

January 16, 2013

Item No.

Honorable Members
of the Marina Planning Commission

Planning Commission Meeting of
January 23, 2013

**REQUEST FOR AN INTERPRETATION OF MARINA
MUNICIPAL CODE CHAPTER 17.55, SURFACE
MINING AND RECLAMATION STANDARDS, THAT
THE EXTRACTION OF WATER TO DETERMINE ITS
MINERAL CONTENT IS A SURFACE MINING
OPERATION**

REQUEST:

It is requested that the Planning Commission:

1. Provide an interpretation of Marina Municipal Code Chapter 17.55, Surface Mining and Reclamation Standards, that the extraction of water to determine its mineral content is a surface mining operation.

BACKGROUND:

The City of Marina has received a request by representatives of the California Public Utilities Commission for an interpretation by the Planning Commission, of Marina Municipal Code (MMC) Chapter 17.55, Surface Mining and Reclamation Standards ("EXHIBIT A").

ANALYSIS:

This request seeks a determination that the extraction of water to determine its mineral content is a surface mining operation. The water would be pumped from exploratory geotechnical borings created by drilling and removal of the core sample.

According to MMC Section 17.55.020,

"Surface mining operations" means all or any part of the process involved in the mining of minerals on mined lands by removing overburden and mining directly from the mineral deposits, open-pit mining of minerals naturally exposed, mining by the auger method, dredging and quarrying, or surface work incidental to an underground mine. Surface mining operations shall include, but are not limited to: (1) in-place distillation, retorting or leaching; (2) the production and disposal of mining waste; and (3) prospecting and exploratory activities.

"Exploration or prospecting" means the search for minerals by geological, geophysical, geochemical or other techniques, including, but not limited to, sampling, assaying, drilling, or any surface or underground works needed to determine the type, extent or quality of minerals present.

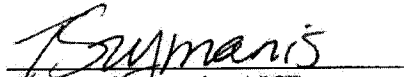
While water will be extracted, the purpose of the extraction is to determine what minerals are present in the water.

The Planning Commission interpretation will inform the City's process for considering a potential project.

CONCLUSION:

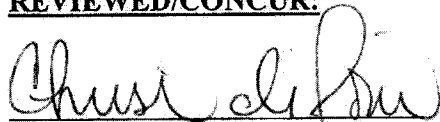
This request is submitted for Planning Commission consideration and possible action.

Respectfully submitted,



Theresa Szymanis, AICP
Planning Services Manager
Community Development Department
City of Marina

REVIEWED/CONCUR:



Christine di Iorio, AICP
Director, Community Development Department
City of Marina

RESOLUTION NO. 2014-

A RESOLUTION OF THE PLANNING COMMISSION OF THE
CITY OF MARINA DETERMINING THAT, IN ACCORDANCE
WITH MARINA MUNICIPAL CODE CHAPTER 17.55,
SURFACE MINING AND RECLAMATION STANDARDS,
THE EXTRACTION OF WATER TO DETERMINE ITS
MINERAL CONTENT IS A SURFACE MINING OPERATION

WHEREAS, The City of Marina has received a request by representatives of the California Public Utilities Commission for an interpretation by the Planning Commission, of Marina Municipal Code (MMC) Chapter 17.55, Surface Mining and Reclamation Standards, and;

WHEREAS, this request seeks a determination that the extraction of water to determine its mineral content is a surface mining operation, whereby water would be pumped from exploratory geotechnical borings created by drilling and removal of the core sample, and;

WHEREAS, according to MMC Section 17.55.020, "Surface mining operations" means all or any part of the process involved in the mining of minerals on mined lands by removing overburden and mining directly from the mineral deposits, open-pit mining of minerals naturally exposed, mining by the auger method, dredging and quarrying, or surface work incidental to an underground mine. Surface mining operations shall include, but are not limited to: (1) in-place distillation, retorting or leaching; (2) the production and disposal of mining waste; and (3) prospecting and exploratory activities, and;

WHEREAS, "Exploration or prospecting" means the search for minerals by geological, geophysical, geochemical or other techniques, including, but not limited to, sampling, assaying, drilling, or any surface or underground works needed to determine the type, extent or quality of minerals present, and;

WHEREAS, while water will be extracted, the purpose of the extraction is to determine what minerals are present in the water.

NOW THEREFORE, BE IT RESOLVED that the Planning Commission of the City of Marina does hereby determine that, in accordance with Marina Municipal Code Chapter 17.55, Surface Mining and Reclamation Standards, the extraction of water to determine its mineral content is a surface mining operation.

PASSED AND ADOPTED, at a regular meeting of the Planning Commission of the City of Marina, duly held on the 23rd day of January 2014, by the following vote:

AYES: COMMISSION MEMBERS:

NOES: COMMISSION MEMBERS:

ABSENT: COMMISSION MEMBERS:

ABSTAIN: COMMISSION MEMBERS:

ATTEST:

David Burnett, Chairperson

Christine di Iorio, AICP
Director, Community Development Department
City of Marina

EXHIBIT A**Chapter 17.55
SURFACE MINING AND RECLAMATION STANDARDS*****Sections:**

- 17.55.010 Purpose and intent.
- 17.55.020 Definitions.
- 17.55.030 Scope.
- 17.55.040 Permit, reclamation plan and reporting requirements.
- 17.55.050 Review procedure.
- 17.55.060 Performance bond.
- 17.55.070 Public record.
- 17.55.080 Amendments.
- 17.55.090 Variance.
- 17.55.100 Appeal.
- 17.55.110 Enforcement.
- 17.55.120 Separability.

* Prior ordinance history: Ord. 82-14.

17.55.010 Purpose and intent.

A. This chapter is adopted pursuant to the California Surface Mining and Reclamation Act of 1975, Chapter 9, Public Resources Code.

B. The city council finds and declares that the extraction of minerals is essential to the continued economic well-being of the city and to the needs of society, and that the reclamation of mined lands is necessary to prevent or minimize adverse effects on the environment and to protect the public health and safety.

C. The city council further finds that the reclamation of mined lands as provided in this chapter will permit the continued mining of minerals and will provide for the protection and subsequent beneficial use of the mined and reclaimed land.

D. The city council further finds that surface mining takes place in areas where the geologic, topographic, climatic, biological and social conditions are different and that reclamation operations and the specifications therefore may vary accordingly. (Zoning ordinance dated 7/94 (part), 1994)

17.55.020 Definitions.

"Environmental assessment" means the study of the environment of an area proposed to be mined including the flora, fauna, geologic, erosion potential and other factors deemed to be important by qualified experts of appropriate disciplines.

"Environmental impact report" means a report on the environmental effects of a project prepared according to the standards and provisions of the California Environmental Quality Act (CEQA).

"Exploration" or "prospecting" means the search for minerals by geological, geophysical, geochemical or other techniques, including, but not limited to, sampling, assaying, drilling, or any surface or underground works needed to determine the type, extent or quality of minerals present.

"Local coastal program" means the adopted local coastal land use and implementation plans for the city as certified by the California Coastal Commission.

"General plan" means the adopted general plan for the city of Marina.

"Mined lands" includes the surface, subsurface and groundwater of an area in which surface mining operations will be, are being, or have been conducted, including private ways and roads appurtenant to any such area, land excavations, workings, mining waste, and areas in which structures, facilities, equipment, machines, tools, or other materials or property which result from, or are used in, surface mining operations are located.

"Minerals" means any naturally occurring chemical element or compound or groups of elements and compounds, formed from inorganic processes and organic substances, including, but not limited to, sand, but excluding geothermal resources, natural gas and petroleum.

"Mining waste" means and includes the residual of soil, rock, mineral liquid, vegetation, equipment, machines, tools or other materials or property directly resulting from, or displaced by, surface mining operations.

"New mining" means and includes any significant increase in the rate of extraction or change in location.

"Operator" means any person who is engaged in surface mining operations, himself, or who contracts with others to conduct operations on his behalf.

"Overburden" means soil, rock or other materials that lie above a natural mineral deposit or in between deposits, before or after their removal, by surface mining operations.

"Permit" means any formal authorization from or approval by, the city without which surface mining operations cannot occur.

"Person" means any individual, firm, association, corporation, organization or partnership, or any city, county, district or the state or any department or agency thereof.

"Reclamation" means the process of land treatment that minimizes water degradation, air pollution, damage to aquatic or wildlife habitat, flooding, erosion, and other adverse effects from surface mining operations, including adverse surface effects incidental to underground mines, so that mined lands are reclaimed to a usable condition which is readily adaptable for alternate land uses and create no danger to public health or safety. The process may extend to affected lands surrounding mined lands, and may require backfilling, grading, resoiling, revegetation, soil compaction, stabilization, or other measures.

"State board" means State Mining and Geology Board in the Department of Conservation, State of California.

"State geologist" means the individual holding office as structured in Section 677 of Article 3, Chapter 2 of Division 1 of the Public Resources Code.

"Surface mining operations" means all or any part of the process involved in the mining of minerals on mined lands by removing overburden and mining directly from the mineral deposits, open-pit mining of minerals naturally exposed, mining by the auger method, dredging and quarrying, or surface work incidental to an underground mine. Surface mining operations shall include, but are not limited to: (1) in-place distillation, retorting or leaching; (2) the production and disposal of mining waste; and (3) prospecting and exploratory activities. (Zoning ordinance dated 7/94 (part), 1994)

17.55.030 Scope.

- A. The provisions of this chapter shall apply to the incorporated areas of the city.
- B. The provisions of this chapter are not applicable to:

1. Excavations or grading conducted for farming or on-site construction or for the purpose of restoring land following a flood or natural disaster;
2. Such other mining operations that the city determines to be of an infrequent nature, and which involve only minor surface disturbances and are categorically identified by the State Board pursuant to Sections 2714(d) and 2758(c), California Surface Mining and Reclamation Act of 1975 (SMARA). (Zoning ordinance dated 7/94 (part), 1994)

17.55.040 Permit, reclamation plan and reporting requirements.

A. Reclamation Plan Requirements. Reclamation plans as defined in this chapter shall be required of all mining operations undertaken since January 1, 1976. Any person who proposes to engage in new mining operations as defined in this chapter shall also be required to prepare a reclamation plan prior to commencing new mining operations.

1. Existing Mining Operations. A person who has obtained a vested right to conduct surface mining operations prior to January 1, 1976 shall submit and receive city approval of a reclamation plan within two years from the effective date of the ordinance codified in this chapter for all mining operations conducted after January 1, 1976. Nothing in this chapter shall be construed as requiring the filing of a reclamation plan for, or the reclamation of, mined lands on which surface mining operations were lawfully conducted prior to, but not after January 1, 1976.

2. Reclamation Plan Review. Approved reclamation plans shall be reviewed by the planning commission at least every five years. It shall be the sole responsibility of the operator to submit a written request to the planning commission prior to the expiration of each five-year period. Operator shall provide the planning commission with ample evidence that compliance is being maintained with the provisions of the approved reclamation plan. The planning commission retains the right subsequent to reclamation plan review to modify the terms of any reclamation plan to assure continuing compliance with the local coastal program. Furthermore, the planning commission may consider and approve modification of any reclamation plan requested by the operator so long as it finds that the reclamation plan is in compliance with the local coastal program.

B. Permit Requirements. The planning commission shall issue a mining permit for any new surface mining operation, which the planning commission finds is in conformance with the local coastal program. No new mining activity shall take place prior to the issuance of a mining permit by the planning commission.

1. Existing Mining Operations. Existing mining operations are required to obtain a mining permit from the city in accordance with the requirements of this chapter within two years from the date of adoption of the ordinance codified in this chapter except as provided in subsection (B)(4) of this section.

2. Mining Permit Review. The planning commission shall review mining permits issued pursuant to this chapter every five years. It shall be the sole responsibility of the operator to submit a written request to the planning commission prior to the expiration of each five-year period. Operator shall provide the planning commission with ample evidence that compliance is being maintained with the local coastal program and the approved reclamation plan for the site. The planning commission retains the right subsequent to mining permit review to modify the terms of any mining permit required to assure continuing compliance with the local coastal program. Furthermore, the planning commission may consider and approve modifications of any mining permits so long as it finds that any such modification is in compliance with the local coastal program and reclamation plan.

3. Review Period Adjustment. It is the intent of the city to review mining permits concurrent with reviewing reclamation plans, whenever possible, for any individual mining

operation. In order to assure that the city's intent is realized the planning commission may permit reasonable adjustments in the timing of mining permit review.

4. **Permit Limitations.** No person who has obtained a legal vested right to conduct a surface mining operation prior to January 1, 1976 shall be required to secure a mining permit pursuant to the provisions of this chapter so long as such vested right continues, provided that no substantial change is made in that operation except in accordance with the provisions of this chapter.

5. **Mining Permit Revocation.** Mining permits may be revoked by the planning commission following a hearing. Operator shall be notified in writing at least ten days prior to such hearing. Grounds for revocation shall be noncompliance with the provisions of this chapter, the approved reclamation plan, coastal development permit (if applicable) and the local coastal program (if applicable).

6. **Notification of State Geologist.** The State Geologist shall be notified of the filing of all permit applications.

7. **Periodic Review.** This chapter shall be reviewed and revised, as necessary to ensure that it is consistent with the state policy for mined lands reclamation and the city's local coastal plan and general plan.

C. **Reporting Provision.** In order to establish reference base data for the purpose of determining whether or not any particular mining activity constitutes new mining activity and to monitor shoreline erosion it is required that all operators of existing mining operations submit to the planning department a brief written statement specifying the approximate annual volume of sand being removed and an accurate conaxflex ortho-topographic map, at a scale of one inch equals two hundred feet with two-foot contour intervals, preferably prepared by a licensed photogrammetric engineer. All elevations on said map shall be based on city datum. Said maps may also be prepared by a licensed surveyor or civil engineer. All areas being mined shall be clearly and accurately outlined on said topographic map. The information specified above shall be certified for accuracy and be submitted by the operator to the city.

1. **Initial Submittal.** Initial submittal of the reference base data shall be completed by existing operators within six months from the effective date of the ordinance codified in this chapter.

2. **Subsequent Resubmittal.** Updated reference base data shall be resubmitted to the planning department by January 1, 1984 and every January 1st thereafter.

3. **New Mining Operations.** New mining operations will be required to submit reference base data concurrent with the application for a mining permit and reclamation plan approval and shall also be required to resubmit updated reference base data every January 1st thereafter. If initial submittal of reference base material takes place after July 1st in any given year operator shall be exempted for resubmitting updated reference base information the following January 1 but shall be required to resubmit updated reference base material every January 1st thereafter.

D. **Permit and Reclamation Plan Fee.** A fee shall be established by the city council and shall be paid to the city at the time of filing a permit application or reclamation plan.

E. **Reclamation Plan Requirements.** The planning commission shall review reclamation plans and find that they include the following:

1. The name and address of the operator and the names and addresses of any persons designated by him as his agent for the service of process;

2. The anticipated quantity and type of materials for which the surface mining operation is to be conducted;

3. The proposed dates for the initiation and termination of such operation;
4. The maximum anticipated depth and area of the surface mining operation;
5. The size and the legal description of the land, that will be affected by such operation, a map that includes the boundaries and topographic details of such lands, a description of the geology of the area in which surface mining is to be conducted; if, in the Coastal Zone, a line indicating the tsunami run-up line; the location of all rare and endangered plant and animal species and their habitat in the area where surface mining is to be conducted; the location of all streams, roads, railroads and utility facilities within, or adjacent to such lands; the location of all proposed access roads to be constructed in conducting such operation; and the names and address of the owners of all surface and mineral interests of such lands;
6. A description of the type of surface mining to be employed and a time schedule that will provide for the completion of surface mining on each segment of the mined lands so that the reclamation can be initiated at the earliest possible time on those portions of the mined lands that will not be subject to further disturbance by the surface mining operation;
7. A description of the proposed use or potential uses of the land after reclamation and evidence that all owners of a possessory interest in the land have been notified of the proposed use or potential uses;
8. A description of the manner in which reclamation adequate for the proposed use or potential uses will be accomplished, including:
 - a. A description of the manner in which contaminants will be controlled, and mining waste will be disposed, and
 - b. A description of the manner in which rehabilitation of affected natural habitat areas to their original condition will occur, and
 - c. A description of the manner in which the tsunami run-up zone will be preserved to protect the public safety of the community;
9. An assessment of the effect of implementation of the reclamation plan on future mining in the area;
10. A statement that the person submitting the plan accepts responsibility for reclaiming the mined lands in accordance with the reclamation plan; and acknowledgement that the obligations of the plan transfer from one operator to another on a site;
11. An environmental assessment of the area to be mined executed by at least a qualified biologist and a qualified geologist selected from the city's list;
12. If in the environmental assessment, any rare and endangered species habitats and/or shoreline erosion are found to be present on the site, an environmental impact report must be completed and all mitigations, including those for rare and endangered species and/or shoreline erosion, included in the proposed reclamation plan;
13. Compliance and conformance with the Marina local coastal program and city's general plan, zoning ordinance and any other pertinent city ordinances and regulations;
14. Map of all areas mined prior to January 1, 1976;
15. Any other information which the planning commission may require as pertinent to the determination of the adequacy of the proposed plan.

F. **Time Limits.** Time limits for the approval of a reclamation plan or mining permit for existing operations may be extended for a period of up to one year by the planning commission or city council on appeal subject to the following conditions:

1. Written request is provided by the operator prior to expiration of initial two-year time period.
2. Operator shall submit evidence to planning commission or city council showing good cause for the extension request.

G. **Transferability.** Whenever one operator succeeds to the interest of another in any uncompleted surface mining operation by sale, assignment, conveyance, exchange, or other means, the successor shall be bound by the provisions of the approved reclamation plan and the provisions of this chapter. (Zoning ordinance dated 7/94 (part), 1994)

17.55.050 Review procedure.

The planning commission shall review the permit application and the reclamation plan and shall schedule a public hearing within thirty days of accepting the completed application. The public hearing will be held for the purpose of considering a permit or reclamation plan for the proposed surface mining operation. (Zoning ordinance dated 7/94 (part), 1994)

17.55.060 Performance bond.

Upon a finding by the planning commission that a supplemental guarantee for the reclamation of the mined land is necessary, and upon the determination by the city planner of the cost of the reclamation of the mined land according to the reclamation plan, a surety bond, lien, or other security guarantee conditioned upon the faithful performance of the reclamation plan shall be filed with the city. Such surety shall be executed in favor of the city and reviewed and revised, as necessary. Such surety shall be maintained in an amount to complete the remaining reclamation of the site as prescribed in the approved or amended reclamation plan during the succeeding two-year period, or other reasonable term. (Zoning ordinance dated 7/94 (part), 1994)

17.55.070 Public record.

Reclamation plans, reports, applications and other documents submitted pursuant to this chapter are public records unless it can be demonstrated to the satisfaction of the city that the release of such information, or part thereof, would reveal production, reserves, or rate of depletion entitled to protection as proprietary information. The city shall identify such proprietary information as a separate part of each application. A copy of all permits, reclamation plans, reports, applications, and other documents submitted pursuant to this chapter, including proprietary information, shall be furnished upon request of the District Geologist of the State Division of Mines and Geology by the city. Proprietary information shall be made available to persons other than the mine owner in accordance with Section 2778, California Surface Mining and Reclamation Act of 1975. (Zoning ordinance dated 7/94 (part), 1994)

17.55.080 Amendments.

A. Amendments to an approved reclamation plan may be submitted to the city at any time, detailing proposed changes from the original plan. Substantial deviations from the original plan shall not be undertaken until such amendment has been filed with, and approved by, the city.

B. Amendments to an approved reclamation plan shall be approved by the same procedure as is prescribed for approval of a reclamation plan. (Zoning ordinance dated 7/94 (part), 1994)

17.55.090 Variance.

Variances from an approved reclamation plan may be allowed upon request of the operator and applicant, if they are not one and the same, upon findings by the planning commission that each requested variance is necessary to achieve the prescribed or higher use of the

reclaimed land and is consistent with the Marina local coastal program if property is located within the Coastal Zone. (Zoning ordinance dated 7/94 (part), 1994)

17.55.100 Appeal.

Any person aggrieved by an act or determination of the planning commission in exercise of the authority granted herein shall have the right to appeal to the city council. Any appeal must be filed, on forms provided, within ten working days after the rendition, in writing, of the decision. (Zoning ordinance dated 7/94 (part), 1994)

17.55.110 Enforcement.

The provisions of this chapter shall be enforced by any authorized member of the planning department or such other persons as may be designated by the city council. (Zoning ordinance dated 7/94 (part), 1994)

17.55.120 Separability.

If any section, subsection, sentence, clause or phrase of this chapter is for any reason held to be invalid or unconstitutional by the decision of a court of competent jurisdiction, it shall not affect the remaining portions of this chapter. (Zoning ordinance dated 7/94 (part), 1994)

The Marina Municipal Code is current through Ordinance 2013-07, passed November 5, 2013.

Disclaimer: The City Clerk's Office has the official version of the Marina Municipal Code. Users should contact the City Clerk's Office for ordinances passed subsequent to the ordinance cited above.

City Website: <http://www.ci.marina.ca.us/>
(<http://www.ci.marina.ca.us/>)
City Telephone: (831) 884-1278
Code Publishing Company
(<http://www.codepublishing.com/>)

1. Background

Chapter 17.56

APPEALS*

Sections:

- 17.56.010 Planning commission authority.
- 17.56.020 Application.
- 17.56.030 Action by planning commission.
- 17.56.040 Appeal.

* Prior ordinance history: Ord. 77-10.

17.56.010 Planning commission authority.

The planning commission shall have the power to hear and decide appeals based on the enforcement of this title or the interpretation of the provisions thereof. (Zoning ordinance dated 7/94 (part), 1994)

17.56.020 Application.

Application for appeal or interpretation shall be made in writing to the planning commission. (Zoning ordinance dated 7/94 (part), 1994)

17.56.030 Action by planning commission.

The planning commission shall consider application and render its decision within sixty days after the receipt thereof. (Zoning ordinance dated 7/94 (part), 1994)

17.56.040 Appeal.

In case the applicant is not satisfied with the decision of the planning commission, he may, within ten days, appeal in writing to the city council. A copy of such appeal shall be submitted by the applicant to the planning commission. The city council shall render its decision within sixty days after receipt by said council and the planning commission of such appeal. (Zoning ordinance dated 7/94 (part), 1994)

- This request for interpretation is made pursuant to Marina Municipal Code (MMC) Section 17.56.020, at the written request of staff.



2. Background

- Purpose is to provide procedural information to CPUC and Cal Am regarding coastal permitting requirements, if any, for conducting exploratory geotechnical borings.
- Purpose of exploratory borings is to collect soil and water samples to determine the subsurface soils and the mineral content of the groundwater.



3. Background (cont'd)

- Information from borings will be used in EIR being prepared for CPUC for the Monterey Peninsula Water Supply Project.
- The information will describe the underlying geology and hydrology of the coast from Marina to Moss Landing and is required to satisfy terms of a Settlement Agreement resulting from CPUC hearings regarding the water project, at the recommendation of the State Water Quality Control Board.



4. Background (cont'd)

- 9 borings drilled to date:
 - 2 at Salinas River State Park (State Parks) (soil and water samples)
 - 2 at Moss Landing Spit (Monterey County) (soil and water samples)
 - 2 at Moss Landing Power Plant (Monterey County) (soil and water samples)
 - 3 at CEMEX site (Marina) (soil samples only)
- No discretionary permits required; all CEQA exempt
- Cal Am would like to remove water as well as soil at two new borings at the CEMEX site



5. Interpretation Request

- Minerals sought include calcium, sodium and phosphorous
- Marina Municipal Code Chapter 17.55 does not specifically include removal of “water” to determine minerals present under the definition of surface mining operations
- A representative of the CPUC has provided the following interpretation and staff request your consideration



6. Interpretation Request

- **“Surface mining operations”** means all or any part of the process involved in the mining of minerals on mined lands by removing overburden and mining directly from the mineral deposits, open-pit mining of minerals naturally exposed, mining by the auger method, dredging and quarrying, or surface work incidental to an underground mine. Surface mining operations shall include, but are not limited to: (1) in-place distillation, retorting or leaching; (2) the production and disposal of mining waste; and (3) **prospecting and exploratory activities.**



7. Interpretation Request

- **“Exploration or prospecting”** means the search for minerals by geological, geophysical, geochemical or other techniques, including, but not limited to, sampling, assaying, drilling, or **any surface or underground works needed to determine the type, extent or quality of minerals present.**



Theresa Szymanis

From: Jenson, Kathy [kjenson@rutan.com]
Sent: Friday, January 10, 2014 5:36 PM
To: Theresa Szymanis; Eric Zigas; Anna Shimko
Cc: Christine di Iorio
Subject: RE: CEMEX Rec. Plan and SMARA Ordinance

Dear all:

Based upon conversations with Anna, Theresa and Christi, here is how we plan to proceed.

Anna explained that after looking at the SMARA Ordinance, she believes that the two proposed borings fit within the scope of "Surface Mining Operations" as defined in Marina Muni Code Section 17.41.260.B because it constitutes "exploratory activities". "Exploration" is defined to mean "the search for materials by geological, geophysical, geochemical or other techniques, including, but not limited to, sampling, assaying, drilling, or any surface or underground works needed to determine the type, extent or quality of minerals present."

Per Anna, while water will be extracted, the purpose of the extraction is to determine what mineral are in the water.

Given that this is a plausible but not clear cut interpretation, the Staff will make an application to the Planning Commission for an interpretation of these provisions pursuant to Muni Code Section 17.56.020. If the planning commission agrees with Anna's suggested interpretation, then the two additional borings would be within the scope of the existing mining operation and no city approval would be needed.

If the Planning Commission does not concur with the interpretation, then a Coastal Development Permit would be necessary. Cal Am would have to apply for a CDP. Staff would recommend reliance upon CEQA Class 6 CEQA exemption [15306 – Information Collection] provided that there is substantial evidence that there will not be serious or major disturbance of a natural resource and provided that no exception to the exemption exists under CEQA Guideline 15300.2.

The process of requesting an interpretation from the PC is pretty straight forward. Christi and Theresa will have to provide details next week about when this could be agendized.

If you have any questions, please feel free to contact me.

M. Katherine Jenson
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1/13/2014

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From: Theresa Szymanis [mailto:tszymanis@ci.marina.ca.us]

Sent: Friday, December 20, 2013 8:49 AM

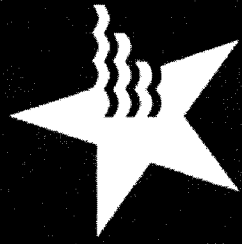
To: Eric Zigas; Jenson, Kathy; Anna Shimko

Cc: Christine di Iorio

Subject: CEMEX Rec. Plan and SMARA Ordinance

As discussed.

