

TO: James L. App, City Manager
FROM: Ed Gallagher, Community Development Director
SUBJECT: Paso Robles Gateway Project: Termination of Work Related to Application Processing
DATE: July 1, 2014

Needs: Consider terminating all work related to the processing of the development application for the Paso Robles Gateway Project.

Facts:

1. On April 26, 2011, the City and Quorum Properties entered into an Agreement for Advance of Funds ("Agreement"), pursuant to which Quorum agreed to advance all necessary funds to cover the City's costs incurred in the processing of Quorum's various applications for their property, consisting of 269 acres located at the northwest quadrant of the intersection of Highways 101 and 46 West and outside the City limits ("Property").
2. Title to the Property is apparently held by Quorum Realty Fund IV, LLC, a Delaware limited liability company, and Quorum Properties, Inc., the Furlotti Family Ranch and Quorum Realty Fund IV, LLC are referred to collectively as "Quorum".
3. On November 30, 2011, an application for the development of the Property was filed by Alexander Furlotti, on behalf of the Furlotti Family Ranch Company.
4. Under the Agreement, the City agreed to cooperate with Quorum in processing applications for its project, commonly known as Paso Robles Gateway (the "Project") on the Property which included (1) an expansion of the boundaries of the City's sphere of influence, (2) the annexation of the Property to the City, (3) certain proposed land uses for the Property, (4) an amendment to the City's General Plan, and (5) possible agreements between the City and Quorum regarding the development of the Property.
5. The Agreement specified that the City was willing to cooperate in the processing of such applications only if Quorum paid for all City costs associated with the Project, including City staff time, legal expenses and third party consultants.
6. In reliance upon the Agreement, the City entered into contracts with various third parties to assist with the processing of the development application for the Project and to prepare various documents required by law.
7. Quorum initially made timely payments under the Agreement, with the last payment made on October 8, 2013.
8. On February 25, 2014, the City notified Quorum that an additional payment of \$140,000 was due to cover pending and anticipated costs for the next few months, however no payment was received.
9. On March 19, 2014, another notice was sent to Quorum requesting payment; on the same

day, City notified its consultants to stop all work on the Project.

10. On March 26, 2014, Quorum formally notified the City to “suspend processing” the Project.
11. On April 1, 2014, at Quorum’s request, the City provided Quorum with documentation regarding the City’s costs for all work done through March 19, 2014.
12. Since April 1, 2014, the City has sent Quorum letters demanding payment, and Quorum has refused to pay.
13. The total amount owed to the City under the Agreement is \$110,045.64.
14. The City has filed a legal action for breach of contract against Quorum in San Luis Obispo Superior Court, thus incurring additional legal expenses to enforce its rights under the Agreement.

Analysis &

Conclusion: Quorum has had ample opportunity to cure its breach of the Agreement, but refuses to do so. Under the circumstances, it would both necessary and appropriate to terminate processing the Project.

Policy

Reference: Agreement for Advance of Funds, dated April 26, 2011

Fiscal

Impact: The City has paid \$110,045.64 to third parties for work performed on the project, for which the applicant has refused to reimburse the City. Additionally, the City has incurred legal expenses to initiate court proceedings to recover that amount and will incur additional legal fees to collect the outstanding debt.

- Options:
- a. Adopt the attached Resolution Approving the Termination of All Work Related to the Processing of the Development Application for the Paso Robles Gateway Project
 - b. Amend, modify or reject the foregoing option.

Attachments:

1. Resolution Approving the Termination of All Work Related to the Processing of the Development Application for the Paso Robles Gateway Project
2. Agreement for Advance of Funds Dated April 26, 2011
3. Application for Development Dated November 30, 2011
4. Emails to Mike Furlotti and James Biedenbender Dated February 25, 2014 and March 19, 2014
5. Email from Mike Furlotti Dated March 26, 2014 requesting suspension of work
6. Email to Mike Furlotti and James Biedenbender Dated March 31
7. Letter to Messrs. Furlotti and James Biedenbender from City Manager Dated April 9, 2014
8. Letter from Gregory Sanders to City Manager Dated April 14, 2014
9. Letter from City Attorney to Gregory Sanders Dated May 16, 2014

