

Attachment B

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**PRE-ANNEXATION AGREEMENT BETWEEN THE CITY OF SALINAS AND THE
COUNTY OF MONTEREY
FOR TARGET AREA K AND PORTIONS OF ECONOMIC DEVELOPMENT RESERVE
AREA K**

This Pre-Annexation Agreement (“Agreement”) is entered into this ___ day of March 2022 (the “Effective Date”), by and between the City of Salinas, a California charter city and municipal corporation, hereinafter referred to as “the City,” and the County of Monterey, a political subdivision of the State of California, hereinafter referred to as “the County” (collectively, the “Parties”).

RECITALS

A. In 2006, as a replacement to the Amended Boronda Memorandum of Understanding and in part completing a condition in the settlement of litigation between the City and the County, the City and the County entered into the Greater Salinas Area Memorandum of Understanding (the “GSA-MOU”) to establish a broad policy framework to govern and to facilitate land use decisions in the area designated in the then-existing General Plan of the County as the “Greater Salinas Area” and in or adjacent to the City and its Sphere of Influence (SOI).

B. The GSA-MOU identified specific objectives to be achieved through the implementation of land use and associated policies for the preservation of certain agricultural land, the provision of future growth areas, and the provision of adequate financing for the services and the facilities of benefit to the residents of the City and of the County.

C. Since the City’s and the County’s approval of the GSA-MOU, the City has adopted an Economic Development Element (2017) to its General Plan (2002) and the County adopted the 2010 General Plan.

D. In its Economic Development Element (the “EDE”), the City identified an area outside the City’s current northern Sphere of Influence boundary as a future opportunity area for economic development. The lands which comprise Area K, the “North Entrance” as it is referred to in the EDE, are currently within the County’s jurisdiction and are designated as residential, public/quasi-public, open space, farmlands, permanent grazing, and commercial in the County’s General Plan. Area K, shown and marked on Exhibit A, is comprised of a Target Area, where near to mid-term development (three (3) to five (5) years) is projected by the City, and an Economic Development Reserve Area, also identified on Exhibit A, which is to accommodate the City’s longer-term (ten (10) to twenty (20) years) economic development needs.

E. Recognizing that the GSA-MOU needed to be updated to reflect current land use development plans and current planned or contemplated development projects, and desiring to coordinate planning efforts and entitlement of certain development projects either within the current boundaries of the City or its adopted Sphere of Influence, or within those areas identified

in the City's EDE as Economic Opportunity Areas, the City and County entered into an Addendum to the GSA-MOU in June 2019 ("2019 Addendum") provided as Exhibit B. The 2019 Addendum is limited to two areas; one being the area north of the City's current boundaries (the "Northern Area"). The Northern Area includes EDE Target Area K and portions of Economic Development Reserve Area K and is more specifically shown on the attached Exhibit A.

F. The County has received an application to develop a commercial project on approximately 17.5 acres of commercially designated lands under the County of Monterey's General Plan that is located within the County's jurisdiction adjacent to Target Area K and within the City's Economic Development Reserve Area K near the intersection of Sala and Harrison Roads (Monterey County Assessor's Parcel Number 113-091-017;"Sobel Project"). The Sobel Project proposes 100,000 square feet of commercial uses including a hotel, retail space, four quick service restaurants, and a gas station.

G. The County will not deem the Sobel Project application complete without a wastewater treatment plan. Since neither the County nor any other public agency currently provides wastewater service to the proposed project site, the Sobel Project has requested a Will Serve Letter from the City to construct a new line to connect to and allow the conveyance of effluent through its wastewater collection and conveyance system.

H. The City plans to enter into an Extraterritorial Wastewater Service Agreement (the "Service Agreement"), provided as Exhibit C, establishing the terms by which the City will grant a Will Serve Letter for the Sobel Project to construct a new line to connect to and allow the conveyance of effluent through its wastewater collection and conveyance system.

I. A primary property owner of Target Area K has submitted applications for a specific plan ("Steinbruner Project"). The specific plan area includes potential future development of approximately 123 acres of undeveloped agricultural zoned land located within the County's jurisdiction but within the City's Target Area K (Monterey County Assessor's Parcel Numbers 113-151-002, 113-15-011, and a portion of 113-161-018). Proposed uses are to be consistent with the City's EDE policies and identified land uses of Business Park and Commercial Retail. An annexation application was received as part of the Steinbruner Project submittal.

J. It is recognized that the 2019 Addendum and this Agreement do not commit either the City or County to any specific development project and that numerous further actions must be taken to comply with federal, state, and local laws and regulations, including environmental review pursuant to the California Environmental Quality Act (CEQA), which may affect certain terms and provisions contained herein.

K. Provided the Sobel Project is constructed, the City intends to include the Sobel Project land area and approximately 30 acres of retail/commercial zoned developed/underdeveloped lands within Target Area K to the west of Harrison Road that are not included within the Steinbruner Project boundary as part of a LAFCO annexation application.

The boundary of the intended annexation area (“Annexation Area”) is shown on Exhibit D. Should the City proceed with an annexation application, it will be the lead agency for the application and associated CEQA compliance. The proposed Annexation Area may be either modified or not pursued by the City at its discretion.

L. Government Code Section 56425 requires a City-County consultation prior to submittal of the application to LAFCO. Agreement between the Parties should address LAFCO’s mandate to preserve agricultural land, discourage urban sprawl, and encourage the orderly growth in government agencies, and should include a discussion of policies on regional transportation impacts and efficient development patterns. Any agreement that is reached would be given greater weight if it is consistent with LAFCO policies.

M. LAFCO further requires a property tax transfer agreement, approved by both the City Council and the County Board of Supervisors, to determine an application for Sphere of Influence/Annexation to be complete.

N. The GSA-MOU and 2019 Addendum address the topics of preservation of agricultural land, discouraging urban sprawl, encouraging the orderly growth in government agencies, and include a discussion of policies on regional transportation impacts and efficient development patterns.

O. Revenue and Taxation Code section 99(d) allows for a city and county to adopt a master property tax transfer agreement to govern the adjustment in allocation of property taxes required to accompany any jurisdictional change pursuant to Revenue and Taxation Code section 99.

P. In April 2008, The City and the County entered into such a master property tax transfer agreement by adoption of Salinas City Council Resolution No. 19423 and Monterey County Board of Supervisors Resolution 80-249 (“Master Tax Transfer Agreement”). The Master Tax Agreement, provided as Exhibit F, establishes the uniform property tax formula to be used as the basis for city annexations and remains in effect until January 1, 2023, or until amended based on future study and fiscal and economic impact analysis.

Q. The purpose of this Agreement is to acknowledge the foreseeable annexations, reaffirm coordination of land use entitlement and CEQA compliance as agreed to in the GSA-MOU 2019 Addendum, and to analyze the property tax and revenue sharing formulas between the City and the County.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, City and County agree as follows:

ARTICLE I. EFFECTIVE DATE AND DURATION.

1.1. **Effective Date.** This Agreement will become effective (“Effective Date”) on the date last signed by one of the Parties.

1.2. **Duration of Agreement.** This Agreement shall remain in full force and effect for a term of five (5) years from the Effective Date with the ability to extend an additional five (5) years upon mutual agreement.

ARTICLE II. TERMS.

2.1. **Incorporation of Recitals.** The Parties acknowledge the accuracy of the factual matters set forth in the Recitals and further acknowledge that such facts form the material basis for entry into this Agreement.

2.2. **Consideration of Annexation.** The County supports LAFCO’s annexation policies and application processes that provide opportunity to annex unincorporated areas to ensure the orderly and efficient provision of municipal services to the areas annexed and which encourage cities to consult with affected special districts to ensure that an annexation will not adversely affect the districts’ ability to continue to provide services outside of the proposed annexation area. Based on the information available as of the date of this agreement, and subject to compliance with all laws and regulations, including the California Environmental Quality Act, the County acknowledges the contemplated annexation of the land within the Annexation Area to the City. The County agrees to cooperate in good faith with the City in the preparation of the annexation application materials to LAFCO for the land within the Annexation Area.

2.3. **Lead Agency for Planning and Entitlement Application Processing and CEQA Compliance.** Both Parties agree to continue to follow Sections 1.1(a) and (c) of the 2019 Addendum to establish the lead agency for processing planning entitlements and CEQA compliance for development of the Projects in the Northern Area.

2.4. **Development Standards Pre-Annexation.** Projects proposed to be developed prior to annexation, will be processed and permitted in accordance with County development standards. Prior to consideration of the proposed projects, the County may seek City input on design related components of the proposed projects.

2.5. **Compliance with City Standards Post-Annexation.** Upon annexation, the Projects will be subject to the same rules, regulations, laws, fees, and taxes (except as otherwise specifically set forth herein) that would be applied to other properties and businesses in the City including, but not limited to, the Building Code, Fire Code, zoning regulations, fees, taxes, and other provisions of the Salinas Municipal Code and applicable state and federal law. Upon annexation, the Projects may be developed subject to the same policies and development standards that would be applied to other properties in the City under similar circumstances including, but not limited to, the Salinas General Plan and Salinas Zoning Code.

2.6. Urban Services. Upon annexation to the City, the Annexation Area will be entitled to the full range of City service including, but not limited to, sanitary sewer services, police and fire protection, and general governmental services.

2.7. Property Tax, Sales Tax, and Transient Occupancy Tax Sharing; City Measure Taxes. Upon annexation, the City and County agree to share the additional property, sales and transient occupancy tax revenues generated from the Annexation Area pursuant to the following formulas.

2.7.1. Property Tax. As stated in the Master Tax Agreement, provided as Exhibit E, City and County proportional sharing of property taxes in the Annexation Area shall remain effective until revised. The City and County will further discuss and analyze the Master Tax Agreement consistent with LAFCO laws and procedures and as provided in the GSA-MOU 2019 Addendum.

2.7.2. Sales Tax. Parties agree that County will retain 100% of sales tax revenue generated prior to annexation into the City. Post-annexation, City shall receive 100% of sales tax revenues for all future years based upon annual sales tax calculations in the areas annexed.

2.7.3. Transient Occupancy Tax (TOT). Parties agree that County will retain 100% of TOT generated from the Annexation Area prior to annexation into the City. Post-annexation, City shall receive 100% of the TOT generated from the areas annexed.

2.8.4. City Measure Taxes. Post-annexation the City shall receive 100% of the tax revenues attributable to City tax measures (Measure E, Measure G) generated from the areas annexed.

2.8.5. Cannabis Tax Revenue. Parties agree that County will retain 100% of cannabis tax revenue generated from the Annexation Area prior to annexation into the City. Post-annexation, the City shall receive 100% of the cannabis tax revenues generated within the areas annexed.

ARTICLE III. GENERAL PROVISIONS.

3.1. Amendments. The City and the County may amend this Agreement by written amendment mutually executed by both Parties. Such amendments shall not invalidate this Agreement or relieve or release either party from its obligations under this Agreement unless expressly stated to by such amendment.

3.2. Indemnity. Except as may otherwise be expressly set forth in this Agreement, each party shall indemnify, defend, and hold the other party and its officers, employees, and representatives harmless against any and all claims, losses, damages, causes of action, liability, costs, or expenses (including attorneys' fees) arising from or in connection with, or caused by any act, omission, or negligence of such indemnifying party or its agents, employees, contractors, subcontractors, or invitees in performance of this Agreement.

3.3. Counterparts; Integration; Modification. This Agreement may be executed by the Parties in counterparts, all of which together shall constitute a single Agreement. This Agreement constitutes the understanding of the Parties with respect to the matters set forth in this Agreement and supersedes any and all writings and oral discussions concerning the same. This Agreement is not intended to benefit any party other than the City or the County.

3.4. No Waiver. Failure to insist on any one occasion upon strict compliance with any of the terms, covenants, or conditions hereof shall not be deemed a waiver of such term, covenant, or condition, nor shall any waiver or relinquishment of any rights or powers hereunder at any one or more times be deemed a waiver or a relinquishment of such other right or power at any other time or times.

3.5. Jurisdiction and Governing Law. Any legal action or proceeding concerning this Agreement shall be filed and prosecuted in the appropriate court in the County of Monterey, California or in the appropriate federal court with jurisdiction over the matter. This Agreement shall be governed by the laws of the State of California, without regard to conflict of laws principles.