Theresa Szymanis, AICP
Planning Services Manager
Community Development Department
City of Marina
(831) 884-1289

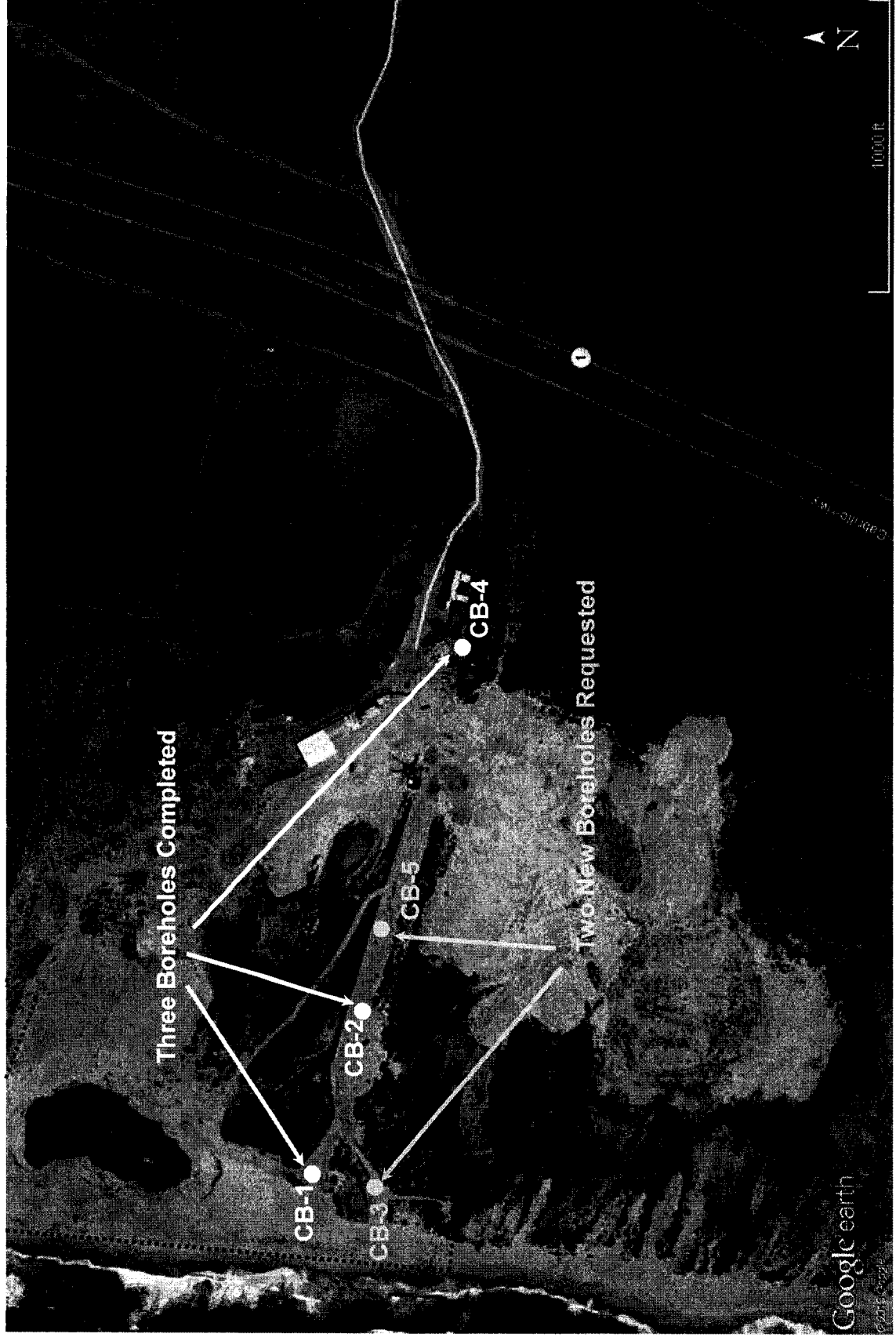


AMERICAN WATER

**Request to City of Marina for
CEMEX Borehole CB-3 and CB-5**



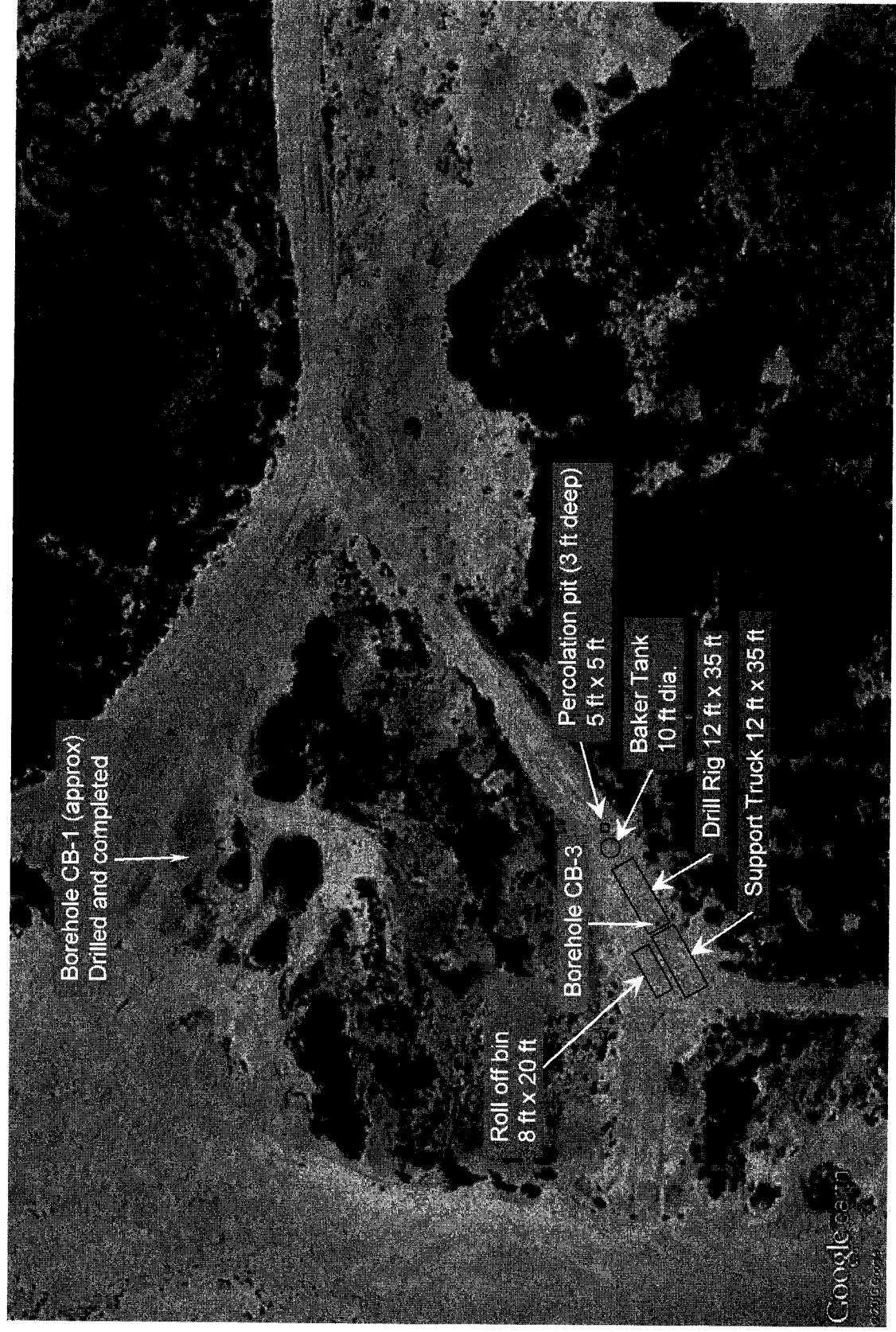
Borehole Locations



Borehole Work Description

- Access via existing mining road
- Borehole sites are in existing, disturbed, mining area
- Approx. 40' x 100' temporary foot print; no permanent footprint
- Daylight operation only, 10-12 days per hole
- 6" diameter borehole
- 300 to 350 feet deep
- Soil core samples transported off-site for analysis
- Water quality samples grabbed via small temporary pump at various depths and sent to laboratory
- Waste water collected in baker tank (approx. 10k gals) then slowly released back into ground via a small percolation pit
- Borehole abandoned in accordance with County standards

Typical Site Layout – Borehole CB-3



Typical Site Layout – Borehole CB-5



Reclamation Plan Compliance

- August 28 Letter from City of Marina for Borings CB-1, 2, and 4:
 - “The proposed borehole sites are located within a disturbed roadway, central to the CEMEX operational area. The drilling of boreholes is a mining activity that is covered by and subject to the applicable requirements of the certified EIR (SCH# 89030165) and the approved Reclamation Plan for the CEMEX site.”
- CB-3 and CB-5 are similar as Borings CB-1, 2, and 4:
 - Located in disturbed roadway within CEMEX operational area
 - Same drilling equipment, core collection and testing procedures
 - Located within the approved Reclamation Plan boundary
 - Added water quality sampling activity
 - ◆ Adds approximately 3 days activity at site
 - ◆ Sample water is pumped at approx. 20 gpm, temporarily stored on-site and percolated on-site in small (5 ft. x 5 ft. x 3 ft. deep) pit.

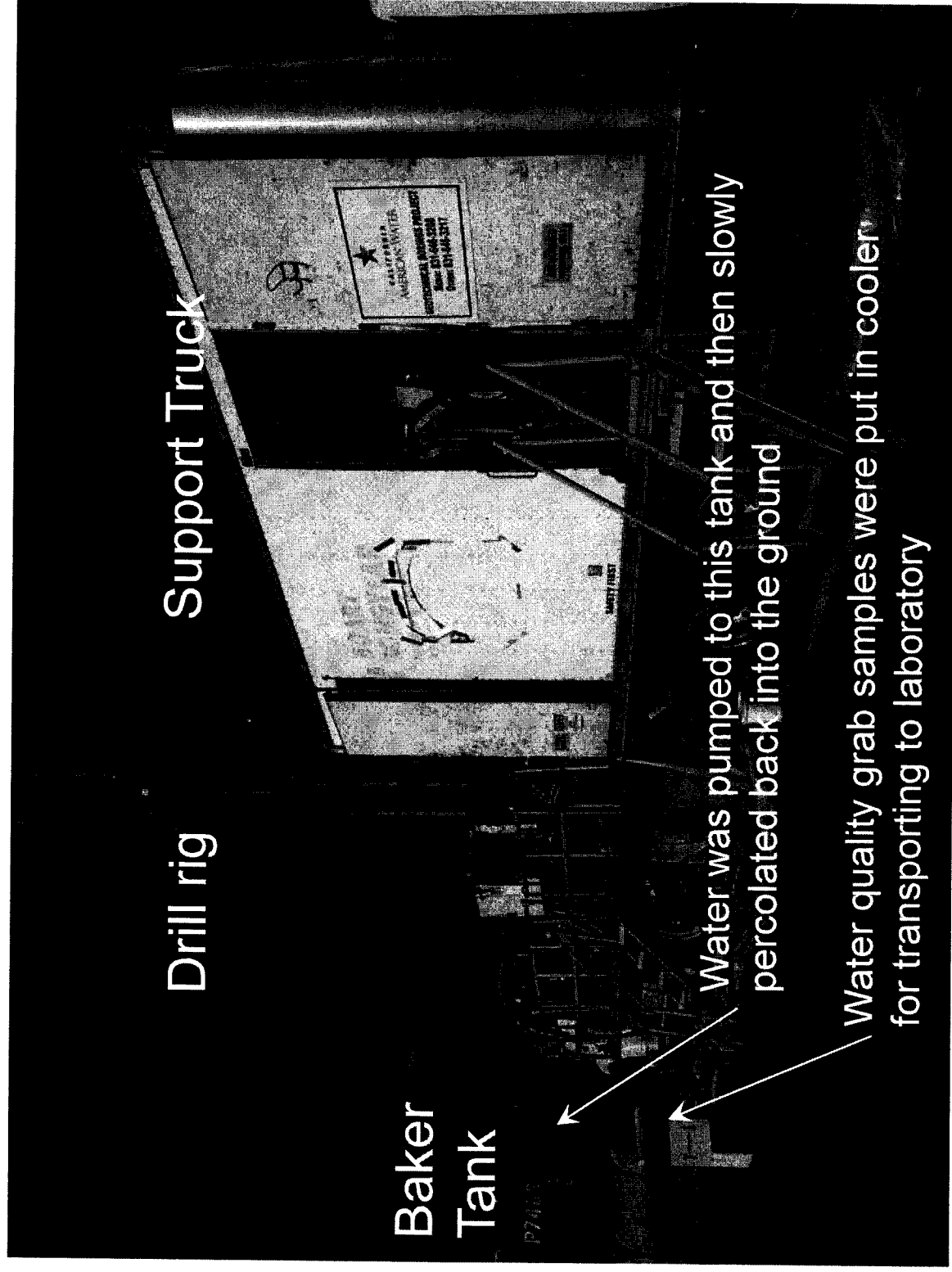
Reclamation Plan Compliance

- Section 19b of the Reclamation Plan:
 - *“Sand is washed with water from a well on site. Waste water is discharged to a percolation pit on-site. Average Daily Use is approximately 504,000 gpd.”*
 - CalAm's request for WQ sampling will use less than 2% of total allowed and the disposal method is consistent with the Plan and CEMEX's current mining activity.
- Section 23 of the Reclamation Plan:
 - *“After sufficient sand mining, the parcel will be available for other coastal dependent or visitor serving uses as allowed by the Marina Coastal Zone Land Use Plan.”*
 - The proposed borehole is temporary, like the other boreholes approved and completed. The site will be returned to existing condition, and would not preclude development consistent with the LUP.

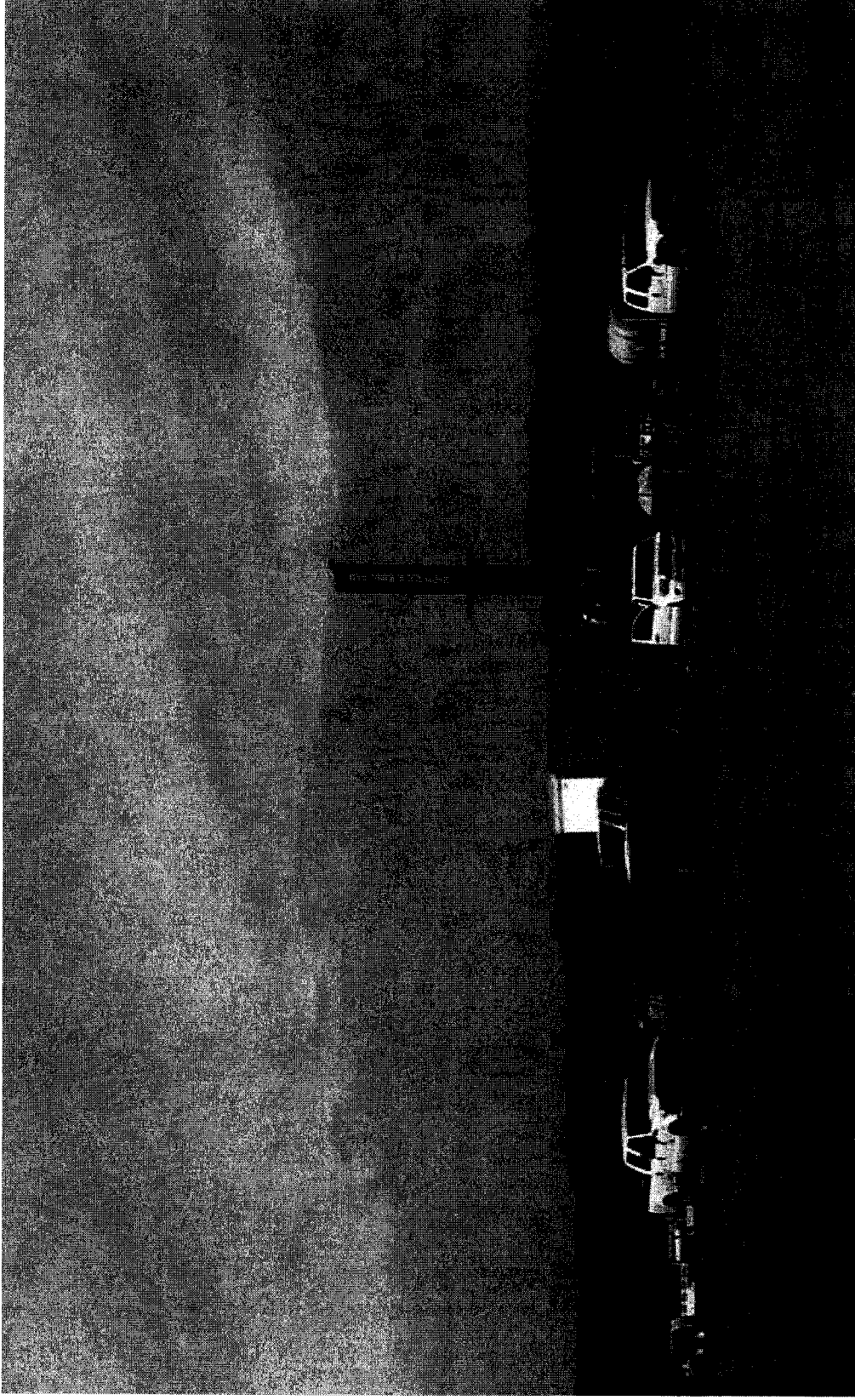
Avoidance and Mitigation Measures

- Activity limited to disturbed roadbed to avoid disturbance of natural vegetation
- Marking of sensitive plants within 20 feet of activity areas
- Work will occur during January and February (non-nesting season for snowy plover)

MBARI Borehole – near end of Sandholdt Rd



Potrero Rd – State Parks' parking lot



Sandholdt Rd – State Parks' parking lot



Along Highway 1 near Moss Landing



MPWSP EXPLORATORY BORINGS PROJECT DESCRIPTION
Package 2– CEMEX ACTIVE MINING AREA
CB-3 and 5

This document describes the exploratory boring program to be conducted as part of the investigation of potential locations for subsurface intakes (slant wells) that will eventually supply feedwater to the desalination plant of the Monterey Peninsula Water Supply Project (MPWSP). The purpose of this exploratory boring program is to collect soil and water samples to determine the composition of the subsurface and mineral content of the groundwater.

The program is divided into four packages as described below. Each are being processed independently as they each, individually, would provide valuable information. Also the packages are being processed independently considering the different agencies and property owners involved in each package:

- Package 1: Geotechnical borings (CB-1, CB-2, &CB-4) around CEMEX active mining area (City of Marina)
- Package 2: Exploratory borings (CB-3 andCB-5) at locations near CB-1 and CB-2
- Package 3: Geotechnical borings at the State Park parking lot at the west Potrero Road, and Sandholdt Road (Monterey County, State Parks)
- Package 4: Geotechnical borings around Moss Landing harbor (Monterey County, private property)

This document focuses on Package 2, the exploratory borings in the CEMEX active mining area as presented in Figure 1 through 3. The CEMEX property is located west of Lapis Road and Highway 1, Marina, CA (Assessor Parcel Number 203-011-019-000). Boring CB-3 would be in the disturbed area east of the beach and adjacent to the unimproved roadway used by CEMEX to access the sand mining pond. Boring CB-5 would be approximately 625 ft east of CB-3 and still located adjacent to the active mining area access road.

NOTE: All borehole locations are approximate, and will be field sited to ensure that they avoid state or federally listed plant species or otherwise have no significant impact.

The details of the boring process at these sites are described below.

- All borings will be in disturbed areas or existing roads or parking lots. No native vegetation or sensitive resources will be affected.
- A diesel powered sonic drilling rig would be used for boring operations at all sites. A photograph of a typical track-mounted diesel-powered sonic drilling rig is presented in Figure 4.
- The drill rig with support equipment and area to layout the core samples would have a footprint of approximately 100 feet by 30 feet. No fences or additional security measures would be required around the drill rig at all sites.
- The drilling rig would be operated during the daylight hours, on average about 10 hours a day.
- Mobilization, drilling, sampling, and demobilization would be completed during a 10-day period for each borehole.
- The exploratory borings would extend down approximately 300 to 350 ft at all locations.
- The water samples would be collected, contained and carried off-site for further sampling and analysis. No bentonite is used in this type of exploratory boring.
- Residual cutting materials estimated at 1 to 2 cubic yards per boring will be disposed onsite (ie, on Cemex property, in disturbed areas in consultation with a biologist).

- Noise generation from the drilling operations would be approximately 85 dB measured 25 feet from the drill rig.
- No sound protection measures would be necessary as the drilling would take place in the active mining area (see additional special avoidance/minimization measures below for CB-3).
- Air quality due to diesel emissions would not be a concern as drilling operations will be short term.
- Once the samples are taken, core hole will be filled primarily with sand.¹



Figure 1 – CEMEX Active Mining Area Boring Location

¹If an aquitard is encountered, a subsurface cement seal will be utilized to cap the aquitard at the encountered depth and sand will be used to fill the remaining borehole depth to the existing ground surface level.



Figure 2 – CB-3 Boring Location

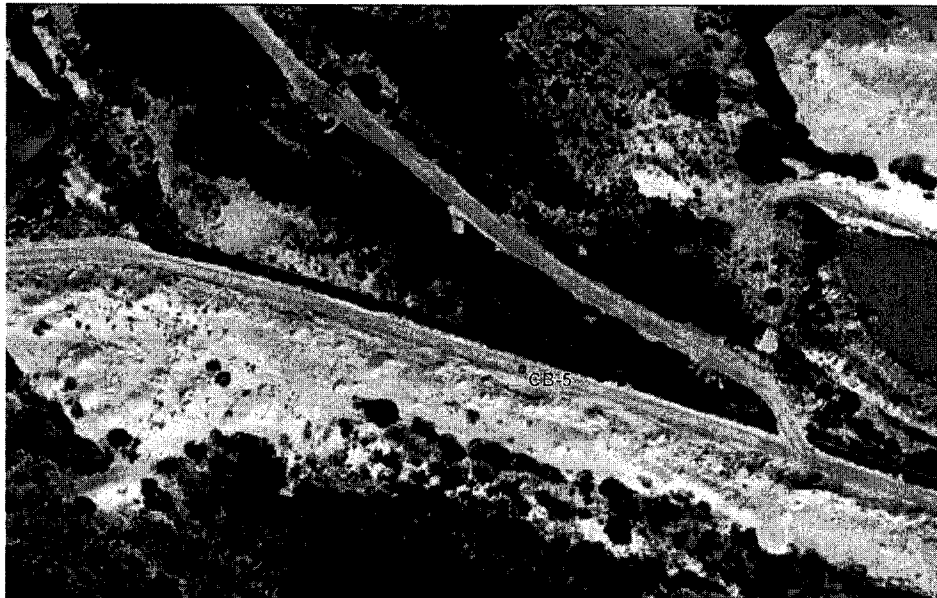


Figure 3 – CB-5 Boring Location

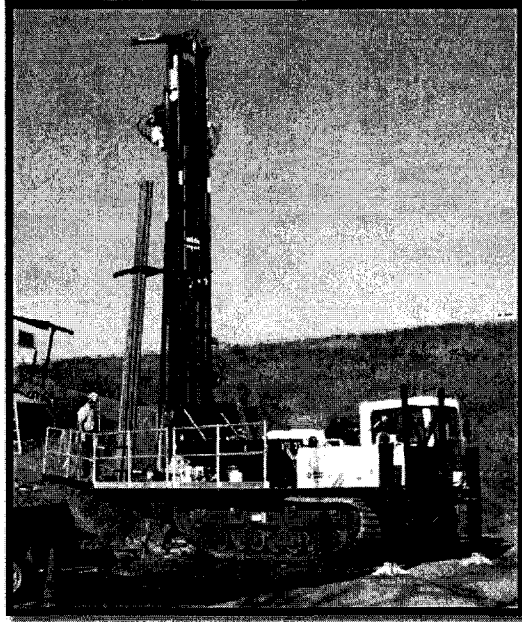


Figure 4– A Typical Diesel Powered Sonic Drilling Rig

Avoidance and Minimization Measures

- 1) All construction work shall be in active/disturbed areas of the Cemex site, shall avoid natural vegetation, and have been relocated to avoid beach areas;
- 2) Borehole drilling rig and work area shall be along the Cemex active access road, generally on the shoulder in disturbed areas or road shoulders;
- 3) Prior to construction, a qualified biologist will conduct construction worker education regarding avoidance and minimization measures for all potentially affected state and federal species;
- 4) A qualified biologist will be present during drill rig setup to stake off the drilling work area to ensure that drilling activities avoid any state or federally listed species, marking any sensitive plants within 20 feet of the proposed travel path or construction zone;
- 5) **Western Snowy Plover:** The following measures are intended to avoid or further minimize potential effects to western snowy plover in the study area:
 - a. **Pre-drilling evaluation:** A qualified biologist will be present prior to and during drill rig setup to stake off the work areas with the drilling contractor to ensure that drilling

activities avoid any impacts to nesting plovers. Prior to initiation of drilling operations at boring location CB-3, the biologist will coordinate with PRBO and review current (June-July-August 2013) nest monitoring data to determine the location and status of active nests and broods within 200 feet of the western end of the Cemex access road;

- b. **Field siting of borehole:** For CB-3 (at the western end of the Cemex access road), this borehole will be field sited by the contractor based on direction from the Project biologist and PRBO, to avoid significant impacts to snowy plover;
- c. **Borehole timing:** CB-3 will be drilled last, following CB-5 (after July 15th as requested by PRBO), to be as near to the end of snowy plover nesting season as practical. If there are still active snowy plover nests in close proximity to CB-3, at the direction of the Project biologist and PRBO, additional avoidance/minimization measures will be applied such that no adverse effects occur to snowy plover. These measures, in increasing succession to be applied incrementally include:

Additional Avoidance/Minimization Measures:

- i. **Noise Blankets:** The contractor shall install noise blankets as directed by the biologist to provide visual and sound attenuation for any sensitive species on the beach, such as snowy plover. Due to the limited duration of the drilling, and use of noise blankets, considering the access road is an active road traveled by heavy equipment, the proposed drilling operation is not expected to generate a substantial increase in noise or otherwise represent any significant environmental impact.
 - ii. **Avoidance of Nesting Disturbance:** If the biologist and PRBO determine that there are active nests in close enough proximity to CB-3 at the proposed time of drilling that they could be disturbed by drilling operations, then the nesting activity will be monitored and drilling at CB-3 would not commence until the young in those nests have fledged and/or nesting has not been reinitiated in the area. If adults and chicks are still using the area late into the summer, drilling of CB-3 may not occur until the official end of the nesting season (October 1st). The decisions to allow drilling operations to commence at boring location CB-3 prior to the end of the nesting season and determination of any further minimization measures would be made in consultation with the USFWS.
- d. **Project operation limits:** Drilling activities would be restricted to the designated work areas and access route. No construction equipment, materials, or activity would occur outside of these work areas.
 - e. **Trash management:** Construction personnel would keep all food-related trash items in sealed containers and remove them daily from the work areas to discourage the concentration of potential predators in snowy plover habitat.
 - f. **Biological resource monitoring and education:** Prior to mobilization of equipment or initiation of drilling operations, a qualified biologist would conduct an educational session with all construction personnel to describe snowy plover nesting behavior, habitat preferences, threats and other issues. The biologist would also monitor equipment access and drilling operations to assure avoidance of active nesting areas or encroachment into areas potentially used by snowy plovers.