82473.03019\8897759.2

RESOLUTION NO. 14-xxx

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
 APPROVING THE TERMINATION OF ALL WORK
 RELATED TO THE PROCESSING OF THE DEVELOPMENT APPLICATION
 FOR THE PASO ROBLES GATEWAY PROJECT

WHEREAS, the City and Quorum Properties, Inc., a Colorado corporation, entered into an Agreement for Advance of Funds on April 26, 2011 (the "Agreement"), pursuant to which Quorum agreed to advance all necessary funds to cover the City's costs incurred in the processing of Quorum's various applications related to Quorum's property (the "Property"), consisting of 269 acres located in the vicinity of the northwest corner of Highway 101 and Highway 46 West and outside the City limits; and

WHEREAS, on November 30, 2011, an application for the development of the Property was filed by Alexander Furlotti, on behalf of the Furlotti Family Ranch Company; and

WHEREAS, title to the Property is apparently held by Quorum Realty Fund IV, LLC, a Delaware limited liability company, and Quorum Properties, Inc., the Furlotti Family Ranch and Quorum Realty Fund IV, LLC are referred to collectively in this Resolution as "Quorum"; and

WHEREAS, under the Agreement, the City agreed to cooperate with Quorum in processing applications for its project, commonly known as Paso Robles Gateway (the "Project") on the Property which included (1) an expansion of the boundaries of the City's sphere of influence, (2) the annexation of the Property to the City, (3) certain proposed land uses for the Property, (4) an amendment to the City's General Plan, and (5) possible agreements between the City and Quorum regarding the development of the Property; and

WHEREAS, the Agreement specified that the City was willing to cooperate in the processing of such applications only if Quorum paid for all City costs associated with the Project, including City staff time, legal expenses and third party consultants; and

WHEREAS, in reliance upon the Agreement, the City entered into contracts with various third parties to assist with the processing of the development application for the Project and to prepare various documents required by law; and

WHEREAS, Quorum initially made timely payments under the Agreement, with the last payment made on October 8, 2013; and

WHEREAS, on February 25, 2014, the City notified Quorum that an additional payment of \$140,000 was due to cover pending and anticipated costs for the next few months, however no payment was received; and

WHEREAS, on March 19, 2014, another notice was sent to Quorum requesting payment; on the same day, City notified its consultants to stop all work on the Project; and

WHEREAS, on March 26, 2014, Quorum formally notified the City to "suspend processing" its Project; and

WHEREAS, on April 1, 2014, at Quorum's request, the City provided Quorum with documentation regarding the City's costs for all work done through March 19, 2014; and

WHEREAS, since that time, the City has sent Quorum letters demanding payment, and Quorum has refused to pay;

and

WHEREAS, the total amount owed to the City under the Agreement is \$110,045.64; and

WHEREAS, the City has filed a legal action for breach of contract against Quorum in San Luis Obispo Superior Court, thus incurring additional legal expenses to enforce its rights under the Agreement;

NOW, THEREFORE, BE IT RESOLVED, as follows:

Section 1. The recitals above are true and correct and incorporated herein in this Resolution.

Section 2. The City Council of the City of El Paso de Robles hereby determines that all processing by the City of the development application for the Project shall be terminated and such termination to be final. The City Council authorizes the City Manager to notify Quorum, LAFCO and any other interested persons of the City Council's action. The City shall also notify LAFCO that it shall oppose any application by Quorum to seek an amendment to the City's sphere of influence or annexation that would include the Property.

PASSED AND ADOPTED THIS 1st day of July, 2014, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Duane Picanco, Mayor

ATTEST:

Caryn Jackson, Deputy City Clerk

AGREEMENT FOR ADVANCE OF FUNDS

THIS AGREEMENT FOR ADVANCE OF FUNDS (the "Agreement") is hereby entered on this 26 day of April, 2011 by and between QUORUM PROPERTIES, a Colorado Corporation ("Developer") and the CITY OF EL PASO DE ROBLES, a municipal corporation ("City").

