

EXHIBIT 3:

Los Peñasquitos Lagoon Foundation

Board of Directors

Joan Jackson, Chair

Dan Allen	Frank Belock	Doug Isbell
Mike Wells	Darren Smith	Beth Fischer
	Diana Bergen	

5/11/04

FROM: Los Peñasquitos Lagoon Foundation
P.O. Box 940
Cardiff by the Sea, CA 92007

TO: / Jim King
California Coastal Conservancy
1330 Broadway, Suite 1100
Oakland, CA 94612

RE: Physical/Chemical/Biological Monitoring Program at Los Peñasquitos Lagoon (Agreement # 91-032).

Dear Mr. King,

On behalf of the Los Peñasquitos Lagoon Foundation (LPLF), I am submitting a justification letter explaining why LPLF was unable to provide deliverables in accordance with Contract # 91-032. Also included in this letter is an explanation of why the Pacific Estuarine Research Lab (PERL) remains the best contractor for pursuing and completing this monitoring program. Finally, this letter contains: the outstanding balance still owed to PERL for the 9/17/2002 to 9/16/2003 monitoring period; a budget proposal needed to pay for PERL's monitoring efforts during and up to the completion of the 9/17/2003 to 9/16/2004 monitoring period, and PERL's budget proposal for a monitoring program to be conducted from 9/17/2004 to 9/16/2005. This would fully provide for monitoring outlined in Agreement # 91-032 through September 2005.

Agreement # 91-032 was created between LPLF and the California Coastal Conservancy (CCC) to establish, budget and implement a physical/chemical/biological monitoring program at LPL. Executed on 9/26/91, this Agreement has been amended six times as new tasks and additional funding were added. However, the last amendment, occurring on 4/7/03, extended Agreement # 91-032 until the date of 12/30/05 without additional funding to pay for the monitoring program at Los Peñasquitos Lagoon (LPL). Because of this oversight LPLF is not able to pay its outstanding balance owed for PERL's monitoring nor is there funding to pay for both the current and future monitoring efforts at LPL, creating the potential for significant data gaps if monitoring efforts cease due to lack of funding.

Established by Dr. Joy Zedler in 1984, PERL is one of the premier scientific labs that specializes in researching, monitoring, and restoring salt marsh lagoons in southern California. Furthermore, PERL has been involved in monitoring conditions at LPL since 1991, successfully compiling a history of data that and trends that could not be reproduced without significant cost to LPLF if PERL was replaced by another research and monitoring lab.

Justification Letter for PERL's monitoring program

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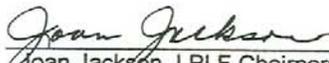
Thus, it is imperative that PERL remain as the subcontractor with regard to monitoring the physical, chemical and biological indicators and trends at LPL.

Enclosed with this letter, you will find:

- Amount owed to PERL from their 2002-2003 monitoring efforts.
 - LPLF was unable to pay the entire amount (\$31,279.00) due to the fact that only \$19,271.00 was available within the budget of Agreement # 91-032, thus resulting in an outstanding balance of \$12,008.00.
- Budget proposal for the current monitoring program 9/17/03 to 9/16/04.
 - PERL has not been compensated for any of their work on this monitoring program.
 - There does not exist an approved contract for this work as of the date of this letter, hence the enclosed budget for this monitoring period remains a "proposal."
- Budget for the monitoring program for 9/17/04 to 9/16/05.

Please contact Mike Hastings at (760) 436-5937 or mikehastings101@yahoo.com if you have any questions.

Sincerely,


Joan Jackson, LPLF Chairperson

5-12-04
Date

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