Chapters:
Chapter 3.04 - GENERAL PROVISIONS

Sections:

3.04.010 - Service area.

The district's service area comprises the area within the boundaries of the district, and any area outside the district boundaries that the district serves pursuant to law or agreement.

(Amended during 3-02 supplement: Ord. 1 Art. II, § 2, 1967)

3.04.020 - Description of service.

A.

Supply. The district will endeavor, so far as is reasonably possible, to deliver a continuous supply of water to the customer at a sufficient pressure at the meter, and to avoid any shortage or interruption in delivery. If, in the opinion of the district, it is doubtful if satisfactory water service can be given due to location or elevation of the premises, then the district may require a written release from liability for any damage or inconvenience that may occur by reason of insufficient pressure or inadequate volume of water or intermittent supply. The said release shall, without further notice from the district, remain in effect for all consumers taking water through the service, until changes, extensions or betterments may be made to the distribution system by the district.

B.

Quality. The district will endeavor to supply safe water at all times. The district will also endeavor to provide timely and accurate bills for customers.

C.

Classes of service. All services installed by the district will be classified as follows:

1.

Residential;

2.

Commercial;

3.

Industrial;

4.

Public fire protection;

5.

Private fire service;

6.

Temporary non-potable;

7.

Temporary potable;

D.

Types of service. All services except connections to approved separate fire protection service or to authorized fire hydrants will be metered.

(Amended during 3-02 supplement: Ord. 1 Art. II, § 3, 1967)

3.04.030 - Water loss or leakage.

The consumer has sole control of the amount of water drawn from the district's mains through the meter and is responsible for maintenance and repairs of pipes and fixtures beyond the meter. No allowance will be made for loss of water due to faulty fixtures or broken or damaged water pipes beyond the meter; provided, however, that if and when that such loss or leakage has occurred without negligence upon the part of the customer, an allowance may be made by the district to the extent of such estimated loss.

(Amended during 3-02 supplement: Ord. 1 Art. II, § 26, 1967)

3.04.040 - Access to premises.

A.

The district or its duly authorized agents shall at all reasonable times have the right to enter the customer's premises for any purpose properly connected with the service of water to the customer.

B.

Any inspection or recommendations made by the district or its agents on plumbing or appliances or use of water on the customer's premises, either as the result of a complaint or otherwise, will be made without charge.

prescribed in the first notice within the thirty day period allowed. The second notice will give the water user fourteen days to comply. If no action is taken within this time period, the district may terminate water service to that water user until the subject device is tested.

3.

Reports of testing and maintenance shall be maintained by the district for a minimum of three years.

(Amended during 3-02 supplement: Ord. 5 (part), 1988)

3.28.060 - Water service termination.

A.

General. When the district encounters water uses that represent clear and immediate hazards to the potable water supply that cannot be immediately abated, the district shall discontinue water service as described in subsection C of this section.

B.

Basis for termination.

Conditions or water uses that create a basis for water service termination shall include, but are not limited to, the following:

1.

Refusal to install a required backflow prevention device;

2.

Refusal to test a backflow prevention device;

3.

Refusal to repair a faulty backflow prevention device;

4.

Refusal to replace a faulty backflow prevention device;

5.

Direct or indirect connection between the public water system and a sewer line;

6.

Unprotected direct or indirect connection between the public water system and a system or equipment containing contaminants;

7.

Unprotected direct or indirect connection between the public water system and an auxiliary water system; and

8.

A situation which presents an immediate health hazard to the public water system.

C.

Water service termination procedures.

1.

For conditions of subsections (B)(1), (2), (3), or (4) of this section, the district will terminate service to a customer's premises after two written notices have been sent specifying the corrective action needed and the time period in which it must be taken. If no action is taken within the time period allowed, the district may terminate water service.

2.

For conditions of subsections (B)(5), (6), (7), or (8) of this section, the district will take the following steps:

a.

Make reasonable efforts to advise the water user of its intent to terminate water service;

b.

Immediately terminate water service and lock the service valve. The water service will remain inactive until the condition has been corrected to the satisfaction of the district.

(Amended during 3-02 supplement: Ord. 5 (part), 1988)

Chapter 3.32 - WATERWELL PERMITS AND STANDARDS

Sections:

3.32.010 - Certain provisions adopted.

The provisions of Chapter 15.08, Waterwells, of the Monterey County code, now in effect and as they may be amended hereafter, except as otherwise hereinafter provided, are adopted, enacted and set out in full with amendments as Appendix B to this code.

(Amended during 3-02 supplement: Ord. 13A § 1990: Ord. 13 §§ 1, 2, 1990)

3.32.020 - Non-district waterwells restricted.

Except as provided in subsection A of this code, no water well may be constructed or reconstructed within the boundary of Marina Coast Water District, excepting wells constructed by the district.

A.

Small, shallow wells allowed under permit. Wells no deeper than one hundred feet below ground surface may be constructed for landscape irrigation or other non-potable purposes under permits issued and administered by the district pursuant to this chapter. A district permit shall be issued only after all other state, county and city agencies having jurisdiction have approved and set conditions for the well construction. The district shall not issue a permit for any well with a casing inside diameter larger than six inches. All wells shall conform to the requirements of this chapter, concerning water wells. Approval or disapproval of a permit for proposed well construction shall be at the sole discretion of the district.

B.

Existing wells. Wells constructed and existing before the effective date of this section shall be exempt from the restrictions of this section and the requirements of Section 3.32.030, as long as such wells are functional without redrilling, recasing, rescreening or major reconstruction. Redrilling, recasing, rescreening and major reconstruction shall require compliance with this section and with Section 3.32.030. Replacement of foot valves, pumps, motors, discharge piping and accessory equipment shall not be considered major reconstruction for purposes of this chapter.

C.

Well water must be used on site. Water from non-district wells shall not be used off of the parcel on which the well is located.

(Amended during 3-02 supplement: Ord. 31 § 4.4, 1996)

3.32.030 - Well permits.

Permits required by Section 3.32.020 of this chapter shall be issued and administered in accordance with this section.

A.

Permit procedure. Before commencement of construction of a well the owner shall first obtain a written permit signed by the general manager. The application for such permit shall be made on a form furnished by the district, which the applicant shall supplement by any plans, specifications and other information as are deemed necessary by the general manager. A permit and inspection fee as established by the district shall be paid to the district at the time application is filed.

1.

Application for a water well permit or exploratory well permit shall be made to the general manager on a form that contains all of the following information. If any of this required information is lacking or incomplete, the general manager shall reject the application:

a.

Full names, addresses and signatures of the owner or owners of the property on which the proposed well will be located and of the property on which the water from the proposed well will be used or applied;

b.

A list of the names and addresses of the owners of property within a radius of two hundred feet from the location of the proposed well, and of property adjoining the property on which the proposed well will be located;

c.

A plat showing the location of the well in relation to properties within a two hundred foot radius of the well, and in relation to properties adjoining the property on which the proposed well will be located;

d.

A profile diagram showing the depth, direction and dimensions of the proposed well and any casings or other components of the well, including any pump, storage and electrical service;

e.

Pump and well specification and calculations showing the potential capacity of the proposed well;

f.

An environmental assessment as provided in the district's regulations and in the CEQA Guidelines published by the California State Office of Planning and Research; and

g.

A nonrefundable fee of five hundred dollars for each application, both temporary and permanent applications, for the costs of processing the applications.

2.

An exploratory or production groundwater well permit may be issued only if the district determines that in the course of exploration or production a well would not be likely to present risks to the public health, safety or welfare.

3.

The general manager shall determine whether the application shows that the development of the proposed well would have a "significant environmental impact" under the California Environmental Quality Act and take such action as may be required. If an environmental impact report is required, the general manager shall recommend to the district the engagement of an environmental consultant and such other experts as may be required to prepare such a report. The applicant shall advance the estimated costs of the preparation of the report, including but not limited to the fees and expenses of experts, and typing, mailing and reproduction

costs. If the applicant fails to advance such costs in full within thirty days of notification of the estimate costs, the application shall be denied.

4.

The district shall set a public hearing on the application after the completion of environmental review and give fifteen days' notice of the hearing by regular mail to the owners of property within a radius of two hundred feet of the location of the proposed well, and to owners of property adjoining the property on which the proposed well will be located. A notice of public hearing shall also be placed in a general circulation newspaper, with applicant bearing the cost.

5.

The district shall deny the application if it determines that the proposed well would have a significant adverse effect on the environment or present a reasonable likelihood of contaminating water underground or present a reasonable likelihood of producing water whose constituent concentrations upon discharge to the sanitary sewer system would in aggregation with existing concentration exceed the levels permitted by the district's wastewater discharge permit. The district may attach terms and conditions to any permit, and make the permit revocable upon violation of the terms and conditions. The terms and conditions may include security and insurance for environmental hazards, clean-up, and well abandonment.

6.

In the case of an exploratory well or a production well for which data regarding future effects is inconclusive, the district may issue a temporary well permit after the procedure in subsection A of this section has been completed. The permit shall be temporary for the period of one hundred eighty days, and it shall be void thereafter, unless a permanent permit has been issued. The applicant shall apply for a permanent production well permit during the term of the temporary permit. Application for a permanent production well permit shall follow the same procedure and be determined on the basis of the same standards provided in said subsection A. This is including but not limited to subsequent or supplemental environmental analysis and the applicant shall pay the additional reasonable costs of processing, as estimated by the general manager. This also shall include, but not be limited to, the costs of notice, hearing and staff, and preliminary environmental analysis. If subsequent or supplemental environmental analysis is required, the applicant shall advance the estimated costs of the preparation of the analysis, including, but not limited to, the fees and expenses of experts, and typing, mailing and reproduction costs. If the applicant fails to advance such costs in full within thirty days of notification of the estimated costs, the application shall be denied.

B.

Construction commencement. Construction of a well cannot commence until construction drawings have been approved and a district permit has been issued and posted on the construction site.

C.

Permit compliance. After approval of the application, evidenced by the issuance of a permit, no change shall be made in the location of the well, the depth, materials, or other details from those described in the permit or as shown on the plans and specifications for which the permit was issued except with written permission from the district general manager or other authorized representative.

D.

All work to be inspected. All well construction work shall be inspected by an inspector acting for the district to insure compliance with all requirements of the district. No well shall be completed until it has been inspected and passed for acceptance. Upon satisfactory inspection, and review of the driller's log or a true copy of the driller's well log, the inspector shall issue a certificate of satisfactory completion.

E.

Notification. It shall be the duty of the person doing the work authorized by permit to notify the district in writing that said work is ready for inspection. Such notification shall be given not less than twenty-four hours before the work is to be inspected.

F.

Agreement. The applicant's signature on an application for any permit as set forth in subsection A of this subsection, shall constitute an agreement to comply with all of the provisions, terms and requirements of this chapter and other ordinances, rules and regulations of the district, and with the plans and specifications the applicant has filed with the application, together with such corrections or modifications as may be made or permitted by the district, if any. Such agreement shall be binding upon the applicant and may be altered only by the district upon the written request for the alteration from the applicant.

(Amended during 3-02 supplement: Ord. 31 § 4.2, 1996)

3.32.040 - Well abandonment.

Whenever any existing water well is abandoned, the owner of said well shall, at his expense, seal and cap the well in accordance with the requirements of applicable authorities or as directed by the district.

(Amended during 3-02 supplement: Ord. 1 Art. II, § 23, 1967)

3.32.050 - Enforcement and administration.

The general manager and all officers and employees of the district, including all ex officio officers and employees, shall enforce all the provisions of Sections 3.32.020 and 3.32.030 this chapter. The general manager shall implement and administer this section. The general manager shall report to the board all factors which affect the implementation of this section and shall maintain

a separate file of violations of Sections 3.32.020 and 3.32.030 and a file of any requests for variances from Sections 3.32.020 and 3.32.030.

(Amended during 3-02 supplement: Ord. 31 § 4.3 (part), 1996)

3.32.060 - Violations and warnings.

A.

If any person fails or refuses to comply with Sections 3.32.020 and 3.32.030 of this chapter, the general manager or his agent shall provide that person with written notice of the violation and an opportunity to correct the noncompliance. The notice shall be in writing and shall:

1. Be posted at the site of the noncompliance;
2. State the time, date, and place of violation;
3. State a general description of the violation;
4. State the means to correct the violation;
5. State a date by which correction is required; and
6. State the possible consequences of failing to correct the violation.

B.

A copy of the written notice shall be mailed to the address of the violation.

C.

Each person who receives a written notice of violation shall pay to the district an administrative fee of twenty-five dollars for the first notice and fifty dollars for each subsequent notice. To encourage cooperative water conservation, the general manager may waive payment of the fee for the first notice during all or any part of the first sixty days Sections 3.32.020 and 3.32.030 is in effect.

D.

If a person fails to correct the violation within the time specified in the written notice, the general manager shall take one or more of the following actions:

1. Give the person one or more additional written notices of the violation;
2. Refuse to initiate water service to the site of the violation, if water service has not yet begun;
3. Terminate water service to the site of the violation, in accordance with the district's ordinances and code and procedures for terminating water service;
4. Abate the violation as a nuisance in accordance with Section 3.32.060 of this chapter.

(Amended during 3-02 supplement: Ord. 31 § 4.3 (part), 1996)

3.32.070 - Nuisances, abatement and injunctive relief.

A.

Any violation of Sections 3.32.020 and 3.32.030 is declared to be a public nuisance.

B.

The district may summarily abate the public nuisance and the district's attorney may, upon order of the board, bring civil suit or other action to enjoin or abate the nuisance.

C.

Any person who creates or maintains a public nuisance in violation of Sections 3.32.020 and 3.32.030 shall, in a civil proceeding brought to abate a nuisance or to obtain injunctive relief, be liable for the costs of abatement, including but not limited to the following:

1. Costs of investigation;
2. Costs of labor and parts to bring any well into compliance with sections 3.32.020 and 3.32.030;
3. Court costs;
4. Attorneys' fees and costs, including the fees and costs of experts employed by the attorney;

5.

Costs of monitoring compliance.

D.

If any person causes, suffers, or permits a public nuisance to continue after written notice is given to such person by the district, directing such person to cease the nuisance, and such continuation goes beyond the time set for abatement in the notice, then such person shall be liable to the district for the following:

1.

The costs of abatement set forth above;

2.

Any other costs of enforcement imposed by the court;

3.

A civil penalty of fifty percent (50%) of abatement and enforcement costs, payable to the district.

(Amended during 3-02 supplement: Ord. 31 § 4.3 (part), 1996)

Chapter 3.36 - WATER CONSERVATION*

Sections:

3.36.010 - Purpose.

The purpose of this chapter is to establish standards and procedures for water conservation, to reduce or eliminate the waste of water in the district, and enable implementation of the district's water shortage contingency plan.

(Ord. 41 § 4 (part), 2005: Ord. 40 § 4 (part), 2005)

3.36.020 - Application.

A.

This chapter shall apply within the district, and compliance with the provisions of this chapter shall be a condition of water service within the district and in all areas outside the district to which the district provides water service.

B.

The district shall work cooperatively with the Fort Ord Reuse Authority and other land use jurisdictions within the Ord Community service area, including the cities of Seaside, Del Rey Oaks, Marina, and Monterey; and UCMBEST; CSUMB; US Army; and the county of Monterey to facilitate the adoption of ordinances and regulations to conserve water, including inspection of installations made pursuant to this chapter.

C.

All references to standard specifications contained in this chapter shall refer to the latest versions of the district Standard Plans and Specifications for Construction of Domestic Water, Sewer, and Recycled Water Facilities and Procedures, Guidelines and Design Requirements.

(Ord. 41 § 4 (part), 2005: Ord. 40 § 4 (part), 2005)

3.36.030 - Mandatory restrictions on water waste.

A.

Repair of Plumbing, Sprinkler and Irrigation System. Any owner, manager, or person responsible for the day-to-day operation of any premises shall within seventy-two hours after such person first learns of such leaks, breaks, or defects, initiate steps to repair any leaking, broken or defective water pipes, faucets, plumbing fixtures, other water service appliances, sprinklers, watering or irrigation systems, or distribution systems which cause or may cause water waste and shall thereafter diligently and promptly pursue such repair work to completion, unless a variance is obtained from the district.

B.

Watering/Irrigation.

1.

No person shall water grass, lawns, groundcover, shrubbery, and open ground between the hours of ten a.m. and five p.m. except as provided below:

a.

Persons may water between the hours of ten a.m. and five p.m. using any of the following three methods:

i.

Drip irrigation;

ii.

By hand, using a bucket; and/or

iii.

By hand, using a hose with an automatic shutoff nozzle.

b.

The general manager may grant an administrative variance for methods other than those included in subsection (B)(1)(a) of this section if:

i.

**ANNEXATION AGREEMENT AND GROUNDWATER MITIGATION FRAMEWORK
FOR
MARINA AREA LANDS**

SUBJECT: Management and Protection of Salinas River Groundwater Basin; Annexation of Marina Area Lands To Zones 2 and 2A of the Monterey County Water Resources Agency

1. PURPOSE AND AUTHORITY.

1.1. Purpose. The purpose of this Agreement and Framework is to help reduce seawater intrusion and protect the groundwater resource and preserve the environment of the Salinas River Groundwater Basin through voluntary commitments by the Parties to limit, conserve and manage the use of groundwater from the Salinas River groundwater basin, and to provide the terms and conditions for the annexation of certain territory in the Marina area to the Monterey County Water Resources Agency's benefit assessment Zones 2 and 2A as a financing mechanism providing additional revenues to the Monterey County Water Resources Agency to manage and protect the groundwater resource in the Salinas River Groundwater Basin and to reduce seawater intrusion.

1.2. Authority. This Agreement and Framework is entered into under the authority of the Agency Act, the California Water Code, and the California Government Code.

2. DEFINITIONS AND DESIGNATIONS. The following definitions and designations apply to this Agreement and Framework:

2.1. Parties.

2.1.1. Marina Coast Water District ("MCWD"). A political subdivision of the State of California, located in Monterey County, governed by MCWD's Board of Directors.

2.1.2. Monterey County Water Resources Agency ("MCWRA"). A water and flood control agency created by the State of California, with jurisdiction coextensive with Monterey County, governed by the Monterey County Water Resources Agency Board of Supervisors.

2.1.3. J. G. Armstrong Family Members ("Armstrong"). The owners of the Armstrong Ranch in the Marina area of Monterey County.

2.1.4. RMC Lonestar ("Lonestar"). A California general partnership and owner of the Lonestar property in the Marina area of Monterey County.

2.1.5. City of Marina ("City"). An incorporated municipality within Monterey County, organized and operating under the laws of the State of California, governed by its City Council.

2.2. AFY. Acre-feet per year.

2.3. Agency Act. MCWRA's enabling legislation adopted by Chapter 1159 of the Statutes of 1990, and Chapter 1130 of the Statutes of 1991, set forth in full in West's California Water Code Appendix, Chapter 52.

2.4. Armstrong Ranch. About 1850 acres of land in the Marina area, as shown on Exhibit "C," about 322 acres of which is within the City of Marina, plus an additional 150 acres not shown on Exhibit "C" which is already in the Zones.

2.5. Basin. The Salinas River Groundwater Basin.

2.6. BMP. The MCWRA's Basin Management Plan for the Salinas River Groundwater Basin.

2.7. CEQA. The California Environmental Quality Act, Public Resources Code sections 21000 and following.

2.8. CSIP. The Castroville Seawater Intrusion Project, a distribution system project already approved and being implemented by MCWRA to provide reclaimed water for irrigation in the Castroville Area of Monterey County.

2.9. Effective Date. Subject to paragraph 4, this Agreement and Framework shall be fully effective when executed by all the Parties.

2.10. Exhibits.

"A" The general geographic relationship of MCWD, Armstrong and Lonestar to the Basin and to the Zones is shown on the diagram attached to this Agreement and Framework as Exhibit "A."

"B" MCWD service area to be annexed

"C" Armstrong Ranch land to be annexed

"D" Lonestar property to be annexed

"E" Calculation of Incremental Cost for Tertiary Treated Water

"F" Armstrong Areas Reserved For Transfer to MCWD

"G" MRWPCA Addendum

2.11. FEIR. The Final Environmental Impact Report for the Salinas Valley Seawater Intrusion Program (February 1992).

2.12. Fort Ord. The land within the boundaries of the former Fort Ord Military Reservation.

2.13. Lonestar Property. A parcel containing about 400 acres of land in the Marina area, as shown on Exhibit "D."

2.14. Marina Area. Lands served by, adjacent to, or within the sphere of influence of MCWD.

2.15. MCWD Water Plans. The Urban Water Master Plan and the Urban Water Shortage Contingency Plan adopted by MCWD.

2.16. MCWRA/MRWPCA Agreement. Monterey County Agreement No. A-6078, "Agreement Between The Monterey County Water Resources Agency And The Monterey Regional Water Pollution Control Agency For Construction And Operation Of A Tertiary Treatment System," dated for reference purposes June 16, 1992, as amended on or before December 1, 1995.

2.17. Mitigation Plan. A plan for a potable water supply capable of mitigating the effects of seawater intrusion and providing a long-term potable water supply to MCWD's distribution system.

2.18. Mitigation Plan Implementation. The Mitigation Plan shall be considered "implemented" upon the delivery of potable water to MCWD's distribution system from a completed, long-term, potable water supply system, after system testing has been successfully completed.

2.19. Agreement and Framework. This Annexation Agreement and Groundwater Framework for Marina Area Lands.

2.20. Monterey Regional Water Pollution Control Agency ("MRWPCA"). A joint powers authority providing sewage treatment service to its member entities in Northern Monterey County, governed by its Board of Directors.

2.21. MRWPCA Annexation Agreement. "Annexation Agreement Between The Marina County Water District And The Monterey Regional Water Pollution Control Agency," dated April 25, 1989, as amended on or before December 1, 1995.

2.22. 1990 Agreement. Monterey County Agreement No. A-5471, "Preliminary Agreement Between United States of America, Marina Coast Water District, and Monterey County Flood Control and Water Conservation District," dated July 12, 1990.

2.23. SVRP. The Salinas Valley Reclamation Project, a project already approved and being implemented by MCWRA, in

cooperation with MRWPCA, to reclaim water at the MRWPCA's regional treatment plant, for irrigation through the CSIP.

2.24. Zones. Zones 2 and 2A of the MCWRA, which are the zones of benefit and assessment for the MCWRA's Nacimiento and San Antonio reservoirs.

3. FACTS AND CIRCUMSTANCES. This Agreement and Framework is entered into with regard to the following facts and circumstances:

3.1. The MCWRA has approved fourteen other annexations to Zones 2 and 2A since 1991. Like other areas which have been annexed, the Marina area is within the Salinas River Groundwater Basin, has been using groundwater for many years, and has strong claims to groundwater rights. Since the Fort Ord annexation in 1993, the Marina area is surrounded on three sides by Zones 2 and 2A, and by Monterey Bay to the west.

3.2. MCWRA agreed in the 1990 Agreement to "encourage and support" annexing MCWD to Zones 2 and 2A. MCWD has worked for about thirteen years with the MCWRA on plans for a reliable, long-term water supply for the northern Basin area, including the Marina area and Fort Ord. MCWD's participation has included payment of money to assist the planning effort. As part of the 1990 Agreement, MCWD paid for survey and planning work for the long-term water supply effort. Sums paid by MCWD to MCWRA total over \$400,000. The work for which MCWD paid will be useful for the Mitigation Plan.

3.3. MCWD, City, Armstrong and Lonestar claim the right to use groundwater from the Basin, to the full extent provided by law. MCWD takes water from wells owned and operated by MCWD and drilled into the "180-foot", "400-foot" and "900-foot" aquifers in the Basin. About ninety-eight percent of potable water used currently by MCWD comes from the 900-foot aquifer. MCWD's current maximum pumping capacity is 5,800 gpm (9,350 afy) of potable water and 1,100 gpm (1,770 afy) of other usable water. Allowing for routine maintenance and providing a contingency factor for emergency shutdown, MCWD's current estimated operational pumping capacity for potable water is 3900 gpm (6,000 afy).

3.4. MCWD agreed in writing in 1988 to cooperate with the City in providing water service to the Lonestar property and the Armstrong Ranch. A coordinated and centralized water supply for the Marina Area in furtherance of that 1988 agreement will facilitate management and protection of the groundwater resource in the Marina Area. Armstrong claims the right and ability to use not less than 920 afy of potable water from the Basin to provide potable water service to the Armstrong Ranch, and the right to use water for agricultural purposes. MCWD currently supplies some water to the Armstrong Ranch. The Armstrong Ranch will need reclaimed water for golf course purposes, park purposes and such other general uses as may be required by any agency having

jurisdiction as a condition of development. The Lonestar property currently uses about 500 afy of groundwater from the Basin.

3.5. The MCWD Water Plans are based on a total need within MCWD's current boundaries of 3,020 afy of water for potable uses and about 280 afy additional water suitable for irrigation, and on additional projected need by the rest of the Marina area as specified in the MCWD Water Plans.

3.6. MCWRA has previously annexed Fort Ord into Zones 2 and 2A. The September 1993 Agreement for that annexation provides that until implementation of a project to provide a substitute supply, a maximum of 6,600 afy may be withdrawn from the Basin for use on Fort Ord lands, provided no more than 5,200 afy are withdrawn from the 180-foot aquifer and 400-foot aquifer. The USA received a credit against annexation fees for about \$400,000 paid under the 1990 Agreement.

