addition to our region's cultural resources.

Please approve the Ocean View Plaza. It is an essential project.

Sincerely,
Mark Bastis
Mark Bastis, President

cc: Supervisor David Potter

CCC Exhibit 21
(page 6 of 16 pages)



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DEC 26 2007

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DEC 27 2007

CALIFORNIA
COASTAL COMMISSION
CENTRAL COAST AREA

December 19, 2007

Mayor:
CHUCK DELLA SALA

Councilmembers:
LIBBY DOWNEY
JEFF HAFFERMAN
NANCY SELFRIDGE
FRANK SOLLECITO

City Manager:
FRED MEURER

California Coastal Commission
45 Fremont Street, Suite 2000
San Francisco, CA 94105

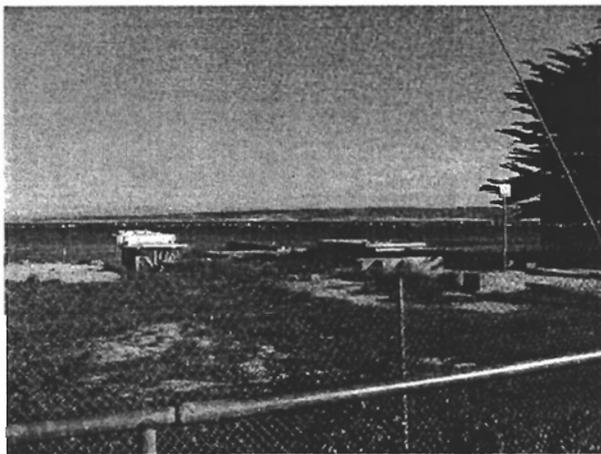
RE: Ocean View Plaza Developer: Cannery Row Marketplace, LLC

Dear Chair and Commissioners:

The City of Monterey approved the Ocean View Plaza project on June 1, 2004 and the City requests that the Coastal Commission support this decision.

The Ocean View Plaza site is located in the middle of Cannery Row. The site is divided by Cannery Row Street and includes both an oceanside and inland site. The property contains foundations from old canneries, historic San Xavier Fish Reduction Plant, and parking.

The site is unattractive, inaccessible, contains an at-risk historic structure and detracts from the pedestrian's experience of Cannery Row.



*View of Fence and Foundations,
November 2007*

CCC Exhibit 21
(page 7 of 16 pages)

Unattractive Site/Graffiti Cleanup: Vandals have targeted the Ocean View Plaza site consistently over the past years. The property owner frequently repaints the foundations that are tagged with graffiti. From an aesthetic standpoint, a redeveloped site helps ensure that the property is utilized in a productive manner that can meet the City's property maintenance goals.

Public Access: The project site's ocean front property is currently fenced and inaccessible. One of the exciting prospects of this project is the creation of public access to the rocky shoreline.

The City's certified Coastal Land Use Plan requires that the project provide a minimum 10' access from Cannery Row Street to the rocky promontory on the project site and access along the rocky shoreline. Two pedestrian plazas are also required on the ocean front property.

The project far exceeds these minimum requirements. On the inland parcel, a community park will be constructed adjacent to the regional Monterey Bay Recreation Trail, creating a 150' wide access to Cannery Row Street. On the oceanfront parcel, a history plaza will surround the historic San Xavier Fish Reduction Plant and access will be provided along the rocky shoreline. The lateral access will connect with the adjacent Charthouse restaurant.

Mixed Use Development/Affordable Housing: The City of Monterey General Plan encourages mixed use development to reduce automobile trips; improve the quality of the pedestrian experience; create walkable neighborhoods; provide more ownership opportunities; and increase the City's affordable housing supply.

The project is a mixed-use project consistent with the City's General Plan objectives. The project includes 51 housing units. Thirteen units will be dedicated to the City's affordable housing inventory. The dedication represents 25% of the site's housing units, exceeding the 20% General Plan requirement.

San Xavier Fish Reduction Plant and History Center: The City of Monterey History Master Plan (adopted 1999) identified a need for a Cannery Row museum and pinpointed the San Xavier Fish Reduction Plant as an ideal location.

The San Xavier Fish Reduction Plant is a dilapidated structure and needs significant rehabilitation. The project's conditions of approval state, "Prior to building occupancy of the project, the exterior of the San Xavier Reduction Plant shall be rehabilitated to the Secretary of Interior Standards for Rehabilitation."

The History Center's goals outlined in a recent grant application included:

- Create a cultural and historic interpretive center for the historic Ocean View Avenue (known today as Cannery Row).
- Document, explore and celebrate Monterey's cultural history associated with the fishing and canning industry and contributions made by immigrant men and women from the early 1850s to the present.
- Explore issues, controversies and impacts around overfishing, fisheries management and conservation practices.
- Interpret the impact of international events on the local immigrant community including the Chinese Exclusion Act of 1882, World War I and World War internment camps.
- Highlight national events (e.g. Great Depression) and their relationship to Cannery Row.

