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6 April, 2004

Mr. Tom McCue
Planner
Monterey County Planning Department
2620 1st Avenue
Marina, CA 93933

FAX: 384-3261

Re: Del Monte Forest Preservation and Development Plan

Dear Mr. McCue:

I have enclosed for your review a copy of the Settlement Agreement in the case entitled *Save Our Peninsula Committee, et al. vs. County of Monterey, et al.*, case number M 51217. The Settlement Agreement prohibits the use of any water saving mechanism as a source of a water supply for development within the borders of the Monterey Peninsula Water Management District until such time as a stand-alone environmental impact report is completed and legally certified. See ¶¶ 2(a) and (b).

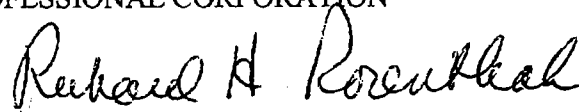
From the newspaper accounts of the above referred to project, the project may be contemplating the use of a water saving mechanism. If that is the case, the County must first complete a legally adequate environmental impact report.

If you have any questions or would further like to discuss the matter, please feel free to call.

Sincerely,

LAW OFFICES RICHARD H. ROSENTHAL
A PROFESSIONAL CORPORATION

BY:

RICHARD H. ROSENTHAL, On behalf of
Save Our Peninsula Committee

RHR/cd

Enclosure-as noted

cc: Linda Rotharmel, Recording Secretary, Subdivision Committee, w/encl. [via fax]

Ed Leeper w/o enclosure

FOR U.S. MAIL DELIVERY: P.O. BOX 1021, CARMEL VALLEY, CA 93924
FOR EXPRESS MAIL DELIVERY: 27880 DORRIS DRIVE, SUITE 110, CARMEL, CA 93923

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT ("Agreement") is entered into by Petitioners and Plaintiffs Ed Leeper and Save Our Peninsula Committee (collectively, "SOPC"), and Respondents and Defendants County of Monterey and Board of Supervisors of the County of Monterey (collectively, "County"). In conjunction with other agreements between parties in the litigation entitled *SOPC, et alia v. County of Monterey, et alia*, Monterey County Superior Court action no. M 51217, this Agreement is to be made part of a Stipulation for Entry of Judgment and Judgment in that litigation. This Agreement shall take effect if and when the Judgment is entered. The parties agree as follows:

1. **Irrevocable Dedication of Water Rights and Water Use Monitoring** The parties acknowledge that there is a separate agreement between SOPC and Robles Del Rio Lodge, LLC and Glen Gurries (collectively, "Robles") which is part of the settlement and judgment in the litigation referenced above.

2. **No County Approvals Based on Water Credit Transfers.**

a. **Prohibition of Transfers.** Existing County policy prohibits the transfer of water credits in connection with County development approvals. Further, County agrees that no water requirement, proof of water supply, or other condition or criteria of approval for any land use approval within that part of the County that is subject to the jurisdiction of the Monterey Peninsula Water Management District may include or be premised in whole or in any part upon a water supply that results from or is based in any part on any water saving mechanism as defined below without County first requiring the preparation and certification of a legally adequate Environmental Impact Report ("EIR"). Such an EIR must analyze potential environmental impacts of the use of the water saving mechanism, including all cumulative impacts and all growth-inducing impacts.

For purposes of this Agreement, land use approvals include standard and minor subdivisions, use permits, combined development permits, and administrative permits, including projects on the waiting list to receive water from the County's allocation.