3.6. Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.7. Warranty of Authority. Each party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective party.

3.8. Further Assurances. The Parties to this Agreement shall cooperate with and provide reasonable assistance to the other party to the extent contemplated in the performance of all obligations under this Agreement and the satisfaction of the conditions of this Agreement.

3.9. Notices. All notices required or allowed by this Agreement shall be in writing and addressed as set forth below. Notices shall be deemed received upon (i) the actual receipt by the intended recipient if the method of delivery is personal service, messenger service, or facsimile service, (ii) actual receipt by the intended recipient if the method of delivery is overnight delivery service, or (iii) three business days after deposit in the United States mail, postage prepaid, return receipt requested. Notices shall be addressed as follows:

If to City: City Manager
 City of Salinas
 200 Lincoln Avenue
 Salinas, California 93901

Community Development Director
City of Salinas

65 West Alisal Street
Salinas, California 93901

With a Copy to: City Attorney
City of Salinas
200 Lincoln Avenue
Salinas, California 93901

If to County: County Administrative Officer
County of Monterey
168 W. Alisal St., 3rd Floor
Salinas, CA 93901

Housing and Community Development Director
County of Monterey
1441 Schilling Place, 2nd Floor South
Salinas, CA 93901

With a Copy to: Monterey County Counsel
168 W. Alisal St., 3rd Floor
Salinas, CA 93901

IN WITNESS, WHEREOF, the undersigned have entered into this Agreement:

CITY OF SALINAS

Kimbley Craig, Mayor Date

ATTEST:

Patricia M. Barajas, City Clerk Date

APPROVED AS TO FORM:

Christopher A. Callihan, City Attorney Date

COUNTY OF MONTEREY

Mary Adams, Chair, Board of Supervisors Date _____

ATTEST:

Valerie Ralph, Clerk of the Board Date _____

APPROVED AS TO FORM:

Leslie J. Girard, County Counsel Date _____

DRAFT

Exhibit A

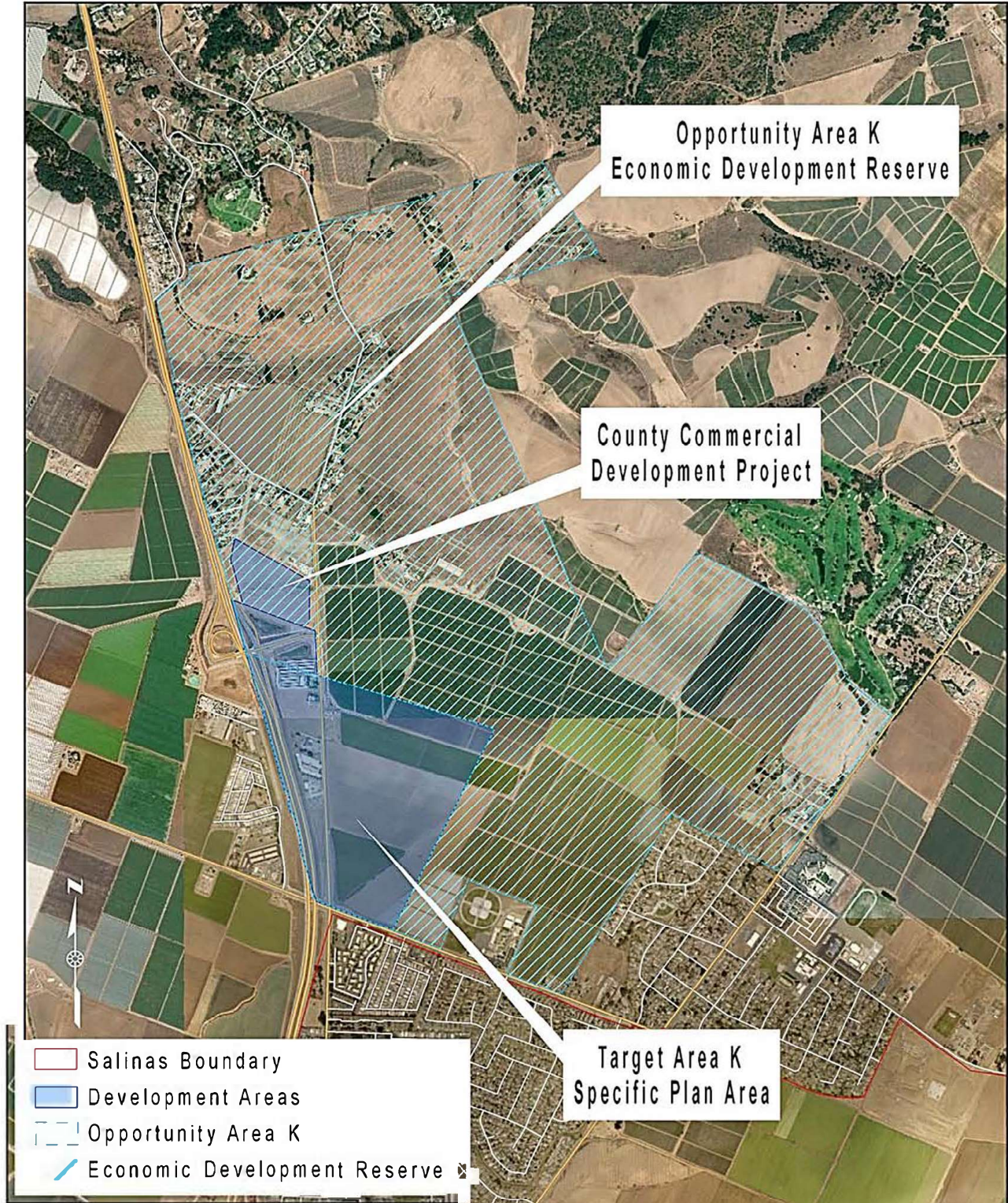


Exhibit B

RESOLUTION NO. 21638 (N.C.S.)

RESOLUTION APPROVING AN ADDENDUM TO THE GREATER SALINAS AREA MEMORANDUM OF UNDERSTANDING (GSA-MOU) BETWEEN THE CITY OF SALINAS AND THE COUNTY OF MONTEREY

WHEREAS, in 2006, the City and the County entered into the Greater Salinas Area Memorandum of Understanding (GSA-MOU) to establish a broad policy framework to govern City-County growth in the “Greater Salinas Area”, replacing the Amended Boronda Memorandum of Understanding and in part completing a condition in the settlement of litigation between the City and the County; and

WHEREAS, in 2010, the County adopted a new General Plan for the non-coastal areas of unincorporated Monterey County; and

WHEREAS, in 2017, the City adopted an Economic Development Element (EDE) amending its 2002 General Plan; and

WHEREAS, City and County staff regularly discuss current land use development plans, current planned or contemplated development projects, protection of certain agricultural lands, and much-needed resources, including low-income and farmworker housing, employment development opportunities, and associated services and facilities; and

WHEREAS, in the spirit of the GSA-MOU, City and County desire to work together for orderly growth relative to proposed plans and projects that have been recently contemplated or have submitted applications for development on unincorporated lands north of the City within areas identified for future City growth and in the South Boronda area that is part of the City’s Sphere of Influence (SOI); and

WHEREAS, this Addendum to the GSA-MOU (Addendum) would serve as an interim bridge that outlines parameters and principles for processing certain projects in specific areas to the north and to the west of the city limit until a comprehensive GSA-MOU update is completed; and

WHEREAS, on June 18, 2019, the County of Monterey Board of Supervisors considered and approved the Addendum (Resolution 19-071).

NOW, THEREFORE, BE IT RESOLVED, that the Salinas City Council hereby:

- a. Finds that proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines section 15378), and any subsequent discretionary projects resulting from implementation of the Addendum will be assessed for CEQA applicability.
- b. Approves an Addendum to the Greater Salinas Area Memorandum of Understanding (GSA-MOU) between the City of Salinas and the County of Monterey to provide the framework for the coordination of certain plans and development projects within the

current boundaries of the City or its adopted Sphere of Influence, or within those areas identified in the City's Economic Development Element as Economic Opportunity Areas until a comprehensive GSA-MOU update is complete. Said Addendum, with associated maps, is attached hereto and incorporate herein by reference.

PASSED AND APPROVED this 18th day of June 2019 by the following vote:

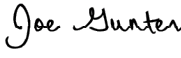
AYES: Councilmembers: Barrera, Davis, De La Rosa, McShane, Villegas and Mayor Gunter

NOES: None

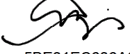
ABSENT: Councilmember Cromeenes

ABSTAIN: None

APPROVED:

DocuSigned by:

D3A49BD817A34AA...
Joe Gunter, Mayor

ATTEST:

DocuSigned by:

5BE31EC636A0432...
Patricia M. Barajas, City Clerk

ADDENDUM TO GREATER SALINAS AREA MEMORANDUM OF UNDERSTANDING

This Addendum to the Greater Salinas Area Memorandum of Understanding (“Addendum”) is entered into this ___ day of June 2019 (the “Effective Date”), by and between the City of Salinas, a California charter city, hereinafter referred to as “the City,” and the County of Monterey, a political subdivision of the State of California, hereinafter referred to as “the County.”

RECITALS

WHEREAS, in 2006, as a replacement to the Amended Boronda Memorandum of Understanding and in part to complete a condition in the settlement of litigation between the City and the County, the City and the County entered into the Greater Salinas Area Memorandum of Understanding (the “GSA-MOU”) to establish a broad policy framework to govern and to facilitate land use decisions in the area designated in the then-existing General Plan of the County as the “Greater Salinas Area” and in or adjacent to the City and its Sphere of Influence (SOI) ; and

WHEREAS, the GSA-MOU identified specific objectives to be achieved through the implementation of land use and associated policies for the preservation of certain agricultural land, the provision of future growth areas, and the provision of adequate financing for the services and the facilities of benefit to the residents of the City and of the County; and

WHEREAS, since the City and the County’s approval of the GSA-MOU, the City has adopted an Economic Development Element (2017) to its General Plan (2002) and the County has adopted an updated General Plan (2010); and

WHEREAS, under the GSA-MOU the City and County agreed that the County would take the lead in processing project and plan entitlements in the undeveloped southern portion of the County’s Boronda Redevelopment Project Area with concurrent City review for compliance with City development standards; and

WHEREAS, between 2004 and 2011, the County Redevelopment Agency worked directly with the City on developing a General Development Plan/Specific Plan for future development of the undeveloped area south of Boronda that included open space, mixed-use, business park, and heavy commercial uses; and

WHEREAS, in February 2012, the State of California dissolved redevelopment agencies, so the General Development Plan/Specific Plan entitlement process was not completed, and

WHEREAS, consistent with the GSA-MOU and their respective General Plans and Spheres of Influence, the City and the County have approved various projects in and around the boundaries of the City including the Salinas Ag-Industrial Center (Uni-Kool project-2010), the Salinas Travel Center (Love’s Travel Stops project--2018), and the Butterfly Village project (2008); and

WHEREAS, the City and the County agree and acknowledge that the GSA-MOU is in need of an update to reflect current land use development plans and current planned or contemplated development projects, and to provide for the protection of certain agricultural lands and much-needed resources, including low-income and farmworker housing, employment development opportunities, and associated services and facilities; and

WHEREAS, until a comprehensive update to the GSA-MOU is complete, the City and the County desire to cooperate in the planning of certain development projects either within the current boundaries of the City or its adopted Sphere of Influence, or within those areas identified in the City's Economic Development Element as Economic Opportunity Areas, and desire to work cooperatively and expeditiously in order to support each other's land use planning and development efforts so that their mutual development projects can proceed in a well-planned, coordinated, and orderly manner; and

WHEREAS, one purpose of this Addendum is to mark the initial movement of the City and the County toward a more comprehensive update to the GSA-MOU and is limited to two areas: the area north of the City's current boundaries ("the Northern Area") and the south of Boronda area ("the South Boronda Area") (both areas more specifically shown on the attached Exhibits A and B, respectively); and

WHEREAS, another purpose of this Addendum is to define the coordinated planning processes by which the City and the County will plan for and consider the development of those areas shown on Exhibits A and B; and

WHEREAS, neither the City nor the County have made commitments to proposed development in the Northern Area or South Boronda Area, and all such proposals shall be required to comply with all applicable law including, but not limited to, the California Environmental Quality Act ("CEQA");

NOW, THEREFORE,

In mutual consideration of the terms and the conditions of this Addendum, the City and the County agree as follows:

TERMS

Article 1. City and County Coordination.