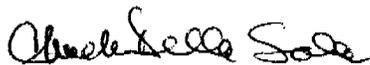
- Showcase the real history of Cannery Row with historic photos, narratives and artifacts as juxtaposed to the Row's literary and scientific heritage.

As envisioned by the History Master Plan, the project's goal is to have the History Center serve as the focal point for heritage tourism on Cannery Row.

Traffic Improvements: The project results in substantive improvements to the City's road network. The developer has agreed to pay \$2,000,000 for roadway improvements along Lighthouse Corridor. Lighthouse Avenue is a primary arterial between Downtown Monterey, Cannery Row, and Pacific Grove.

In closing, the City of Monterey started reviewing proposals for this site in the late 1990s and ultimately approved a project in 2004. The City requests that the Coastal Commission support the City's 2004 decision.

Sincerely,



Chuck Della Sala
Mayor

- c: City Council
California Coastal Commission, Ms. Susan Craig, 725 Front Street, Suite
300, Santa Cruz, CA 95060
Phil Taylor, 535 Cowper Street, 2nd Floor, Palo Alto, CA 94301
Cannery Row Business Association, Eileen Angelos, 65 Prescott Avenue,
Monterey, CA 93940
Cannery Row Business Association, John Narigi, c/o Monterey Plaza Hotel,
400 Cannery Row, Monterey, CA 93940
New Monterey Neighborhood Association, Bruce Crist, P.O. Box 2642,
Monterey, CA 93940

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DEC 19 2007

CALIFORNIA
COASTAL COMMISSION
CENTRAL COAST AREA

Ocean View Plaza, LLC
Save Our Waterfront Committee
Deny Coastal Commission Permit for OVP

December 19, 2007

To: California Coastal Commission Members and Staff
Central Coast Area Office, 725 Front Street, Suite 300
Santa Cruz, CA 95060



From: Barbara Bass Evans, Save Our Waterfront Committee bsb@evansmonterey.com 831-372-8323

RE: Ocean View Plaza Application for a Coastal Commission Permit

Dear Coastal Commission Members:

The Save Our Waterfront Committee respectfully requests that the Coastal Commission deny the Ocean View Plaza developers application for a Coastal permit. The OVP application has not undergone adequate independent CEQA analysis and fails to conform to sections of the 1976 Coastal Act, the Cortese-Knox-Hertzberg Act of 2000, AB 135 (Kehoe 2006), and the Porter-Cologne Water Quality Control Act. The applicants have not met Coastal Commission application requirements by resolving water supply problems and obtaining all local approvals.

The Coastal Commission required that the proposed project desalination plant be under jurisdiction of a public entity. The Ocean View Plaza developers, Cannery Row Marketplace, LLC., were granted a Community Services District permit from LAFCO on 12/27/05.

Forming a CSD for the purpose of building a desalination plant to supply water for OVP was NOT the project that was considered by the public or the agencies in the 2001 EIR.

The LAFCO approval of the CSD permit is under legal challenge. The LAFCO approval of the OVP CSD permit is not complete until the court rules on the case. Briefing will be completed by mid February and the matter will be argued at the Sixth District Court of Appeal during 2008.

LAFCO rushed through the approval of a CSD on 12/27/05 before Kehoe 135 took effect on 1/1/06.

OVP filed the LAFCO application on 12/2/05, requesting comments by 12/15/05 for a 12/27/05 LAFCO CSD hearing that must be a record. By rushing the CSD application process, LAFCO failed to provide for adequate public review and failed to undertake the legal requirements of CSD formation such as Financial Feasibility Study, Municipal Services Review and Sphere of Influence Report.

"The new Community Services District law (Kehoe 135) may or may not allow formation of a CSD in an uninhabited area...The election of board of directors would be subject to a city wide election of all residents." Kate McKenna, Executive Officer of LAFCO. *See Appellant's Opening Brief, page 24-25.*

The formation of a CSD for a single developer is the first its kind and will set a statewide precedent for single site desalination plant projects. The California coast could be dotted with desal plants for small community service districts.

"The proposed OVP CSD District sets a precedent for similar proposals that may cumulatively induce growth and preclude a well planned allocation of limited water resources consistent with the land use priorities and resource protection requirements of the Coastal Act, including Section 30254." *See 12/27/07 Coastal Commission letter to LAFCO*

The proposed CSD is a single purpose district for the financial benefit of the property owners. It is not related to an imminent public health and safety problem. "It is the further intent of the Legislature that an incorporation should not occur primarily for financial reasons." *See Cortese-Knox-Hertzberg Act of 2000, 56815 [56845] (a)*

CCC Exhibit 21
(page 10 of 14 pages)

The Desal plant design OVP is now proposing is different from the one analyzed in 2001 EIR.

