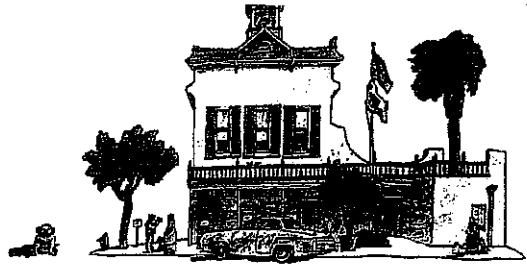


CITY OF CALISTOGA

1232 Washington Street • Calistoga, CA 94515
Telephone 707-942-2800
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November 29, 2012

Ms. Wynne Wilson
55 Magnolia Drive
Calistoga, CA 94515

RE: Letter of November 2, 2012 (Received November 27, 2012)

Dear Wynne:

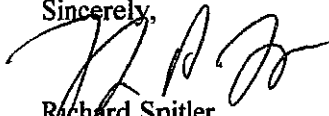
Wynne, it is good to hear from you again. This letter is in response to your recent letter expressing the need for an emergency exit for the two mobile home parks relative to recent consideration of an expansion to the Indian Springs resort. First, I agree that when the two mobile home parks were originally approved, there should have been a second ingress/egress for residents and emergency response personnel. This is not the fault of John Merchant. Ordinarily, he would have no responsibility to solve this problem. However, a promise has been made and he has agreed to honor it. In addition, I have placed in the development agreement (which would allow for the expansion of Indian Springs) that he be mandated to grant a 20 foot wide easement in favor of the city to provide an emergency access to both mobile home parks (see attached). He is also required to install an all weather surface road and gates so that fire vehicles can enter the properties.

Of course this all depends on the mobile home park owners' willingness and cooperation in allowing the gates to be installed. Also, the Department of Fish and Game has expressed concern about any land disturbance in this area due to proximity of rare and endangered plant species. We will have to address these concerns to make it a reality, but I am confident we can overcome these issues. As to the landscaping in front of future gate access, that would have to be removed with development of the road access.

The above is the solution to the emergency access problem and our approach towards achieving it. In your letter you also expressed an immediate concern about the planting of trees in front of the small gate and that the gate is locked. I will approach Mr. Merchant about removing the vegetation in front of the gate. As to the lock on the gate, it was placed by the property owner and not the city. The gate is only wide enough for a person to go through and not a vehicle. In an emergency the Fire Department would use a bolt cutter if they felt it was necessary (they carry them on their fire trucks). If you believe the lock should be removed you should talk with the manager of the park. Obviously, they have the lock to limit access to the park from the airport.

I hope this addresses your concerns. Approval of the Indian Springs project will allow this the emergency access to be completed in a satisfactory manner. Please feel free to call me if you have further questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Spitler', written over the word 'Sincerely,'.

Richard Spitler
City Manager

Cc: John Merchant

November 2, 2012

CITY OF CALISTOGA
City Clerk

NOV 27 2012

RECEIVED

Mr. Richard Spitler
City Manager
City of Calistoga
1232 Washington, St.
Calistoga, CA 94515

Dear Mr. Spitler,

The other day I was told that you would be negotiating with Mr. Merchant in the next few days about an emergency exit between Calistoga Springs and his glider port property. We are all aware there is only one exit for these two parks. A situation that should never have been permitted.

When Mr. Merchant was wining and dining us a couple of years ago as he sought our approval for the first phase of his new development, we residents of Calistoga Springs understood that he favored such an exit and so eventually our management cut an opening in our fence at the end of Magnolia Drive and installed a gate. Then we learned that Mr. Merchant had either changed his mind or there was a misunderstanding. And that there were liability concerns. The gate now has a padlock on it. And we are told that Mr. Merchant will not permit access until the glider port is developed and a road (or path) provided.

If you look through this now locked gate you'll see that some new palm trees have been recently planted between existing larger palms, plus several prickly pear cactus plants, which as you know will rapidly grow to provide an impenetrable wall to assure this emergency exit can never be used. Hence leaving the residents of Chateau and the Springs in a very dangerous situation should evacuation be necessary. Even a fire engine would have difficulty pushing down palm trees, cactus, and a wire fence, with a three foot gate inserted.

This is frustrating. I know there is a solution. I hope you will succeed in your negotiations.

Sincerely,

Wynne Wilson

Wynne Wilson
55 Magnolia Drive
Calistoga, CA 94515

substantially prevent or preclude, or render substantially more expensive or time consuming, performance of this Agreement in a manner that makes the Project economically infeasible, Developer, in its sole and absolute discretion, may terminate this Agreement by providing written notice thereof to City.

Section 3.10 Improvements.

A. **General.** Developer shall reserve and dedicate land for and shall construct all public improvements required by the Project Approvals and this Agreement.

B. **Off-Site Emergency Vehicle Access for Mobile Home Parks.** Prior to Occupancy, the Developer shall grant a 20-foot wide emergency vehicle access easement from the Property to the Calistoga Springs and Chateau Calistoga mobile home parks to the City over Developer Property or another suitable route, which location and language shall be approved by the City Public Works Director in his reasonable discretion. Prior to Occupancy, Developer shall install an all weather surface and gate(s) to the satisfaction of the Fire Chief, contingent on written approval by the mobile home park owners and applicable state and federal resource agencies

Section 3.11 Removal of Dirt Pile. Prior to Occupancy, the dirt pile located on 1522 and 1546 Lincoln Avenue, also known as the "Airport Property") shall be entirely removed.

Section 3.12 Geothermal Operations, Maintenance and Monitoring.

A. All body-contact geothermal discharge shall be directed to a separate sewer line on the Property that does not initially combine with other non-geothermal wastewater discharge. A meter shall be installed to the City's satisfaction to enable monitoring and metering of this geothermal wastewater discharge prior to combining with other on-site wastewater discharge, which meter shall be provided with telemetry to the City's SCADA system for monitoring and shall be conveyed to the City to own, operate and maintain. An easement, in a form approved by City, shall be granted to the City to allow for access to this metering device. These requirements shall be completed prior to Occupancy.

B. Prior to issuance of any building permit for the Project, the Developer shall develop and submit an Operations, Maintenance, and Monitoring Plan (OMMP) to the City. The OMMP shall include a detailed description of the methods and procedures for monitoring, measuring, and reporting geothermal use on the Property, in order to ensure that such use is consistent with the project description, conditions of approval, and the annual maximum discharge limitation of body-contact geothermal resources to the City's sewer system.

ARTICLE 4. WATER AND ALLOCATIONS AND USE

Section 4.01 Allocation of Water and Wastewater Services. City hereby agrees that the Project shall be and hereby is deemed to be exempt from the City Growth Management System pursuant to Section 19.020.050(F) of City's Municipal Code and that the water and sewer service allocations set forth herein are hereby made to and for the benefit of the Project. City agrees that unless prohibited by a moratorium lawfully adopted by another governmental agency not