

Decision No. 90154

APR 10 1979

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
O'Connor Limousine Service, Inc.,)
doing business as O'Connor Tours)
Service, for a certificate of)
public convenience and necessity)
to operate a passenger stage)
corporation.)

Application No. 56580
(Filed June 25, 1976)

Phase I

Sergius M. Boikan, Attorney at Law, for O'Connor Limousine Service, Inc., applicant.
W. L. McCracken, Attorney at Law, for The Gray Line, Inc., protestant.
Marc E. Gottlieb, for the Commission staff.

Phase II

Handler, Baker & Greene, by Raymond A. Greene, Jr., Randall M. Faccinto, and William Davis Taylor, Attorneys at Law, for O'Connor Limousine Service, Inc., applicant.
Richard M. Hannon and Ernest R. Stent, Attorneys at Law, for The Gray Line, Inc., protestant.
Eldon M. Johnson, Attorney at Law, for Golden Gate Sightseeing, and William E. Lee, for Franciscan Lines, Inc., interested parties.
Marc E. Gottlieb, for the Commission staff.

O P I N I O N

Statement of Facts

By this application O'Connor Limousine Service, Inc. (applicant) seeks a certificate of public convenience and necessity to transport passengers and to operate tours in sightseeing service, as defined in Section 226 of the Public Utilities Code. Applicant requested two separate, distinct, and functionally different,

certificates. Applicant first sought temporary certification for a term of 180 days to provide such service during the period of the drivers' work stoppage against The Gray Line, Inc. (Gray Line) and, thereafter, permanent certification. By agreement of the parties, the proceeding was bifurcated to permit separate and expeditious consideration of the request for temporary authority. In that the bifurcated proceeding relative to the temporary certification and the permanent certification were handled by different attorneys on the part of both applicant and Gray Line, and in consideration of various changes resulting therefrom in the application, we will consider each segment of the bifurcated proceeding separately; the application for temporary authority as Phase I, and the application for permanent authority as Phase II.

As relevant to both phases of this application, the applicant corporation was formed for the purposes of this application. James E. O'Connor (O'Connor), its owner, does business as O'Connor Hearse and Limousine Service in San Francisco, operating two hearses and two 1969 limousines. O'Connor, a vice president and director of Associated Limousines, and a director of the De Soto Cab Company of San Francisco, holds Charter-party Carrier of Passengers Permit No. 336 from this Commission, as well as a limousine and two taxicab permits from the City of San Francisco. O'Connor asserted a net worth of approximately \$377,900, primarily in real estate investments and San Francisco taxi and limousine permits. O'Connor's net worth may be affected by the outcome of current litigation over the transferability of these permits.

On or about May 3, 1976, the drivers of Gray Line struck that carrier, the only one authorized by this Commission to offer English language sightseeing services on an individual-fare basis

from San Francisco points. The only other authorized sight-seeing operator was A.C. Cal Spanish Tour Service, authorized to conduct only Spanish language sightseeing tours. While the San Francisco Police Commission had considered issuance of temporary permits for intracity sightseeing operations for the duration of the Gray Line work stoppage, that Commission had accepted no applications nor had it published regulations to govern the proposed interim authorities. Thus the strike at Gray Line had left the tourist traffic at the beginning of the season severely restricted in legally available tours and area sightseeing services. Taxi service ran about \$15 per hour and limousine service about \$60 per hour - too expensive for most tourists. It was in response to this situation that this application was filed. It was immediately protested by Gray Line. ✓

A duly noticed public hearing was held in San Francisco on August 10, 1976, before an assigned Administrative Law Judge. At the request of applicant, and with the agreement of protestant, the hearing was limited to issues under Phase I - the temporary authority sought. Applicant, through its witness O'Connor, presented testimony and evidence of the asserted need for such interim service and of applicant's fitness to provide it. Upon receipt of briefs on September 13, 1976, the matter as to Phase I was submitted. The strike against Gray Line ended November 14, 1976, and Gray Line resumed sightseeing operations immediately. On November 15, 1976, Gray Line suggested denial of Phase I of the application in that the strike of Gray Line employees, upon which applicant had based its argument for such authority, was terminated, and the issue was therefore moot. Applicant objected.