The original desal design proposed and analyzed in the 2001 EIR used an open-water intake and did not appear to conform to Coastal Act Sections 30230 and 30231 and Porter-Cologne Water Quality Control Act. *See CA Water Code §19142.5 (b)*

The current OVP desal plant design uses a subsurface intake and has not undergone independent review as required by CEQA. OVP has not completed a full feasibility study that includes a description and scientific analysis of all available subsurface technologies, anti-clogging technologies, how impingement and entrainment would be eliminated and how the new desal design will comply with the recently approved regulations for the Central Coast Marine Protected Areas and Ricketts SMCA which specifically prohibits the take of any living marine resource. *See Petition Requesting State Water Board Review of Regional Water Board Order No. F3-2007-0040*

New environmental information regarding 2004 groundwater outfall pollutants was not addressed in the 2001 EIR and may necessitate additional review. *See Appellant's Opening Brief, page 26.*

The City of Monterey was contacted on 12/29/04 by the Regional Water Quality Control Board stating that they intended to issue a Cease and Desist Order regarding Monterey's storm drain discharges into the Sanctuary's Areas of Special Biological Significance.

The Cannery Row stormwater outfall site at Steinbeck Plaza, "stands out from the rest (of the sites from Pacific Grove to San Mateo) with high pollutant concentrations." *See First Flush, a Monterey Bay Sanctuary Citizen Watershed Monitoring Network Report, October 2004, submitted as attachment 1,2,3 in 5/9/05 Coalition on Responsible Desalination letter to Coastal Commission.*

The CC staff previously requested OVP to not resubmit the application until the water supply situation of the project has been resolved." *See May 18, 2005 CC letter to OVP applicants.* The Save Our Waterfront Committee is unaware that the water supply issues have been satisfactorily addressed.

The Coastal Commission staff noted in their 12/27/05 letter to LAFCO that applicants failed to provide:

- an adequate analysis of alternative regional and sub-regional solutions to the area's water shortage.
- a description of how water will be provided to the affected property if the desalination plant fails, ceases to operate, or the storage tanks run dry.
- whether a single site desal plant may interfere with current efforts to develop a regional solution to address existing water shortages and related environmental problems by reducing incentives for participation in such efforts.
- information whether the new desal water will be subject to water regulation 35-10. "Reliance upon additional withdrawals from the Carmel River as a back-up water source may escalate the environmental problems associated with current levels of withdrawal, in conflict with Coastal Act Sections 30240 and 30250.

The OVP CSD project may not have adequate financial and staff resources to ensure that operation of the desalination plant will protect coastal resources and public safety.

Does the high cost of water (300-350% normal rate) make the desal operation financially feasible?

"A Municipal Services Review was avoided in the interest of authorizing formation of the CSD prior to effective date of Kehoe SB 136 and description of the legislation's effect should be provided to the public." *See Coastal Commission 12/27/05 letter to LAFCO.*

OVP failed to conduct a financial feasibility analysis, or substantiate that the CSD has revenue neutrality. *See Appellant's Opening Brief, page 20.*

"Operational problems may cause adverse impacts to coastal water quality, marine resources, and aquatic habitats, inconsistent with Coastal Act Sections 30230, 30231, 30232, and 30240." *See Coastal Commission 12/27/05 letter to LAFCO.*

Who will be responsible for abating and mitigating environmental problems if the CSD is financially incapable of meeting these needs? See 12/27/05 Coastal Commission letter to LAFCO.

The CC staff previously stated that they would not accept an application submittal for the project until all local approvals were obtained. See 12/9/04 Coastal Commission letter to OVP applicants.

The City of Monterey and LAFCO approval of a CSD for OVP is being legally challenged at the Sixth Appellant Court District level on the basis of an incomplete CEQA review.

The California Regional Water Quality Control Board OVP permit #R-3-2007-0040 is being appealed to the State Water Board for failure to meet Porter-Cologne requirements by the Save Our Waterfront Committee, Desal Response Group and Surfrider Foundation.

A number of other agencies, State Water Board, Monterey Peninsula Water Management District, Monterey County Environmental Health Department, California State Lands Commission, Monterey Bay National Marine Sanctuary, U.S. Army Corps of Engineers, National Oceanographic and Atmospheric Administration, U. S. Coast Guard, U. S. Fish and Wildlife Service, CA Dept of Fish and Game, National Marine Fisheries Service, and the CA Dept. of Health Services, may require permits or authorizations for the proposed desalination facility.

In closing, we believe that the foregoing supports the denial, at this time, of a Coastal Commission permit for the OVP Desalination plant.