3.7. Pursuant to paragraph 12 of the MRWPCA Annexation Agreement, MCWD has the right to obtain from the MRWPCA, at the regional treatment plant, treated wastewater for reuse by the MCWD in quantities equal to the volume of MCWD wastewater treated by MRWPCA and such additional quantities as from time to time are not committed to any other users for beneficial use. MCWD's cost for such treated wastewater will be the MRWPCA's incremental cost over secondary treatment, to meet applicable local, state and federal requirements for water reuse.

3.8. The MCWRA/MRWPCA Agreement provides that the SVRP shall be designed and built for tertiary treatment of wastewater to be used for irrigation through the CSIP. That Agreement also mentions possible future interties with other agencies. The MCWRA/MRWPCA Agreement commits flows of wastewater to the CSIP as provided in Article IV and Exhibit C of that Agreement, excepting flows taken by MCWD pursuant to the MRWPCA Annexation Agreement.

4. REQUEST FOR ANNEXATION.

4.1. Request by MCWD, Armstrong, and Lonestar. Execution of this Agreement and Framework shall be deemed to be a formal and joint request by the signatories that the MCWRA's Board of Supervisors exercise their authority under section 7 of the Agency Act (West's California Water Code App. § 52-7) to annex to the Zones the lands described in Exhibits "B", "C" and "D" to this Agreement and Framework, on the terms and conditions of this Agreement and Framework as executed by the requesting signatories. No other terms or conditions shall apply to any annexation under this Agreement and Framework without the written agreement of all the Parties affected by the change.

4.2. Request by MCWD. MCWD is requesting immediate annexation of all the lands described in Exhibit "B." The lands to be annexed include the land which contains Olson School and the Methodist Church.

4.3. Request by Armstrong. Armstrong is requesting annexation of its land described in Exhibit "C", which annexation would take effect as provided in paragraph 6.2 of this Agreement and Framework.

4.4. Request by Lonestar. Lonestar is requesting immediate annexation of its land described in Exhibit "D", which annexation would take effect as provided in paragraph 7.3. of this Agreement and Framework.

4.5. Effect of Request. Other than to serve as a formal annexation request pursuant to section 7 of the Agency Act, this Agreement and Framework shall have no effect until its execution by the MCWRA.

5. TERMS AND CONDITIONS--MCWD.

5.1. Quantity limitations on MCWD's groundwater pumping.

5.1.1. Commencing on the effective date of this Agreement and Framework and continuing until Mitigation Plan Implementation, MCWD will limit its withdrawal of potable groundwater from the Basin for land in the Marina area and outside the former Fort Ord Military Reservation to 3,020 afy of potable groundwater, and only such additional quantities as are permitted by this paragraph 5.1. MCWRA's groundwater resource planning for the existing MCWD service area will be based on the latest information and projections contained in the MCWD Water Plans, using 3,020 afy as a planning guideline for potable water use.

5.1.1.1. After compliance with all applicable requirements of law, including but not limited to CEQA, MCWD may improve the interconnection between the MCWD water system and the water system serving Fort Ord, to provide for joint, conjunctive and concurrent use of all system facilities to serve Fort Ord and other areas served by MCWD, and the other Parties will cooperate on MCWD's increased withdrawal of potable groundwater by up to 1,400 afy from the 900-foot aquifer to enable the increased withdrawals from 5200 afy to 6600 afy for use on Fort Ord, as provided in paragraph 4.c. of the September 1993 Agreement between The United States of America and the MCWRA.

5.1.1.2. If the Armstrong property has been annexed to the Zones, the other Parties will cooperate on MCWD's increased withdrawal of up to 920 afy from the Basin, on the condition that such withdrawals shall be used only to provide water to the Armstrong Ranch and, to the extent that such water is requested and accepted by Armstrong, such use shall in its entirety be applied to the satisfaction of Armstrong's entitlement under paragraph 6.9. of this Agreement and Framework.

5.1.1.3. If the Lonestar property has been annexed to the Zones, the other Parties will cooperate on MCWD's

increased withdrawal of up to 500 afy from the Basin, on the condition that such withdrawals shall be used only to provide water to the Lonestar property, and, to the extent that such water is requested and accepted by Lonestar, such use shall in its entirety be applied to the satisfaction of Lonestar's entitlement under paragraph 7.2. of this Agreement and Framework.

5.1.2. Conditioned upon MCWRA's compliance with paragraphs 5.1, 5.2, 5.3., 5.5, 5.7, 8.1, 8.2 and 8.3, after Mitigation Plan Implementation, MCWD will be governed by such limitations on the withdrawal of water from the Basin as shall be included in the terms of the Mitigation Plan.

5.2. No objection by MCWRA to MCWD withdrawals except pursuant to section 22 of Agency Act. The MCWRA shall not object to any withdrawal by MCWD which is mentioned in section 5.1 above, except in compliance with section 22 of the Agency Act. All groundwater withdrawn from the Basin by MCWD may be used only within the Basin.

5.3. Management of 900-foot aquifer. The Parties agree that the "900-foot" aquifer should be managed to provide safe, sustained use of the water resource, and to preserve to MCWD the continued availability of water from the "900-foot" aquifer. The Parties will work to include in a Mitigation Plan the concept that water from the Mitigation Plan which costs less than the cost of desalinated water should be the primary source of potable water for the lands described in Exhibits "B", "C", and "D", and wells in the "900-foot" aquifer should be a secondary source, if seawater intrusion is shown to be affecting the "900-foot" aquifer by credible scientific evidence. The Parties will also work together on measures to protect the "900-foot" aquifer.

5.4. Compliance with CEQA and other applicable laws. MCWD's participation in the Mitigation Plan or any other alternative water supply plan is subject to compliance with all applicable laws, including but not limited to CEQA, and to review and approval by the MCWD.

5.5. MCWD development of alternative water supplies. MCWRA agrees that it is appropriate for MCWD to plan for and develop any new water supplies, including but not limited to wastewater reclamation and desalination, that help to meet MCWD's needs, except that the MCWRA believes that the unilateral development of water by MCWD would not be appropriate from any of the following sources: the 180-foot and 400-foot confined aquifers in the Pressure Area of the Salinas Valley Groundwater Basin, the unconfined aquifer in the three other areas in the Salinas Valley Groundwater Basin (East side, Forebay, and Upper Valley), and the Salinas River and its tributaries.

5.6. MCWD payment to MCWRA for tertiary treated water. In satisfaction of paragraph 12 of the MRWPCA Annexation Agreement, MCWD will pay to MCWRA the incremental cost over secondary

treatment to receive tertiary treated water from MRWPCA's planned tertiary treatment facilities at its regional treatment plant. The Parties agree that this cost shall be calculated as set forth on Exhibit "E" to this Agreement and Framework.

5.7. MCWD right to receive tertiary treated water from MRWPCA plant.

5.7.1. Pursuant to the MRWPCA Annexation Agreement, on or after the date of first delivery of water from the CSIP and upon compliance with all then-applicable requirements of law, including but not limited to CEQA, MCWD shall have the right to receive tertiary treated water from the tertiary treatment plant constructed and maintained pursuant to the SVRP, as provided herein.

5.7.2. The CSIP requires maximum available reclaimed water flows from the SVRP during the months of April through September to replace historically high uses of groundwater during those months, and to thereby maximize environmental benefits. Accordingly, during the months of April through September, MCWD agrees to defer taking any water over 300 afy it is entitled to take from the tertiary treatment plant under the MRWPCA Annexation Agreement. MCWD will also defer taking the first 300 afy of such flows to which it is entitled, if and after MCWD constructs a reservoir to store replacement winter flows.

5.7.3. During the months of October through March, MCWD may take the full amount of the reclaimed water to which it would, under the MRWPCA Annexation Agreement, have first priority during those months, together with an amount of water equal to the amount deferred during the immediately preceding months of April through September under paragraph 5.7.2. above. MCWD will take the deferred amount in equal or approximately equal monthly portions spread throughout the October-March period, or as otherwise agreed in writing by the MCWD and the MCWRA.

5.7.4. If MCWD's ability to supply reclaimed water is interrupted for any reason, MCWD and MCWRA will act jointly and diligently, together and with MRWPCA, to mitigate possible damage to users of such flows, including possible interim use of MCWD's wells to provide a substitute source of water.

5.8. Effective date of annexation. The annexation to Zones 2 and 2A of the MCWD lands described in Exhibit "B" shall take effect immediately upon approval of the annexation by the MCWRA Board of Supervisors on the terms of this Agreement and Framework, or, if the annexation is approved by ordinance, then thirty (30) days after adoption of an ordinance approving the terms of this Agreement and Framework.

5.9. Annexation fee.

5.9.1. Amount of MCWD annexation fee. To annex all the land described in Exhibit "B" to the Zones, MCWD shall pay to MCWRA an annexation fee in the amount of Two Million Eight Hundred Forty-Nine Thousand Four Hundred and Ten Dollars (\$2,849,410.00) (based on 1750 acres in the MCWD service area and water extraction use of 3020 afy). MCWD shall pay this amount, subject to any adjustments hereinafter described, in semi-annual installments as provided in paragraph 5.9.3. below. By giving written notice to MCWRA on or before May 1, 1997, MCWD may elect to pay the annexation fee in full, without interest, in one lump sum on or before July 1, 1997.

5.9.2. Credit. MCWD shall have a credit of \$400,000 against the annexation fee, based on the 1990 Agreement and the similar credit previously given to the U.S.A. on the annexation of Fort Ord to the Zones.

5.9.3. Payment of annexation fee. MCWD shall pay its annexation fee as follows:

5.9.3.1. From the total amount of the annexation fee, subtract the credit of \$400,000, to determine the "net annexation fee." MCWD may elect to pay the net annexation fee in one lump sum, as provided in paragraph 5.9.1, or may pay in installments as provided below. If MCWD elects to pay in one lump sum, any late payment shall bear interest at the annual rate of 6% from the due date and shall be subject to the same penalties and collections procedures as are set forth in paragraph 6.7. of this Agreement and Framework.

5.9.3.2. MCWD may pay in twenty semi-annual installments, beginning in the fiscal year commencing on July 1, 1997, with interest at the annual rate of six percent (6%) on the unpaid principal balance accruing from July 1, 1997, and with semi-annual payments due on November 1 and February 1 and delinquent on December 10 and April 10 each fiscal year. The interest included in payments consisting of both principal and interest shall be calculated as though the installment were paid on the last day before delinquency, even if the installment is paid in advance of that date. The total amount of each installment paid on the net annexation fee shall be sufficient to amortize the full amount of principal and interest in twenty (20) equal semi-annual installments. There shall be no pre-payment penalty.

5.10. MCWD use of revenues prior to full payment of annexation fee. Until MCWD pays or receives credit for the entire annexation fee and all accrued interest on the fee, all revenue received by MCWD from the lands annexed to the Zones pursuant to this Agreement and Framework for or in connection with providing water and sewer service to the lands shall be used only for activities and functions duly performed by MCWD in connection with

providing water and sewer service, including, but not limited to, the payments required under this Agreement and Framework.

6. TERMS AND CONDITIONS--ARMSTRONG.

6.1. Ranch Areas. Annexation of the Armstrong Ranch to the Zones contemplates two general areas of the Ranch, which are designated for convenience "Area A" and "Area B." Area A consists of about 900 acres which is expected to be developed for urban uses. Area B consists of about 950 acres, a portion of which is expected to be used for irrigated agriculture, and about 220 acres of which is expected to be given to MCWD to store treated water. For purposes of determining assessments, standby charges and the like, the initial classification of the land within Area B will be determined at the time of annexation.

6.2. Effective Date of Annexation. Approval of this Agreement and Framework by the MCWRA Board of Supervisors shall constitute approval for annexation of the Armstrong Ranch to the Zones at the time and on conditions approved by LAFCO and satisfactory to Armstrong for concurrent annexation of the Armstrong Ranch to MCWD and the City of Marina, including recordation of a final subdivision map upon conditions satisfactory to Armstrong.

6.3. Participation by Armstrong in MCWD water sources. Subject to compliance with all then-applicable requirements of law, including but not limited to CEQA, Armstrong Ranch shall be entitled at all times to participate on an equitable basis with MCWD in potable water sources developed by MCWD pursuant to paragraph 5.5. of this Agreement and Framework, in which event the limitations concerning the use of water on the Armstrong Ranch, as set forth in paragraph 6.9. shall not be applicable to using potable water developed pursuant to paragraph 5.5.

6.4. Prerequisites to annexation to MCWD and the City of Marina. Any application to LAFCO for annexation of any Armstrong Ranch property to either MCWD or the City of Marina shall be concurrently submitted by the City and MCWD, and shall provide that such property to be annexed shall be within the boundaries of both MCWD and the City of Marina.

6.5. Annexation fee.

6.5.1. When the Armstrong Ranch has been annexed to the Zones, Armstrong will pay to MCWRA an annexation fee computed as the sum of

6.5.1.1. the product of multiplying the number of acres annexed by \$277/acre for land intended for urban or irrigated use and \$27.70/acre for land intended for grazing, dry land farming or other unirrigated use, and

6.5.1.2. the product of multiplying the number of afy of water from the Basin or the Mitigation Plan allocated to the annexed land by \$783/af for potable water intended for urban use and \$261/af for water intended for agricultural use. Such charge shall not be applicable to any water from a source other than the Salinas Valley Groundwater Basin or the Salinas River and its tributaries.

6.5.2. Fees for Armstrong are estimated to be about \$969,660 for Area A, based on 900 acres @ \$277/ac. and 920 afy @ \$783/af, and an amount subject to final determination upon actual annexation for Area B. For example, based on 250 irrigated acres @ \$277/ac., 700 unirrigated acres @ \$27.70/ac., and 650 afy of water @ \$261/af, the annexation fees for Area B would be about \$258,000.

6.5.3. If annexation of the Armstrong Ranch occurs more than seven years after MCWRA approves this Agreement and Framework, Armstrong shall pay the then-current annexation fees, instead of the fees set forth in paragraph 6.5.1 above.

6.5.4. Armstrong may elect to pay the annexation fee in a lump sum as provided in paragraph 6.6 below, or may pay the annexation fee in installments as provided in paragraph 6.7 below. There shall be no prepayment penalty.

6.5.5. If the agricultural water use on Area B is changed to a potable or industrial use, then Armstrong shall pay to the MCWRA as an additional annexation fee, an additional water charge computed as two-thirds (2/3rds) of the product of the number of afy changed multiplied by the then-current annexation water charge. If Armstrong uses water on any part of the Armstrong Ranch which is initially annexed as land for unirrigated use, Armstrong shall pay an additional land fee of nine times the land fee specified for such land in 6.5.1.1 above. The additional water charge or land fee will be paid either in one lump sum, due and payable on the July 1 immediately following the change in water use, or in twenty (20) equal semi-annual installments over ten (10) years, with the payment period and interest accrual beginning on that July 1, in the same manner as prescribed for Armstrong's original annexation fee and subject to the same rules.

6.6. Payment of annexation fee in lump sum. If paid in a lump sum, the annexation fee shall be due and payable in full on July 1, next succeeding the first March 1 after the effective date of the annexation. Armstrong may elect to pay the annexation fee in full in one lump sum by giving written notice of such election to MCWRA not later than the May 1 immediately preceding the date payment is due. Any late payment shall bear interest at the annual rate of 6% from the due date, and shall be subject to the same penalties and collection procedures as are set forth in paragraph 6.7.

6.7. Payment of annexation fee in installments.

6.7.1. If paid in installments, the installments shall include interest on the unpaid principal balance at the annual rate determined in the manner hereinafter set forth, which interest shall begin to accrue on July 1, next succeeding the first March 1 after the effective date of the annexation. The interest rate on installments shall be six percent per annum. The interest included in each installment shall be calculated as though the installment were paid on the last day before delinquency, even if the installment is paid in advance of that date.

6.7.2. The amount of each semi-annual installment shall be sufficient to amortize the full amount of principal and interest in twenty (20) equal semi-annual installments.

6.7.3. The semi-annual installments shall be paid and collected at the same time and in the same manner and by the same persons as, and together with and not separately from, general agency and zone taxes and shall be delinquent at the same time and thereafter subject to the same delinquency penalties. The first installment shall be due on November 1 following July 1, next succeeding the first March 1 after the effective date of the annexation and shall be delinquent if not paid on or before the following December 10. The second installment shall be due on the following February 1 and shall be delinquent if not paid on or before the following April 10. Thereafter, installments shall fall due and become delinquent on the same dates each year.

6.7.4. The full amount of principal and interest shall be paid not later than April 10, in the tenth year following July 1, next succeeding the first March 1 after the effective date of the annexation.

6.7.5. The amount of each installment shall constitute a lien on each annexed parcel as of noon on the March 1 immediately preceding the fiscal year (July 1-June 30) in which payment of the installment will be due. If the property is subdivided, then a prorata share of the annexation fee shall become a lien on each individual parcel, based upon the ratio that the land area of the individual parcel bears to the total land area of all parcels against which the annexation fee is a lien. All laws applicable to the levy, collection and enforcement of general agency and zone taxes, including, but not limited to, those pertaining to delinquency, correction, cancellation, refund and redemption, shall be applicable to such installments.

6.7.6. MCWD shall pay to MCWRA any fees to annex the lands within the MCWD Reserved Area described in paragraph 6.10 and shown on Exhibit "F" to this Agreement and Framework.

6.8. Costs, assessments, fees and charges. Costs, assessments, fees and charges imposed by MCWD in connection with providing water and wastewater treatment capacity and service to

the Armstrong Ranch must be equitable and reasonable and must be reasonably related to services and benefits received, consistent with the County Water District Law (Water Code sections 30,000 and following), with Government Code sections 50076 and 66013, and with applicable case law.

6.9. Quantity limitations on Armstrong water use.

6.9.1. Armstrong shall have the right to utilize on the Armstrong Ranch groundwater for irrigation, and 920 afy of additional water for potable uses withdrawn from the Basin, subject to the limitations set forth herein. Armstrong shall limit potable water withdrawn from the Basin and used for potable purposes on the Armstrong Ranch to no more than 20 afy when this Agreement and Framework becomes effective, 150 afy upon annexation to the Zones, and an additional 150 afy every two years thereafter, up to the total of 920 afy for potable purposes from the Basin.

6.9.2. MCWD shall provide Armstrong with water service for all residential, municipal and industrial uses on the Armstrong Ranch. In providing such service, the water allocation for Armstrong, set forth above in paragraph 6.9.1., shall be added to the MCWD water allocation, as provided in paragraph 5.1.

6.9.3. Groundwater underlying Area B shall be used solely for agricultural activities conducted on Area B, except that not more than 20 afy of such groundwater may be used for potable uses on the Armstrong Ranch, and additional groundwater underlying Area B also may be used by the MCWD on the part of Area B conveyed to MCWD and may also be used on the adjacent lands of the MRWPCA.

6.9.4. The limits on water use provided by this paragraph 6.9. shall not apply to use of reclaimed water or of potable water developed from a source other than the Salinas Valley Groundwater Basin or the Salinas River and its tributaries.

6.10. Reservation of lands for MCWD.

6.10.1. MCWD Reserved Area . Armstrong shall reserve, for use by MCWD, the area shown diagrammatically on Exhibit "F" to this Agreement and Framework as "MCWD Reserved Area", and the non-exclusive easements shown on Exhibits "C" and "F" in favor of MCWD, appurtenant to said MCWD Reserved Area and to MCWD's reclaimed water system and transferrable with either, for construction, roads, utilities (including communications), pipelines, and any other purpose for which a road may be used, subject to the non-exclusive easements shown on Exhibits "C" and "F" to be reserved in favor of Armstrong, which said reserved easements in favor of Armstrong shall be for wells (located within the southerly 60' of the 160' x 1000' strip as shown on Exhibit "F", which wells may be relocated within said strip from time to time, on well sites which may extend north of the southerly 60' of the strip) for agricultural irrigation, roads, utilities (including

communications), pipelines, and any other purpose for which a road may be used, shall be freely assignable and usable by others, and not subject to being extinguished or limited because of overburden or surcharge, and which said reserved easements shall not interfere or be used so as to interfere with the use of the balance of said MCWD Reserved Area for the production, storage, or distribution of treated water (tertiary treatment or its equivalent), or potable water. Before either MCWD or Armstrong installs any facilities in the reserved easements, MCWD and Armstrong will meet and confer to assure that their respective uses of and facilities in the said reserved easements will not conflict. Both parties shall act reasonably in considering the needs of the other. MCWD shall not place any non-potable water impoundment within the 160' x 1000' strip, nor any non-potable water pipeline closer than 110' north of the southerly boundary. MCWD shall not be required to move any facilities the installation of which has been approved by Armstrong. Water from wells located in said reserved strip shall be used only on lands of Armstrong and also may be used by the MCWD on the part of Area B conveyed to MCWD and may also be used on the adjacent lands of the MRWPCA.

6.10.1.1. The MCWD Reserved Area, which shall not exceed 250 acres within the boundaries shown on Exhibit "F", will be "office" surveyed at the expense of MCWD within sixty days, and "field" surveyed at the expense of MCWD within one year, following approval by the MCWRA Board of Supervisors of this Agreement and Framework.

6.10.1.2. MCWD will diligently undertake, and MCWRA, City and Armstrong will cooperate in the planning and conduct of, the appropriate environmental review and application for appropriate permits to use MCWD Reserved Area for facilities for the production, storage, or distribution of treated water (tertiary treatment or its equivalent), or potable water. Any use other than for the production, storage, or distribution of treated water (tertiary treatment or its equivalent), or potable water, shall require the prior written approval of Armstrong, and any conveyances from Armstrong to MCWD shall contain appropriate restrictions on such additional use in the form of a condition subsequent to the conveyances and a power of termination in favor of Armstrong. Any attempt to condemn the power of termination shall be subject to the provisions of paragraph 6.10.3. as if it were a condemnation of fee title.

6.10.1.3. MCWD may use and take conveyance of the MCWD Reserved Area in phases of not less than 40 acres. Armstrong's obligation to reserve the MCWD Reserved Area shall expire at midnight on June 30, 2003, or upon delivery to Armstrong of written notice from MCWD cancelling MCWD's right to receive conveyance of the MCWD Reserved Area. Armstrong's obligation to reserve the MCWD Reserved Area shall be extended to July 1, 2010, if MCWD has begun to use at least 40 acres of the MCWD Reserved Area by June 30, 2003.

6.10.2. Gift by Armstrong or payment by MCWD.

Armstrong has offered to make a gift to MCWD, at the agreed value of \$25,000 per acre, of 50 acres of the MCWD Reserved Area for the first 150 afy of water which Armstrong is entitled to withdraw from the Basin as provided in paragraph 6.9. of this Agreement and Framework, and 40 acres for each additional 150 afy which Armstrong may withdraw pursuant to paragraph 6.9, or less than 40 acres for the last 150 afy, if the last remaining portion of the MCWD Reserved Area is less than 40 acres, but in no event to exceed the total acreage of the area shown as the MCWD Reserved Area on Exhibit "F" to this Agreement and Framework. This offer may be accepted by MCWD following such final annexation at any time during the time Armstrong is reserving the MCWD Reserved Area. In any event, however, and notwithstanding the foregoing, upon receipt by Armstrong of written request from MCWD, Armstrong will forthwith convey all or part of the MCWD Reserved Area to MCWD by grant deed. Any such part must begin in the southwest corner of MCWD Reserved Area, must be parallel to the southerly and westerly boundaries of the MCWD Reserved Area, must be rectangular or trapezoidal in shape, must be at least 40 acres in size, and must be free of any financial encumbrances except taxes and assessments not delinquent, but subject to all other encumbrances, and further subject to all laws, ordinances, regulations and rights of all governmental bodies having jurisdiction in, on or over the subject real property as they may from time to time exist. Title shall also be subject to the lien of a first deed of trust for each conveyance, executed by MCWD in favor of Armstrong securing the obligation of MCWD in favor of Armstrong next hereinafter referred to. Beginning six months after conveyance of any part of the MCWD Reserved Area which is not conveyed as a gift to MCWD, MCWD shall commence paying to Armstrong a sum calculated by multiplying the number of acres in such conveyance by Twenty-Five Thousand Dollars (\$25,000.00). The price of \$25,000 per acre shall be adjusted as of July 1, 2003, if Armstrong's obligation to reserve the property is extended to 2010 pursuant to paragraph 6.10.1.3. of this Agreement and Framework. In such event, the price per acre shall be computed by multiplying \$25,000 by the percentage increase or decrease in the Cost of Living Index for all urban consumers in the San Francisco-Oakland-San Jose Area (1982-1984=100), occurring between July 1, 1997 and July 1, 2003, or the closest dates to such dates for which figures are available. Payment shall be made in 20 equal semi-annual payments, commencing six months after such conveyance, sufficient to amortize the obligation fully, with the unpaid principal balance bearing interest from the date of conveyance to MCWD, at the prime rate of the Bank of America in San Francisco, California, as of July 1 each year during the term of this obligation, but not to exceed the maximum rate permitted by law to be charged by Armstrong in such transaction. Any such payments made or to be made by MCWD, together with interest from the date of MCWD's payment, through December 31, 2010, at the prime rate of interest of the Bank of America in San Francisco, California, shall be included in computing annexation fees, capacity charges and service charges charged by MCWD for the part of the Armstrong Ranch to which the payments made by MCWD to Armstrong relate.