1. Developer owns certain real property (the "Property") adjacent to the City. A map of the Property is attached hereto as Exhibit A and incorporated herein by reference. Developer desires to make certain applications to the appropriate public agencies in connection with such Property, which applications are anticipated to include, but are not limited to, (i) an expansion of the boundaries of the City's sphere of influence; (ii) the annexation of the Property to the City; (iii) certain proposed land uses for the Property; (iv) an amendment to the City's General Plan; and (v) possible agreements between the City and Developer regarding the development of the Property. (All such actions are collectively referred to herein as the "Project"). City is willing to cooperate with Developer in processing such applications only if Developer pays for all City costs, including City staff time, associated with the Project.

2. Upon the execution of this Agreement, Developer shall deposit with the City the initial amount of Thirty-Four Thousand and 00/100 DOLLARS (\$34,000.00) in the form of a cashier's check. Because of the scope of the Project, City shall create four separate accounts for the Project to assist in monitoring costs and shall allocate the initial deposit as follows:

a. City staff costs for processing the applications for amendment of the City's sphere of influence, annexation, oversight of outside consultants retained for the Project,

general plan amendment and other land use entitlements. \$9,000 (including \$5,000 previously deposited by Developer) shall be allocated to this account.

b. Contract planner services. City intends to enter into a contract for outside planning services with Carol Florence of Oasis Associates, Inc. specifically for the Project. This account shall be used to pay invoices from Oasis Associates, Inc. \$22,500 shall be allocated from the initial deposit.

c. Legal services associated with the Project, to be provided by Best Best & Krieger. This account shall be used to pay invoices from Best Best & Krieger for services specifically related to the Project. \$7,500 shall be allocated from the initial deposit.

d. Preparation of documentation for the Project pursuant to the California Environmental Quality Act ("CEQA"). Prior to entering into an agreement with a consultant for the preparation of CEQA documentation associated with the Project, City shall notify Developer of the amount required to be deposited.

Developer understands and acknowledges that the amount of the initial deposit will not be sufficient to pay for the City's costs associated with the Project. Upon written notice from the City, Developer agrees that it will, within five (5) business days of such notice, provide City with additional funds as specified by the City for the accounts established above. The amounts of such additional deposits shall be based on the City's good faith estimates of City's expenditures anticipated for the following two months. City shall provide Developer with information about the expenditures from each account. In the event, for any reason, the City's request for further payments from the Developer is not fully satisfied within five (5) business days of the request, the City reserves the right to cease work on the Project and to also advise its

consultants to cease work on the Project. The amounts deposited with City under this Section 2 are referred to hereinafter collectively as the “Funds.”

3. Developer fully understands and agrees to each of the following:

a. The application itself, all factual data gathered in processing the application, and any planning or recommendations resulting therefrom (the “work product”) shall be unconditionally the property of the City, within its full ownership and control. The Developer shall have no property right whatsoever in the work product. The City shall not be required, nor shall the City have a duty, except as may be required by law, to produce the work product for inspection by the Developer, nor to account for the work product to the Developer. However, Developer shall be entitled to obtain copies of such work product that is subject to disclosure under the Public Records Act (Government Code section 6250 *et seq.*).

b. Developer’s advance of Funds shall not be contingent upon the hiring of any specific employee or consultant. The City reserves absolute discretion as to the selection, hiring, assignment, supervision and evaluation of any and all employees, contractors, or consultants that may be necessary to assist the City with the processing of the Project.

c. The Developer is expressly prohibited from directly or indirectly exercising supervision or control over any employee, agent, or consultant of the City engaged in the Project. The Developer and its agents or representatives, however, may provide information to the City or any employee, agent or consultant of the City, or seek information from the City or any employee, agent or consultant of the City with respect to the Project.

d. The Developer hereby represents and warrants that the Funds offered and accepted by the City under the terms of this Agreement are and shall be unencumbered and that their advance in no way violates the right of, nor is it subject to any claim of, any person.

4. If, after completion of the Project, any portion of the Funds has not been expended or committed for expenditure, the City shall return to the Developer such unexpended or uncommitted amount.

5. Each of the covenants, conditions and statements contained in this document was and is a material inducement to the City to accept the advance of Funds. But for the covenants, conditions and statements contained herein, and each of them, the City would not have accepted the Funds.