Hearing for Phase II issues (the application for permanent certification), noticed and set for November 22, 1976, was necessarily postponed at the request of applicant and reset to January 10, 1977. However, on December 10, 1976, applicant substituted attorneys on the application, and the matter was again reset to March 21, 1977.

Duly noticed public hearing was resumed in San Francisco before the ALJ on March 21, 22, 23, and 24, 1977, for receipt of evidence on Phase II of the application. At onset of hearing, the Commission was informed that if the application were granted O'Connor would engage the services of Mr. Tony Ruiz (Ruiz), a friend of O'Connor for 25 years, to provide experienced general management for the proposed operation. Ruiz, president and general manager of Lorrie's Tours (a certificated carrier providing airport service from hotel to hotel to airport), would then manage both operations.

By Ruiz's testimony applicant's proposal was amended to drop the initially proposed Chinatown tour, but applicant retained the other four proposed tours, as follows:

1. Tour of San Francisco
2. Muir Woods tour
3. Napa Valley Wine Country tour
4. Monterey-Carmel tour

In stressing tour features which assertedly would distinguish applicant's tours from Gray Line's tours, Ruiz proposed different schedules than Gray Line's so people will have more of a choice as far as actual timing.

The tours proposed are scheduled to run those days or times when Gray Line does not currently offer service. For example:

1. Applicant's Muir Woods tour during the winter season would leave in the morning, whereas Gray Line leaves in the afternoon.
2. Applicant's Monterey-Carmel tour during the winter season would run Monday, Wednesday, and Saturday, whereas Gray Line runs Sunday, Tuesday, and Thursday.
3. Applicant's wine country tour during the summer season would run Tuesday, Thursday, and Saturday, whereas Gray Line runs Monday, Wednesday, and Saturday. (However, it should be noted that applicant proposes to run this tour on this schedule year-round, whereas Gray Line does not offer the tour during the winter.)

Ruiz also testified that he would pick up customers from their hotels and motels using small vans. He would also employ unionized drivers taken from the standby lists of charter-party companies such as Falcon, Franciscan Lines, Inc. (Franciscan), etc., hopefully obtaining drivers in unions other than the Teamsters, such as Amalgamated Transit, so that in the event of any future drivers' strikes both sightseeing companies might not be shut down simultaneously. Further distinctions between the tours are that applicant would: (1) take its clients into the Hyatt Regency Hotel (tour of San Francisco); (2) use the bay ferry to transport clients from San Francisco to Sausalito, having its bus meet the ferry in Sausalito (Muir Woods tour); and (3) drive down Highway No. 1 (the coastside route) from San Francisco to Monterey (Monterey-Carmel tour).

O'Connor, abandoning his Phase I proposal to employ shuttle buses formerly from the airport in his initial service, at the hearing on Phase II unveiled arrangements to lease five to seven GMC model PD 4107 45-passenger buses from Lease-A-Coach Company of Long Beach; as well as an offer from Franciscan to lease O'Connor five to six 45-passenger buses from Franciscan's fleet. Franciscan would contract maintenance on all of applicant's equipment. In the financial area, O'Connor testified that he would advance a total of \$135,000 to applicant. His CPA and O'Connor both testified of first year pro forma operating results, projecting 2,814 tours and 69,228 passenger fares the first year of operation. Gross revenues of \$619,293 were anticipated against operating expenses of \$573,080, resulting in a pro forma operating income the first year of \$46,213, and a pro forma operating ratio of 92.5 percent.

In seeking to establish requisite public convenience and necessity for the proposed service, applicant presented the testimony of ten public witnesses. These witnesses, an assortment of gift shop operators who sell tours, bellman, reservation agents, etc., concentrated on several service aspects and alleged deficiencies in Gray Line's service which they felt would be alleviated by certification of another carrier. Most expressed the thought that some competition in itself would be good. Most related examples of missed hotel pickups or confusion on pickups by Gray Line. A number complained of what they considered inadequate service on the Monterey-Carmel tour during the summer peak season, some citing specific recollections. Some complained of sold-out space or overbookings in this regard, others of Gray Line's wintertime alternate day service, asserting in this latter regard that such scheduling inconvenienced some tourists whose short stay or plans could not be accommodated within such a schedule. To a lesser extent there were also complaints that during the winter schedule (November 16 through February 28) Gray Line provided no scheduled wine country tours at all. Some of the witnesses had dealt with Ruiz during the 1976 Gray Line strike and expressed pleasure and satisfaction with his operations during that period.