6.10.3. Waiver of further acquisitions by MCWD, MCWRA, and City of Marina; liquidated damages. Except for incidental water system and wastewater system and storm water system easements, incidental access easements, incidental road easements, and incidental utility easements, as may be necessary from time to time, and further excepting land dedicated to public uses through the development process as a condition of development, MCWD, City, and MCWRA shall not seek to acquire fee title to land or easements thereon on any part of the Armstrong Ranch by eminent domain for use in providing water or wastewater service, or for any other public purpose whatsoever, except that, as to City only, said prohibition shall apply only with respect to eminent domain for water or sanitary sewer facilities and shall not be applicable to eminent domain for other public purposes; provided, however, that in the event that any of said agencies shall, notwithstanding the foregoing covenant, warranty and representation, seek to exercise the power of eminent domain for any other purpose except as excepted above, then, and in that event, all Parties hereto hereby agree that the fair market value of and the price to be paid for all such land lying within MCWD Reserved Area as shown on Exhibit "F" hereto (and any additional area shown on an exhibit to a fully executed addendum to this Agreement and Framework) shall be the sum of Twenty-Five Thousand Dollars (\$25,000.00) cash per acre and the fair market value and purchase price for all land lying outside of said MCWD Reserved Area as shown on Exhibit "F" hereto (and any additional area shown on an exhibit to a fully executed addendum to this Agreement and Framework) shall be the sum of ONE HUNDRED THOUSAND Dollars (\$100,000.00) cash per acre. FURTHERMORE, IN THE EVENT THAT MCWD, CITY, AND MCWRA, OR ANY OF THEM, SHOULD BREACH THIS COVENANT, WARRANTY AND REPRESENTATION, THEN, AND IN THAT EVENT, THE PARTIES AGREE THAT ARMSTRONG SHALL BE ENTITLED TO RECOVER FROM SUCH BREACHING PARTY, AS LIQUIDATED DAMAGES, AN AMOUNT EQUAL TO THE DIFFERENCE BETWEEN THE PRICE PER ACRE ACTUALLY PAID AND TWENTY-FIVE THOUSAND DOLLARS (\$25,000.00) PER ACRE MULTIPLIED BY THE NUMBER OF ACRES SO TAKEN IN THE CASE OF LAND WITHIN SAID MCWD RESERVED AREA (AND ANY ADDITIONAL AREA SHOWN ON AN EXHIBIT TO A FULLY EXECUTED ADDENDUM TO THIS AGREEMENT AND FRAMEWORK), AND THE DIFFERENCE BETWEEN THE PRICE PER ACRE ACTUALLY PAID AND ONE HUNDRED THOUSAND DOLLARS (\$100,000.00) PER ACRE MULTIPLIED BY THE NUMBER OF ACRES TAKEN IN THE CASE OF LAND LYING OUTSIDE OF MCWD RESERVED AREA (AND ANY ADDITIONAL AREA SHOWN ON AN EXHIBIT TO A FULLY EXECUTED ADDENDUM TO THIS AGREEMENT AND FRAMEWORK), AS LIQUIDATED DAMAGES, WHICH THE PARTIES AGREE IS A REASONABLE SUM CONSIDERING ALL THE CIRCUMSTANCES EXISTING ON THE DATE OF THIS AGREEMENT AND FRAMEWORK, INCLUDING THE RELATIONSHIP OF THE SUM TO THE RANGE OF HARM TO ARMSTRONG THAT REASONABLY COULD BE ANTICIPATED AND THE ANTICIPATION THAT PROOF OF ACTUAL DAMAGES WOULD BE COSTLY OR INCONVENIENT. IN PLACING THEIR SIGNATURES BELOW, EACH PARTY SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE ABOVE AND THE FACT THAT EACH PARTY WAS REPRESENTED BY COUNSEL WHO EXPLAINED THE CONSEQUENCES OF THIS LIQUIDATED DAMAGES PROVISION AT THE TIME THIS AGREEMENT AND FRAMEWORK WAS MADE.

ARMSTRONG

James Louis Anderson J.
Philip Anderson
Edwin A. Johnson
Charles W. Johnson III

MCWD

CITY

MCWRA

6.11. Annexation of portions of Armstrong Ranch used by MCWD. Notwithstanding any other provision of this section 6, portions of the Armstrong Ranch owned and/or used by MCWD may be annexed to the Zones at any time, upon MCWD's written request for such annexation, and after compliance with all then-applicable laws. Any annexation fees or charges by MCWRA for such annexed lands shall be paid by MCWD.

7. TERMS AND CONDITIONS--LONESTAR.

7.1. Compliance with Agency Act Section 22. The MCWRA acknowledges that it may not object to any withdrawal by Lonestar permitted by this section 7, except in compliance with section 22 of the Agency Act. All groundwater withdrawn from the Basin by Lonestar may be used only within the Basin.

7.2. Quantity Limitations. Commencing on the effective date of this Agreement and Framework, Lonestar shall limit withdrawal and use of groundwater from the Basin to Lonestar's historical use of 500 afy of groundwater.

7.3. Annexation of Lonestar Property to the Zones. Approval of this Agreement and Framework by the MCWRA Board of Supervisors shall constitute approval for annexation of the Lonestar Property in accordance with the terms of this Agreement and Framework. The actual annexation will occur as follows: The Lonestar Property annexation to the Zones will not take effect until the Lonestar Property has been approved for prior or concurrent annexation into MCWD. When such approval has been

ARMSTRONG
James Earl Ramsey, Jr.
Philadelphia
Ray M. Armstrong

MCWRA

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ARMSTRONG

REEL 3404 PAGE 768

James Earl Long
Shirley
Dorothy Armstrong

MCWD

CITY

MCWRA

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ARMSTRONG

James Earl Armstrong Jr.
Shirley Armstrong

Paul H. W. May 4/4/96

MCWD

CITY

MCWRA

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ARMSTRONG

James H. Armstrong Jr.
Shirley Armstrong

Elizabeth Armstrong

John Bullington

MCWD

CITY

MCWRA

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ARMSTRONG

REEL 3404 PAGE 771

MCWD

Thomas P. Moore April 12, 1999

CITY

MCWRA

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ARMSTRONG

MCWD

CITY

MCWRA

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ARMSTRONG

REEL 3404 PAGE 773

MCWD

CITY

MCWRA

Edith Johnson

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obtained, Lonestar shall notify MCWRA, and the MCWRA Board of Supervisors shall declare by resolution the effective date of the annexation.

7.4. Annexation fee.

7.4.1. Amount of original annexation fee. When the Lonestar Property has been annexed to the Zones, Lonestar will pay to MCWRA an annexation fee computed as follows:

| | | |
|----------------------------------|---|----------------|
| 104 acres x \$277 (land fee) | = | \$ 28,808 |
| 264 acres x \$27.70 (open space) | = | 7,313 |
| 500 afy x \$783/3 (water charge) | = | <u>130,500</u> |
| Total principal (original fee) | = | <u>166,621</u> |
| Total interest @ 6% | = | <u>57,370</u> |
| Total payment | = | <u>223,991</u> |
| Semi-annual payments | = | 11,200 |

7.4.2. Choice of lump sum or installment. Lonestar may elect to pay the annexation fee in one lump sum or may pay in semi-annual installments.

7.4.3. Lump sum payment. If paid in a lump sum, the original annexation fee shall be due and payable in full on July 1, next succeeding the first March 1 after the effective date of the annexation. Lonestar may elect to pay the annexation fee in full in one lump sum by giving written notice of such election to MCWRA not later than the May 1 immediately preceding the date payment in a lump sum would be due. Any late payment shall bear interest at the annual rate of 6% from the due date, and shall be subject to the same penalties and collection procedures as are set forth in paragraph 7.4.4.

7.4.4. Installment payments.

7.4.4.1. If the original annexation fee or any addition thereto is paid in installments, the installments shall include interest on the unpaid principal balance at the annual rate determined pursuant to this Agreement and Framework. The interest rate on installments on the original annexation fee shall be six (6) percent per annum and shall begin to accrue on July 1, next succeeding the first March 1 after the effective date of the annexation. The interest rate for the additional water charge shall be equivalent to that which the County would pay for funds borrowed at the time the additional water charge is determined and shall begin to accrue at the beginning of the applicable payment period. The interest included in each installment shall be calculated as though the installment were paid on the last day

before delinquency, even if the installment is paid in advance of that date.

7.4.4.2. The amount of each semi-annual installment shall be sufficient to amortize the full amount of principal and interest in twenty (20) equal semi-annual installments.

7.4.4.3. The semi-annual installments shall be paid and collected at the same time and in the same manner and by the same persons as, and together with and not separately from, general agency and zone taxes and shall be delinquent at the same time and thereafter subject to the same delinquency penalties. The first installment shall be due on November 1 following July 1, next succeeding the first March 1 after the effective date of the annexation and shall be delinquent if not paid on or before the following December 10. The second installment shall be due on the following February 1 and shall be delinquent if not paid on or before the following April 10. Thereafter, installments shall fall due and become delinquent on the same dates each year.

7.4.4.4. The full amount of principal and interest shall be paid not later than April 10, in the tenth year following July 1, next succeeding the first March 1 after the effective date of the annexation.

7.4.4.5. The amount of each installment shall constitute a lien on the annexed property as of noon on the March 1 immediately preceding the fiscal year (July 1-June 30) in which payment of the installment will be due. If the property is subdivided, then a prorata share of the annexation fee shall become a lien on each individual parcel, based upon the ratio that the land area of the individual parcel bears to the total land area of all parcels against which the annexation fee is a lien. All laws applicable to the levy, collection and enforcement of general agency and zone taxes, including, but not limited to, those pertaining to delinquency, correction, cancellation, refund and redemption, shall be applicable to such installments.

7.4.5. Additional annexation fee for change in water use. If the water use on the Lonestar Property is changed from an industrial or agricultural use to a potable or other use, or if MCWD delivers potable water to the Lonestar Property pursuant to paragraph 5.1.1.3., then Lonestar shall pay to the MCWRA as an additional annexation fee, an additional water charge computed as two-thirds (2/3rds) of the product of 500 afy multiplied by the then-current annexation water charge. If Lonestar uses water on the 264-acre open-space area, Lonestar shall pay an additional land fee of nine times the land fee specified for the area in 7.4.1. above. The additional water charge or land fee will be paid either in one lump sum, due and payable on July 1, immediately following the change in water use, or in twenty (20) equal semi-annual installments over ten (10) years, with the payment period and interest accrual beginning on that July 1, in the same manner as

prescribed for Lonestar's original annexation fee and subject to the same rules.

7.4.6. Additional annexation fee for Mitigation Plan water supply allocation. If a substitute supply of potable Mitigation Plan water is approved for the Lonestar Property pursuant to Section 22 of the MCWRA Act, then, when the contract for construction of the Mitigation Plan has been approved by the MCWRA Board of Supervisors, and when Lonestar begins using water for potable uses, Lonestar will pay as an addition to its annexation fee an additional water charge computed as two-thirds (2/3rds) of the product of the amount so allocated multiplied by the then-current annexation water charge. The additional water charge will be paid either in one lump sum, due and payable on July 1, immediately following approval of both the Mitigation Plan water supply for Lonestar and the construction contract for the Mitigation Plan, or in twenty (20) equal semi-annual installments over ten (10) years, with the payment period and the interest accrual beginning on that July 1, in the same manner as prescribed for Lonestar's original annexation fee and subject to the same rules.

7.4.7. Non-duplication of additional annexation fees. The additional annexation fees set forth in paragraphs 7.4.5 and 7.4.6 above are not intended to be cumulative. If Lonestar becomes liable to pay both of the additional annexation fees, then Lonestar shall be obligated to pay only the higher of the two fees, and any amounts previously paid towards the lower additional fees shall be credited towards payment of the higher.

8. TERMS AND CONDITIONS--GENERAL.

8.1. Equal treatment by MCWRA and MCWD. If future litigation, regulation or other unforeseen action diminishes the total water supply available to MCWRA, MCWRA agrees that it will exercise its powers so that MCWD, Armstrong and Lonestar shall be no more severely affected in a proportional sense than other lawful users of water from the Zones, based on the right before the imposition of any uniform and generally applicable restrictions as described in paragraph 8.2 to use at least the quantities of water from the Basin described in paragraphs 5.1., 6.9., and 7.2. MCWRA shall not at any time seek to impose greater restrictions on water use from the Basin by MCWD, Armstrong or Lonestar than are imposed on users either supplying water for use or using water within the city limits of the City of Salinas. MCWD, Armstrong and Lonestar will comply with any basin-wide or area-wide water allocation plans established by the MCWRA which include MCWD, Armstrong and Lonestar, and which do not impose on use of water on the lands described in Exhibits "B", "C", and "D" restrictions greater than are imposed on users either supplying water for use or using water within the City of Salinas, and which satisfy the requirements of paragraph 5.2 of this Agreement and Framework.

8.2. Water Conservation Measures. MCWD, Armstrong and Lonestar shall use, and MCWD may require the use of reasonable and appropriate water conservation measures on the lands described in Exhibits "B", "C" and "D" to this Agreement and Framework, which water conservation measures shall be uniformly applied and may be more restrictive but shall not be less restrictive than measures implemented by MCWRA as part of a Basin-wide or area-wide water conservation program. All planning and environmental review for the lands described in Exhibits "B", "C", and "D" to this Agreement and Framework shall be based on the requirement that development on such lands shall use reasonable and appropriate water conservation measures comparable to measures implemented by MCWRA as part of a Basin-wide or area-wide water conservation program, and by MCWD as part of a water conservation program applicable uniformly within MCWD's service area.

8.3. Defense of Rights. Upon Mitigation Plan Implementation, MCWRA will defend the rights of MCWD, Armstrong and Lonestar to a supply of water from the Mitigation Plan, as though those rights were the rights of MCWRA. Participation by MCWD, Armstrong and Lonestar in the Mitigation Plan or any other alternative water supply plan is subject to compliance with all applicable laws, including but not limited to CEQA.

8.4. Use of Annexation Fees. Annexation fees from the MCWD service area, the Armstrong Ranch and the Lonestar Property shall be used by MCWRA to pay the costs of a BMP process that includes mitigation plans for the Marina Area based on the planning guidelines contained in this Agreement and Framework. Such annexation fees shall also be used for management and protection of the "900-foot aquifer."

8.5. Assessments. After approval by the Board of Supervisors of annexation to the Zones of any property described in the exhibits to this Agreement and Framework, each parcel annexed shall be subject to all uniform assessments, charges, fees, and other exactions levied in Zones 2 and 2A for the fiscal year beginning on July 1, next succeeding the first March 1 after the effective date of the annexation, and shall remain subject thereto for as long as such exactions are levied and the parcel remains within the levying zone.

8.6. Recordation. Upon approval of this Agreement and Framework by the Board of Supervisors and execution by all Parties, this Agreement and Framework shall be recorded in the office of the Monterey County Recorder. All signatures shall be notarized as necessary to record the Agreement and Framework.

9. DISPUTE RESOLUTION PROCEDURE.

9.1. If any dispute arises between the Parties as to the proper interpretation or application of this Agreement and Framework, the Parties shall first seek to resolve the dispute in accordance with this Agreement and Framework, and the Parties must

meet and confer under this Agreement and Framework before filing any court action.

9.2. If any dispute under this Agreement and Framework arises, the Parties shall first meet and confer, in an attempt to resolve the matter between themselves. Each party shall make all reasonable efforts to provide to the other Parties all the information that the party has in its possession that is relevant to the dispute, so that all Parties will have ample information with which to reach a decision.

9.3. If, notwithstanding the good faith efforts of a party requesting in writing the resolution of a dispute under this Agreement and Framework, a dispute remains unresolved sixty-one (61) days after delivery of the request to the other party, the party requesting resolution may file suit for legal and equitable relief, including specific performance, as appropriate.

10. CHALLENGE OF LAWS. Nothing herein contained shall be construed as stopping or otherwise preventing any party to this Agreement and Framework from contesting by litigation or other lawful means the validity, constitutionality, construction, or application of any law of this State, any ordinance of the public entities that are Parties hereto, or any rule, regulation or practice of the public entities that are Parties hereto.

11. WAIVER OF RIGHTS. Any waiver at any time by any party hereto of its rights with respect to a default or any other matter arising in connection with this Agreement and Framework shall not be deemed to be a waiver with respect to any other default or matter. None of the covenants or agreements herein contained can be waived except by the written consent of the waiving party.

12. NOTICES. All notices and demands required under this Agreement and Framework shall be deemed given by one party when delivered personally to the principal office of the other party; when faxed to the other party, to the fax number provided by the receiving party; or five days after the document is placed in the United States mail, first class, registered mail, or certified mail, postage prepaid, addressed to the other party as follows:

| | |
|----------|--|
| To MCWD: | 11 Reservation Road Marina, CA 93933-2099 Phone No.: (408) 384-6131 Fax No.: (408) 384-2479 |
|----------|--|

| | |
|-----------|---|
| To MCWRA: | General Manager P. O. Box 930 Salinas, CA 93902-0930 Phone No.: (408) Fax No.: (408) 424-7935 |
|-----------|---|

To City:

City Manager
211 Hillcrest Avenue
Marina, CA 93933
Phone No.: (408) 384-3715
Fax No.: (408) 384-0425

To Armstrong:

John A. Armstrong
270 River Road
Salinas, CA 93908
Phone No.: (408) 455-1907
Fax No.: (408) 455-2817

To Lonestar:

RMC LONESTAR
Attention: Mr. John Rubiales
P.O. Box 5252
Pleasanton, CA 94566
Phone No.: (510) 426-8787
Fax No.: (510) 426-2225

The address or fax number to which any notice or other writing may be given or made or sent to any party may be changed upon written notice given by such party as above provided.

13. SEVERABILITY. If any one or more of the covenants or agreements set forth in this Agreement and Framework on the part of MCWRA, MCWD, City, Armstrong or Lonestar, or any of them, to be performed should be contrary to any provision of law or contrary to the policy of law to such extent as to be unenforceable in any court of competent jurisdiction, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements and shall in no way affect the validity of this Agreement and Framework; provided, that if voiding of such individual covenants or agreements without voiding the whole agreement would frustrate a material purpose of Lonestar in entering into this Agreement and Framework, then this whole Agreement and Framework shall be null and void ab initio as to Lonestar only.

14. PARAGRAPH HEADINGS. Paragraph headings in this Agreement and Framework are for convenience only and are not to be construed as a part of this Agreement and Framework or in any way limiting or amplifying the provisions hereof.

15. SUCCESSORS AND ASSIGNS. This Agreement and Framework and all the terms, covenants, agreements and conditions herein contained shall inure to the benefit of and be binding upon the successors and assigns of the Parties hereto.

16. ADMINISTRATORS. MCWD and MCWRA hereby designate their respective General Managers as their Administrators for this Agreement and Framework. City designates its City Manager as City's Agreement and Framework Administrator. Armstrong designates Mr. John A. Armstrong as its Agreement and Framework Administrator. Lonestar designates Mr. John Rubiales as its Agreement and

Framework Administrator. All matters concerning this Agreement and Framework shall be submitted to the Agreement and Framework Administrators or such other representatives as the Agreement and Framework Administrators may designate for their respective agencies. Any party may, in its sole discretion, change its designation of the Agreement and Framework administrator and shall promptly give written notice to the other Parties of any such change.

17. NEGOTIATED AGREEMENT AND FRAMEWORK. This Agreement and Framework has been arrived at through negotiation between the Parties. Neither party is to be deemed the party which prepared this Agreement and Framework within the meaning of Civil Code section 1654.

18. AMENDMENT. This Agreement and Framework may be amended only by a writing signed by the Parties affected by the amendment.

19. COUNTERPARTS. This Agreement and Framework may be executed in counterparts. Each fully executed counterpart shall be deemed a duplicate original, and all counterparts which together contain the signatures of all the Parties shall be deemed, when attached together, one complete and integrated original document.

20. ADDENDUM. A form of Addendum for the MRWPCA is attached hereto as Exhibit "G." When the Addendum is fully executed in its present form or in an amended form, it shall be attached to this Agreement and Framework as an integral part of this Agreement and Framework, and the provisions of the Addendum shall be deemed specifically and fully incorporated into this Agreement and Framework by this reference.

IN WITNESS WHEREOF, the Parties execute this Agreement and Framework as follows:

Dated: March 26, 1996

MONTEREY COUNTY WATER RESOURCES
AGENCY

By



Edith Johnsen
Chair, Board of Supervisors

Dated: _____, 1996

MARINA COAST WATER DISTRICT

By

Thomas P. Moore
President, Board of Directors

By

Malcolm D. Crawford
Secretary, Board of Directors

STATE OF CALIFORNIA
COUNTY OF MONTEREY

) ss.

REEL 3404 PAGE 781

On this 26th day of March, 1996, before me, Ernest K. Morishita, Clerk of the Board of Supervisors, in and for said County and State, personally appeared Edith Johnson, known to me to be the Chairperson of said Board of Supervisors of the County of Monterey, and known to me to be the person who executed the within instrument on behalf of said political subdivision, and acknowledged to me that such County of Monterey executed the same.

ERNEST K. MORISHITA, Clerk of the
Board of Supervisors of Monterey
County, State of California

By: Pamela Olivas
Deputy Clerk

Framework Administrator. All matters concerning this Agreement and Framework shall be submitted to the Agreement and Framework Administrators or such other representatives as the Agreement and Framework Administrators may designate for their respective agencies. Any party may, in its sole discretion, change its designation of the Agreement and Framework administrator and shall promptly give written notice to the other Parties of any such change.

17. NEGOTIATED AGREEMENT AND FRAMEWORK. This Agreement and Framework has been arrived at through negotiation between the Parties. Neither party is to be deemed the party which prepared this Agreement and Framework within the meaning of Civil Code section 1654.

18. AMENDMENT. This Agreement and Framework may be amended only by a writing signed by the Parties affected by the amendment.

19. COUNTERPARTS. This Agreement and Framework may be executed in counterparts. Each fully executed counterpart shall be deemed a duplicate original, and all counterparts which together contain the signatures of all the Parties shall be deemed, when attached together, one complete and integrated original document.

20. ADDENDUM. A form of Addendum for the MRWPCA is attached hereto as Exhibit "G." When the Addendum is fully executed in its present form or in an amended form, it shall be attached to this Agreement and Framework as an integral part of this Agreement and Framework, and the provisions of the Addendum shall be deemed specifically and fully incorporated into this Agreement and Framework by this reference.

IN WITNESS WHEREOF, the Parties execute this Agreement and Framework as follows:

Dated: _____, 1996

MONTEREY COUNTY WATER RESOURCES
AGENCY

By _____

Edith Johnsen
Chair, Board of Supervisors

Dated: April - 12, 1996

MARINA COAST WATER DISTRICT

By Thomas P. Moore

Thomas P. Moore
President, Board of Directors

By Malcolm D. Crawford

Malcolm D. Crawford
Secretary, Board of Directors

Dated: Apr 18, 1996

Max Armstrong
MAX MAX ARMSTRONG

Dated: _____, 1996

THE SANDRA ARMSTRONG MURRAY
REVOCABLE TRUST UTA dated March 7,
1989

By _____
DARRELL L. MURRAY, Trustee

Dated: _____, 1996

THE LOIS AND CLYDE JOHNSON, JR.,
1989 IRREVOCABLE TRUST

By _____
CLYDE W. JOHNSON III, Trustee

Dated: _____, 1996

THE JOHNSON FAMILY REVOCABLE LIVING
TRUST UTA dated November 29, 1989

By _____
CLYDE W. JOHNSON III, Trustee

Dated: _____, 1996

CLYDE W. JOHNSON III

Dated: _____, 1996

EDWIN A. JOHNSON

Dated: Mar 29, 1996

John A. Armstrong II
JOHN A. ARMSTRONG II

Dated: _____, 1996

SUSANNE IRVINE ARMSTRONG

Dated: Mar. 29, 1996

James Irvine Armstrong Jr.
JAMES IRVINE ARMSTRONG, JR.

Dated: _____, 1996

JAY MAX ARMSTRONG

Dated: _____, 1996

THE SANDRA ARMSTRONG MURRAY
REVOCABLE TRUST UTA dated March 7,
1989

By 
DARRELL L. MURRAY, Trustee

Dated: _____, 1996

THE LOIS AND CLYDE JOHNSON, JR.,
1989 IRREVOCABLE TRUST

By _____
CLYDE W. JOHNSON III, Trustee

Dated: _____, 1996

THE JOHNSON FAMILY REVOCABLE LIVING
TRUST UTA dated November 29, 1989

By _____
CLYDE W. JOHNSON III, Trustee

Dated: _____, 1996

CLYDE W. JOHNSON III

Dated: _____, 1996

EDWIN A. JOHNSON

Dated: Mar 29, 1996


JOHN A. ARMSTRONG II

Dated: _____, 1996

SUSANNE IRVINE ARMSTRONG

Dated: Mar. 29, 1996


JAMES IRVINE ARMSTRONG, JR.

Dated: _____, 1996

JAY MAX ARMSTRONG

Dated: _____, 1996

THE SANDRA ARMSTRONG MURRAY
REVOCABLE TRUST UTA dated March 7,
1989

By

DARRELL L. MURRAY, Trustee

Dated: 4-4-, 1996

THE LOIS AND CLYDE JOHNSON, JR.,
1989 IRREVOCABLE TRUST

By

CLYDE W. JOHNSON III, Trustee

Dated: 4-4, 1996

THE JOHNSON FAMILY REVOCABLE LIVING
TRUST UTA dated November 29, 1989

By

CLYDE W. JOHNSON III, Trustee

Dated: 4-4, 1996

CLYDE W. JOHNSON III

Dated: 4-4, 1996

EDWIN A. JOHNSON

Dated: Mar 29, 1996

JOHN A. ARMSTRONG VI

Dated: _____, 1996

SUSANNE IRVINE ARMSTRONG

Dated: Mar. 29, 1996

JAMES IRVINE ARMSTRONG, JR.

Dated: _____, 1996

JAY MAX ARMSTRONG

Dated: _____, 1996

THE SANDRA ARMSTRONG MURRAY
REVOCABLE TRUST UTA dated March 7,
1989

By

DARRELL L. MURRAY, Trustee

Dated: _____, 1996

THE LOIS AND CLYDE JOHNSON, JR.,
1989 IRREVOCABLE TRUST

By

CLYDE W. JOHNSON III, Trustee

Dated: _____, 1996

THE JOHNSON FAMILY REVOCABLE LIVING
TRUST UTA dated November 29, 1989

By

CLYDE W. JOHNSON III, Trustee

Dated: _____, 1996

CLYDE W. JOHNSON III

Dated: _____, 1996

EDWIN A. JOHNSON

Dated: Mar 29, 1996

JOHN A. ARMSTRONG II

Dated: _____, 1996

SUSANNE IRVINE ARMSTRONG

Dated: Mar. 29, 1996

JAMES IRVINE ARMSTRONG, JR.

Dated: _____, 1996

JAY MAX ARMSTRONG

Dated: _____, 1996

THE SANDRA ARMSTRONG MURRAY
REVOCABLE TRUST UTA dated March 7,
1989

By

DARRELL L. MURRAY, Trustee

Dated: _____, 1996

THE LOIS AND CLYDE JOHNSON, JR.,
1989 IRREVOCABLE TRUST

By

CLYDE W. JOHNSON III, Trustee

Dated: _____, 1996

THE JOHNSON FAMILY REVOCABLE LIVING
TRUST UTA dated November 29, 1989

By

CLYDE W. JOHNSON III, Trustee

Dated: _____, 1996

CLYDE W. JOHNSON III

Dated: _____, 1996

EDWIN A. JOHNSON

Dated: Mar 29, 1996

John A. Armstrong II
JOHN A. ARMSTRONG II

Dated: _____, 1996

Susanne Irvine Armstrong
SUSANNE IRVINE ARMSTRONG

Dated: Mar 29, 1996

James Irvine Armstrong, Jr.
JAMES IRVINE ARMSTRONG, JR.

