

Communication "A" January 24, 2012
Calistoga City Council Meeting

Donald Luvisi
Luvisi Ranch 285 Rosedale Rd.
36 Magnolia Dr
Calistoga, Calif. 94515
January 22, 2012

To: Calistoga City Council

Dear Council members.

I have several comments regarding the Solage Local Benefits Districts Reimbursement Agreement, especially the "triggers for a property reimbursement obligation". It appears that our property is included in these districts for benefit assessments of \$149,802 with more to come as Silver Rose is developed. These fees effectively prevent us from managing our property since they exceed the annual income from the property. I have no problem if these assessments come due when this property is sold for development, but to trigger the assessment because one has to obtain a building permit or has a lot split because of estate division on a large parcel is not fair.

1. The name of the district alone indicates that the infrastructure was necessary for the Solage development.
2. A single lot split of a large parcel should not trigger a payment due if the same owners continue to own the property.
3. There should be an outlined method whereby limited improvements could be made on large parcels without triggering the payments.
4. A table should be constructed, as an example of the effect interest will have on delaying payment of the fees over the 20-year life of the districts. An assumed interest rate can be used as an example.

Approximately 50% of the city's budget is from TOT taxes. This is not money from heaven to be spent as you see fit. It is the result of investment by the hotel/accommodation industry of Calistoga. The improvements involving Sewer, water, and drainage is the result of development for Solage and in the future Silver Rose including smaller accommodations. Are the 149 parcels being assessed for sewer using the sewer more, are the 216 parcels in the storm drain area contributing more water and are the four parcels (Luvisi and Frediani ranches for 37.2 acres and the city of Calistoga for 10.59 acres) benefiting from the water line bordering their property. If we had known that allowing the easement through our property for the water line would incur a liability of \$294,194 we would have had second thoughts about cooperating with the city.

Since this infrastructure was constructed to provide capacity to the accommodation industry, I propose that 10-15% of all TOT money collected from

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July 1 2012 be used to finance infrastructure (Not upkeep or maintenance for day-to-day operations). If this is not accomplished by a city council resolution or other permanent method I hope someone in Calistoga puts forth a bill that the citizens could vote on. This would pay off this liability in 10-12 years. These funds can act as a revolving fund and be recovered as new areas are developed.

If something permanent is not developed the City Council can again commit the citizens of Calistoga for additional benefit districts with the construction of the three new resort developments.

I trust that the city council will consider this and other options for financing infrastructure rather than tax the citizens of Calistoga.

Sincerely

Don Luvisi, Luvisi Ranch