Section 1.1. Northern Area (Exhibit A).

(a) City's Economic Development Element Opportunity Area K.

In its Economic Development Element, the City identified an area outside the City's current northern boundary as a future opportunity area for economic development. The lands which comprise Area K (the "North Entrance," as it is referred to in the Economic Development Element) are currently within the County's jurisdiction and are zoned as farmlands, permanent

grazing, and commercial in the County's General Plan. Area K, shown and marked on Exhibit A, is comprised of a Target Area, where near to mid-term development is projected by the City, and an Economic Development Reserve Area, also identified on Exhibit A, which is to accommodate the City's longer-term economic development needs.

(b) City's Target Area K (Exhibit A).

The County will coordinate with the City regarding the preparation of a Specific Plan for City's potential future development of undeveloped lands located within the County's jurisdiction but within the City's Target Area K, consistent with the City's Economic Development Element policies and identified land uses. The City and the County agree that the City will take the lead in processing project and plan entitlements within Target Area K if annexation is a part of the entitlement application. The location of the proposed Specific Plan area is shown on Exhibit A.

(c) County's Potential Commercial Development Project.

The County may consider a proposal to develop a commercial project on commercially designated lands under the County's General Plan that is located within the County's jurisdiction adjacent to Target Area K and within the City's Economic Development Reserve Area K. The location of the proposed County Commercial Development Project is shown on Exhibit A.

Section 1.2. South Boronda Area (Exhibit B).

(a) Community Plan Area.

The County will work with the City regarding the potential future development of undeveloped lands located within the County's jurisdiction but within the City's Sphere of Influence and Economic Opportunity Area M prior to annexation. The City and the County agree that the City will take the lead in processing project and plan entitlements within the South Boronda Area if annexation is part of the entitlement application. The location of the South Boronda Area is shown on Exhibit B.

Section 1.3. Farmworker Housing Projects.

The County may consider proposals for development of farmworker housing on lands located within the County's jurisdiction but within close proximity to the City's boundary, including its Sphere of Influence areas. As part of any entitlement review, the County will consider project proximity to existing infrastructure and services, and coordinate with the City to ensure that infrastructure contemplates current and proposed surrounding projects.

Section 1.4. Mutual Support for Coordination of Development Process in the Northern Area and the South Boronda Area; Roles and Responsibilities.

(a) Mutual Support.

The City and the County agree that the City's consideration of a Specific Plan for Target Area K, and the County's consideration of a potential Commercial Development Project located in the

Northern Area, are consistent with the direction of City growth outlined in the GSA-MOU. The City and the County agree to coordinate efforts to process land use entitlements for the potential development of Area K including the County potential Commercial Development Project, the aforementioned City Specific Plan and potential annexation of Target Area K into the City, as well as future development proposals located in the Northern Area as outlined in subsection (b) below.

The City and the County agree that while not located to the north or the east of the City's current boundaries, the proposed Community Plan Area located in the South of Boronda Area, and within the City's Sphere of Influence, it is consistent with the intent and the purpose of the GSA-MOU. The City and County agree to coordinate efforts to process land use entitlements within the aforementioned Community Plan Area, as well as future annexation of this area into the City and development proposals located in the South Boronda Area as outlined in subsection (b) below.

(b) Coordination.

The City and the County agree to coordinate planning efforts and entitlement processes (e.g., specific and general development plans, General Plan amendments, annexations) for the Northern Area and the South Boronda Area. This includes:

1. joint application processing if timing works for all parties, or the provision of timing assurances and opportunity to review and comment on plans and applications if planning in tandem;
2. coordination on or sharing in the preparation of technical studies and analyses required to determine and provide for project infrastructure, services, and public safety needs, (e.g., infrastructure, water, hydrology/stormwater, traffic and transportation);
3. joint determination of appropriate level and process for compliance with California Environmental Quality Act (CEQA) including coordinating on or sharing in project mitigation requirements;
4. selection of a mutually agreed upon consultant to prepare fiscal and economic analysis to provide recommended tax sharing percentages, should they be required, based on data and market demand analysis for proposed commercial uses; and
5. joint review of technical studies, fiscal and economic analysis, and CEQA documents, and potential development of a joint recommendation regarding project entitlement processing for City Council and Board of Supervisors consideration.

Section 1.5. Taxes and Fees.

(a) Should a project within the Northern Area or South Boronda Area warrant tax/revenue sharing separate from the annexation process, the City and the County will jointly prepare and in good faith consider entering into a tax/revenue sharing agreement.

(b) City and County agree in good faith to consider entering into reimbursement agreements with project developer(s) to pay for technical, environmental, and fiscal economic studies and analysis beyond what is required for their individual project(s). Subsequent project(s) would reimburse the developer(s) based on its pro rata share.

(c) City and County agree in good faith to consider entering into reimbursement agreements with project developer(s) that install infrastructure improvements beyond what is required for their individual project(s). Subsequent project(s) would reimburse the developer(s) based on its pro rata share.

Article 2. General Conditions.

Section 2.1. General Compliance.

The City and the County agree to comply with all applicable federal, state, and local laws and regulations governing public agencies. Documentation of such compliance shall be made available for review by the City and the County upon request.

The parties do not intend this Addendum to constitute a project under CEQA as it represents only an agreement to cooperate subject to compliance with all applicable laws relating to further actions, which include the preparation of plans and the consideration of projects.

Section 2.2. Administrative Amendments.

This Addendum may be amended by a written administrative amendment executed by the City Manager on behalf of the City and the County Administrative Officer or Assistant County Administrative Officer on behalf of the County, subject to review and approval by the Salinas City Attorney and Monterey County Counsel, respectively, and also subject to any required state or federal approval, provided that such administrative amendments do not substantially or materially change the terms and conditions, or overall purposes, of this Addendum.

Section 2.3. Term.

The term of this Addendum shall begin as of the Effective Date, which is the date last signed by one of the parties, and shall remain in effect until a successor to this Addendum is approved by the City and the County.

Section 2.4. Litigation.

In consideration of the mutual promises of the parties herein, the City and the County mutually agree that neither will pursue development-related litigation against the other insofar

as the subject development is consistent with this Addendum, and further provided that the parties comply with the terms and conditions of this Addendum.

Article 3. Personnel and Participant Conditions.

Section 3.1. Conduct.

(a) Hatch Act.

The City and the County agree that no funds be provided, nor personnel employed under this Addendum, shall be in any way or to any extent engaged in the conduct of political activities in violation of 5 U.S.C. 15.

(b) Conflict of Interest.

The City and the County each agree to abide by the provisions of 24 CFR 570.611 and the requirements of state law with respect to conflicts of interest, and each covenants that it presently has no financial interest and shall not acquire any financial interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this Addendum. The City and the County each further agrees that in the performance of this Addendum that no person having such a financial interest shall be employed or retained by the City or the County, or, if already employed, be involved in any way with the development, processing, or consideration of the matters set forth herein. These conflict of interest provisions apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the City or the County, or of any designated public agencies or entities.

Article 4. Other Provisions.

Section 4.1. Entire Agreement.

This Addendum contains all the terms and the conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Addendum shall be deemed to exist or to bind any of the parties hereto.

Section 4.2. Notices.

Formal notices, demands, and communications (other than day-to-day routine communications) between the City and the County shall be sufficiently given if, and shall not be deemed given unless (i) dispatched by certified mail, postage prepaid, return receipt requested, (ii) sent by express delivery or overnight counter service with a delivery receipt, (iii) personally delivered with a delivery receipt, or (iv) sent by electronic mail with a copy delivered by one of the previous three methods, to the office of the parties shown as follows, or such other address as the parties may designate in writing from time-to-time:

City

City of Salinas

Attn: Community Development Director

65 West Alisal Street

Salinas, California 93901

Email: meganh@ci.salinas.ca.us

County

County of Monterey

Assistant County Administrative Officer

168 West Alisal Street, 3rd Floor

Salinas, California 93901

Email: Chiulosn@co.monterey.ca.us

With a copy to:

City Attorney

City of Salinas

200 Lincoln Avenue

Salinas, California 93901

Email: chrisc@ci.salinas.ca.us

County Counsel

168 W. Alisal St., 3rd Floor

Salinas, CA 93901

Email: girardlj@co.monterey.ca.us

Such written notices, demands, and communications shall be effective on the date shown on the delivery receipt as the date delivered or the date on which delivery was refused. The recipients herein may be changed upon written notice to the other party.

Section 6.3. Conformance with Federal and State Law.

Should federal or state regulations affecting this Addendum be adopted, amended, or revised during the terms hereof, this Addendum is subject to modification to assure conformance with such federal or state requirements pursuant to the provision of Section 2.2, above.

Section 6.4. Severability.

If any term of this Addendum is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall continue in full force and effect.

Section 6.5. Headings and Captions.

Paragraph titles or captions contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or otherwise describe the scope of this Addendum or any provision hereof.

Section 6.6. No Third-Party Beneficiaries.

There are no intended third-party beneficiaries to this Addendum.

Section 6.7. Amendments.

This Addendum may not be modified, supplemented, or amended unless in writing by the parties. Any modification, supplementation, amendment, or waiver must be signed by both parties.

Section 6.8. Costs and Expenses.

Each party shall be responsible for its own costs and expenses in connection with any activities and negotiations undertaken in connection with this Addendum, and the performance of each party's obligations under this Addendum, unless specifically agreed to in writing by the parties.

Section 6.9. Governing Law; Venue.

This Addendum shall be governed and construed in accordance with the laws of the State of California without reference to choice-of-law principles, and venue for any action under this Addendum shall be in the Superior Court for the County of Monterey, subject to any motion for transfer of venue.

Section 6.10. Counterparts.

This Addendum may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

Section 6.12. Non-Recourse Agreement.

No member, official, employee, agent, or consultant of any party to this Addendum shall be personally liable to any other party, or any successor in interest or person claiming by, through, or under any party, in the event of any default or breach, or for or on account of any amount which may become due, or in any claim, cause, or obligation whatsoever under the terms of this Addendum.

IN WITNESS WHEREOF, the undersigned, as authorized representatives of the City and of the County, have entered into this Addendum as of the date first written above.

Dated: _____, 2019

City of Salinas

Ray Corpuz, City Manager

APPROVED AS TO FORM:

Christopher A. Callihan, City Attorney

Dated: _____, 2019

County of Monterey

Nicholas Chiulos, Assistant CAO

APPROVED AS TO FORM:

Leslie J. Girard, Chief Assistant County Counsel

Exhibit C

Recording Requested by and
When Recorded Return to:

NOFEE-Government Code §6103

(Space Above This Line for Recorder's
Office Use Only)

DRAFT

EXTRATERRITORIAL WASTEWATER SERVICE
AGREEMENT

This Extraterritorial Wastewater Service Agreement ("**Agreement**") is made and entered into this _____ day of March 2022 (the "**Commencement Date**"), by and between the SALINAS 101 LLC, a California limited liability company, and/or ASSIGNEE ("**Owner**"), and the CITY OF SALINAS, a California charter city and municipal corporation ("**City**").

RECITALS

A. In 2006, as a replacement to the Amended Boronda Memorandum of Understanding and in part to complete a condition in the settlement of litigation between the City and the County of Monterey ("**County**"), the City and the County entered into the Greater Salinas Area Memorandum of Understanding (the "**GSA-MOU**") to establish a broad policy framework to govern and to facilitate land use decisions in the area designated in the then-existing General Plan of the County as the "Greater Salinas Area" and in or adjacent to the City and its Sphere of Influence (SOI).

B. The GSA-MOU identified specific objectives to be achieved through the implementation of land use and associated policies for the preservation of certain agricultural land, the provision of future growth areas, and the provision of adequate financing for the services and the facilities of benefit to the residents of the City and of the County.

C. Since the City and the County's approval of the GSA-MOU, the City has adopted an Economic Development Element (2017) to its General Plan (2002) and the County has adopted an updated General Plan (2010).