For purposes of this Agreement, "water saving mechanism" is broadly construed to include proposals to transfer, move, or transport any water credit, water factor, water use, historic water use, water, capacity, or water entitlement, and which proposes to be based in any part upon any claimed water reduction, retrofit, offset, relinquishment, sale or lease of water savings. "Water saving mechanism" also includes any proposal to transport water by motor vehicle or similar means.

b. **Environmental Impact Report.** The EIR referenced above shall be a stand alone EIR and not part of any other specific project approval EIR. The EIR shall include potential impacts from water saving mechanisms. The EIR shall include such matters as cumulative and growth inducing impacts relating thereto, the impacts of State Water Resources Control Board Order 95-10, the need to provide water to the Carmel aquifer, and the legal basis for each of the water saving mechanisms. County shall provide reasonable advance notice to SOPC's counsel regarding the preparation of the EIR at P.O. Box 1021, Carmel Valley,

California 93924 or subsequent address given by SOPC's counsel. This shall include notices regarding the hiring of the EIR consultant, scoping meetings, circulation of the draft EIR and notices regarding the Final EIR, and all public hearings relating thereto.

3. Right of Original Transferees. The parties agree that the County shall, in accordance with this paragraph, release to the nineteen (19) transferees listed in Exhibit A of Board of Supervisors Resolution 00-373, and as further described as Exhibit A to this Agreement, the water allocation rights afforded to the transferees by County Board of Supervisors Resolution 00-373, provided the respective transferee's project has been initially approved (as described in the Resolution) by the County on or before one year after the date of this Agreement. County shall not issue a water release form to a transferee project in an amount that exceeds the amount of water allocated to the project, as shown in Exhibit A. County shall not issue a water release form to a transferee project unless the transferee first provides to the County a copy of a fully executed water use monitoring Agreement if and as required in the separate agreement between SOPC and Robles.

4. Attorneys' Fees. The parties agree that SOPC's prosecution of this action, including the settlement, has resulted in the enforcement of an important right affecting the public interest and that it has conferred a significant benefit upon the public, as referenced in Code of Civil Procedure section 1021.5. The parties agree that any attorneys' fees and costs award to SOPC or to its counsel shall not be apportioned between County and Robles, and neither Robles nor County shall contend that SOPC's award should be reduced on the basis of any such apportionment or claim of apportionment. County and Robles have executed an indemnification agreement in regard to such fees and costs, providing that such fees and costs are the sole responsibility of Robles.

5. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original agreement, but all of which together shall constitute one agreement.

6. Judgment. The parties agree that they will execute a Stipulation for Entry of Judgment on the terms described herein, and that the Court may enter judgment accordingly. The Court shall retain jurisdiction to enforce the terms and conditions of the judgment entered pursuant to that Stipulation.

PETITIONERS and PLAINTIFFS:
Save Our Peninsula Committee

Dated: January 16, 2002

By Ed Leeper
Ed Leeper

Ed Leeper

Dated: January 16, 2002

By Ed Leeper
Ed Leeper

RESPONDENTS and DEFENDANTS:
County of Monterey; Board of Supervisors of the
County of Monterey

Dated: January 17, 2002

By Dave Potter
Dave Potter
Chair of the Board of Supervisors of the
County of Monterey

EXHIBIT "A"

TRANSFEREE PROPERTIES

APN	CURRENT OWNER	CREDIT AMOUNT	
		Gross	Net (less 15% ¹)
008-181-008	Hakim II	.3513	.2986
008-202-010	Sawyer	.5045	.4288
008-233-010	Ronda Properties, Inc.	1.177	1.000
008-293-006	Raval	.3088	.2625
008-293-017	Northcross	.6590	.5602
008-293-021	Hakim I	.5400	.459
008-371-022	Crane	.4704	.3998
008-481-017	Sullivan	.7220	.6137
009-292-008	Farmer	.0295	.0251
009-294-008	Mandurrango	.1416	.1204
009-441-016	Gilman	.6400	.5440
009-442-013	Skeen/Chang	.5888	.5005
009-471-009	Jqr Development Group, et al.	.3623	.3080
187-261-005	Hakim III	.3512	.2985
243-041-003	South Valley Ventures, Inc.	.1534	.1304
243-131-004	Ernest I	.293	.249
243-131-005	Ash	.040	.034
416-542-026	Callander	.067	.057
416-542-028	Schulle	.4272	.3631
	TOTALS:	7.827	6.6526

¹ 15% Monterey County withhold.