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N. ISAKSON, LAND USE, ENVIRONMENTAL AND GOVERNMENT AFFAIRS CONSULTANT

Amended Letter, Supersedes Letter of June 28, 2016

Mr. Carl Holm, Director
Resource Management Agency
Monterey County

12 July, 2016

Re: Rancho Sin Frenos LLC, Proposed Amendment to Use Permit PLN020311,
APN 197-051-042

Dear Carl,

This memo is a follow-up to our meeting regarding the above referenced application, and specifically, to provide support and documentation you requested -- the historical water use information on the property, along with supportive documentation that there is a long-term sustainable water supply for the project, which comprises an incremental increase in winery production, from the current 5,000 cases per year to 7,500 cases per year.

Summary:

In order to determine availability of long term sustainable water supply, an existing use baseline must first be established. From 1988 to present, water use of the subject well ranges from 9.93 afy to 61.43 afy. The large variation is primarily due to several factors including the drought in 2010 (at low end), changes in irrigated crops from irrigated pasture lands (e.g., alfalfa) to small acreage of vineyard, significant overhaul of the irrigation system to increase irrigation efficiencies and a change in the number of private events.

The prior owners of this parcel were participants in the State Water Resources Control Board's (SWRCB) hearing on the four complaints filed against California-American Water Company that resulted in the SWRCB Order 95-10.

A quantity of water right of 82.0 acre feet per year is reserved by the SWRCB for this parcel as shown on Table 13 of Decision 1632. Rather than utilize the Table 13 reservation, the current owners, Rancho Sin Frenos LLC, are relying on their riparian water right and using significantly less than they are entitled to for the reasons described above. As discussed below, the incremental increase in water use associated with this project is *de minimis* when considering the historical water use of the property and the reservation of right under Table 13. Accordingly, there is long term sustainable water supply available for the project.

Historical Use of Parcel:

As discussed in the enclosed Water Right Opinion Letter, the subject parcel (Parcel A) was part of the original Rancho Los Tularcitos. A portion of the Rancho was purchased by the Girard family in April 1881 and this property was then passed down through the Girard family as one parcel until January 1979 when Paul Porter purchased approximately 382.321 acres¹. Mr. Porter subsequently subdivided the property in to 4 separate parcels, known as the Willow Creek Subdivision².

Mr. Porter retained ownership of Parcel A (APN 197-051-042) and upon his passing, his daughters (Nancy Porter and Patricia Hoover) retained ownership until it was purchased by Rancho Sin Frenos LLC (Alan and Sandra Silvestri, owners) in June of 1997.

Parcel A is comprised of 162.373 acres and its well was completed in February 1980. There is also a pond on the property with a storage capacity of 7.4 acre feet, and is permitted by the State Water Resources Control Board for stockwatering³. The pond is also available to the local fire departments to take water aerially from the pond during times of crisis.

1979- June 1997: Parcel A was owned by Paul Porter and then his daughters, Nancy Porter and Patricia Hoover. The property was developed to include 1 single family dwelling with approximately 1 acre of lawn and garden; and an approximately 3-12 acres of irrigated pasture, which use expanded and contracted over the years. They had several horses, mules and approximately 60 head of cattle on the property.

June 1997- present: Parcels A and C are owned by Rancho Sin Frenos LLC (Alan and Sandra Silvestri, owners). They continued many of the same uses of the property as prior owners (e.g., irrigated pasture for livestock --cattle, horses, sheep), along with planting their initial vineyard of 4.4 acres around 2000. They expanded their vineyard planting to include 6.6 acres on Parcel C.

October 1997: The Silvestris purchased Parcel C of the original Willow Creek subdivision (APN 197-051-044), which is comprised of 81 acres. This parcel was used as irrigated pasture for cattle.

During the early years of their vineyard, they installed and implemented many irrigation efficiencies and conservation measures. These measures included revamping the entire irrigation system for Parcels A and C so they could be managed together to create and implement optimal irrigation management practices.

Winery:

¹ Monterey County Recorder's Office, Reel 1313 of Official Records, page 545

² Monterey County Recorder's Office, Volume 13 of Parcel Maps, page 225

³ SWRCB Permit #21292

The Silvestris applied for and received a Use Permit, dated February 12, 2004 (Resolution No. 020311). The Use Permit allows for (1) the winery and associated structures; and (2) a 723 sq. ft. tasting and reception area suitable for 30 private guests 365 days of the year (i.e., no limitations). The winery and the tasting and reception area was constructed and in full operation in 2006. Under the Use Permit, the winery is permitted to produce 5,000 cases a year.

The winery's disposal system is through a septic system and is separate from the domestic wastewater system.

The Parcel A well (Well) is the only well used for the winery. Accordingly, the Well will be the focus in the assessing the availability of long term sustainable water supply available for the project.

Historical Water Use for Property, with and without winery:

In order to determine long term sustainable water supply, an existing use baseline must first be established. From 1988 to present, water use of the Well ranges from 9.93 afy to 61.43 afy. The large variation is primarily due to several factors including drought in 2010 (at low end), irrigated pasture land, increase in irrigation efficiencies and number of private events. The average use of the Well over this period of time (1988-2015) is 25.01 afy. Due to the property's minimal impermeable surfaces, water use for irrigation and for the winery (which wastewater is blended and reused) primarily infiltrates into the ground and is available for reuse for irrigation. Thus, a conservative estimate of 15% infiltration and recharge must be considered in the baseline calculation as follows:

	Low (Drought)(afy)	High (afy)	Average (afy)
Baseline Water Consumption	9.93	61.43	25.01
Recharge	(1.49)	(9.21)	(3.75)
Total Baseline	8.44	52.22	21.26

With the cessation of the irrigated pasture land and substantial improvements to the irrigation system, the additional 2,500 cases of production would result in an estimated water consumption of 1.5 afy (estimated at 1 case of wine = 0.0006 afy with conservation program in place and not accounting for recharge) with the total water consumption for the winery estimated at 4.5 afy for the total 7,500 cases produced. The total water consumption from the Well is projected to be as follows:

Proposed Project and Other Uses Under Use Permit		
Winery	4.5	afy
Irrigation and Other Use Permit Allowed Uses	19.9	afy
Recharge	(3.65)	afy

Estimated Total	20.65	afy
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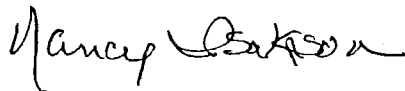
Based on these estimates, there would be a net average reduction in water use of 0.61 afy, and this net reduction is a beneficial impact for water supply from the Carmel River Basin and thus, there is long term sustainable water supply for this project.

Water Rights

The water source for the project would be the existing Well using the riparian water rights held by the property. The enclosed water rights analysis concluded that the riparian rights were retained by the property. As documented in Table 13 of Decision 1632, SWRCB also recognized that Parcels A and C held a superior water right to Cal-Am's water rights.

Please let me know if you have any questions.

Sincerely,



Nancy Isakson

Encl.

Cc: Alan and Sandra Silvestri