D. In its Economic Development Element, the City identified an area outside the City's current northern boundary as a future opportunity area for economic development. The lands which comprise Area K (the "North Entrance," as it is referred to in the Economic Development Element) are currently within the County's jurisdiction and are designated as public/quasi-public, open space, farmlands, permanent grazing, and commercial in the County's General Plan. Area K, shown and marked on Exhibit A, is comprised of a Target Area K ("**Target Area K**"), where near to mid-term development is projected by the City, and an Economic Development Reserve area ("**Reserve Area K**"), also identified on Exhibit A, which is to accommodate the City's longer-term economic development needs.

E. Recognizing that the GSA-MOU needed to be updated to reflect current land use development plans and current planned or contemplated development projects and desiring to cooperate in the planning of certain development projects either within the current boundaries of the City, or its adopted Sphere of Influence, or within those areas identified in the City's Economic Development Element as Economic Opportunity Areas, the City and County entered

into an Addendum to the GSA-MOU in June 2019.

F. Owner represents it has acquired lawful title to property currently located within the unincorporated area of Monterey County identified by Monterey County Assessor's Parcel Number 113-091-017, of approximately 17.5 acres, as described in Legal Description in **Exhibit B** located near the intersection of Sala Road and Harrison Road (the "**Property**"), and generally depicted as Parcel 113-091-017 on the Assessor's Parcel Map described in **Exhibit C**.

G. Owner proposes to develop a commercial project on commercially designated lands under the County of Monterey's General Plan that is located within the County's jurisdiction adjacent to Target Area K and within the City's Economic Development Reserve Area K and has submitted a project application to the County.

H. As stated in the 2019 Addendum to the GSA-MOU, the County may consider a proposal to develop a commercial project on commercially designated lands under the County's General Plan that is located within the County's jurisdiction adjacent to Target Area K and within the Reserve Area K. The City and County agree to coordinate efforts to process land use entitlements for the potential development of Area K. The County is to act as Lead Agency for purpose of application processing and environmental documentation (CEQA Compliance) for the proposed project.

I. The County will not deem Owner's application complete without a wastewater treatment plan. Since neither the County nor any other public agency currently provides wastewater service to the Property, Owner has requested a Will Serve Letter from the City to connect to its wastewater collection and disposal system.

J. City currently owns and operates a wastewater collection system which collects wastewater originating in its service area and conveys that wastewater through the City disposal system. This wastewater collection and disposal system includes a 10-inch sewer main currently terminating at the intersection of Russell Road and North Main Street ("**Connection Point**"). The City's wastewater collection and disposal system including wastewater service is referred to herein as the "**Disposal System**".

K. Extension of wastewater service outside the City's boundaries to a portion of the unincorporated County will require agreement by M1W (Monterey One Water), a Joint Powers Authority (JPA), to accept the wastewater. The property is within the M1W JPA boundaries and JPA's are not subject to LAFCO for actions to serve their customers.

L. City has reviewed studies prepared by the Owner, at Owner's cost to calculate the anticipated wastewater generation from the proposed project to be located on the Property, determine the wastewater line size to serve the Property and potential other development along Harrison Road in EDE Target Area K, Reserve Area K and a proposed farmworker housing project located in Reserve Area K, north of the Property ("**Housing Project**"),

(as identified on Exhibit A) and projected impact to the City's downstream wastewater system capacity.

M. If, and when the City moves forward with the annexation of Area K, the Owner shall reasonably support and cooperate with the City in the annexation of the Owner's Property into the City at the sole expense of the City.

AGREEMENT

NOW, THEREFORE, City and Owner agree to the following terms by which the City will grant a Will Serve Letter for connection to the City's Disposal System.

ARTICLE I. RIGHTS AND OBLIGATIONS

1. Recitals Incorporated. The recitals set forth above are true and correct and are hereby incorporated into and made a part of this Agreement.

2. Term, Ownership and Effectiveness of Agreement. This Agreement shall become binding on both parties upon signature execution by both parties hereto and within five (5) business days from its mutual execution the City will provide "will serve" assurance to the Owner for access to the City's Disposal System in the form of a written letter or other written instrument. Further, this Agreement shall become effective (the Effective Date) when appropriate County Planning approvals and entitlements are noticed by the County Housing and Community Development Department, along with CEQA Documentation (Notice of Determination filed).

The Effective Date shall act as a trigger to implement the Agreement. The Agreement shall continue until such time as the Property is annexed into the corporate boundaries of City, except the parties' representations, indemnities and warranties herein shall survive such annexation. At such time, the Owner and/or its tenants shall have such rights, privileges and duties, including fees and rates, as all other City citizens for the then current wastewater disposal classification.

3. Location for Connection to City Disposal System. Owner and City acknowledge the nearest City municipal sanitary sewer lateral to serve the Property will be at the Connection Point. Connection to City's Disposal System by Owner shall be made at this location. The Owner, at Owner's expense, has prepared and provided to the City a sewer capacity study and analysis from the Connection Point through the City's downstream Disposal System. The City has reviewed and accepted the study prepared by the Owner.

4. New Sewer Line. Owner shall construct, at Owner's cost, a new ten (10)-inch sewer line (the "New Sewer Line") within the right of way of Harrison Road from the City Connection Point to a point on Harrison Road adjacent to the Property. The New Sewer Line will then be connected to the Property via a lateral connection on to the Property, to be

installed by the Owner to City standards, including all road cuts, patching, permits, and inspections to connect the Property to City's Disposal System. Owner will obtain and pay fees for County and City encroachment permits and building permits to construct the New Sewer Line, which will be proportionally reimbursed by users of the New Sewer Line, as provided in the Reimbursement Agreement described in Section 6 below.

5. Standards and Permits for New Sewer Line. Owner represents, warrants and covenants to the City that Owner shall construct the New Sewer Line after receiving all respective County and City permits and that the New Sewer Line will be constructed in accordance with City standards and all respective laws. Any City permits to build the New Sewer Line will not be unreasonably withheld, conditioned or delayed, including but not limited to, City encroachment and building permits.

6. Reimbursement for Owner's Costs of New Sewer Line. City and Owner are concurrently entering into a Reimbursement Agreement that provides for developers of, and users within, the Target Area K, Reserve Area K, the Housing Project and other areas, based on Disposal System capacity, to reimburse Owner their proportionate share of costs for building the New Sewer Line. The term of said agreement shall be a minimum of thirty (30) years but in no instance terminate before Owner is fully reimbursed its proportionate costs, unless Owner and City agree to an earlier termination. Fair share cost for reimbursement will be calculated by a wastewater flow methodology, as more particularly provided in the Reimbursement Agreement.

7. Maintenance of New Sewer Line Prior to Acceptance by City. Until the New Sewer Line is dedicated to and accepted by City (at which time City shall maintain, repair and replace the New Sewer Line at the City's sole cost and expense, subject to the terms of Paragraph 9.c below), Owner shall, at its sole cost and expense, maintain and repair the New Sewer Line. City's sign off and acceptance of the New Sewer Line shall not be unreasonably withheld, conditioned or delayed. Prior to dedication to the City, Owner's obligation to maintain, repair and replace the New Sewer Line shall include, without limitation, any maintenance, repair or modification of the New Sewer Line that may be reasonably required by City. Should Owner fail to appropriately maintain, repair or modify the New Sewer Line prior to such dedication, then City shall have the right, but not the obligation, to maintain, repair or modify the New Sewer Line. Prior to such dedication, should City elect to maintain, repair or modify the New Sewer Line pursuant to this paragraph, then Owner shall reimburse City for all reasonable fees, costs and expenses incurred by City to maintain, repair or modify the New Sewer Line within sixty (60) days after the date of invoice from City. This provision shall only apply to the New Sewer Line and the Owner shall not be responsible for maintenance or repair of the City's Disposal System. The City shall not allow any connections to the New Sewer Line unless and until the New Sewer Line is dedicated to and accepted by the City.

8. Maintenance of Private Sewer Facilities. The sewer lateral installed by Owner within the City or County right of way extending to the New Sewer Line, and all facilities on the

Property or within private streets within the Property, shall be private ("**Private Sewer Facilities**"). It is the sole responsibility of Owner to repair, maintain and replace all Private Sewer Facilities.

9. Dedication of New Sewer Line to City. As soon as the Owner completes construction of the New Sewer Line from the existing Connection Point at Russell Road and North Main Street to the Property (which will allow Owner to begin using the New Sewer Line), the following shall occur (collectively the "**Sewer Service Provisions**"):

a. Owner shall make an irrevocable offer of dedication, free of charge, of the entire New Sewer Line to City. City agrees to accept said dedication and conveyance within ninety (90) days and shall not be unreasonably withheld, conditioned or delayed.

b. All easements necessary for the New Sewer Line shall be conveyed to City and shall be in a form reasonably acceptable to City.

c. Owner shall remedy any defective work or labor, or any defective materials relating to the construction and installation of the New Sewer Line and pay for any damage to other work or improvements resulting therefrom which shall occur within a period of one (1) year from the date of City's acceptance of the New Sewer Line.

d. Prior to its acceptance by City, City shall not allow any connection to the New Sewer Line (other than Owner's Private Sewer Facilities), and Owner shall not allow any connection to the New Sewer Line except as authorized by City, and concurrently upon execution of this Agreement the City shall ensure that Monterey One Water will accept the wastewater.

e. Except as provided in subparagraph 9.c above, City shall be solely responsible for the maintenance, repair, and replacement of the New Sewer Line upon the City's acceptance of the New Sewer Line, and agrees to hold harmless, defend and indemnify the Owner and its officers directors, managers, members, shareholders, employees, agents, representatives, contractors, successors and assigns from any claims arising from or related to the New Sewer Line after the City's acceptance of same, including claims arising from the City's active or sole negligence, subject to the terms of subparagraph 9.c above.

10. City to Provide Sewer Services. Upon Owner's full and complete performance of all of Owner's obligations and responsibilities under this Agreement, and completion of construction of the New Sewer Line from the existing Connection Point at Russell Road and North Main Street to the Property, City agrees to provide Owner's Property with sewer services from City's Disposal System commensurate with payment of City Sewer service fees by each end user. City's obligation to provide Owner's Property with wastewater services from City's Disposal System is conditioned upon City and Owner obtaining the consent of all applicable governmental agencies, which both Owner and City shall diligently pursue. As a condition to providing sewer

service, City shall have the right of access to the New Sewer Line and water meters, including any required irrigation meter(s). Owner relinquishes ownership rights of effluent it discharges into the City's Disposal System.

11. Obligations and Responsibilities of Owner to Pay for Municipal Utility Services Provided by City. Owner and/or Owner's tenants shall agree to promptly pay to City any and all statutory and/or customary connection and service fees, development impact fees, the downstream improvement contribution described in Section 12 below, permitting fees, plan check fees associated with connection and construction of the New Sewer Line. These fees can be added to the total cost of construction and be included in the Reimbursement Agreement. Owner and/or Owner's tenants agree to apply to City for a municipal utility sewer account and maintain its sewer municipal utility service account with City in a current status.

12. Upgrading the System. The City has determined, and the Owner has agreed to pay, a fair share one-time contribution of sixty-four thousand six hundred dollars (\$64,600.00) for downstream improvements to the City's Disposal System. This amount shall be adjusted every January 1 in accordance with the Engineering News Record (ENR) construction cost index until the contribution is received by the City. The Owner will make this fair share one-time contribution concurrent with receiving the first grading or building permit, whichever is first, for the Property. The City will analyze and be responsible for upgrading the system within the City limits at no additional cost to the Owner and/or Owner's tenants.