After the testimony of the above-noted ten public witnesses had been received, applicant offered additional public witnesses. At the suggestion of the ALJ, the parties worked out a stipulation to avoid cumulative evidence from these eleven additional persons (six as individuals and five on behalf of each employer's motel or hotel). The stipulation was that the testimony of these eleven would have been substantially the same as that of the preceding ten public witnesses.

In protesting the application, Gray Line asserted that it is providing a service that the public requires and expects, that it is responsive to the public need on tours and tour programs, and that it offers a variety of tours at reasonable prices. Gray Line alleged that applicant's proposed tours are essentially identical to the most popular tours offered by Gray Line. Mulpeters testified that each year Gray Line has extended its seasonal tours for longer periods of the season than previously run, and that this year it again considered running the Monterey-Carmel tour daily during the winter months. In reply to staff questions Mulpeters stated that he was not fully convinced of sufficient need in that company records still indicated space available, but he went on to state that if the Commission were to determine there existed a need for additional runs, Gray Line was definitely prepared to operate them. This is the typical defense which is raised by protestant to new tour service.

Addressing the financial fitness asserted by applicant, Gray Line by cross-examination contended that applicant's pro forma projections did not allow for several items of expense. Included in these omissions was provision for the cost for the drivers and the small vans needed to operate the hotel pickup service. Nor was there any apparent provision for interest or principal amortization of O'Connor's proposed \$125,000 advancement.

Golden Gate Sightseeing Tours, Inc. (Golden Gate), one of the interested parties to this proceeding (and itself an applicant in a similar proceeding filed and heard later than the instant proceeding, and here making a last-minute appearance under provisions of Rule 54 of the Commission's Rules of Practice and Procedure, ostensibly in qualified support of applicant, but in reality seeking to head off any new certifications which might serve to forestall its own chances for success), asserted that it had not intervened earlier

because it had been under a misunderstanding derived from various conversations with applicant's former Phase I attorney to the effect that applicant herein had been initially seeking only "small bus" operation authority. Now assertedly aware of the full extent of applicant's quest, the intervenor, noting that there were now three applicants (O'Connor, Golden Gate, and Franciscan) seeking authority to enter the per capita sightseeing territory served over the past 50 years by Gray Line, recommended that the Commission grant to all three nonexclusive, limitedly transferable, interim authority, and argued that this would serve to provide a substantial "test" or experience period before final certification would be granted to any additional carrier. Golden Gate contended that such interim authorities should carry with them a limitation on commissions which could be paid to any agent.

Golden Gate's sole witness, David Sproul (Sproul), its vice president and general operating manager (who is also general manager of Sequoia Stages (dba Eastshore Lines), a big-bus charter business operating under Commission issued Charter-party Carrier of Passengers Certificate IA), questioned certain of applicant's operating expense figures. Sproul gave as his opinion that the city fare proposed by applicant "would seem to be a bit low". Finally, noting that his company carries insurance in the amount of \$6 million (in excess of Commission requirements), he expressed his opinion that the \$1 million coverage proposed by applicant was inadequate.

Upon receipt of concurrent post-hearing briefs from applicant, Gray Line, and Golden Gate on May 31, 1977, the matter was submitted.

On November 7, 1978, subsequent to submission and after preparation by the ALJ of a draft proposed decision in the matter, but before this Commission had opportunity to formally consider it, the assigned ALJ was contacted by telephone by an attorney

representing Ruiz's stepson, one Daniel F. McCarthy (McCarthy). The attorney advised that the sole shareholder of the applicant corporation, O'Connor, had suffered a heart attack since submission and consequently had transferred a 60 percent interest to McCarthy. This information was provided by letter dated November 8, 1978 to the Commission with copies to all parties in the proceeding. On November 20, 1978 Gray Line responded asking that "complete details of ownership interest, contribution and rights" be explained to the Commission. No petition to set aside submission and to reopen the proceeding has been filed by any party. Since essentially the same parties are involved in and responsible for the proposed operations, it is not necessary to reopen the proceeding further to examine the fitness of applicant.

Discussion

Phase I

Before a decision was prepared on the issue of applicant's request for a temporary certification during the period of the Gray Line strike in 1976, the strike was terminated, and on November 14, 1976, Gray Line resumed operations. The interim period upon which the authority was to rest having passed, the issue becomes moot. The Commission, therefore, will dismiss Phase I of the application as moot.