6. Each party acknowledges that this Agreement sets forth all covenants, promises, conditions and understandings between the parties regarding the advance of Funds and the uses thereof, and there are no promises, conditions or understandings, either oral or in writing, between the parties other than as set forth herein. No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the parties unless reduced to writing and signed by all of them. Nothing in this Agreement shall be construed as a commitment on the part of the City or any other public entity to approve any of the applications being submitted and processed. The City shall have the right to exercise its full and independent legislative discretion in its consideration of any and all applications from Developer.

7. This Agreement shall be a public record of the City.

8. Each and all of the covenants and conditions shall be binding on and shall inure to the benefit of the parties, and their successors, heirs, personal representatives, or assigns. This Section shall not be construed as an authorization for any party to assign any right or obligation.

9. This Agreement is made under, and shall in all respects be interpreted, enforced and governed by, the laws of the State of California. In the event of a dispute concerning the terms of this Agreement, the venue for any legal action shall be with the appropriate court in the County of San Luis Obispo, State of California.

10. Should legal proceedings of any type arise out of this Agreement, the prevailing party shall be entitled to costs, attorneys' fees, and legal expenses, including but not limited to expert fees.

[Signatures on following page]

CITY:

City of El Paso de Robles

Dated: 4-26-11

By: 

ATTEST:



DEVELOPER:

Quorum Properties

Dated: 4-26-11

By:  V.P. Quorum Funds



**COMMUNITY DEVELOPMENT DEPARTMENT
PLANNING DIVISION
DEVELOPMENT APPLICATION FORM**

1000 Spring Street
Paso Robles, CA. 93446
Phone: (805) 237-3970
Fax: (805) 237-3904
planning@prcity.com

GENERAL INFORMATION REQUIRED

Applicant: Furlotti Family Ranch Company Phone: (310) 826-0100 Fax # (310) 820-0907

Mailing/Billing Address: P.O. Box 1187, Aspen, CO 81612 (or) 5 Toby Lane, Aspen, CO 81611 Email: _____

Representative: Larry Werner Phone: (805) 239-3127 Fax (805) 239-0758

Mailing Address: 725 Creston Road, Suite B, Paso Robles, CA 93446 Email: lwerner@northcoastengineering.com

Property Owner: Quorum Funds Phone: (310) 826-0100 Fax # (310) 820-0907

Owner's Address: P.O. Box 1187, Aspen, CO 81612 (or) 5 Toby Lane, Aspen, CO 81611 Email: _____

PROJECT DESCRIPTION

Assessor's Parcel Number(s) 026-471-013 / 017 / 021; 040-031-001 / 017 / 019 / 020; 040-091-039 / 041

Project Location: Northwest Corner of Highway 101 & Highway 46 West

Project Description: See Attached

OWNER / APPLICANT AUTHORIZATION

APPLICANT / REPRESENTATIVE: I have reviewed this completed application and the attached material. The information included with this application is true and correct to the best of my knowledge. I am submitting the project description, site plan, and elevations for this project on a 3.5 inch disk or IBM compatible CD with all graphics/illustrations in PDF or JPEG format. I understand the city might not approve what I am applying for, or might set conditions of approval.

PROPERTY OWNER / AUTHORIZED AGENT: I certify that I am presently the legal owner of the above described property. Further, I acknowledge the filing of this application and certify that all of the above information is true and accurate. I understand that I am responsible for ensuring compliance with conditions of approval. (If the undersigned is different from the legal property owner, a letter of authorization must accompany this form). I hereby authorize the City of Paso Robles and/or its designated agent(s) to enter onto the subject property to confirm the location of existing conditions and proposed improvements, including compliance with applicable City code requirements.

By signing this application I certify that I have reviewed this completed application and the attached material and consent to its filing. I agree to allow the Community Development Department to duplicate and distribute plans to interested persons as it determines is necessary for the processing of the application.

Alexander Furlotti

11/30/11

Signed Alexander Furlotti Date

Alexander Furlotti 11/30/11

Signed Alexander Furlotti Date

BELOW AREA FOR OFFICE USE ONLY

Notes to File / Staff Notes:

Action / Body / Date:

THIS AREA FOR OFFICE USE ONLY

DEPOSIT APPLICATIONS

- General Plan Amend.
- Rezone
- Conditional Use Permit
- Development Plan
- Tentative Tract Map
- Tentative Parcel Map
- Lot Line Adjustment
- _____

APPLICATION NO.