13. Indemnification of the City. Until such time that the New Sewer Line is dedicated to and accepted by the City, to the greatest extent allowed by law, Owner shall indemnify, defend, and hold harmless the City and its officers, officials, employees, agents and volunteers from any and all loss, liability, fines, penalties, forfeitures, costs, and damages incurred by the City, Owner, or any other person, and from any and all claims, demands, liabilities, damages, and actions in law or in equity (including attorney's fees and litigation expenses incurred by the City or held to be the liability of the City, including plaintiffs' attorney fees, if awarded), arising or alleged to have arisen directly or indirectly out of the making of this Agreement for the performance of any and all work related to and arising or alleged to have arisen directly or indirectly in any way related to the design, construction, installation, maintenance, and operation of the New Sewer Line including, without limitation, any such claims, causes of action, damages, liabilities, fees, costs, expenses, and attorney's fees arising from inadequate flow, blockage, backflow, etc. Owner's obligation under the preceding sentence shall apply regardless of whether Owner or any of its officers, officials, employees, agents, or volunteers are passively negligent, but shall not apply to any loss, liability, fines, penalties, forfeitures, costs or damages caused by the active or sole negligence of the City or any of its officers, officials, employees, agents, or volunteers. This section shall survive termination or expiration of this Agreement; however, Owner's obligations herein shall terminate and be of no further force or effect upon the City accepting dedication of the New Sewer Line.

14. Covenants Running with the Land. Owner and the City acknowledge

and agrees all of Owner's and City's covenants, agreements, promises, representations and warranties as set forth in this Agreement are covenants running with Owner's Property as defined in the applicable provisions of Sections 1457 et seq. of the California Civil Code, shall be in favor of and for the benefit of City and Owner and shall be enforceable by City and Owner and their successors and assigns. The parties' covenants, agreements, promises, representations and warranties as contained in this Agreement, shall run with the Property and shall be binding on the parties and their successors, assigns, lessees and all parties and persons claiming under them. Owner consents to this Agreement being recorded as a covenant running with the Property.

15. Successors and Assigns. The covenants and agreements contained in this Agreement shall be binding upon and shall inure to the benefit of the heirs, successors and assigns of the parties hereto. Owner shall promptly notify City of any assignment by Owner of its rights and obligations hereunder. Assignment of this Agreement shall relieve Owner of its obligations and responsibilities under this Agreement and obligate Owner's assignee to comply with the terms of this Agreement.

16. Notices. Any notice required or intended to be given to either party under the terms of this Agreement shall be in writing and shall be deemed to be duly given if delivered personally, transmitted by facsimile or email followed by telephone or electronic confirmation of receipt, or sent by United States registered or certified mail, with postage prepaid, return receipt requested, addressed to the party to which notice is to be given at the party's address set forth on the signature page of this Agreement or at such other address as the parties may from time to time designate by written notice. Notices served by United States mail in the manner above described shall be deemed sufficiently served or given two (2) days after the mailing thereof. All notices regarding any new or increased fee or rate increases affecting the applicable fees and rates in this Agreement shall be provided in the same manner provided to all customers subject to the new or increased fees and charges.

17. Binding. Once this Agreement is signed by all parties, it shall be binding upon, and shall inure to the benefit of, both parties. Although the Agreement is binding on both parties upon signature and provides the Owner with the City's commitment to provide connection to and service from the City's Disposal System ("will serve"), it only becomes effective upon receiving appropriate planning entitlements to build a project on the Property.

18. Compliance with the Law. In providing the services required under this Agreement, Owner and City shall at all times comply with all applicable laws of the United States, the State of California, the City, the County, and with all applicable regulations promulgated by federal, state, regional, or local administrative and regulatory agencies, now in force and as they may be enacted, issued, or amended during the term of this Agreement. Owner, not City, is responsible for determining applicability to Owner's performances herein of and compliance with all local, state and federal laws including, without limitation, the California Labor Code, Public Contract Code, Public Resources Code, Health & Safety Code, and Government Code; the City Charter; and the County

Codes. City makes no representations regarding the applicability of any such laws to this Agreement, the project, or the parties' respective rights or obligations hereunder including, without limitation, payment of prevailing wages, competitive bidding, subcontractor listing, or other matters. City shall not be liable or responsible, in law or equity, to any person for Owner's failure to comply with any such laws, whether City knew or should have known of the need for Owner to comply, or whether City failed to notify Owner of the need to comply.

19. Waiver. The waiver by either party of a breach by the other of any provision of this Agreement shall not constitute a continuing waiver or a waiver of any subsequent breach of either the same or a different provision of this Agreement. No provisions of this Agreement may be waived unless in writing and signed by all parties to this Agreement. Waiver of any one provision herein shall not be deemed to be a waiver of any other provision herein.

20. Public Health, Safety, and Welfare. Nothing contained in this Agreement shall limit City's authority to exercise its police powers, governmental authority or take other appropriate actions to address issues of public health, safety and welfare as deemed appropriate by City in its sole determination and discretion.

21. Governing Law and Venue. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction. Venue for purposes of the filing of any action regarding the enforcement or interpretation of this Agreement and any rights and duties hereunder shall be Monterey County, California.

22. Headings. The section headings in this Agreement are for convenience and reference only and shall not be construed or held in any way to explain, modify or add to the interpretation or meaning of the provisions of this Agreement.

23. Severability. The provisions of this Agreement are severable. The invalidity or unenforceability of any one provision in this Agreement shall not affect the other provisions.

24. Interpretation. The parties acknowledge that this Agreement in its final form is the result of the combined efforts of the parties and that, should any provision of this Agreement be found to be ambiguous in any way, such ambiguity shall not be resolved by construing this Agreement in favor of or against either party, but rather by construing the terms in accordance with their generally accepted meaning.

25. Attorney's Fees. If either party is required to commence any proceeding or legal action to enforce or interpret any term, covenant or condition of this Agreement, the prevailing party in such proceeding or action shall be entitled to recover from the other party its reasonable attorney's fees, costs and legal expenses.

26. Exhibits. Each exhibit and attachment referenced in this Agreement is, by the reference, incorporated into and made a part of this Agreement.

27. Precedence of Documents. In the event of any conflict between the body of this Agreement and any exhibit or attachment hereto, the terms and conditions of the body of this Agreement shall control and take precedence over the terms and conditions expressed within the exhibit or attachment. Furthermore, any terms or conditions contained within any exhibit or attachment hereto, which purport to modify the allocation of risk between the parties provided for within the body of this Agreement, shall be null and void.

28. Time of Essence. Time is of the essence in the fulfillment by the parties hereto of their obligations under this Agreement.

29. Amendment. No amendment or waiver of any provisions of this Agreement, or consent to any departure from its terms, shall be effective unless the same shall be in writing and signed by the parties hereto.

30. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity, except Owner (i) cannot seek money damages or pursue an action in law; and (ii) is instead limited to bringing a proceeding in the nature of specific performance, injunctive relief or mandamus, or any other action in equity to require good-faith compliance with this Agreement, such as an action to provide Owner's Property with sewer services from City's Disposal System.

31. No Third Party-Beneficiaries. The rights, interests, duties and obligations defined within this Agreement are intended for the specific parties hereto as identified in the preamble of this Agreement. Notwithstanding anything stated to the contrary in this Agreement, it is not intended that any rights or interests in this Agreement benefit or flow to the interest of any third parties.

32. Extent of Agreement. Each party acknowledges that they have read and fully understand the contents of this Agreement. This Agreement represents the entire and integrated agreement between the parties with respect to the subject matter hereof and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be modified only by written instrument duly authorized and executed by both City and Owner.

33. Third Party Approvals. The parties acknowledge that there are approvals from third parties that are required to allow the City to provide the Owner's Property with sewer services from the City's Disposal System. The approvals are conditions precedent to performance, and the City and Owner shall cooperatively seek said third-party approvals in good faith. LAFCO approvals are not required to obtain either County entitlement approvals or Monterey One Water acceptance of wastewater from the Property. It is acknowledged that LAFCO approvals are required for future annexation of the Property to the City of Salinas. The Owner

agrees it will not protest a future annexation of the property by the City.

34. Execution in Counterparts. This Agreement may be executed in counterparts, including electronically, all of which taken together shall constitute an original hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement at Salinas, California, the day and year first above written.

CITY OF SALINAS, a California charter city and municipal corporation

Kimbley Craig, Mayor

200 Lincoln Avenue
Salinas, CA 93901

APPROVED AS TO FORM:

Christopher A. Callihan, City Attorney

ATTEST:

Patricia M. Barajas, City Clerk

OWNER

**SALINAS 101 LLC, a California
limited liability company, and/or ASSIGNEE**

By: The Sobel Company, Inc.
Managing Member

Bradley A. Sobel, President

The Sobel Company, Inc.
9454 Wilshire Boulevard
Suite 210
Beverly Hills, CA 90212

Attn: Bradley Sobel
Phone: 310-277-4697
Email: sobeldevelopment@earthlink.net

Exhibits:

- A. EDE Economic Opportunity Area K Map
- B. Legal Description of Property
- C. Assessor's Parcel Map

DRAFT

EXHIBIT "A"

EDE Economic Opportunity Area K Map

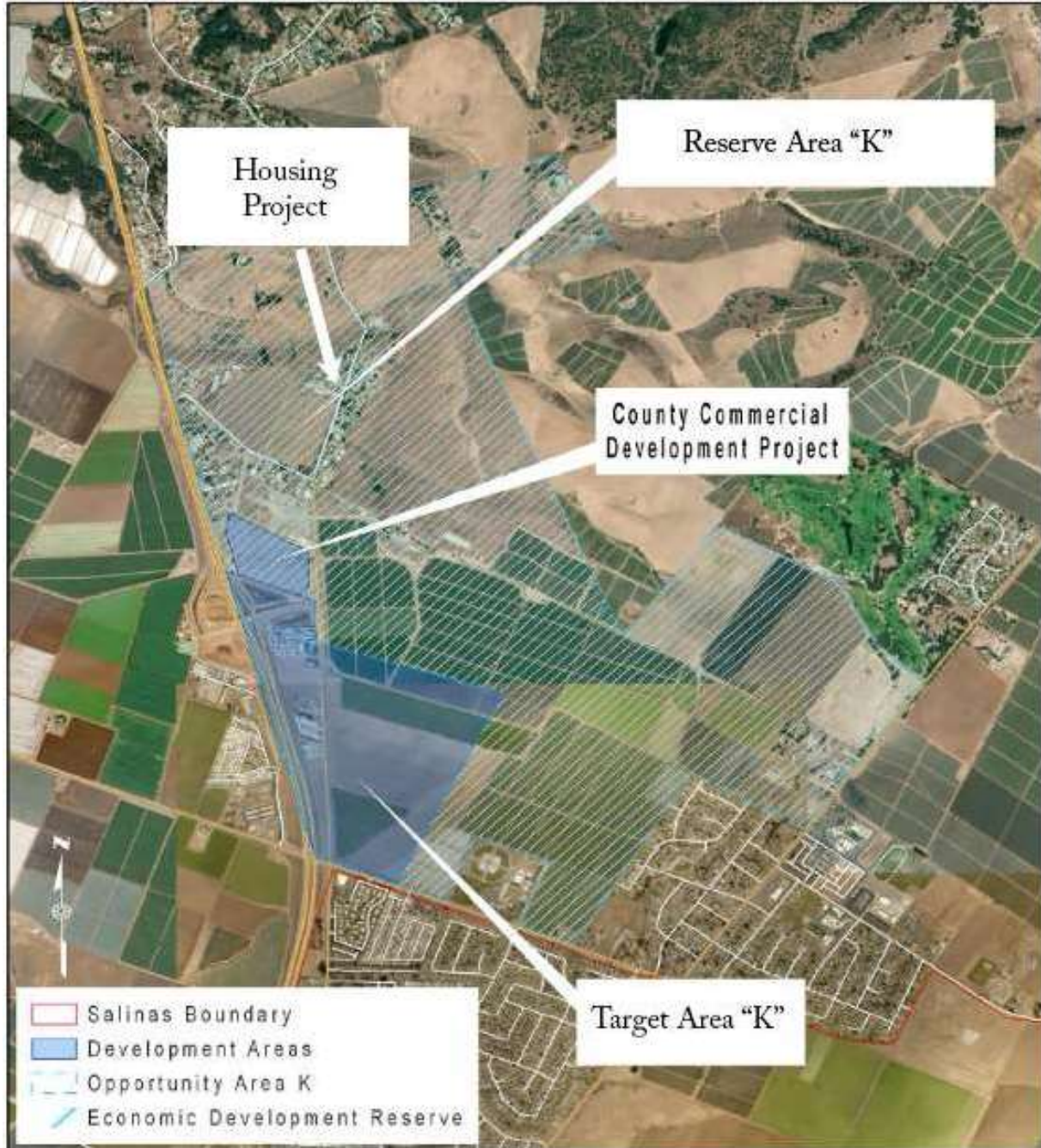


EXHIBIT "B"