Phase II

The threshold issue in any passenger stage application is always whether or not the public convenience and necessity require the particular service sought to be authorized by that application (see Public Utilities Code Section 1031). If it can be demonstrated that public convenience and necessity require it, a certificate may be issued, provided that in those instances where a certificate holder or holders are already serving the territory, holder or holders will not provide service to the satisfaction of the Commission (see Public Utilities Code Section 1032). ✓✓

Traditionally, the satisfactory service test of existing carriers has been based on the relatively narrow analysis of factors such as route patterns, service frequency, adequacy of equipment, and the fitness of applicant. There are, however, other significant underlying factors which have, in our opinion, not received enough attention. Never, for example, has the Commission addressed the ultimate question of whether monopoly service is of itself unsatisfactory service to the public.

This nation's antitrust laws and policies are premised on the understanding that competitive service generally results in a superior overall level of service to the public. Competition tends to bring out the highest degree of effort and imagination in a business endeavor to the benefit of the public. In the area of sightseeing bus operations, competition will have a direct bearing on the quality of overall treatment afforded passengers, rates, scheduling, equipment condition, and operational innovation generally. California needs an influx of vigorous, innovative thinking and application if publicly acceptable alternatives to private auto use are to fully develop. We state now that competition in the area of sightseeing bus operations is a most desirable goal.

We are here dealing with sightseeing service. This class of service, unlike the traditional common carrier passenger stage operation, is essentially a luxury service, recreationally oriented and essentially different from the conventional point-to-point public transportation service, and therefore it is a service less imbued with that essentiality to the public welfare which we usually hold inherent in the underlying concept of public convenience and necessity. Accordingly, it is a service less entitled to the strict territorial protectionism from competition and competitive factors which necessarily is accorded the "natural" utility monopolies such as electric, gas, or telephone utilities.

In the sightseeing field a policy of fostering limited competition under regulation would have a beneficial effect for the public interest in that it would tend to lead to development of a territory and improved methods, forms or routes of transportation, and would best meet special requirements of segments of the general public. Furthermore, it would tend to promote good service and to hold down fares. We believe that the competition of ideas and results is healthy, and accordingly we will look to the circumstances of each application in the sightseeing field to determine whether or not the public interest requires certification of that application. The granting or withholding of a certificate of public convenience and necessity is a legislative act which rests in the discretion of this Commission. The Commission may grant a number of certificates covering the same route or routes.

Applicant proposes an operation which meets the threshold test of one being in the public interest. It proposes innovations to the well-accepted Gray Line tours, the walk-through at the Hyatt Regency on the City tour, the ferry ride to Sausalito as part of the Muir Woods tour, and the use of Coastal Highway No. 1 on the Carmel-Monterey tour. It proposes scheduling distinctions, primarily during the winter, and would operate supplementally to Gray Line on the wine country tour; that is, it would operate on those days that Gray Line does not operate. This would provide more flexibility for the general public. Applicant asks the right not to conduct any tour for which less than five passengers are available. This provision is reasonable. To support the application the supportive testimony of numerous "public witnesses", all purveyors of tours to the public, was introduced. All would like to be able to offer their clients supplemental services to those offered by Gray Line and expressed approval of the projected service and a desire for the alternate day winter services.

Applicant is ready and willing to operate the service. The organization was strengthened by the addition of McCarthy, an experienced charter-party operator, and it has the services of Ruiz as manager, services sharpened in the difficult days of the Gray Line strike. While it would perhaps be desirable to have a more sound financial basis on which to enter this competitive marketplace, applicant has demonstrated sufficient fitness to undertake the venture. The public interest in this instance is best served by the competitive forces of the marketplace. As we have stated elsewhere, we do not believe the legislative intent in enacting Section 1032 was to bar competition, but rather to foster it within the statutory guidelines, and this is what we are attempting to accomplish. Here applicant offers his own risk capital, has documented a public need for the service offered, and proposes a service with distinctions from that offered by Gray Line. Accordingly, we will issue applicant a certificate of public convenience and necessity to operate the proposed service.