SUSANNE IRVINE ARMSTRONG, JAMES IRVINE ARMSTRONG, JR., and JOHN A. ARMSTRONG II, as Trustees of the Trust for the benefit of MARY JANET ARMSTRONG WEBER as set forth in the Order Settling Report of Trustees due to the death of Lois Armstrong, etc., in the Estate of Irvine Armstrong, also known as James Irvine Armstrong, Deceased, recorded January 4, 1988, in Reel 2191, Official Records of Monterey County at page 643 therein (hereinafter referred to as the "Mary Janet Armstrong Weber Trust")

Dated: Apr. 4, 1996

Susanne Irvine Armstrong
SUSANNE IRVINE ARMSTRONG, Trustee

Dated: Mar. 29, 1996

By John A. Armstrong II
JOHN A. ARMSTRONG II, Trustee

Dated: Mar. 29, 1996

By James Irvine Armstrong, Jr.
JAMES IRVINE ARMSTRONG, JR., Trustee

Dated: _____, 1996

THE 1990 ARMSTRONG FAMILY TRUST
established by Declaration dated
July 2, 1990

By _____
Walter J. McCullough

By _____
Elizabeth S. Armstrong

Dated: _____, 1996

RMC LONESTAR, a California general
partnership

By _____

Dated: _____, 1996

CITY OF MARINA

By _____
James L. Vocolka, Mayor

SUSANNE IRVINE ARMSTRONG, JAMES IRVINE ARMSTRONG, JR., and JOHN A. ARMSTRONG II, as Trustees of the Trust for the benefit of MARY JANET ARMSTRONG WEBER as set forth in the Order Settling Report of Trustees due to the death of Lois Armstrong, etc., in the Estate of Irvine Armstrong, also known as James Irvine Armstrong, Deceased, recorded January 4, 1988, in Reel 2191, Official Records of Monterey County at page 643 therein (hereinafter referred to as the "Mary Janet Armstrong Weber Trust")

Dated: _____, 1996

By _____
SUSANNE IRVINE ARMSTRONG, Trustee

Dated: Mar 29, 1996

By John A. Armstrong II
JOHN A. ARMSTRONG II, Trustee

Dated: Mar. 29, 1996

By James Irvine Armstrong, Jr.
JAMES IRVINE ARMSTRONG, JR., Trustee

Dated: _____, 1996

THE 1990 ARMSTRONG FAMILY TRUST
established by Declaration dated
July 2, 1990

By _____
Walter J. McCullough

By _____
Elizabeth S. Armstrong

Dated: _____, 1996

RMC LONESTAR, a California general
partnership

By _____

Dated: _____, 1996

CITY OF MARINA

By _____
James L. Vocelka, Mayor

SUSANNE IRVINE ARMSTRONG, JAMES IRVINE ARMSTRONG, JR., and JOHN A. ARMSTRONG II, as Trustees of the Trust for the benefit of MARY JANET ARMSTRONG WEBER as set forth in the Order Settling Report of Trustees due to the death of Lois Armstrong, etc., in the Estate of Irvine Armstrong, also known as James Irvine Armstrong, Deceased, recorded January 4, 1988, in Reel 2191, Official Records of Monterey County at page 643 therein (hereinafter referred to as the "Mary Janet Armstrong Weber Trust")

Dated: _____, 1996

By _____
SUSANNE IRVINE ARMSTRONG, Trustee

Dated: Mar 29, 1996

By John A. Armstrong II
JOHN A. ARMSTRONG II, Trustee

Dated: Mar. 29, 1996

By James Irvine Armstrong, Jr.
JAMES IRVINE ARMSTRONG, JR., Trustee

Dated: _____, 1996

THE 1990 ARMSTRONG FAMILY TRUST
established by Declaration dated
July 2, 1990

By Walter J. McCullough
Walter J. McCullough

By Elizabeth S. Armstrong
Elizabeth S. Armstrong

Dated: _____, 1996

RMC LONESTAR, a California general
partnership

By _____

Dated: _____, 1996

CITY OF MARINA

By _____
James L. Vocolka, Mayor

Dated: _____, 1996

SUSANNE IRVINE ARMSTRONG, JAMES IRVINE ARMSTRONG, JR., and JOHN A. ARMSTRONG II, as Trustees of the Trust for the benefit of MARY JANET ARMSTRONG WEBER as set forth in the Order Settling Report of Trustees due to the death of Lois Armstrong, etc., in the Estate of Irvine Armstrong, also known as James Irvine Armstrong, Deceased, recorded January 4, 1988, in Reel 2191, Official Records of Monterey County at page 643 therein (hereinafter referred to as the "Mary Janet Armstrong Weber Trust")

By _____, Trustee

Dated: _____, 1996

JAMES IRVINE ARMSTRONG, JR.

Dated: _____, 1996

THE 1990 ARMSTRONG FAMILY TRUST established by Declaration dated July 2, 1990

By _____
Walter J. McCullough

By _____
Elizabeth S. Armstrong

Dated: MAR 26, 1996

RMC LONESTAR, a California general partnership

By Ronald Z. Blick

Dated: _____, 1996

CITY OF MARINA

By _____
James L. Vocolka, Mayor

Dated: _____, 1996

SUSANNE IRVINE ARMSTRONG, JAMES IRVINE ARMSTRONG, JR., and JOHN A. ARMSTRONG II, as Trustees of the Trust for the benefit of MARY JANET ARMSTRONG WEBER as set forth in the Order Settling Report of Trustees due to the death of Lois Armstrong, etc., in the Estate of Irvine Armstrong, also known as James Irvine Armstrong, Deceased, recorded January 4, 1988, in Reel 2191, Official Records of Monterey County at page 643 therein (hereinafter referred to as the "Mary Janet Armstrong Weber Trust")

By _____, Trustee

Dated: _____, 1996

JAMES IRVINE ARMSTRONG, JR.

Dated: _____, 1996

THE 1990 ARMSTRONG FAMILY TRUST established by Declaration dated July 2, 1990

By _____
Walter J. McCullough

By _____
Elizabeth S. Armstrong

Dated: _____, 1996

RMC LONESTAR, a California general partnership

Dated: 4/8/96, 1996

By _____
CITY OF MARINA

By _____
James L. Vocolka, Mayor

APPROVED AS TO FORM:

Dated: 8/5, 1996

William K. Rentz
WILLIAM K. RENTZ
Deputy County Counsel, Monterey
County

Dated: March 26, 1996

NOLAND, HAMERLY, ETIENNE & HOSS
A Professional Corporation

By [Signature]
Lloyd W. Lowrey, Jr.
Legal Counsel for MARINA COAST
WATER DISTRICT

Dated: _____, 1996

ROBERT R. WELLINGTON
Legal Counsel for CITY OF MARINA

Dated: _____, 1996

THOMPSON, HUBBARD & OMETER
A Law Corporation

By _____
Donald G. Hubbard
Legal Counsel for J.G. ARMSTRONG
FAMILY MEMBERS

Dated: _____, 1996

PILLSBURY, MADISON AND SUTRO

By _____
Thomas P. O'Donnell
Legal Counsel for RMC LONESTAR

APPROVED AS TO FORM:

REEL 3404 PAGE 794

Dated: _____, 1996

WILLIAM K. RENTZ
Deputy County Counsel, Monterey
County

Dated: _____, 1996

NOLAND, HAMERLY, ETIENNE & HOSS
A Professional Corporation

By

Lloyd W. Lowrey, Jr.
Legal Counsel for MARINA COAST
WATER DISTRICT

Dated: July 29, 1996



ROBERT R. WELLINGTON
Legal Counsel for CITY OF MARINA

Dated: _____, 1996

THOMPSON, HUBBARD & OMETER
A Law Corporation

By

Donald G. Hubbard
Legal Counsel for J.G. ARMSTRONG
FAMILY MEMBERS

Dated: _____, 1996

PILLSBURY, MADISON AND SUTRO

By

Thomas P. O'Donnell
Legal Counsel for RMC LONESTAR

APPROVED AS TO FORM:

REEL 3404 PAGE 795

Dated: _____, 1996

WILLIAM K. RENTZ
Deputy County Counsel, Monterey
County

Dated: _____, 1996

NOLAND, HAMERLY, ETIENNE & HOSS
A Professional Corporation


By _____
Lloyd W. Lowrey, Jr.
Legal Counsel for MARINA COAST
WATER DISTRICT

Dated: _____, 1996

ROBERT R. WELLINGTON
Legal Counsel for CITY OF MARINA

Dated: MARCH 29, 1996

THOMPSON, HUBBARD & OMETER
A Law Corporation

By 
Donald G. Hubbard
Legal Counsel for J.G. ARMSTRONG
FAMILY MEMBERS

Dated: _____, 1996

PILLSBURY, MADISON AND SUTRO

By _____
Thomas P. O'Donnell
Legal Counsel for RMC LONESTAR

APPROVED AS TO FORM:

REEL 3404 PAGE 796

Dated: _____, 1996

WILLIAM K. RENTZ
Deputy County Counsel, Monterey
County

Dated: _____, 1996

NOLAND, HAMERLY, ETIENNE & HOSS
A Professional Corporation

By _____

Lloyd W. Lowrey, Jr.
Legal Counsel for MARINA COAST
WATER DISTRICT

Dated: _____, 1996

ROBERT R. WELLINGTON
Legal Counsel for CITY OF MARINA

Dated: _____, 1996

THOMPSON, HUBBARD & OMETER
A Law Corporation

By _____

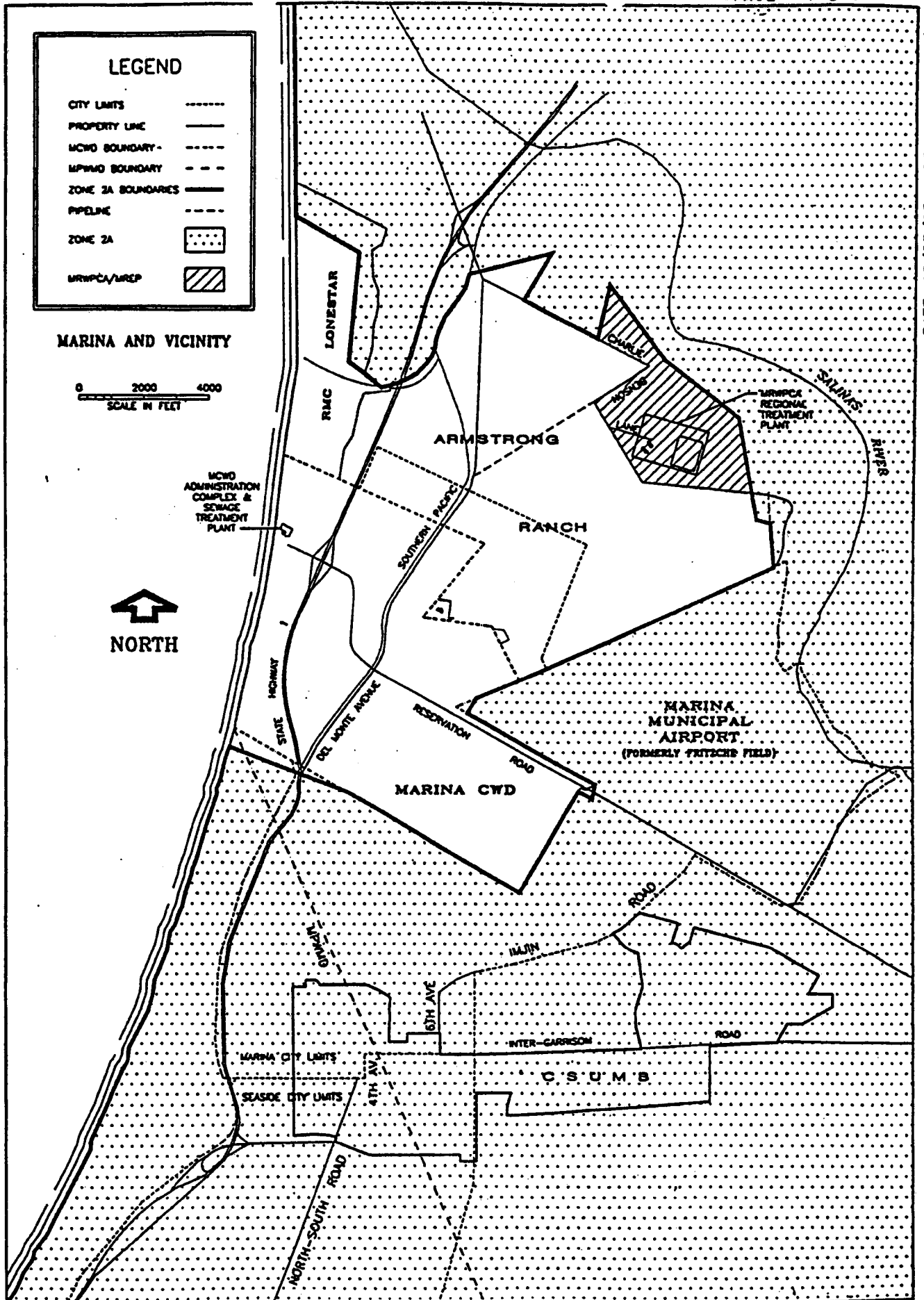
Donald G. Hubbard
Legal Counsel for J.G. ARMSTRONG
FAMILY MEMBERS

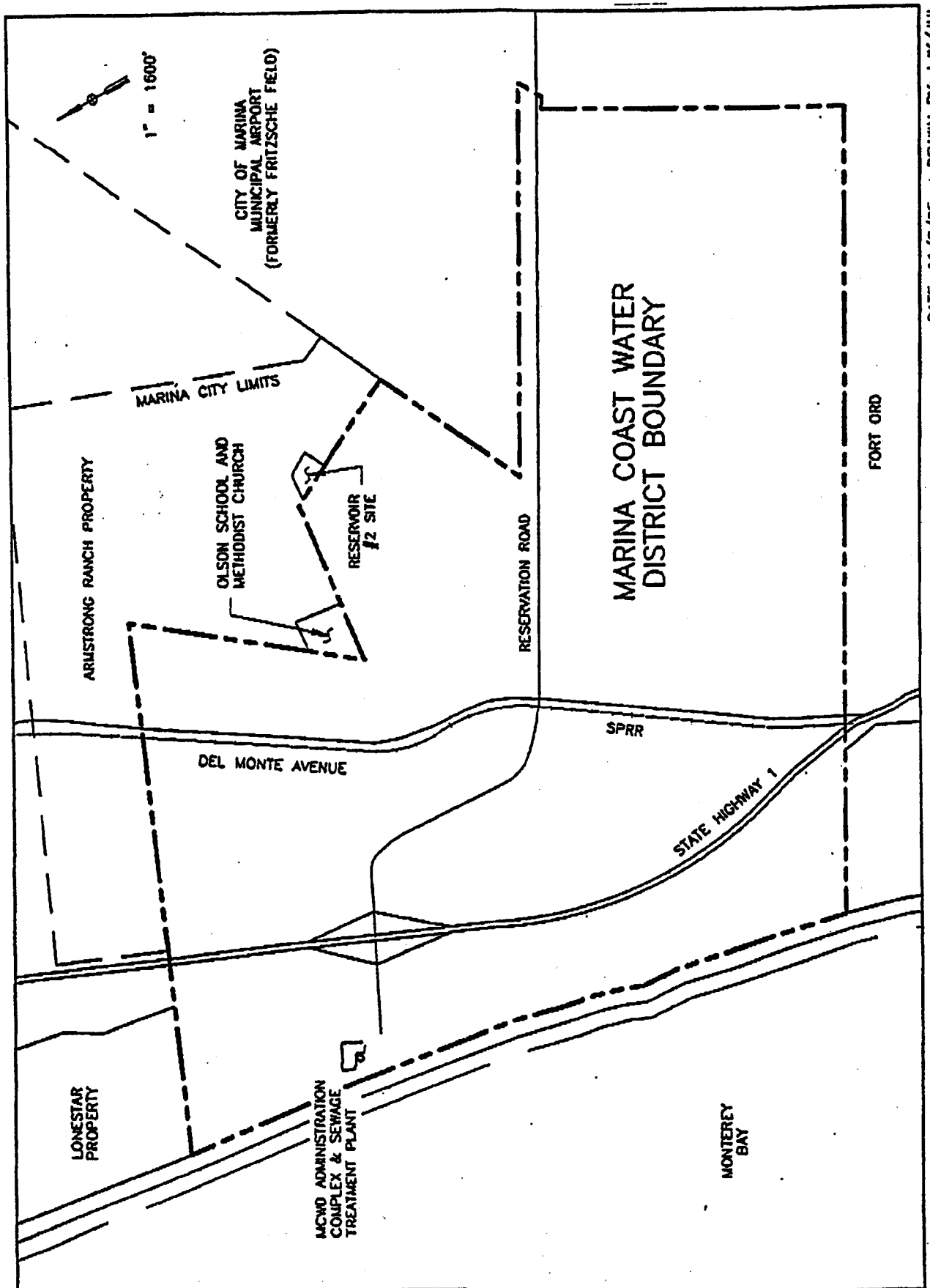
Dated: March 26, 1996

The Genesis Law Group LLP
~~PHILSBURY, MADISON AND SUTRO~~

By _____

Thomas P. O'Donnell
Legal Counsel for RMC LONESTAR

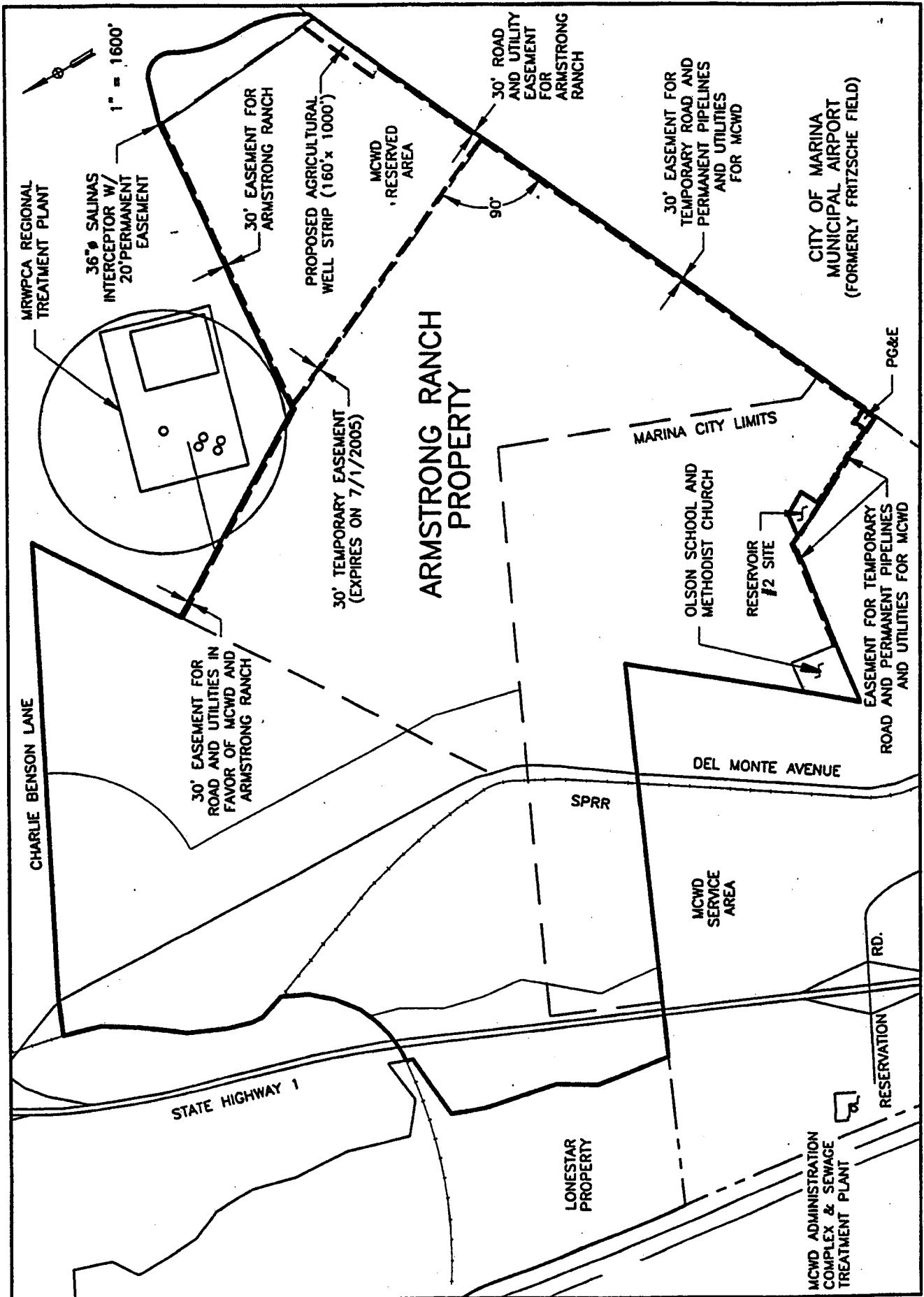




DATE: 11/6/95 DRAWN BY: LJK/JHL

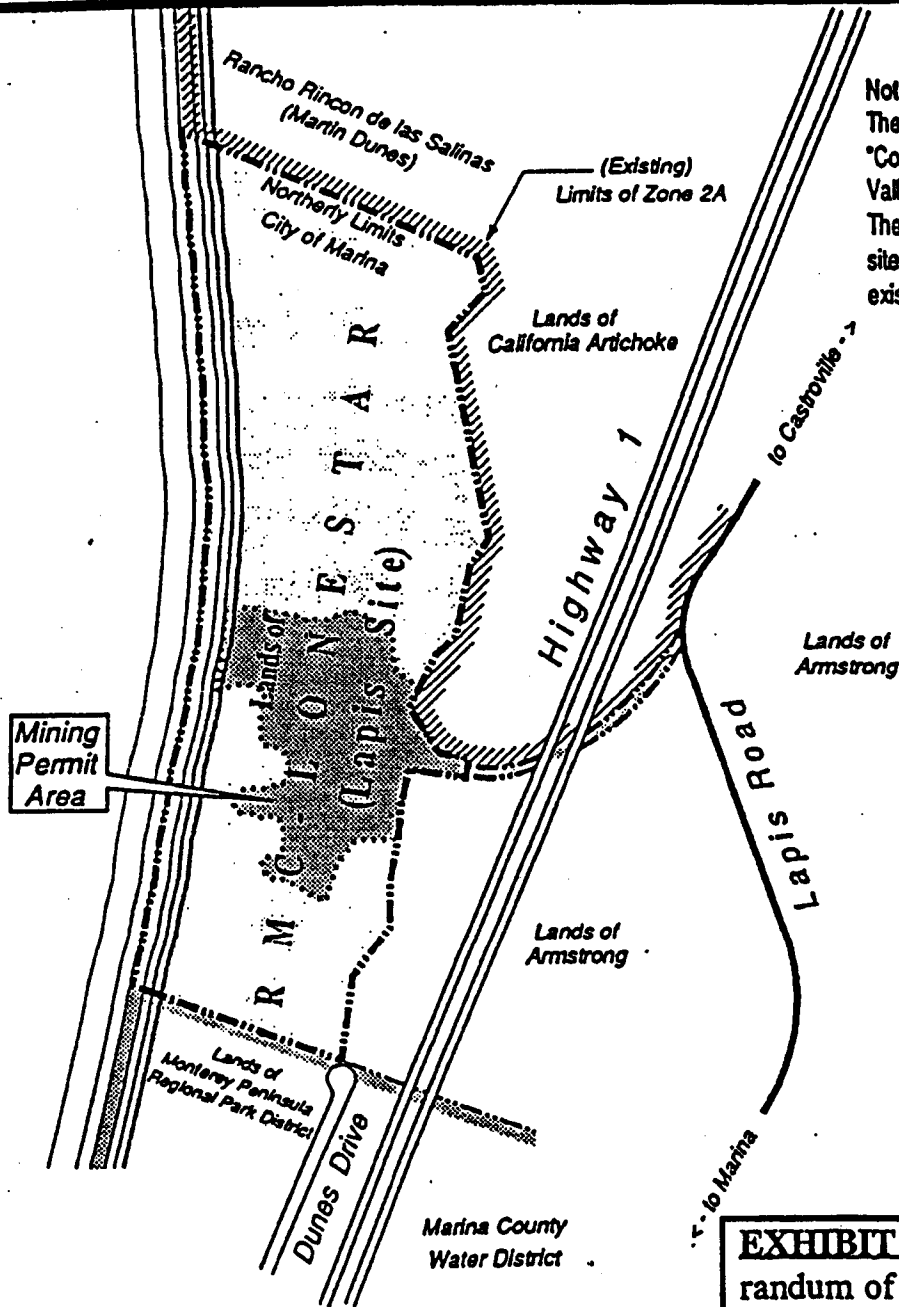
Schaaf & Wheeler

EXHIBIT "R"



DATE: 3/5/96 DRAWN BY: LJK/JHL

Monterey Bay



Note:
The Lapis Site lies within the "Coastal Margin of the Salinas Valley Groundwater Basin". The northern boundary of the site is coterminous with the existing boundary of Zone 2A.

VICINITY MAP

EXHIBIT "D" to Memorandum of Agreement:
"Lonestar Property to be Annexed."