Legal Description of Property

The land referred to is situated in the unincorporated area of the County of Monterey, State of California, and is described as follows:

Certain real property situate in the Rancho Bolsa De Las Escarpinas in the County of Monterey, State of California, being a part of Lots 1 and 2 of "Parcel Two" shown on map entitled, "Partition Map Accompanying Report of Referees Showing Subdivisions, Espinosa Portion of the Rancho Bolsa De La Escarpinas", filed July 10, 1925 in Volume 2 of Surveys at Page 28, Records of said County, and being also a part of that certain 35.16 acre tract of land described in Deed from A.D. Martins to Frank D. Martines et al, dated February 10, 1948, and recorded in Volume 1039 of Official Records at Page 201, records of said County, said part being particularly described as follows:

Beginning at a 1-1/2" diameter iron pipe standing in the Westerly boundary of said 35.16 acre tract of land from which the most Northerly corner thereof bears along said boundary N. 10° 51' 56" E., 589.87 feet distant and running thence from said place of beginning parallel with the Northeasterly boundary of said 35.16 acre tract of land

- (1) S. 63° 03' 27" E., 1,178.39 feet to a 1-1/2" diameter iron pipe standing in the line common to said 35.16 acre tract of land and Harrison Road (a county road 60 feet wide) from which a 6" x 6" granite monument standing at the corner common to said lots 1 and 2 in said Westerly line of Harrison Road bears along said common line N. 4° 05' 25" W., 157.78 feet distant; thence along said common line
- (2) S. 4° 05' 25" E., 706.17 feet to a 6" x 6" granite monument standing at the most Southerly corner of said Lot 2 and said 35.16 acre tract of land; thence leave said common line and running along the Southwesterly boundary of said Lot 2 and said 35.16 acre tract of land
- (3) N. 70° 45' 55" W., 1,168.21 feet to a 1-1/2" diameter iron pipe standing at the Southwest corner of said 35.16 acre tract of land in the Easterly line of California State Highway U.S. 101; thence along the line common to said State Highway and said 35.16 acre tract of land
- (4) N. 17° 06' 14" W., 122.0 feet to a 1-1/2" diameter iron pipe standing at the Southwest corner of that certain 1.017 acre tract of land designated as "Parcel 2" in deed from Frank Dutra Martins et al., to Adeline Anderson dated January 19, 1951, and recorded in Volume 1275 of Official Records at Page 46, records of said county; thence leave said common line and running along the Southwesterly boundary of said 1.017 acre tract of land

- (5) S. 70° 45' 55" E., 149.02 feet to a 1-1/2" diameter iron pipe standing at the most Easterly corner of said 1.017 acre tract of land; thence along the Northeasterly boundary thereof
- (6) N. 17° 06' 14" W., 415.87 feet to a 1-1/2" diameter iron pipe standing at the most Northerly corner of said 1.017 acre tract of land at the Southeast corner of that certain 0.9837 acre tract of land designated as "Parcel 1" in said deed recorded in Volume 1275 of Official Records at Page 46, records of said county; thence along the Easterly boundary of said 0.9837 acre tract of land
- (7) N. 28° 51' W., 49.15 feet to a 1-1/2" diameter iron pipe; thence
- (8) N. 9° 42' W., 64.09 feet to a 1-1/2" diameter iron pipe standing in the boundary common to said 0.9837 acre tract of land and said 35.16 acre tract of land; thence along the Westerly boundary of said 35.16 acre tract of land
- (9) N. 10° 51' 56" E., 287.43 feet to the place of beginning.

EXCEPTING THEREFROM, the Lands as set forth in the Final Order of Condemnation recorded April 20, 2011 as Document No. 2011022876 of Official Records.

APN: 113-091-017

Page

EXHIBIT "C"

Assessor's Parcel Map

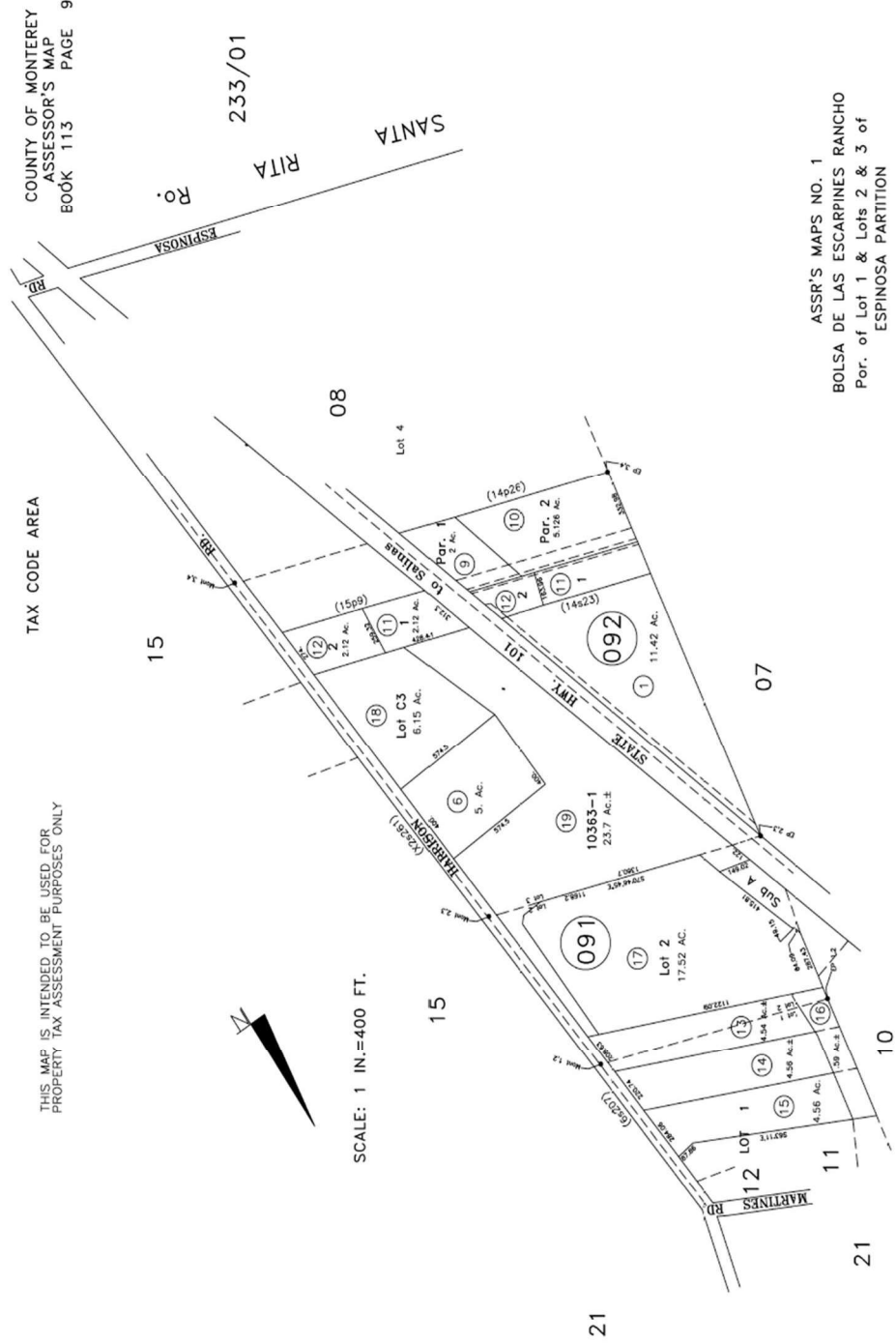
COUNTY OF MONTEREY
ASSESSOR'S MAP
BOOK 113 PAGE 9

TAX CODE AREA

THIS MAP IS INTENDED TO BE USED FOR
PROPERTY TAX ASSESSMENT PURPOSES ONLY



SCALE: 1 IN.=400 FT.



ASSR'S MAPS NO. 1
BOLSA DE LAS ESCARPINES RANCHO
Por. of Lot 1 & Lots 2 & 3 of
ESPINOSA PARTITION

Exhibit C

REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT (“**Agreement**”) is made and entered into this ____ day of _____, 2021 (the “**Effective Date**”), by and between the CITY OF SALINAS, a California charter city and municipal corporation (“**City**”), and SALINAS 101 LLC, a California limited liability company, and/or ASSIGNEE (“**Owner**”).

RECITALS

A. Owner represents it has acquired lawful title to property currently located within the unincorporated area of Monterey County which is located near the intersection of Sala Road and Harrison Road and which is identified by Monterey County Assessor's Parcel Number 113-091-017-000 consisting of approximately 17.5 acres of land as more specifically described in the Legal Description attached hereto as **Exhibit A** and shown in the map attached hereto as **Exhibit B** (the “**Property**”).

B. The Property is adjacent to that area identified in the City’s Economic Development Element as Target Area K (“**Target Area K**”) and is within that area identified in the City’s Economic Development Element as Economic Development Reserve Area K (“**Reserve Area K**”), and is south of a proposed farmworker housing project (“**Housing Project**”), all of which are shown in **Exhibit B**.

C. Owner is proposing to develop a commercial project under the County of Monterey’s General Plan on the Property (“**Project**”) and has submitted a project application to the County of Monterey (“**County**”).

D. The City owns and operates a wastewater collection system which collects wastewater discharge originating within the City’s limits and conveys such wastewater discharge through the City disposal system. This wastewater collection and disposal system includes a ten (10)-inch sewer main currently terminating at the intersection of Russell Road and North Main Street (“**Connection Point**”). The City’s wastewater collection and disposal system is referred to herein as the “**Disposal System**”.

E. The County has indicated to the City and the Owner that it will not deem Owner’s project application complete without a wastewater treatment plan. Since neither the County nor any other public agency currently provides wastewater service to the Property, Owner has requested a “Will Serve Letter” from the City to connect to its Disposal System.

F. The City has reviewed studies prepared by the Owner, at Owner's cost, to calculate the anticipated wastewater generation from the proposed Project, and has determined the disposal line size of 10 inches is required to serve the Property and potential other development in Target Area K and the Housing Project, all of which are projected to impact the City's downstream Disposal System capacity.

G. City and Owner entered into an Extraterritorial Wastewater Service Agreement on _____, 2021 in which Owner agreed to construct, at Owner's cost, a new ten (10)-inch wastewater sewer line (the "New Sewer Line") within the right of way of Harrison Road from the Connection Point to a point on Harrison Road adjacent to the Property.

H. The New Sewer Line will then be connected to the Property via a lateral connection, to be installed by the Owner to City standards, including all road cuts, patching, permits, and inspections to connect the Property to the Disposal System. Owner will obtain and pay fees for County and City encroachment permits and building permits to construct the New Sewer Line and connect to the Disposal System.

I. The City desires that future development and users (collectively referred to as "users" herein) in Target Area K and the Housing Project be allowed to use the New Sewer Line, and requests that the Owner's New Sewer Line accommodate Owner's Project as well as such other existing or future potential uses in that area.

J. This Agreement establishes a mechanism for future users to reimburse the Owner for their proportionate share of the costs incurred by Owner installing the New Sewer Line from the Project to the Connection Point. Such proportionate share shall be based on the estimated wastewater generation of future users of lands located within Target Area K and the Housing Project. This Agreement provides for the users in Target Area K, the Housing Project and any other areas to pay to City such users' proportionate share of Owner's costs for installing the New Sewer Line, and City to then remit such payments to Owner.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and understandings hereinafter set forth, the City and the Owner hereby set forth their agreement as follows:

AGREEMENT

1. Recitals. The recitals set forth above are true and correct and are made a part of this Agreement.

2. Project. The Project includes the construction of a ten (10)-inch municipal sewer line extension from the Project to the Connection Point as approved by the City Engineer (the **New Sewer Line**). Owner will design, fund, and construct the New Sewer Line in conformance with City standards.