Findings

1. Applicant has demonstrated the requisite fitness to provide per capita sightseeing service on the four tours proposed.
2. Applicant has further demonstrated that a public need exists for the four tours proposed.
3. The four tours proposed by applicant have offered distinctions from comparable tours offered by the existing certificated carrier, Gray Line.
4. Competition between applicant and Gray Line under regulation will have a beneficial effect for the public interest in that it will lead to the development of the territory served by both and will promote good service and hold down fares.
5. Applicant has demonstrated that public convenience and necessity require its certification for the four tours proposed.

Conclusion

Applicant should be granted a certificate of public convenience and necessity to provide the proposed City tour, Muir Woods tour, Wine Country tour, and Monterey-Carmel tour.

Applicant is placed on notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights. Aside from their purely permissive aspect, such rights extend to the holder a full or partial monopoly of a class of business. This monopoly feature may be modified or canceled at any time by the State, which is not in any respect limited as to the number of rights which may be given.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to O'Connor Limousine Service, Inc., dba O'Connor Tours Service, authorizing it to operate as a passenger stage corporation, as defined in Section 226 of the Public Utilities Code, between the points and over the routes set forth in Appendix A of this decision.

2. In providing service pursuant to the authority granted by this order, applicant shall comply with the following service regulations. Failure to do so may result in a cancellation of the authority.

- (a) Within thirty days after the effective date of this order, applicant shall file a written acceptance of the certificate granted. Applicant is placed on notice that if it accepts the certificate it will be required, among other things, to comply with the safety rules administered by the California Highway Patrol, the rules and other regulations of the Commission's General Order No. 98-Series, and the insurance requirements of the Commission's General Order No. 101-Series.
- (b) Within one hundred twenty days after the effective date of this order, applicant shall establish the authorized service and file tariffs and timetables, in triplicate, in the Commission's office.
- (c) The tariff and timetable filings shall be made effective not earlier than ten days after the effective date of this order on not less than ten days' notice to the Commission and the public, and the effective date of the tariff and timetable filings shall be concurrent with the establishment of the authorized service.
- (d) The tariff and timetable filings made pursuant to this order shall comply with the regulations governing the construction and filing of tariffs and timetables set forth in the Commission's General Orders Nos. 79-Series and 98-Series.

- (e) Applicant shall maintain its accounting records on a calendar year basis in conformance with the applicable Uniform System of Accounts or Chart of Accounts as prescribed or adopted by this Commission and shall file with the Commission, or or before March 31 of each year, an annual report of its operations in such form, content, and number of copies as the Commission, from time to time, shall prescribe.

The effective date of this order shall be thirty days after the date hereof.

Dated at San Francisco, California, this 10th day of APRIL, 1979.

John E. Boyer
President
Richard D. Givens
Charles J. ...
Commissioners

I will file a written dissent

Vernon L. Sturgeon

COMMISSIONER VERNON L. STURGEON, Dissenting

The concept of economic competition is as fundamental to the American nature as baseball, jazz and apple pie. Healthy competition, by spawning countless good ideas and productive developments, has served as a major impetus for the country's economic growth. However, the benefits of competition have been realized within the context of a concept that is as equally fundamental to Americans -- the concept that the law as expressed by our elected representatives governs our actions.


The law governing this Commission's issuance of certificates to passenger stage corporations is unequivocally stated in Section 1032 of the Public Utilities Code. A certificate may be issued from the Commission if it can be demonstrated that public convenience and necessity require it and if it is further demonstrated that in those instances where a certificate holder is already serving the territory that holder will not provide service to the satisfaction of the Commission. The present record is devoid of any showing that the present certificate holder cannot adequately serve the area; and accordingly the Commission is legally constrained by the clear language of the statute from issuing a new certificate.

One may philosophically debate the merit of a statute whose effect may unnecessarily impede competition, but one cannot dispute the clear import and meaning of the present language

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as an expression of the legislative will. If the law is unjust and unrealistic, it should be changed. Such change is not the prerogative of this Commission. In the absence of legislative revision of Section 1032, I feel duty-bound to follow the express law, and therefore I dissent.

San Francisco, California
April 10, 1979


VERNON L. STURGEON
Commissioner

FWL

Appendix A

O'CONNOR LIMOUSINE SERVICE, INC. Original Page 1
dba
O'Connor Tours Service

CERTIFICATE

OF

PUBLIC CONVENIENCE AND NECESSITY
TO OPERATE AS A PASSENGER STAGE CORPORATION
PSC - 1066

Showing passenger stage operative rights, restrictions, limitations,
Exceptions and privileges applicable thereto.