Grant Deed

Grant deed dated April 22, 1929
recorded August 29, 1929
Volume 204 Official Records, at page 127.
(See Exhibit D1 for Legal Description)

Assessor's Parcel Numbers

203-011-01
203-011-16
203-011-17
203-011-19
203-011-20

EXHIBIT "D1"

LEGAL DESCRIPTION - LANDS OF RMC-LONESTAR

(based on preliminary report from Western Title
Insurance Company dated December 12, 1986)

Said land is situate in the County of Monterey, State of California, and is described as follows:

PARCEL 1

A part of Monterey City Lands Tract No. 1 embracing the sand dunes along the shore of Monterey Bay, described as follows, to-wit:

BEGINNING at the common corner of the Rancho Rincon de las Salinas and the Monterey City Lands Tract No. 1 on the shore of Monterey Bay, from which an old Four inch by Four inch post marked "R S 3 Wit" standing on Rancho boundary bears South 63° 20' East Twelve and 79/100 chains distant; thence Variation 16° 50' East, following the shore line of bay South 1° 05' West Sixty and 00/100 chains to station; thence South 5° 40' West Thirty-three and 00/100 chains to station; thence South 11° 30' West Thirty-one and 02/100 chains to the Northerly boundary of the land of David Jacks; thence leaving the shore of the Monterey Bay and following the fence along the Northerly line of the land of David Jacks Corporation South 65° 30' East, Twenty-three and 61/100 chains to station; thence South 65° 12' East Five and 31/100 chains a Four inch by Four inch post marked "E. B. & A. L. S. Cor. No. 1" standing at the foot of sand hills and at the Easterly side thereof, Seven and 23/100 chains to station from which the point of intersection of Jacks boundary fence with the center line of the S. P. R. R. at station 281 plus Fifty-one and 6/10 bears South 65° 12' East Fifty-one and 73/100 chains distant; thence leaving the Jacks boundary and following the old fence skirting the Easterly side of sand dunes North 7° 30' East Eleven and 00/100 chains; thence North 15° 15' East Five and 87/100 chains to station; thence North 34° East Six and 92/100 chains to station; thence North 11° 30' East One and 00/100 chains to station; thence North 5° 45' West Five and 18/100 chains to station; thence North 12° 15' East Five and 66/100 chains to station; thence North 4° West 3 and 60/100 chains to station; thence North 34° East One and 27/100 chains to station; thence North 14° 30' East Three and 29/100 chains to station; thence North 6° 45' West Three and 83/100 chains to center line of Lapis Spur track; thence North 0° 15' East Five and 51/100 chains to station; thence North 22° 30' East Four and 10/100 chains to station; thence North 16° 45' East Five and 05/100 chains to station; thence North 34° East Four and 17/100 chains to station; thence North 13° East Ten and 15/100 chains to station; thence North 30° 45' East Two and 45/100 chains to

EXHIBIT "D1"

Page 2 of 3

REEL 3404 PAGE 802

station; thence North 13° 40' East Two and 72/100 chains to an old fence corner; thence North 9° 35' West One and 83/100 chains to station 17; thence North 9° 35' West Twenty-seven and 60/100 chains to station 18; thence North 32° 40' East Five and 21/100 chains to station 19; thence North 70° East Two and 27/100 chains to station 20; thence North 46° 50' East Two and 16/100 chains to station 21; thence North 12° 45' West Three and 05/100 chains to station 22; thence North 26° 30' East One and 92/100 chains to a Four inch by Four inch post marked E. B. & A. L. S. Cor. No. 23" standing in the fence on the line between the Monterey City Lands and the Rancho Rincon de las Salinas, thence leaving foot of sand hills and following said line fence across same North 63° 20' West Forty-two and 02/100 chains to the place of beginning.

PARCEL 2

All those certain lots, pieces or parcels of land situate, lying and being in the County of Monterey, State of California, described as follows:

A PART of Monterey City Lands Tract No. 1, described as follows:

A strip of land one hundred feet wide measured at right angles to and lying fifty feet on each side of a line located and described as follows:

BEGINNING at a point on the Eastern boundary of the piece of land here-in-before described as Parcel 1, said point bearing North 6° 45' West from station numbered 9 on said boundary line and distant Two hundred fifty-two and 5/10 feet therefrom thence by a straight line bearing South 77° 29' East Five hundred seventy-nine and 38/100 feet; thence by a 6° 00' curve to the left (radius 955.04 feet), Five hundred seventy-six and 81/100 feet; thence by a straight line bearing North 67° 54-1/2' East Six hundred forty-eight and 08/100 feet; thence by a 5° 00' curve to the left (radius 1146.01 feet) Eleven hundred thirty-nine and 2/10 feet, more or less, to the Western line of the Southern Pacific Company's Railroad right of way.

EXCEPTING THEREFROM that portion conveyed to the State of California by deed dated May 31, 1974 and recorded August 19, 1974, on Reel 930, Official Records, at page 909, Monterey County Records.

PARCEL 3

All those certain lots, pieces or parcels of land situate, lying and being in the County of Monterey, State of California, described as follows:

All that portion of Monterey City Lands Tract No. 1 lying between the Western boundary line of Parcel 1 of the property described in the deed from John A. Armstrong et al, to E. B. & A. L. Stone Company, a corporation, dated January 24, 1907, and recorded January 24, 1907 in Liber 95 of Deeds, page 388, and the Western boundary line of the property patented to the City of Monterey, by patent, dated November 19, 1891, and recorded November 16, 1896 in Liber "F" of patents at page 178.

PARCEL 4

All those certain lots, pieces or parcels of land situate, lying and being in the County of Monterey, State of California, described as follows:

All that part of Monterey City Lands Tract No. 1 described as follows:

BEGINNING at a Four inch by Four inch post marked "B 6" standing in the Eastern Boundary of the certain 399.70 acre tract conveyed by J. G. Armstrong Co., a corporation, to the E. B. & A. L. Stone Co., a corporation by deed dated January 31, 1911, and recorded in volume 117, of Deeds at page 283, Monterey County Records, from which station 9 of said boundary bears South 6° 45' East one hundred ninety-five and 08/100 feet distant; thence along said Eastern boundary North 6° 45' West Fifty-seven and 7/10 feet to a station in center line of one hundred foot right of way as shown in above mentioned deed; thence North 0° 15' East, still along said Eastern boundary three hundred sixty-three and 6/10 feet to a station; thence North 22° 30' East one hundred seven and 0/10 feet to a four inch by four inch post marked "B 1" in said Eastern boundary; thence leave said boundary South 29° 50' East three hundred ninety-two and 2/10 feet to a four inch by four inch post marked "b 2"; thence South 45° 29' East one hundred thirty-one and 0/10 feet to a four inch by four inch post marked "B 3"; thence South 77° 40' East two hundred seventy-six and 0/10 feet to a four inch by four inch post marked "B 4"; thence South 12° 20' West, at fourth-nine and 9/10 feet to the Northern line of above mentioned one hundred foot right of way at one hundred forty-nine and 9/10 feet the Southern line of same, one hundred fifty-five and 0/10 feet to a four inch by four inch post marked "b 5", thence North 77° 40' West, five feet southerly of and parallel with the Southern line of said right of way five hundred seventy-four and 3/10 feet to the place of beginning.

Courses all true variation of magnetic needle being 17° 15' East. Surveyed by Cozzens & Davies, Salinas, California, March 1922

EXHIBIT E

ELEMENTS OF YEARLY INCREMENTAL COSTS FOR ADD-ON OF RECLAIMED WATER FOR M & I PURPOSES OVER AND ABOVE THAT COMMITTED TO THE CASTROVILLE SEAWATER IRRIGATION PROJECT

- 1) Operation and Maintenance (O&M) Element of costs to provide tertiary treatment (in \$/acre-foot for the year of 2). Costs for the previous year will be used to estimate the next year costs. An adjustment will be included in the following year to reflect actual costs. The next year flow volume demand for MCWD will be based on a projection submitted by the MCWD to the MCWRA by June 30, three months before delivery of next year reclaimed water to the MCWD reservoir.

- Chemical costs • Power costs • Sludge management costs • Labor costs • Repair and replacement costs

$$\text{O\&M ELEMENT (in \$ / acre-foot)} = \frac{\sum \text{chemicals} + \text{power} + \text{sludge mgmt.} + \text{labor} + \text{repair \& replacement costs} \pm \text{adjustment for previous year}}{\text{Projected Next Year Flow Volume Demand [CSIP(afy) + MCWD(afy)]}}$$

- 2) Bureau of Reclamation Loan Element (BRLE). Includes Reimbursible Interest During Construction (RIDC) and Emergency Reserve Fund Contribution (ERFC) in \$ / acre-foot for the year of 2.

$$\text{APPLICABLE ANNUAL PERCENTAGE for M\&I (AAPM\&I)} = \frac{\text{Projected next year flow volume demand for MCWD (afy)}}{\text{Projected Next Year Flow Volume Demand [CSIP(afy) + MCWD(afy)]}}$$

$$\text{BRLE(\$) FOR YEAR (?) = AAPM\&I x [PRINCIPAL + INTEREST(7.62\%) ON OUTSTANDING PRINCIPAL + RIDC + ERFC FOR YEAR(?)]}$$

Projected next year flow volume demand for MCWD (afy)

- 3) Increased capital cost element to cover M&I for the MCWD.

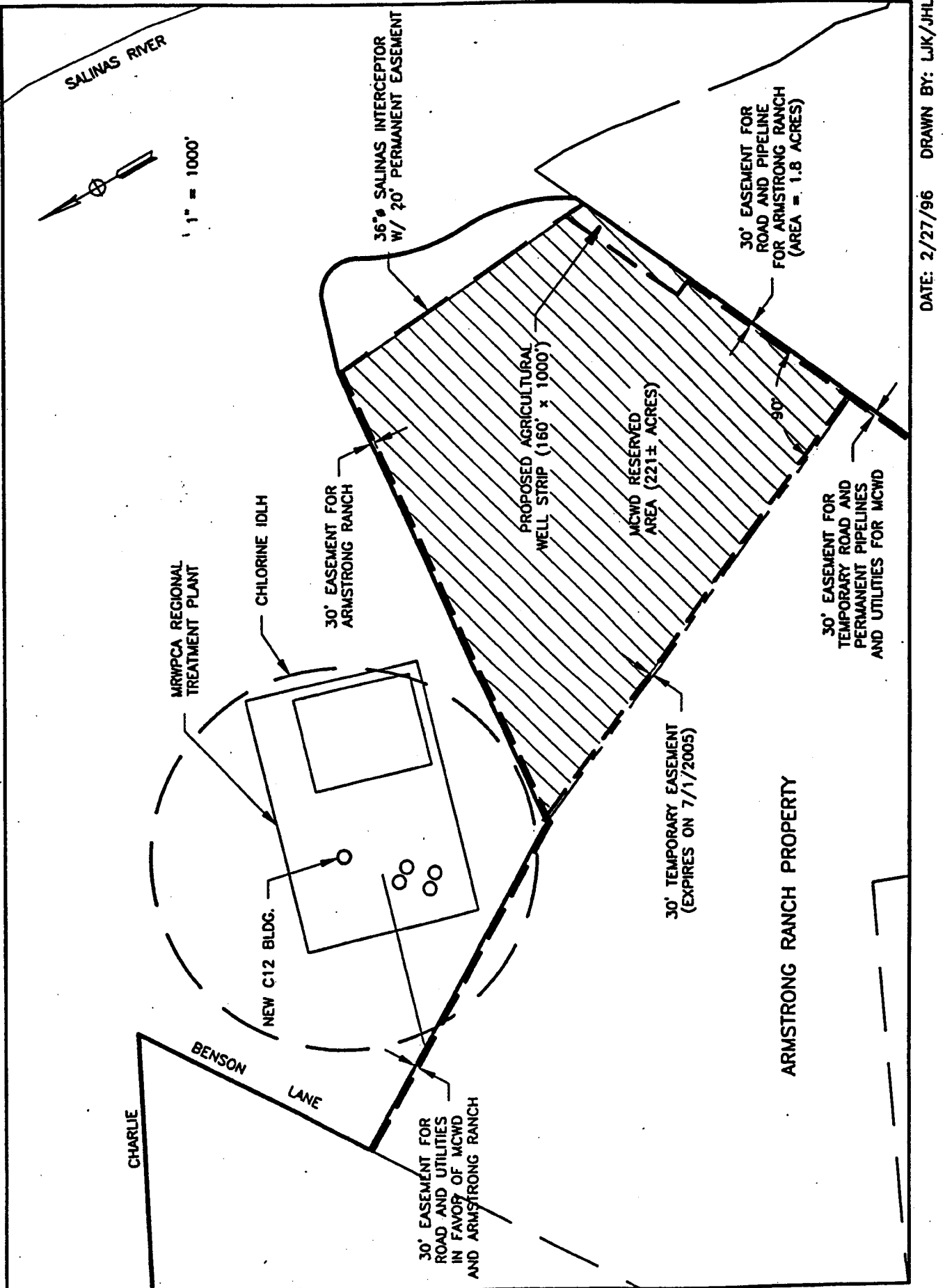
No additional capital costs.

- 4) Capital Risk Share Element (CRSE) in \$ / acre-foot for the year of 2.

$$\text{CRSE (\$)} = \text{AAPM\&I x [SVRP Debt Service for State Revolving Fund(Schedule A Line 18)+ 1/3 of Bonds (Schedule A Line 25) FOR YEAR(?)]}$$

Projected next year flow volume demand for MCWD (afy)

[illegible]



DATE: 2/27/96 DRAWN BY: LJK/JHL

EXHIBIT G

MONTEREY REGIONAL WATER POLLUTION CONTROL AGENCY
ADDENDUM TOANNEXATION AGREEMENT AND GROUNDWATER MITIGATION FRAMEWORK
FOR
MARINA AREA LANDS

1. PURPOSE. The Parties to the Agreement and Framework agree with the Monterey Regional Water Pollution Control Agency ("MRWPCA") that it is in the best interests of all of them and the persons they represent if the MRWPCA is also a party to the Agreement and Framework, with certain additional terms specific to the MRWPCA. If this Addendum is approved by the MRWPCA within one year of approval of the Agreement and Framework and this Addendum by the other Parties, this Addendum will become part of the Agreement and Framework, and the MRWPCA will be considered a party to the Agreement and Framework, effective from the date the Agreement and Framework and this Addendum are approved by the Board of Supervisors of the MCWRA.

2. MRWPCA. MRWPCA is a joint powers authority providing sewage treatment service to its member entities in Northern Monterey County, governed by its Board of Directors.

3. MRWPCA SUPPORT FOR ANNEXATION. MRWPCA is supporting the request for annexation contained in paragraph 4.1 of the Agreement and Framework to encourage reasonable and beneficial water reuse, and to help implement the MCWRA/MRWPCA Agreement, the MRWPCA Annexation Agreement, and the SVRP.

4. RESERVATION FOR MRWPCA. Armstrong shall reserve, for use by MRWPCA, the area shown diagrammatically on Exhibit "I" to this Addendum (hereinafter the "MRWPCA Reserved Area"), subject to the non-exclusive easements shown on Exhibit "I" to be reserved in favor of Armstrong and MCWD, which said reserved easements in favor of Armstrong and MCWD shall be for roads, utilities (including communications), pipelines, and any other purpose for which a road may be used, shall be freely assignable and usable by others, and not subject to surcharge.

4.1. Survey. The MRWPCA Reserved Area, which shall not exceed 10 acres, will be "field" surveyed at the expense of MRWPCA within one year following approval by the MCWRA Board of Supervisors of the annexation to the Zones of any of the lands described in Exhibit "C" to the Agreement and Framework.

4.2. Use. MRWPCA will diligently undertake, and MCWD, City, MCWRA and Armstrong will cooperate in the planning and conduct of, the appropriate environmental review and application for appropriate permits to use the MRWPCA Reserved Area solely and

exclusively as a buffer zone between the existing Regional Treatment Plant and the Armstrong Ranch. Any additional use is subject to the written approval of Armstrong first had and obtained, and any conveyance from Armstrong to MRWPCA shall contain appropriate restrictions on such additional use in the form of a condition subsequent and a power of termination in favor of Armstrong. Any attempt to condemn the power of termination shall be subject to the provisions of paragraph 6.10.3 as if it were a condemnation of fee title.

4.3. Expiration of Reservation. Armstrong's obligation to reserve the MRWPCA Reserved Area shall expire at midnight on June 30, 2003, or upon delivery to Armstrong of written notice from MRWPCA cancelling MRWPCA's right to receive conveyance of the MRWPCA Reserved Area.

4.4. Payment. Upon conveyance of the MRWPCA Reserved Area to MRWPCA, MRWPCA shall pay to Armstrong a sum calculated by multiplying the number of acres in such conveyance by Twenty-Five Thousand Dollars (\$25,000.00).

4.5. Title. Upon receipt by Armstrong of written request from MCWD, Armstrong will forthwith convey all or part of the MRWPCA Reserved Area to MRWPCA by grant deed, free of any financial encumbrances except taxes and assessments not delinquent, but subject to all other encumbrances, and further subject to all laws, ordinances, regulations and rights of all governmental bodies having jurisdiction in, on or over the subject real property as they may from time to time exist.

5. ATTACHMENT TO AGREEMENT AND FRAMEWORK; INCORPORATION BY REFERENCE. When this Addendum is fully executed, it shall be attached to the Agreement and Framework as an integral part of the Agreement and Framework, and the provisions of Sections 1, 2, 3, 8, and 9 through 20, inclusive, and paragraphs 4.5, 5.6, 5.7 and 6.10.3 of the Agreement and Framework are specifically incorporated into this Addendum by this reference and shall apply to the terms of this Addendum and as fully to MRWPCA as though MRWPCA had signed the Agreement and Framework. A person duly authorized by MRWPCA places his or her initials here to indicate MRWPCA's specific agreement to the provisions of paragraph 6.10.3:

Signature: _____

Printed Name and Title: _____

6. NOTICES. Notices to MRWPCA under this Addendum and the Agreement and Framework shall be addressed as follows:

General Manager
5 Harris Court, Building D
Monterey, CA 93940
Phone No.: (408) 372-3367
Fax No.: (408) 372-6178

The address or fax number to which any notice or other writing may be given or made or sent may be changed upon written notice given as provided in paragraph 12 of the Agreement and Framework.

7. ADMINISTRATOR. MRWPCA hereby designates MRWPCA's General Manager as its Administrator for this Agreement and Framework.

IN WITNESS WHEREOF, the Parties execute this Addendum as follows:

Dated: _____, 1996 MRWPCA

By _____
Keith Israel, Agency Director

Dated: March 26, 1996 MONTEREY COUNTY WATER RESOURCES
AGENCY

By Edith Johnsen
Edith Johnsen
Chair, Board of Supervisors

Dated: _____, 1996 MARINA COAST WATER DISTRICT

By _____
Thomas P. Moore
President, Board of Directors

By _____
Malcolm D. Crawford
Secretary, Board of Directors

Dated: _____, 1996

JAY MAX ARMSTRONG

STATE OF CALIFORNIA
COUNTY OF MONTEREY

)
) ss.

REEL 3404 PAGE 810

On this 26th day of March, 1996, before me, Ernest K. Morishita, Clerk of the Board of Supervisors, in and for said County and State, personally appeared Edith Johnsen, known to me to be the Chairperson of said Board of Supervisors of the County of Monterey, and known to me to be the person who executed the within instrument on behalf of said political subdivision, and acknowledged to me that such County of Monterey executed the same.

ERNEST K. MORISHITA, Clerk of the
Board of Supervisors of Monterey
County, State of California

By:

Camela Oliver

Deputy Clerk

6. NOTICES. Notices to MRWPCA under this Addendum and the Agreement and Framework shall be addressed as follows:

General Manager
5 Harris Court, Building D
Monterey, CA 93940
Phone No.: (408) 372-3367
Fax No.: (408) 372-6178

The address or fax number to which any notice or other writing may be given or made or sent may be changed upon written notice given as provided in paragraph 12 of the Agreement and Framework.

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IN WITNESS WHEREOF, the Parties execute this Addendum as follows:

Dated: _____, 1996 MRWPCA

By _____
Keith Israel, Agency Director

Dated: _____, 1996 MONTEREY COUNTY WATER RESOURCES AGENCY

By _____
Edith Johnsen
Chair, Board of Supervisors

Dated: _____, 1996 MARINA COAST WATER DISTRICT

By Thomas P. Moore
Thomas P. Moore
President, Board of Directors

By Malcolm D. Crawford
Malcolm D. Crawford
Secretary, Board of Directors

Dated: _____, 1996

JAY MAX ARMSTRONG

6. NOTICES. Notices to MRWPCA under this Addendum and the Agreement and Framework shall be addressed as follows:

General Manager
5 Harris Court, Building D
Monterey, CA 93940
Phone No.: (408) 372-3367
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By _____
Keith Israel, Agency Director

Dated: _____, 1996 MONTEREY COUNTY WATER RESOURCES AGENCY

By _____
Edith Johnsen
Chair, Board of Supervisors

Dated: _____, 1996 MARINA COAST WATER DISTRICT

By _____
Thomas P. Moore
President, Board of Directors

By _____
Malcolm D. Crawford
Secretary, Board of Directors

Dated: Apr. 18, 1996

Jay M. Armstrong
JAY MAX ARMSTRONG

Dated: _____, 1996

THE SANDRA ARMSTRONG MURRAY
REVOCABLE TRUST UTA dated March 7,
1989

By  4/4/96
DARRELL L. MURRAY, Trustee

Dated: _____, 1996

THE LOIS AND CLYDE JOHNSON, JR.,
1989 IRREVOCABLE TRUST

By CLYDE W. JOHNSON III, Trustee

Dated: _____, 1996

THE JOHNSON FAMILY REVOCABLE LIVING
TRUST UTA dated November 29, 1989

By CLYDE W. JOHNSON III, Trustee

Dated: _____, 1996

CLYDE W. JOHNSON III

Dated: _____, 1996

EDWIN A. JOHNSON

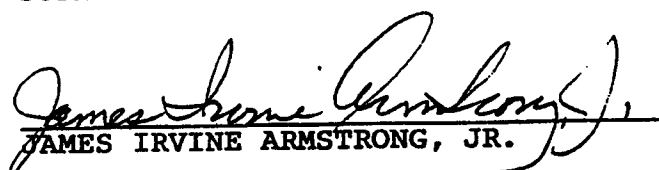
Dated: Mar 29, 1996


JOHN A. ARMSTRONG II

Dated: _____, 1996

SUSANNE IRVINE ARMSTRONG

Dated: Mar. 29, 1996


JAMES IRVINE ARMSTRONG, JR.

Dated: _____, 1996

THE SANDRA ARMSTRONG MURRAY
REVOCABLE TRUST UTA dated March 7,
1989

By DARRELL L. MURRAY, Trustee

Dated: 4-4, 1996

THE LOIS AND CLYDE JOHNSON, JR.,
1989 IRREVOCABLE TRUST

By Clyde W. Johnson III, Trustee
CLYDE W. JOHNSON III, Trustee

Dated: 4-4, 1996

THE JOHNSON FAMILY REVOCABLE LIVING
TRUST UTA dated November 29, 1989

By Clyde W. Johnson III, Trustee
CLYDE W. JOHNSON III, Trustee

Dated: 4-4, 1996

Clyde W. Johnson III
CLYDE W. JOHNSON III

Dated: 4-4, 1996

Edwin A. Johnson
EDWIN A. JOHNSON

Dated: Mar 29, 1996

John A. Armstrong II
JOHN A. ARMSTRONG II

Dated: _____, 1996

SUSANNE IRVINE ARMSTRONG
SUSANNE IRVINE ARMSTRONG

Dated: Mar. 29, 1996

James Irvine Armstrong, Jr.
JAMES IRVINE ARMSTRONG, JR.

Dated: _____, 1996

THE SANDRA ARMSTRONG MURRAY
REVOCABLE TRUST UTA dated March 7,
1989

By DARRELL L. MURRAY, Trustee

Dated: _____, 1996

THE LOIS AND CLYDE JOHNSON, JR.,
1989 IRREVOCABLE TRUST

By CLYDE W. JOHNSON III, Trustee

Dated: _____, 1996

THE JOHNSON FAMILY REVOCABLE LIVING
TRUST UTA dated November 29, 1989

By CLYDE W. JOHNSON III, Trustee

Dated: _____, 1996

CLYDE W. JOHNSON III

Dated: _____, 1996

EDWIN A. JOHNSON

Dated: Mar 29, 1996

JOHN A. ARMSTRONG II

Dated: Apr. 4, 1996

SUSANNE IRVINE ARMSTRONG

Dated: Mar. 29, 1996

JAMES IRVINE ARMSTRONG, JR.

SUSANNE IRVINE ARMSTRONG, JAMES IRVINE ARMSTRONG, JR., and JOHN A. ARMSTRONG II, as Trustees of the Trust for the benefit of MARY JANET ARMSTRONG WEBER as set forth in the Order Settling Report of Trustees due to the death of Lois Armstrong, etc., in the Estate of Irvine Armstrong, also known as James Irvine Armstrong, Deceased, recorded January 4, 1988, in Reel 2191, Official Records of Monterey County at page 643 therein (hereinafter referred to as the "Mary Janet Armstrong Weber Trust")

Dated: Apr 4, 1996

By Susanne Irvine Armstrong, Trustee
SUSANNE IRVINE ARMSTRONG, Trustee

Dated: Mar 29, 1996

By John A. Armstrong II, Trustee
JOHN A. ARMSTRONG II, Trustee

Dated: Mar 29, 1996

By James Irvine Armstrong, Jr., Trustee
JAMES IRVINE ARMSTRONG, JR., Trustee

Dated: _____, 1996

THE 1990 ARMSTRONG FAMILY TRUST
established by Declaration dated
July 2, 1990

By _____
Walter J. McCullough

By _____
Elizabeth S. Armstrong

Dated: _____, 1996

RMC LONESTAR, a California general
partnership

By _____

Dated: _____, 1996

CITY OF MARINA

By _____
James L. Vocelka, Mayor

SUSANNE IRVINE ARMSTRONG, JAMES IRVINE ARMSTRONG, JR., and JOHN A. ARMSTRONG II, as Trustees of the Trust for the benefit of MARY JANET ARMSTRONG WEBER as set forth in the Order Settling Report of Trustees due to the death of Lois Armstrong, etc., in the Estate of Irvine Armstrong, also known as James Irvine Armstrong, Deceased, recorded January 4, 1988, in Reel 2191, Official Records of Monterey County at page 643 therein (hereinafter referred to as the "Mary Janet Armstrong Weber Trust")

Dated: _____, 1996

By _____
SUSANNE IRVINE ARMSTRONG, Trustee

Dated: Mar 29, 1996

By [Signature]
JOHN A. ARMSTRONG II, Trustee

Dated: Mar 29, 1996

By [Signature]
JAMES IRVINE ARMSTRONG, JR., Trustee

Dated: _____, 1996

THE 1990 ARMSTRONG FAMILY TRUST
established by Declaration dated
July 2, 1990

By _____
Walter J. McCullough

By _____
Elizabeth S. Armstrong

Dated: _____, 1996

RMC LONESTAR, a California general
partnership

By _____

Dated: _____, 1996

CITY OF MARINA

By _____
James L. Vocolka, Mayor

SUSANNE IRVINE ARMSTRONG, JAMES IRVINE ARMSTRONG, JR., and JOHN A. ARMSTRONG II, as Trustees of the Trust for the benefit of MARY JANET ARMSTRONG WEBER as set forth in the Order Settling Report of Trustees due to the death of Lois Armstrong, etc., in the Estate of Irvine Armstrong, also known as James Irvine Armstrong, Deceased, recorded January 4, 1988, in Reel 2191, Official Records of Monterey County at page 643 therein (hereinafter referred to as the "Mary Janet Armstrong Weber Trust")

Dated: _____, 1996

By SUSANNE IRVINE ARMSTRONG, Trustee

Dated: Mar 29, 1996

By John A. Armstrong II, Trustee

Dated: Mar 29, 1996

By James Irvine Armstrong, Jr., Trustee

Dated: _____, 1996

THE 1990 ARMSTRONG FAMILY TRUST established by Declaration dated July 2, 1990

By Walter J. McCullough

By Elizabeth S. Armstrong

Dated: _____, 1996

RMC LONESTAR, a California general partnership

By _____

Dated: _____, 1996

CITY OF MARINA

By James L. Vocolka, Mayor

Dated: _____, 1996

SUSANNE IRVINE ARMSTRONG, JAMES IRVINE ARMSTRONG, JR., and JOHN A. ARMSTRONG II, as Trustees of the Trust for the benefit of MARY JANET ARMSTRONG WEBER as set forth in the Order Settling Report of Trustees due to the death of Lois Armstrong, etc., in the Estate of Irvine Armstrong, also known as James Irvine Armstrong, Deceased, recorded January 4, 1988, in Reel 2191, Official Records of Monterey County at page 643 therein (hereinafter referred to as the "Mary Janet Armstrong Weber Trust")

By _____, Trustee

Dated: _____, 1996

JAMES IRVINE ARMSTRONG, JR.