3. Reimbursement. Owner shall be entitled to proportional reimbursement as described in this section:

- a. The Owner must complete construction of the New Sewer Line. Upon completion, the Owner is eligible to be reimbursed for a portion of its “**Actual Costs**”, which includes but is not limited to, the expenses of design, engineering, construction, installation, inspection, supervision, insurance, encroachment, construction permit fees, and other costs that can be ascertained and agreed to by Owner and City. Owner shall pay encroachment and construction permit fees to the County and connection, service and impact fees to the City, but shall not be required to pay the same fee to both the City and County. Actual Costs shall not include connection, service and impact fees exclusively associated with Owner’s Project, the \$64,600 downstream improvement contribution required by the City, and costs attributable to Owner’s projected pro rata share of use of the New Sewer Line, as specified in Exhibit C, to be attached hereto after installation of the New Sewer Line is complete.
- b. The Owner shall have a right to reimbursement of its Actual Costs. The City shall provide written notice to Owner of (i) a request from each Sharing Party (defined below) to hook up to the New Sewer Line, and (ii) each Sharing Party connecting to the New Sewer Line. Additionally, at least annually after the Effective Date, the City will provide to Owner an accounting certified by the City as true and correct reflecting all reimbursement fees received by City from Sharing Parties, and all such fees paid by City to Owner. Owner shall have a right to audit, at its expense, the books and records of City concerning Sharing Parties’ payments of fees associated with building permits, sewer connections and other fees related to development within Target Area K and the Housing Project benefiting from the New Sewer Line. Upon fourteen (14) days’ notice, City shall either provide to Owner copies of all such books and records, or make such books and records available for inspection by Owner and/or its advisors.
- c. The City will collect reimbursement from users located within Target Area K and the Housing Project that benefit from the New Sewer Line, including upstream users accessing the New Sewer Line indirectly through an upstream connection point, all located in the parcels (or a portion thereof) as shown and listed in Exhibit

D (each a “Sharing Party” or collectively “Sharing Parties”). The Sharing Parties will be responsible for their share of the Actual Costs of the New Sewer Line based on the formula described in Exhibit E attached hereto. The fees shall be collected by the City from each Sharing Party prior to the City’s issuance of any building permit for connecting to the New Sewer Line for such Sharing Party. Payment of such fees by the Sharing Parties shall be a condition to their receiving a building permit from the City. The City will not allow any Sharing Parties to hook up to the New Sewer Line without their first paying their share of the Actual Costs.

- d. The actual amounts to be paid to the Owner shall be based upon the final Actual Costs of the New Sewer Line, which shall be evidenced by invoices or other evidence of such costs provided by the Owner, and as verified by the City’s Public Works Director. The Owner shall provide the City with documentation of the scope of work and the invoices showing the amounts actually paid by the Owner for the Actual Costs of the New Sewer Line. Exhibit C will then be updated to reflect final Actual Costs. As stated above, Owner’s Actual Costs to be reimbursed shall be reduced by costs attributable to Owner’s projected pro rata use of the New Sewer Line.
- e. The City shall pursue reimbursement from the Sharing Parties, with the costs of pursuing reimbursement borne solely by the City in the following two instances: The City shall pay (i) all clerical and administrative costs of notifying and billing users, collecting payments, disbursing payments to Owner, providing the annual accounting described above, working with users and Owner to generally facilitate the reimbursement process described in this Agreement, and otherwise performing normal and customary City functions (including inspections, permit issuance, etc.), and (ii) all costs of pursuing payment from a user that obtains a building permit from the City and/or connects to the New Sewer Line without first paying its proportionate reimbursement amount as described herein. All reimbursements due under this Agreement shall be promptly paid by the City to the Owner as the City obtains the funds from the Sharing Parties after completion of the New Sewer Line, as certified by the Owner’s contractor to the City’s Public Works Director. The City shall notify each user of the reimbursement amount it owes hereunder (“**City’s Notice**”). Under Government Code Section 66020(d)(1), a user has ninety (90) days from the date of the City’s Notice to indicate that it is paying the fees under protest. Under Government Code Section 66020(d)(2), if the user pays the fees under protest, the user has one hundred eighty (180) days from the date of the City’s Notice to file a legal action seeking to recover the fees. City shall pay the reimbursement fees to Owner within thirty (30) days after the 90-day or 180-day deadline above, whichever is applicable. If, however, an action has been instituted,

the City shall pay such funds to the Owner within thirty (30) days after the action has been completed and the authority of the City to collect such charges is sustained. The parties shall be bound by any statutes amending or succeeding the statutes cited above.

- f. Notwithstanding any terms to the contrary contained herein, the City may allow property owners in Reserve Area K to hook up to the New Sewer Line, provided: (i) the City determines that the New Sewer Line has sufficient capacity, (ii) such owners in Reserve Area K are treated the same as “users” and “Sharing Parties” herein, and (iii) both the City and such owners in Reserve Area K are bound by all the terms of this Agreement, including such owners being required to pay the reimbursement fees at the same rate described herein prior to hooking up to the New Sewer Line. At such point that Owner has been reimbursed one hundred percent (100%) of its Actual Costs (as defined in Section 3.a above), the City may cease paying Owner any further reimbursement fees hereunder.
4. City’s Best Efforts. The City agrees to use its best efforts, and to take all reasonable and necessary actions, to provide to Owner the reimbursement fees from the Sharing Parties as mentioned in this Agreement. Upon Owner’s request, City will assign to Owner the right to collect the reimbursement fees (and any attorney fees and legal costs) from the Sharing Parties.
5. Term. This Agreement shall become effective, and the obligations herein, commencing on the date first set forth above. This Agreement may be terminated at any time upon the mutual written consent of the parties but shall otherwise remain in force and effect until the Owner is fully reimbursed as provided herein.
6. Non-Recourse Reimbursement Agreement. It is agreed and understood that the City shall levy and use commercially reasonable efforts to collect the fees from the Sharing Parties in accordance with this Agreement with all such fees going to the Owner for reimbursement of the Actual Costs, as provided herein. The costs of levying and collecting fees from the Sharing Parties, including, but not limited to, staff time and administrative expenses, shall be at the City’s cost and expense, as provided in Section 3.e above, and the Owner shall have no recourse against the City for failure to pursue collection of such fees if Sharing Parties refuse to pay and City has not issued a building permit to such Sharing Parties or otherwise allowed Sharing Parties to connect to the New Sewer Line without paying the reimbursement, other than to obtain an assignment of the City’s rights of collection against such Sharing Parties. Notwithstanding the foregoing, the City shall be liable to Owner for the reimbursement fees owed by any user the City permits to hook up to the New Sewer Line without paying its reimbursement fees as provided herein.

7. Counterparts. This Agreement may be executed in one or more counterparts, including electronically, each of which is deemed to be an original.

8. Successors and Assigns. The covenants and agreements contained in this Agreement shall be binding upon and shall inure to the benefit of the heirs, successors and assigns of the parties hereto. Owner's successor or assignee may install the New Sewer Line or receive reimbursement fees of the Actual Costs under the terms and conditions herein.

9. Entire Agreement. This Agreement constitutes the entire Agreement between the parties hereto and supersedes any and all prior agreements, whether oral or written, relating to the subject matter thereof. Any modification of the Agreement will be effective only if it is in writing signed by both parties hereto.

10. Validity. If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will continue in full force without being impaired or invalidated in any way.

11. Laws. Owner agrees that in the performance of this Agreement it will comply with all applicable State, Federal and local laws and regulations. This Agreement shall be governed by and construed in accordance with the laws of the State of California, County of Monterey, and City of Salinas.

12. Notices. Any notice required or intended to be given to either party under the terms of this Agreement shall be in writing and shall be deemed to be duly given if delivered personally, transmitted by facsimile or email followed by telephone or electronic confirmation of receipt, or sent by United States registered or certified mail, with postage prepaid, return receipt requested, addressed to the party to which notice is to be given at the party's address set forth on the signature page of this Agreement or at such other address as the parties may from time to time designate by written notice. Notices served by United States mail in the manner above described shall be deemed sufficiently served or given two (2) days after the mailing thereof. All notices regarding any new or increased fee or rate increases affecting the applicable fees and rates in this Agreement shall be provided in the same manner provided to all customers subject to the new or increased fees and charges.

13. Time of Essence. Time is of the essence in the fulfillment by the parties hereto of their obligations under this Agreement.

(signatures are on the following page)

IN WITNESS WHEREOF, the undersigned, as authorized representatives of the City and of the Owner have entered into this Agreement as of the Effective Date.

CITY OF SALINAS, a California charter city and municipal corporation

Kimbley Craig, Mayor

200 Lincoln Avenue
Salinas, CA 93901

APPROVED AS TO FORM:

Christopher A. Callihan, City Attorney

ATTEST:

Patricia M. Barajas, City Clerk

OWNER

**SALINAS 101 LLC, a California
limited liability company, and/or ASSIGNEE**

By: The Sobel Company, Inc.
Managing Member

Bradley A. Sobel, President

The Sobel Company, Inc.
9454 Wilshire Boulevard
Suite 210
Beverly Hills, CA 90212
Attn: Bradley Sobel
Phone: 310-277-4697
Email: sobeldevelopment@earthlink.net

Exhibits

Exhibit A – Legal Description of Property

Exhibit B – Map of Property, Housing Project, Target Area K, Reserve Area K, Salinas City
Boundary and Surrounding Area

Exhibit C – Actual Costs (to be attached later)

Exhibit D – Parcels with Sharing Parties

Exhibit E – Reimbursement by Sharing Parties

DRAFT

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

The land referred to is situated in the unincorporated area of the County of Monterey, State of California, and is described as follows:

Certain real property situate in the Rancho Bolsa De Las Escarpinas in the County of Monterey, State of California, being a part of Lots 1 and 2 of "Parcel Two" shown on map entitled, "Partition Map Accompanying Report of Referees Showing Subdivisions, Espinosa Portion of the Rancho Bolsa De La Escarpinas", filed July 10, 1925 in Volume 2 of Surveys at Page 28, Records of said County, and being also a part of that certain 35.16 acre tract of land described in Deed from A.D. Martins to Frank D. Martines et al, dated February 10, 1948, and recorded in Volume 1039 of Official Records at Page 201, records of said County, said part being particularly described as follows:

Beginning at a 1-1/2" diameter iron pipe standing in the Westerly boundary of said 35.16 acre tract of land from which the most Northerly corner thereof bears along said boundary N. 10° 51' 56" E., 589.87 feet distant and running thence from said place of beginning parallel with the Northeasterly boundary of said 35.16 acre tract of land

- (1) S. 63° 03' 27" E., 1,178.39 feet to a 1-1/2" diameter iron pipe standing in the line common to said 35.16 acre tract of land and Harrison Road (a county road 60 feet wide) from which a 6" x 6" granite monument standing at the corner common to said lots 1 and 2 in said Westerly line of Harrison Road bears along said common line N. 4° 05' 25" W., 157.78 feet distant; thence along said common line
- (2) S. 4° 05' 25" E., 706.17 feet to a 6" x 6" granite monument standing at the most Southerly corner of said Lot 2 and said 35.16 acre tract of land; thence leave said common line and running along the Southwesterly boundary of said Lot 2 and said 35.16 acre tract of land
- (3) N. 70° 45' 55" W., 1,168.21 feet to a 1-1/2" diameter iron pipe standing at the Southwest corner of said 35.16 acre tract of land in the Easterly line of California State Highway U.S. 101; thence along the line common to said State Highway and said 35.16 acre tract of land
- (4) N. 17° 06' 14" W., 122.0 feet to a 1-1/2" diameter iron pipe standing at the Southwest corner of that certain 1.017 acre tract of land designated as "Parcel 2" in deed from Frank Dutra Martins et al., to Adeline Anderson dated January 19, 1951, and recorded in Volume 1275 of Official Records at Page 46, records of said county; thence leave said common line and running along the Southwesterly boundary of said 1.017 acre tract of land
- (5) S. 70° 45' 55" E., 149.02 feet to a 1-1/2" diameter iron pipe standing at the most Easterly corner of said 1.017 acre tract of land; thence along the Northeasterly boundary thereof

- (6) N. 17° 06' 14" W., 415.87 feet to a 1-1/2" diameter iron pipe standing at the most Northerly corner of said 1.017 acre tract of land at the Southeast corner of that certain 0.9837 acre tract of land designated as "Parcel 1" in said deed recorded in Volume 1275 of Official Records at Page 46, records of said county; thence along the Easterly boundary of said 0.9837 acre tract of land
- (7) N. 28° 51' W., 49.15 feet to a 1-1/2" diameter iron pipe; thence
- (8) N. 9° 42' W., 64.09 feet to a 1-1/2" diameter iron pipe standing in the boundary common to said 0.9837 acre tract of land and said 35.16 acre tract of land; thence along the Westerly boundary of said 35.16 acre tract of land
- (9) N. 10° 51' 56" E., 287.43 feet to the place of beginning.

