



August 17, 2012

Erik Lundquist  
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Mr. Lundquist,

This letter is intended to confirm the ongoing discussions that I have had with you over the last year in regards to the development of the area of AT&T's property that borders the Napa River. As you are aware, AT&T's Calistoga central office has experienced structural failures as evidenced by numerous cracks and a sloped floor within the office as well as damaged surface conditions on the side of the building adjacent to the Napa River. After extensive soils testing and structural analysis, it was determined that the best way to address the building's structural issues was a combination of soil stabilization below the building in addition to a structural grade beam/retaining wall which will serve to enhance the stability of the riverbank. AT&T has engaged Lionakis as our design firm for this project.

In the course of design development, Lionakis learned of the City's desire to construct a pathway along the area of land between the river and AT&T's building. It is our understanding that there is currently a greenbelt pathway along the river which is continuous except for the portion of path that would pass through AT&T's property. AT&T is not opposed to the construction of such a path, however our primary interest is in the stabilization of our building. We are concerned with the issue of liability along the pathway if the pathway were to be constructed on land owned by AT&T. In addition to liability, we are concerned with maintenance of such a pathway as well as potential graffiti along our building, should such a pathway be constructed because it would give the public open access along the side of our building which currently does not exist since there is no public pathway there.

It seems that the best course of action would be for AT&T to do a lot split on our existing land in order to deed over to the City of Calistoga, the area of land where the pathway would be built. Thus having ownership of this area of land, the City would assume liability for the pathway. As mentioned before, AT&T's interest is in stabilizing our building. Therefore, AT&T would need to be granted an easement along this pathway so that our structural grade beam/retaining wall could be installed and maintained in the

future, should further enhancements be needed. The City would be responsible for construction, development, and maintenance of the pedestrian pathway. This land transaction would be done at a nominal cost (i.e. \$1). Additionally, it was agreed that if 2 additional parking spaces at the rear of the building (currently a public parking lot) could be developed, that the City would be willing to designate 2 existing spaces as “AT&T Only” parking to facilitate AT&T employee parking at our building as well as to free up parking space on the Lincoln Avenue side of the building which typically has more tourist/consumer traffic. The intent would be that the City would not see a reduction in available spaces in that public lot. Finally, you had indicated that the City would be able to provide graffiti removal service (at no charge to AT&T) should any graffiti arise on AT&T’s building as a result of the construction of this pathway.

Please advise if your understanding of this agreement and discussion is different than what I have indicated here. If you are in agreement with this plan, I believe the next step would be to bring this to the City Council for review and authorization to proceed.

Respectfully submitted,

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cc: Kenneth Gitter – AT&T Legal  
Rhuenette Alums – AT&T External Affairs