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OUR FILE NO. 03304-005

July 26, 2001

SENT VIA FACSIMILE - (831) 424-1975

Christine Gianascol, Esq.
Noland, Hamerly, Etienne & Hoss
333 Salinas Street
P.O. Box 2510
Salinas, CA 93902

Re: Yanks Air Museum

Dear Ms. Gianascol:

As we discussed earlier this week, I am enclosing in writing figures for your use in determining costs associated with sewer and water facility services to the Yanks Air Museum property. As I discussed with you on the phone, since there are no building plans up for review by the City and no specific construction projects set forth in the documents that you have except as conceptually proposed.

Nevertheless, you have asked for the fees for water and sewer facilities to be established at this stage and that means that those would be then included in any memorandum of understanding and become "the fees" for sewer and water service. This would be in spite of whatever, in fact, is eventually developed out there and whatever participation would occur in the use of the sewer and water facilities. At this stage to consider development and usage of the Yanks property as finalized, complete and thoroughly detailed is simply not a fact.

Considering the above, the City is willing to provide information on the proposed sewer and water fees at this stage and I have enclosed that information. You must understand that because of the lack of definition of the project, the phasing of the project and the ultimate development of the property, there is a projection based on the documentation the City has and the fees as shown are the maximum fees under the conditions as the City knows them.

Since there is no development agreement between the City and the Yanks Museum, the terms and conditions of the development and when parties are supposed to perform would still have to be worked out but this appears to be somewhat definable based on the project for

construction of the sewer and water facilities that would extend out to the Yanks property. I need to make it clear that the staff has developed these fees based on the existing ordinances of the City and direction of the City Council. This does not preclude the Yanks project developer from approaching the Council to request a restructuring or to propose alternative means of meeting the financial needs of the City and the project. You have asked for the maximum fees based on the information you have provided at this time and that it be placed in writing. I feel that this is being done at this time with what I am forwarding to you now.

Your letter of July 25, 2001, indicates that you desire to have the City formally act on the sewer and water fees, which is tantamount to acting on a form of memorandum of understanding, by July 30, 2001, and for that purpose, that they should call a special meeting. I cannot envision the City Council being willing to do that or that that, in fact, occur because there is still a significant amount of work to be done to determine what development agreement will be entered into at this time and how extensive it should be. My current observation is that any agreement between the developer and the City is going to be abbreviated and address only the sewer and water costs without going into that detail necessary for the overall project. Obviously, since you are in the County of Monterey, there are a number of procedural aspects that would require the County to implement in terms of development entitlement.

With regard to the agricultural easements, I am somewhat at a loss as to understand why the County would not be satisfied with the assurance in writing, by agreement, amendment to existing agreements, or otherwise that the City would not extend any sewer and water facilities or permit connection thereto prior to the Yanks Museum providing the necessary agricultural easements. This would, in effect, provide the total protection that the County has deemed necessary for development entitlements to be delivered to Yanks. It causes me some concern that in your written communications, copies of which are distributed to a long list of persons, you indicate that the County of Monterey is not willing to proceed unless certain objectives are met and that Yanks Museum cannot meet those objectives without certain commitments by the City of Greenfield and that unless they have those commitments, the County of Monterey will no longer be interested in participating in the EDA Grant. I may be mistaken here, but my concern is that it is difficult for me to believe that the County of Monterey is indirectly instructing the City of Greenfield to sign off on a memorandum and make full agreement with Yanks at this time regardless of what concerns the City may have and what validly should be discussed and agreed upon before any memorandum of understanding is completed. It is not possible for the City to simply take a memorandum of understanding forwarded by you on behalf of the developer and adopt it without review, consideration and potentially redrafting an agreement that reflects the municipal concerns and liabilities of the City of Greenfield. The developer is essentially asking the City of Greenfield to put up its $1,000,000 in participation with the EDA Grant based on whatever commitment the developer is willing to make at this stage which is, at best, an expression of intent and in no way constitutes a guarantee or any form of security that the City will recover through fees or commercial/industrial development its investment. The City

has indicated at every stage of this project review that it was intent on working with the developer to try to get a viable project but at the same time that no one is going to proceed based on an intent as opposed to concrete terms. Hopefully at the meeting tomorrow morning, some of these matters can be clarified and the next step in this process can be established.

Very truly yours,

HARGROVE & COSTANZO

Richard H. Hargrove

Richard H. Hargrove

RHH/tm
Enc.
cc: Mayor and Council Members of the
City of Greenfield
Randy Anstine, City Manager
17528.1

SEWER/WATER PROJECT

Participation by Yanks:
Allocation Based on $1,000,000 of
Total Project Cost: $572,000

The above fee, combined with sewer and water mitigation fees, contribute all fees associated with providing water and sewer for the full development, based on summary concept outlines from Yanks, of the Yanks Museum and associated land development.

Definitive site plans, usage and building plans are not available. The fees and charges are solely intended for use by Yanks in analyzing development costs and have been developed under current City of Greenfield ordinances, resolutions, policies and standards. Waiver, reduction or revised development proposals would require approval and direction of the City Council of the City of Greenfield.