EXCEPTING THEREFROM, the Lands as set forth in the Final Order of Condemnation recorded April 20, 2011 as Document No. 2011022876 of Official Records.

APN: 113-091-017

DRAFT

EXHIBIT "B"

MAP OF
PROPERTY, HOUSING PROJECT, TARGET AREA K, RESERVE AREA K,
SALINAS CITY BOUNDARY AND SURROUNDING AREA

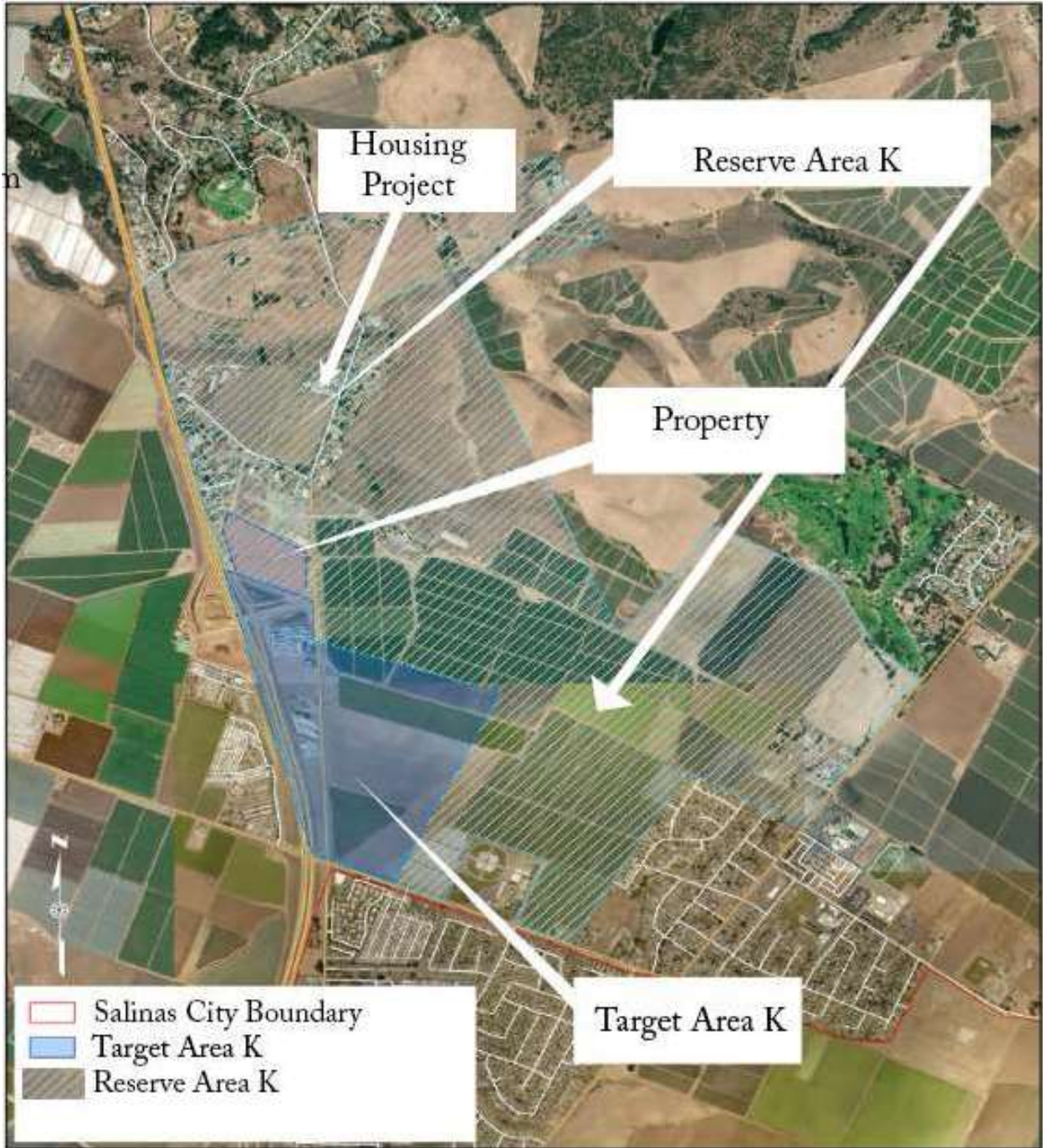


EXHIBIT "C"

ACTUAL COSTS

(The final version of this Exhibit shall replace this version and be inserted here once construction is completed, per Section 3(a) of this Agreement.

Actual Costs, including but not limited to, the expenses of design, engineering, construction, installation, inspection, supervision, insurance, encroachment & construction permit fees, and other costs associated with the New Sewer Line.

Actual Costs shall not include connection, service and impact fees exclusively associated with Owner's Project and the \$64,600 downstream improvement contribution required by the City.

The Actual Costs are estimated to be \$2,000,000. The parties do not know whether the Actual Costs will be higher, lower or substantially different than such non-binding estimated amount. Once the Actual Costs are determined, based on Section 3(a) of this Agreement, such estimated amount shall be removed from this Exhibit and replaced with the Actual Costs approved by the City and Owner.

DRAFT

EXHIBIT "D"

PARCELS WITH SHARING PARTIES

DRAFT

EXHIBIT "E"

REIMBURSEMENT BY SHARING PARTIES

Using the projected Peak Wet Weather Flows from our study and as an assumption, the New Sewer Line construction cost of \$2,000,000*, the unit cost for PWWF is as follows:

$$\text{Unit Cost (in \$ per gallon/day)} = \text{Total Cost (in \$)} / \text{Total PWWF (in gpd)}$$

$$\text{Unit Cost (in \$ per gallon/day)} = \$2,000,000 / 332,740 \text{ gpd}$$

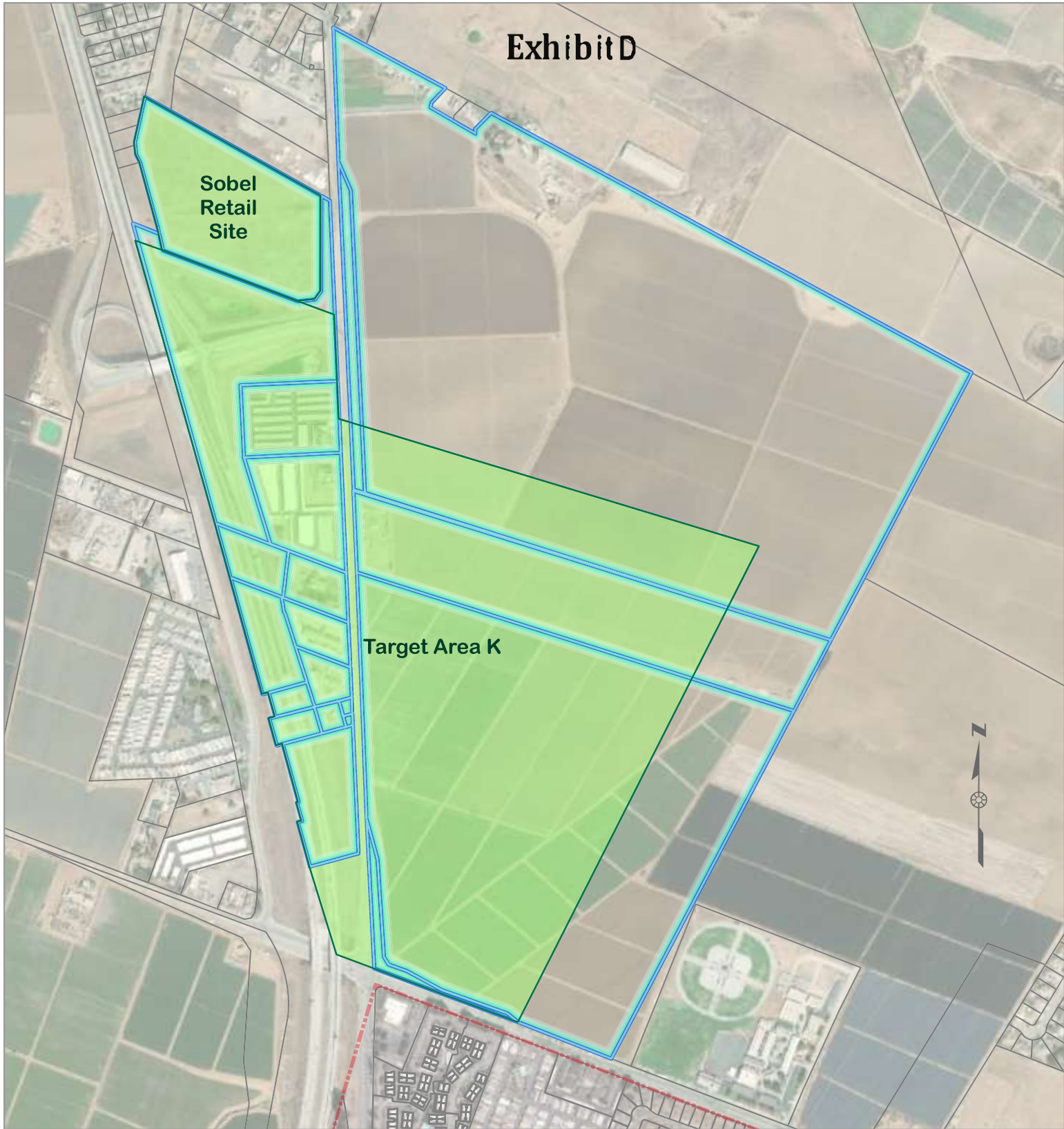
$$\text{Unit Cost} = \$6.01 \text{ per gallon/day (or } \$6.01/\text{gpd)}$$

For example, a builder intends to develop a portion of the Light Industrial area east of Harrison Road. Their facility is projected to generate a Peak Wet Weather Flow of 50,000 gallons/day. Using the unit cost of \$6.01/gpd, the builder's pro rata share of the Harrison Road sewer system will be \$300,500 and that would be the amount reimbursed to the Owner.

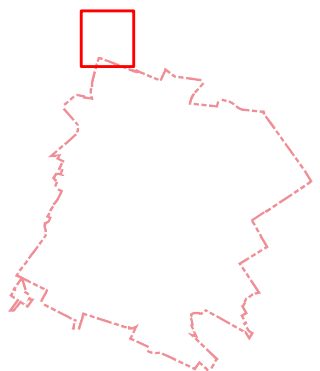
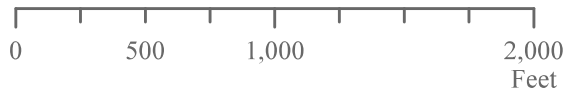
Flow-Based Proration			
	Peak Wet Weather Flow PWWF (gpd)	% of Total	Example: Pro Rata Share (Rounded) if Cost of SS Main is \$2.0M
Sobel Commercial Development	33,210	10.0%	\$ 200,000
Future Agricultural Housing (to the North)	41,250	12.4%	\$ 248,000
Existing Development (west side of Harrison, between Russell and Sala)	10,488	3.2%	\$ 64,000
Future Development (east side of Harrison, between Russell and Sobel property)	247,792	74.4%	\$ 1,488,000
	332,740	100.0%	\$ 2,000,000

*The \$2,000,000 figure used above for the New Sewer Line Construction Cost is only an assumption and is only being used as an example to explain how the formula for reimbursement works. Only after the construction of the New Sewer Line is completed will the final New Sewer Line Construction Cost be determined and then that final number will be used to calculate reimbursements per Section 3(a) of this Agreement.

Exhibit D



Layer Credits: USDA FSA, GeoEye, Maxar



City of Salinas Target Area K & Sobel Retail Site Parcels

-  Proposal Area
-  Salinas Boundary
-  Proposal Area Parcels
-  Other parcels

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