All changes and amendments as authorized by the
Public Utilities Commission of the State of California will be
made as revised pages or added original pages.

Issued under authority of Decision No. 90154, dated _____
of the Public Utilities Commission of the State of California,
in Application 56580.

SECTION 1. GENERAL AUTHORIZATIONS, RESTRICTIONS, LIMITATIONS AND SPECIFICATIONS.

O'Connor Limousine Service, Inc., by the Certificate of Public Convenience and Necessity granted by the decision noted in the margin, is authorized to transport passengers over the routes hereinafter described, subject, however, to the authority of this Commission to change or modify said routes at any time, and subject to the following provisions:

- (a) All passenger service herein authorized shall be limited to the transportation of round-trip passengers only, originating and terminating at the Union Square area in San Francisco.
- (b) Service shall be operated on a scheduled basis but applicant will not be obligated to render service for less than five passenger fares.
- (c) When route descriptions are given in one direction, they apply to operations in either direction unless otherwise indicated.

Issued by California Public Utilities Commission.

Decision No. 90154, Application 56580.

SECTION 2. ROUTE DESCRIPTIONS.

Route 1. San Francisco Tour

Commencing in the Union Square Area in San Francisco, thence via the appropriate streets to visit the following points of interest:

Grace Cathedral
Fairmont Hotel
Mark Hopkins Hotel
Chinatown (Grant Avenue)
Financial District
Hyatt Regency Hotel
Yerba Buena Island
Treasure Island
Civic Center
St. Mary's Cathedral
Mission Dolores
Twin Peaks
Golden Gate Park
Seal Rock
Palace of Legion of Honor
Presidio
Golden Gate Bridge
Vista Point
Marina District
Lombard Street between Hyde Street and Leavenworth Street
Fisherman's Wharf

Thence via the appropriate streets to the Union Square area, the point of beginning.

Issued by California Public Utilities Commission.

Decision No. 90154, Application 56580.

Route 2. Muir Woods Tour

Commencing in the Union Square Area in San Francisco thence via the appropriate streets to the Golden Gate Bridge, Highway and Transportation District ferry terminal near the Ferry Building thence via ferry to Sausalito thence via Bridgeway, U.S. Highway 101, State Highway 1 (Shoreline Highway) to Muir Woods. From Muir Woods returning via State Highway 1 (Shoreline Highway), U.S. Highway 101 and Bridgeway to downtown Sausalito thence via the appropriate streets and via the Golden Gate Bridge to the Union Square Area in San Francisco the point of beginning.

Route 3. Napa Valley Wine Country Tour

Commencing in the Union Square Area in San Francisco thence via the appropriate streets to U.S. Highway 101 thence via U.S. Highway 101 to State Highway 37 thence via State Highway 37 to State Highway 121 thence via State Highway 121 to Highway 12 thence via Highway 12 to the City of Sonoma thence via the appropriate city streets to various points of interest, thence via State Highway 12 to the City of Napa thence via Highway 29 to the City of St. Helena, thence via State Highway 29 to the City of Calistoga, thence returning via Highway 29 to Interstate Highway 80 to San Francisco thence via the appropriate streets to the Union Square area the point of beginning.

Issued by California Public Utilities Commission.

Decision No. 90154, Application 56580.

A minimum of two different wineries between the City of Napa and the City of Calistoga will be visited on this tour.

Route 4. Monterey - Carmel Tour

Commencing in the Union Square Area in San Francisco thence via the appropriate streets to Interstate Highway 280 thence via Interstate Highway 280 to State Highway 17, thence via State Highway 17 to State Highway 1 thence via State Highway 1 to the City of Monterey thence via the appropriate streets in the Cities of Monterey and Pacific Grove to the 17-Mile Drive thence via the 17-Mile Drive to the City of Carmel, thence via the appropriate streets to Mission Carmel thence via appropriate streets to State Highway 1 thence via State Highway 1 to State Highway 156 thence via State Highway 156 to U.S. Highway 101 thence via U.S. Highway 101 to the City of San Francisco thence via the appropriate streets to the Union Square area the point of beginning.

(END OF APPENDIX)