SEWER MITIGATION FEES

Item No.	Building Identification	Unit of Measure	Total Measurement	Rate	Amount Due
1	Air Museum (180,000 sf)	Fixture Unit	Appx. 282 F/U	$99.60	$28,087.20
2	Winery (30,000 sf)	Fixture Unit	Appx. 164 F/U	$99.60	$16,334.40
3	Hotel/Motel (150 Units)	Fixture Unit	Appx 1,648 F/U	$99.60	$164,140.80
4	Gasoline Stations (2 ea.)	Fixture Unit	Appx. 82 F/U	$99.60	$8,167.20
5	Commercial Bldgs. (60,000 sf)	Fixture Unit	Appx. 436 F/U	$99.60	$43,624.80
6	Small Restaurants (2 ea.)	Fixture Unit	Appx. 102 F/U	$99.60	$10,159.20
7	Aircraft Storage Hangers (75,375 sf)	Fixture Unit	Appx. 74 F/U	$99.60	$7,370.40
8	Large Restaurant (1 ea.)	Fixture Unit	Appx. 100 F/U	$99.60	$996.00
9	Recreational Vehicle Park (80 Spaces)	Fixture Unit	Appx. 527 F/U	$99.60	$52,489.20
	TOTAL FEES				$331,369.20

WATER MITIGATION FEES

Item No.	Building Identification	Unit of Measure	Total Measurement	Rate	Amount Due
1	Air Museum (180,000 sf)	Fixture Unit	Appx. 282 F/U	$112.50	$31,725.00
2	Winery (30,000 sf)	Fixture Unit	Appx. 164 F/U	$112.50	$18,450.00
3	Hotel/Motel (150 Units)	Fixture Unit	Appx 1,648 F/U	$112.50	$185,400.00
4	Gasoline Stations (2 ea.)	Fixture Unit	Appx. 82 F/U	$112.50	$9,225.00
5	Commercial Bldgs. (60,000 sf)	Fixture Unit	Appx. 438 F/U	$112.50	$49,275.00
6	Small Restaurants (2 ea.)	Fixture Unit	Appx. 102 F/U	$112.50	$11,475.00
7	Aircraft Storage Hangers (75,375 sf)	Fixture Unit	Appx. 74 F/U	$112.50	$8,325.00
8	Large Restaurant (1 ea.)	Fixture Unit	Appx. 100 F/U	$112.50	$11,250.00
9	Recreational Vehicle Park (80 Spaces)	Fixture Unit	Appx. 527 F/U	$112.50	$59,287.50
	TOTAL FEES				$384,[illegible]

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(1920-2000)
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CITY OF GREENFIELD
JUL 26 2001
RECEIVED

July 25, 2001

VIA FACSIMILE - 674-3149
AND UNITED STATES MAIL

Randy Anstine, City Manager
City of Greenfield
Greenfield City Hall
P. O. Box 127
Greenfield, CA 93927

Re: Yanks Air Museum Project

Dear Mr. Anstine:

I am writing as a follow up to my telephone conversation with you and Mr. Risner this morning. As I mentioned, there has been an unexpected development in the grant funding wherein the County is requiring the dedication of the perpetual agricultural easement on the 300 acres adjacent to the Yanks project prior to their signing to accept the $2,200,000 grant. If the County does not sign to accept the grant, it will not be forthcoming.

The dilemma this creates is that while Mr. Nichols has every intention of conveying an agricultural easement to the County of Monterey if the Yanks Air Museum goes forward, if the Yanks Air Museum does not go forward, he would have no reason to grant the agricultural easement as there would be no development proposal upon which the dedication of such an easement is a condition.

The one issue holding back the Yanks Air Museum project at this point is the inability to achieve resolution with the City regarding the amount of fees the Yanks Air Museum project will be charged. As you know, for months we have been asking to get these numbers from the City, including all charges the City proposes in addition to the mitigation fees you have given us. It was not until late last week that we were given any other figures and, to date, we have not seen these numbers in writing nor are we assured that these are the only fees being sought.

By this letter I am requesting that the City formally respond to our MOU, in writing, by this afternoon, delineating each of the fees that the City is requesting from the Yanks Air Museum

project, including sewer fees, water fees, any other mitigation fees, as well as connection fees/grant reimbursement fees, or any other fees that the City is expecting from the project. This would include fees to be paid for water and sewer service, as well as at the time of annexation fees. Both these items were covered in our draft MOU. We need to have this information in writing so there is no misunderstanding as to what the City is requesting.

Because this issue as now arisen with the grant, we need to have this information today, and then meet or talk with you and City representatives sometime Thursday to see if we can reach agreement on the fees in advance of the Friday meeting scheduled with the County. If we can reach an agreement, the project can go forward and we will be in a position to record an agricultural easement. If we cannot reach an agreement, the project may not be able to go forward, and we will not be in a position to record the agricultural easement, which now appears to be a condition of the County accepting the grant.

Because timing is so critical, I want to suggest, for your consideration, that a special City Council meeting be held on Monday night July 30th to go over the mitigation fees so we can have this matter resolved prior to the July 31st deadline for the County to sign the EDA grant.

We look forward to receiving a formal response to our MOU.

Sincerely,

NOLAND, HAMERLY, ETIENNE & HOSS
A Professional Corporation

Christine P. Gianascol (ng)
Christine P. Gianascol

CPG:ng

cc: Randy Risner, Esq.
Richard Hargrove, Esq.
J. M. Romo, Mayor
Ezechiel Banales, City Council
John P. Huerta, Jr., City Council
Art Salvagno, City Council
Yolanda Teneyaque, City Council
Charles Nichols
Mike Whelan
David Meyer