Dated: _____, 1996

THE 1990 ARMSTRONG FAMILY TRUST established by Declaration dated July 2, 1990

By _____
Walter J. McCullough

By _____
Elizabeth S. Armstrong

Dated: MAR 26, 1996

RMC LONESTAR, a California general partnership

By Ronald B. Blick

Dated: _____, 1996

CITY OF MARINA

By _____
James L. Vocelka, Mayor

Dated: _____, 1996.

SUSANNE IRVINE ARMSTRONG, JAMES IRVINE ARMSTRONG, JR., and JOHN A. ARMSTRONG II, as Trustees of the Trust for the benefit of MARY JANET ARMSTRONG WEBER as set forth in the Order Settling Report of Trustees due to the death of Lois Armstrong, etc., in the Estate of Irvine Armstrong, also known as James Irvine Armstrong, Deceased, recorded January 4, 1988, in Reel 2191, Official Records of Monterey County at page 643 therein (hereinafter referred to as the "Mary Janet Armstrong Weber Trust")

By _____, Trustee

Dated: _____, 1996

JAMES IRVINE ARMSTRONG, JR.

Dated: _____, 1996

THE 1990 ARMSTRONG FAMILY TRUST established by Declaration dated July 2, 1990

By _____
Walter J. McCullough

By _____
Elizabeth S. Armstrong

Dated: _____, 1996

RMC LONESTAR, a California general partnership

Dated: 4/8/96, 1996

By _____
CITY OF MARINA

By _____
James L. Vocolka, Mayor

APPROVED AS TO FORM:

Dated: 8/5, 1996

William K. Rentz
WILLIAM K. RENTZ
Deputy County Counsel, Monterey
County

Dated: March 26, 1996

NOLAND, HAMERLY, ETIENNE & HOSS
A Professional Corporation

By Lloyd W. Lowrey, Jr.
Lloyd W. Lowrey, Jr.
Legal Counsel for MARINA COAST
WATER DISTRICT

Dated: _____, 1996

ROBERT R. WELLINGTON
Legal Counsel for CITY OF MARINA

Dated: _____, 1996

ROBERT R. WELLINGTON
Legal Counsel for MRWPCA

Dated: _____, 1996

THOMPSON, HUBBARD AND OMETER
A Law Corporation

By Donald G. Hubbard
Donald G. Hubbard
Legal Counsel for J.G. ARMSTRONG
FAMILY MEMBERS

Dated: _____, 1996

PILLSBURY, MADISON AND SUTRO

By Thomas P. O'Donnell
Thomas P. O'Donnell
Legal Counsel for RMC LONESTAR

APPROVED AS TO FORM:

Dated: _____, 1996

WILLIAM K. RENTZ
Deputy County Counsel, Monterey
County

Dated: _____, 1996

NOLAND, HAMERLY, ETIENNE & HOSS
A Professional Corporation

By _____
Lloyd W. Lowrey, Jr.
Legal Counsel for MARINA COAST
WATER DISTRICT

Dated: July 29, 1996

ROBERT R. WELLINGTON
Legal Counsel for CITY OF MARINA

Dated: July 29, 1996

ROBERT R. WELLINGTON
Legal Counsel for MRWPCA

Dated: _____, 1996

THOMPSON, HUBBARD AND OMETER
A Law Corporation

By _____
Donald G. Hubbard
Legal Counsel for J.G. ARMSTRONG
FAMILY MEMBERS

Dated: _____, 1996

PILLSBURY, MADISON AND SUTRO

By _____
Thomas P. O'Donnell
Legal Counsel for RMC LONESTAR

APPROVED AS TO FORM:

REEL 3404 PAGE 823

Dated: _____, 1996

WILLIAM K. RENTZ
Deputy County Counsel, Monterey
County

Dated: _____, 1996

NOLAND, HAMERLY, ETIENNE & HOSS
A Professional Corporation

By _____
Lloyd W. Lowrey, Jr.
Legal Counsel for MARINA COAST
WATER DISTRICT

Dated: _____, 1996

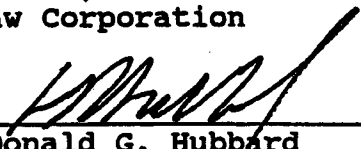
ROBERT R. WELLINGTON
Legal Counsel for CITY OF MARINA

Dated: _____, 1996

ROBERT R. WELLINGTON
Legal Counsel for MRWPCA

Dated: MARCH 29, 1996

THOMPSON, HUBBARD AND OMETER
A Law Corporation

By 
Donald G. Hubbard
Legal Counsel for J.G. ARMSTRONG
FAMILY MEMBERS

Dated: _____, 1996

PILLSBURY, MADISON AND SUTRO

By _____
Thomas P. O'Donnell
Legal Counsel for RMC LONESTAR

APPROVED AS TO FORM:

Dated: _____, 1996

WILLIAM K. RENTZ
Deputy County Counsel, Monterey
County

Dated: _____, 1996

NOLAND, HAMERLY, ETIENNE & HOSS
A Professional Corporation

By _____
Lloyd W. Lowrey, Jr.
Legal Counsel for MARINA COAST
WATER DISTRICT

Dated: _____, 1996

ROBERT R. WELLINGTON
Legal Counsel for CITY OF MARINA

Dated: _____, 1996

ROBERT R. WELLINGTON
Legal Counsel for MRWPCA


Dated: _____, 1996

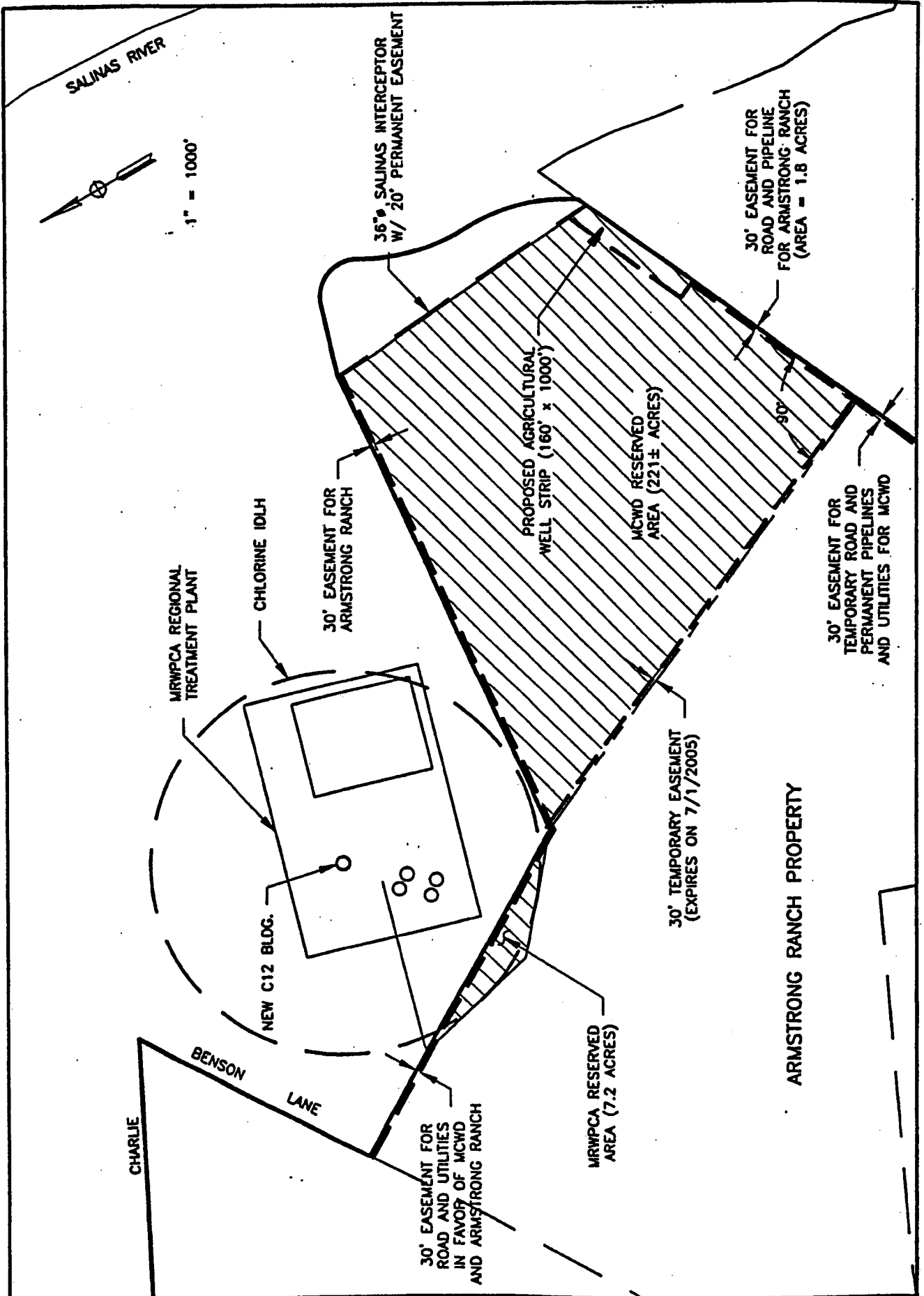
THOMPSON, HUBBARD AND OMETER
A Law Corporation

By _____
Donald G. Hubbard
Legal Counsel for J.G. ARMSTRONG
FAMILY MEMBERS

Dated: March 26, 1996

The Genesis Law Group
~~PILLSBURY, MADISON AND SUTRO~~

By 
Thomas P. O'Donnell
Legal Counsel for RMC LONESTAR



DATE: 2/27/96 DRAWN BY: LJK/JHL

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

REEL 3404 PAGE 826

State of CALIFORNIA

County of MONTEREY

On 04-12-96 before me, *SONIA L. ANGELO, NOTARY PUBLIC* *
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared * * * * * THOMAS P. MOORE * * * * *
Name(s) of Signer(s)

☐ personally known to me – OR – ☒ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Sonia L. Angelo
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: ANNEXATION AGREEMENT AND GROUNDWATER MITIGATION FRAMEWORK FOR MARINA AREA LANDS

Document Date: APRIL 12, 1996 Number of Pages: 27 w/ EXH A-F

Signer(s) Other Than Named Above: NONE

Capacity(ies) Claimed by Signer(s)

Signer's Name: THOMAS P MOORE

- ☐ Individual
☒ Corporate Officer
 Title(s): PRESIDENT, BOARD OF DIRECTORS
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT
 OF SIGNER
 Top of thumb here

Signer Is Representing:

MARINA WATER COAST DISTRICT

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
 Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT
 OF SIGNER
 Top of thumb here

Signer Is Representing:

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

REEL 3404 PAGE 827

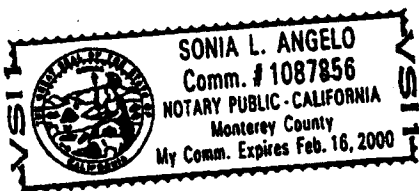
State of CALIFORNIA

County of MONTEREY

On APRIL 17, 1996 before me, **SONIA L. ANGELO, NOTARY PUBLIC**
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared **MALCOLM D. CRAWFORD**
Name(s) of Signer(s)

☐ personally known to me – OR – ☒ proved to me on the basis of satisfactory evidence to be the person(x) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Sonia L. Angelo
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: ANNEXATION AGREEMENT AND GROUNDWATER MITIGATION FRAMEWORK FOR MARINA AREA LANDS

Document Date: APRIL 17, 1996 Number of Pages: 27 w/EXH A-F

Signer(s) Other Than Named Above: NONE

Capacity(ies) Claimed by Signer(s)

Signer's Name: MALCOLM D. CRAWFORD

- ☐ Individual
☒ Corporate Officer
 Title(s): SECRETARY, BOARD OF DIRECTORS
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer Is Representing:

MARINA WATER COAST DISTRICT

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
 Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer Is Representing:

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

REL 3404 PAGE 828

State of CALIFORNIA

County of MONTEREY

On APRIL 12, 1996 before me, * * SONIA L. ANGELO, NOTARY PUBLIC * * *
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared * * THOMAS P. MOORE * * *
Name(s) of Signer(s)

☐ personally known to me – OR – ☒ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Sonia L. Angelo
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

EXHIBIT G

Title or Type of Document: MONTEREY REGIONAL WATER POLLUTION CONTROL AGENCY ADDENDUM TO ANNEXATIO AGREEMENT AND GROUNDWATER MITIGATION FRAMEWORK FOR MARINA AREAL LANDS

Document Date: APRIL 12, 1996 Number of Pages: SIX

Signer(s) Other Than Named Above: NONE

Capacity(ies) Claimed by Signer(s)

Signer's Name: THOMAS P. MOORE

- ☐ Individual
☒ Corporate Officer
 Title(s): PRESIDENT, BOARD OF DIRECTORS
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer Is Representing:

MARINA COAST WATER DISTRICT

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
 Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer Is Representing:

State of CALIFORNIA

County of MONTEREY

On 04-17-96 before me, *SONIA L. ANGELO, NOTARY PUBLIC* * *
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared * * *MALCOLM D. CRAWFORD* * * * *
Name(s) of Signer(s)

☐ personally known to me – OR – ☒ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Sonia L. Angelo
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

EXHIBIT G

Title or Type of Document: MONTEREY REGIONAL WATER POLLUTION CONTROL AGENCY ADDENDUM TO ANNEXATION AGREEMENT AND GROUNDWATER MITIGATION FRAMEWORK FOR MARINA AREA LANDS

Document Date: APRIL 17, 1996 Number of Pages: 6

Signer(s) Other Than Named Above: NONE

Capacity(ies) Claimed by Signer(s)

Signer's Name: MALCOLM D. CRAWFORD

- ☐ Individual
☒ Corporate Officer
 Title(s): SECRETARY, BOARD OF DIRECTORS
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer Is Representing:

MARINA COAST WATER DISTRICT

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
 Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer Is Representing:

ACKNOWLEDGMENT

STATE OF New Mexico)
COUNTY OF Bernalillo) ss.

On April 8, 1996, before me, Lupe Estrada,
a Notary Public, duly commissioned and sworn, personally appeared
JAY MAX ARMSTRONG

☐ personally known to me, or

☒ proved to me on the basis of satisfactory evidence

to be the person whose name is subscribed to the within instrument and
acknowledged to me that he executed the same in his authorized
capacity, and that by his signature on the instrument, the person, or
the entity upon behalf of which the person acted, executed the same.

WITNESS my hand and official seal.

Lupe Estrada

Signature



OFFICIAL SEAL
LUPE ESTRADA
NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires: 3-29-98

{Seal}

ACKNOWLEDGMENT

STATE OF WASH)
COUNTY OF KING) : ss.

On 4/4, 1996, before me, SANDRA G. HARVEY,
a Notary Public, duly commissioned and sworn, personally appeared
DARRELL L. MURRAY

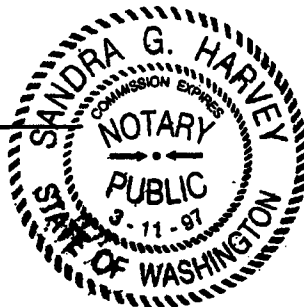
☒ personally known to me, or

☐ proved to me on the basis of satisfactory evidence

to be the person whose name is subscribed to the within instrument and
acknowledged to me that he executed the same in his authorized
capacity, and that by his signature on the instrument, the person, or
the entity upon behalf of which the person acted, executed the same.

WITNESS my hand and official seal.

Sandra G. Harvey
Signature



{Seal}

ACKNOWLEDGMENT

REEL 3404 PAGE 832

STATE OF CALIFORNIA)
COUNTY OF Fresno) ss.

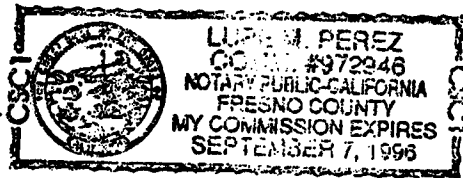
On April 4, 1996, 1996, before me, Lupe M. Perez,
a Notary Public, duly commissioned and sworn, personally appeared
CLYDE W. JOHNSON III

- ☐ personally known to me, or
☒ proved to me on the basis of satisfactory evidence

to be the person whose name is subscribed to the within instrument and
acknowledged to me that he executed the same in his authorized
capacity, and that by his signature on the instrument, the person, or
the entity upon behalf of which the person acted, executed the same.

WITNESS my hand and official seal.

Lupe M. Perez
Signature



{Seal}

ACKNOWLEDGMENT

REEL 3404 PAGE 833

STATE OF CALIFORNIA)
 : SS.
COUNTY OF Fresno)

On April 4, 1996, before me, Lupe M. Perez,
a Notary Public, duly commissioned and sworn, personally appeared
EDWIN A. JOHNSON

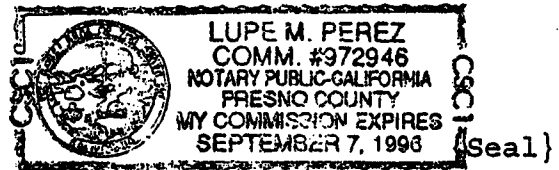
☐ personally known to me, or

☒ proved to me on the basis of satisfactory evidence

to be the person whose name is subscribed to the within instrument and
acknowledged to me that he executed the same in his authorized
capacity, and that by his signature on the instrument, the person, or
the entity upon behalf of which the person acted, executed the same.

WITNESS my hand and official seal.

Lupe M. Perez
Signature



ACKNOWLEDGMENT

REEL 3404 PAGE 834

STATE OF CALIFORNIA)
 : ss.
COUNTY OF MONTEREY)

On March 29, 1996, before me, Jeannine L. Kreider,
a Notary Public, duly commissioned and sworn, personally appeared
JOHN A. ARMSTRONG II

☒ personally known to me, or

☐ proved to me on the basis of satisfactory evidence

to be the person whose name is subscribed to the within instrument and
acknowledged to me that he executed the same in his authorized
capacity, and that by his signature on the instrument, the person, or
the entity upon behalf of which the person acted, executed the same.

WITNESS my hand and official seal.

Jeannine L. Kreider
Signature

{Seal}



ACKNOWLEDGMENT

STATE OF CALIFORNIA)
 : ss.
COUNTY OF MONTEREY)

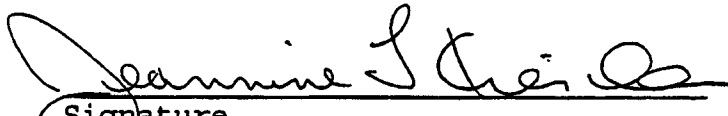
On March 29, 1996, before me, Jeannine L. Kreider,
a Notary Public, duly commissioned and sworn, personally appeared JAMES
IRVINE ARMSTRONG, JR.

☒ personally known to me, or

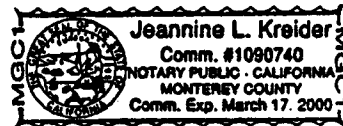
☐ proved to me on the basis of satisfactory evidence

to be the person whose name is subscribed to the within instrument and
acknowledged to me that he executed the same in his authorized
capacity, and that by his signature on the instrument, the person, or
the entity upon behalf of which the person acted, executed the same.

WITNESS my hand and official seal.


Signature

{Seal}



ACKNOWLEDGMENT

STATE OF CALIFORNIA)
 : ss.
COUNTY OF Yolo)

On April 4, 1996, before me, Kara K Walker,
a Notary Public, duly commissioned and sworn, personally appeared
SUSANNE IRVINE ARMSTRONG

☒ personally known to me, or

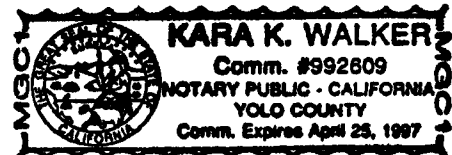
☐ proved to me on the basis of satisfactory evidence

to be the person whose name is subscribed to the within instrument and
acknowledged to me that she executed the same in her authorized
capacity, and that by her signature on the instrument, the person, or
the entity upon behalf of which the person acted, executed the same.

WITNESS my hand and official seal.

Kara K. Walker
Signature

{Seal}



ACKNOWLEDGMENT

STATE OF CALIFORNIA)
 : ss.
COUNTY OF MONTEREY)

On MAY 4, 1996, before me, PAUL M. HAMERLY,
a Notary Public, duly commissioned and sworn, personally appeared
WALTER J. MCCULLOUGH

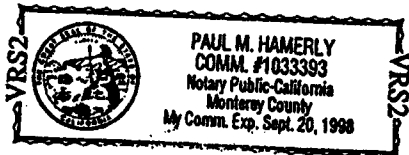
- ☒ personally known to me, or
☐ proved to me on the basis of satisfactory evidence

to be the person whose name is subscribed to the within instrument and
acknowledged to me that he executed the same in his authorized
capacity, and that by his signature on the instrument, the person, or
the entity upon behalf of which the person acted, executed the same.

WITNESS my hand and official seal.

Paul M. Hamerly
Signature

{Seal}



ACKNOWLEDGMENT

STATE OF CALIFORNIA)
 : ss.
COUNTY OF MONTEREY)

On MAY 6, 1996, before me, Paul M. Hamerly,
a Notary Public, duly commissioned and sworn, personally appeared
ELIZABETH S. ARMSTRONG

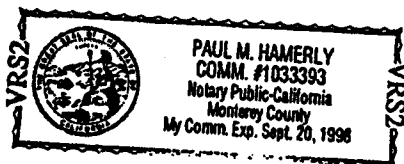
- ☒ personally known to me, or
☐ proved to me on the basis of satisfactory evidence

to be the person whose name is subscribed to the within instrument and
acknowledged to me that she executed the same in her authorized
capacity, and that by her signature on the instrument, the person, or
the entity upon behalf of which the person acted, executed the same.

WITNESS my hand and official seal.

Paul M. Hamerly
Signature

{Seal}




State of California

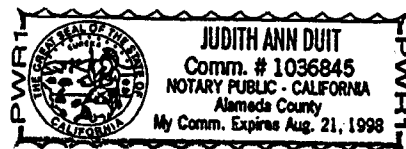
County of Alameda

REEL 3404 PAGE 839

On April 1, 1996, before me, Judith Ann Duit/Notary Public, personally appeared Ronald L. Blick, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.


Judith Ann Duit, Notary Public



OPTIONAL INFORMATION

The information below is not required by law. However, it could prevent fraudulent attachment of this acknowledgment to an unauthorized document.

CAPACITY CLAIMED BY SIGNER (PRINCIPAL)

- ☒ INDIVIDUAL
☒ CORPORATE OFFICER

President BMC LONESTAR

TITLE(S)

- ☐ PARTNER(S)
☐ ATTORNEY-IN-FACT
☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR
☐ OTHER: _____

SIGNER IS REPRESENTING:

Name of person(s) or entity(ies)

BMC LONESTAR

DESCRIPTION OF ATTACHED DOCUMENT

Annexation Agreement and Groundwater
Mitigation Framework for Marina Area Lands

TITLE OR TYPE OF DOCUMENT

27 plus exhibit A - I

NUMBER OF PAGES

3/26/96

DATE OF DOCUMENT

OTHER

City of Marina

211 HILLCREST AVENUE
MARINA, CA 93933
TELEPHONE (408) 384-3715
FAX (408) 384-0425



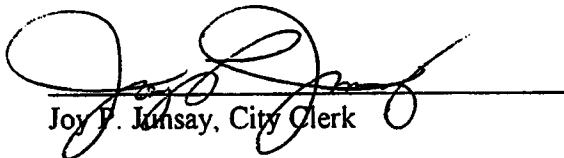
CERTIFICATE OF ACKNOWLEDGEMENT

STATE OF CALIFORNIA)
)
County of Monterey) ss.

On April 5, 1996, before me, Joy P. Junsay, City Clerk of the City of Marina, California, personally appeared James L. Vocolka, Mayor of the City of Marina, California, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal of the City of Marina, California.

Dated this 8th day of April, 1996.


Joy P. Junsay, City Clerk

ACKNOWLEDGMENT

REEL 3404 PAGE 841

STATE OF CALIFORNIA)
 : ss.
COUNTY OF MONTEREY)

On March 29, 1996, before me, Jeannine L. Kreider,
a Notary Public, duly commissioned and sworn, personally appeared
DONALD G. HUBBARD

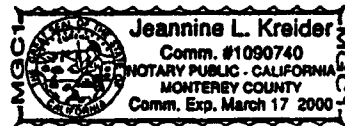
- ☒ personally known to me, or
☐ proved to me on the basis of satisfactory evidence

to be the person whose name is subscribed to the within instrument and
acknowledged to me that he executed the same in his authorized
capacity, and that by his signature on the instrument, the person, or
the entity upon behalf of which the person acted, executed the same.

WITNESS my hand and official seal.

Jeannine L. Kreider
Signature

{Seal}



END OF DOCUMENT