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DEC 20 2007

CALIFORNIA
COASTAL COMMISSION
CENTRAL COAST AREA

12-18-07

To MS. Susan CRAIG AND COMMISSIONERS

I am a LIFELONG RESIDENT OF MONTEREY. I was born in 1951, As a private citizen of Monterey and I strongly support the OCEAN VIEW project on Cannery Row FOR MANY reasons. FIRSTLY, the historic Stohaus building on the site will be rennovated and saved by the developer, to be used as a MUSEUM and cultural center For Cannery Row. This museum represents all the heritages that worked on the Row such as the Sicilians, portuguese, Japanese, Scandanavians, Mexicans, and Chinese. You probably don't have any idea how important this cultural center will be For the people OF MONTEREY, CALIFORNIA, the nation, and the world. Cannery Row has international historic and LITERARY significance through John STEINBECK and the SARDINES and Doc Rickets the MARINE BIOLOGIST. My mother worked in all of those Canneries From 1926 to 1960. My Father was

Exhibit 21
page 13 of 14

a Fisherman for 30 years. So the cultural center not only has personal importance to me, but also to a cross section of the citizens of the Monterey Peninsula.

Secondly, the developer will put in millions of dollars to help improve the TRAFFIC pattern of Cannery Row and add very important parking for locals and tourists alike.

THIRDLY, the developer would provide 25% of the housing units for low income people (below market).

Fourthly, the SITE is an eyesore to the row with GRAFFITI and ugliness on that section of the street.

The EIR has stipulated that the DESALINATION plant proposed for the SITE will not have any significant impact on the OCEAN. The DESAL plant is half the size that the MONTEREY Aquarium uses for its SITE.

FIFTHLY, the OCEAN VIEW project will generate income for the city that will help our CITIZENS for public services, such

3

as police, FIRE protection, LIBRARY, public works and social programs.

The project beautifies the area, allows people to walk its proposed promenades to view the OCEAN, help the cultural integrity of MONTEREY, and provide for an INCREASED tax base for our citizens.

Ms. CRAIG, please pass on this letter to the other coastal commissioners and vote in FAVOR for this worthwhile project.

Thank You, sincerely from
a passionate lover of my hometown,
Monterey: ROW LOMANTO
16 CRAMDEN DR.
MONTEREY, CA. 93940



MONTEREY PENINSULA CHAMBER OF COMMERCE

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Woody Kelley
First National Bank of Central California

Vice Chair of Finance
Mary Adams
United Way of Monterey County

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Cindy Walter
Passionfish

Sandra Whittle
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Ex-Officio
Colonel Pamela Martis
Garrison Command

Astrid Coleman
President/CEO

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NOV 28 2007

CALIFORNIA COASTAL COMMISSION CENTRAL COAST AREA

November 26, 2007

Pat Kruer
Chair
California Coastal Commission
45 Fremont Street, Suite 2000
San Francisco, Ca 94105

RE: Support for Ocean View Plaza Project, Cannery Row

Dear Commissioner Kruer:

On behalf of the Monterey Peninsula Chamber of Commerce, I am writing to re-state our support for the Ocean View Plaza project proposed for Cannery Row.

In 2004, the developers of Ocean View Plaza presented their proposed project to the Chamber's Government Affairs Committee, asking for support of the project. After reviewing the information and meeting with the developer's architect, the Chamber agreed to send a letter of support to the Monterey City Council. At that time, our support was based on the belief that the project not only provided a significant amount of new jobs for peninsula residents and additional revenue for the City of Monterey, but it also brought back the architecture and the personality that is Cannery Row. In addition, this project is both an important mixed-use urban infill and a brownfield redevelopment that removes old toxic boiler fuel contamination and other remnants from the fish operations years ago, remediating an unattractive and dangerous sight on historic Cannery Row.

Now, 12 years after its beginnings, the project is now before the Coastal Commission for approval. And again we give our support and ask that you approve the project as well. The revised Ocean View Plaza project still promises to provide much needed jobs and revenue to the cities while creating an attractive setting in what is now a tired and visually disappointing area of Cannery Row. The addition of more open space, enhanced coastal access, the creation of a history center and the completion of this end of the Row will bring years of enjoyment to residents and visitors alike.

Sincerely,

[Handwritten signature of Cynthia M. Buhl]

[Handwritten signature of Astrid Coleman]

Cynthia Buhl
2007 Chair
Government Affairs Committee

Astrid Coleman
President & CEO
Monterey Peninsula Chamber of Commerce

cc: Susan Craig, Coastal Planner, California Coastal Commission
Mayor Chuck Della Sala, City of Monterey
Allen Robinson, President/CEO The Sienna Company

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(page 16 of 16 pages)