FEE APPLICATIONS

- Site Plan Review (\$50)
- Plot Plan Review (\$20)
- Sign Review (\$20)
- _____
- _____

APPLICATION NO.

Total Deposit Paid
(G.L. # 406-000-2304-209)

\$ _____

Total Fees Paid
(G.L. # 100-000-4704)

\$ _____

Application Received By: _____

Date: _____

AGREEMENT TO PAY ALL DEVELOPMENT APPLICATION FEES

In accordance with City Council Resolution 96-75, the City collects fees based on the actual cost of providing service. The application deposit for this project (as indicated below) may not cover the total cost of processing this application. I am aware that if greater than 75 percent of the application deposit amount is depleted prior to completion of the project, staff will notify the undersigned, in writing, of the amount of additional deposit required to complete processing of the application, based on staff's reasonable estimate of the hours remaining to complete this application process.

Further, I understand that if I do not submit the required additional deposit to the City within 15 days from the date of the letter, staff may stop processing of the application and/or not schedule the project for action by the Planning Commission or City Council. Any remaining deposit will be refunded to me at the time of closeout after I have submitted the approved project plans and forms electronically, or upon my written request to formally withdraw the application.

As the applicant, I understand that I am responsible for the cost of processing this application and I agree that the actual time spent processing this application will be paid to the City of El Paso de Robles.

Deposit Paid: \$ _____

Applicant's Signature Alexander Furlotti Date: 11/30/11

Applicant's Name Alexander Furlotti
(Please Print)

From: Ed Gallagher
To: mf@qfunds.net; jbvalueplus@msn.com
Cc: cmf@oasisassoc.com; [Susan DeCarli](mailto:Susan_DeCarli); [Larry Werner \(lwerner@northcoastengineering.com\)](mailto:Larry_Werner_(lwerner@northcoastengineering.com)); [Jim App](mailto:Jim_App)
Subject: RE: Quorum/Furlotti Annexation
Date: Wednesday, March 19, 2014 11:37:00 AM
Attachments: [Agreement for Advance of Funds.pdf](#)

Mike,

The City of Paso Robles has received an invoice from AECOM in the amount of \$69,835.00 for completion of the Administrative Draft EIR. Additionally, we expect AECOM to submit another invoice for an additional \$69,835.00 upon completion of the Draft EIR (for public review) in two weeks. Presently, there are less than \$40,000 on deposit for your project. Per the Agreement for Advance of Funds (copy attached) that you executed with the City, it will be necessary to deposit an additional \$140,000 within 5 business days of this email notice. Without such a deposit, the City will discontinue work on this project.

Ed Gallagher
Community Development Director
City of Paso Robles
(805) 237-3970
ed@prcity.com

From: Ed Gallagher
Sent: Tuesday, February 25, 2014 8:57 AM
To: mf@qfunds.net; jbvalueplus@msn.com
Cc: cmf@oasisassoc.com; [Susan DeCarli](mailto:Susan_DeCarli); [Larry Werner \(lwerner@northcoastengineering.com\)](mailto:Larry_Werner_(lwerner@northcoastengineering.com)); [Jim App](mailto:Jim_App)
Subject: Quorum/Furlotti Annexation

Mike and Mr. Biedenbender,

Attached is an accounting of expenses incurred by the City of Paso Robles from September 1, 2013 through January 31, 2014 (minus any invoices from the City Attorney that may come in) to process your annexation request and related applications. Supporting invoices for Oasis and AECOM are also attached. We expect to accept an Administrative Draft EIR in the next week, at which time the contract with AECOM requires that we pay them \$69,835.00. The next milestone following that will be acceptance of an acceptable Draft EIR (for publication and public review), which hopefully will occur within a couple of more weeks. At that milestone, the contract with AECOM requires that we pay them an additional \$69,835.00. We would suggest making a deposit of \$140,000.00 to cover the EIR expenses. This would leave the balance for expenses for staff, contract planner, other consultants, and other administrative costs (e.g. copying, postage, and public notice legal advertisements related to the EIR).

Ed Gallagher
Community Development Director

From: [Mike Furlotti](#)
 To: [Ed Gallagher](#)
 Cc: [Jim Biedenbender](#); [Carol Florence](#); [Susan DeCarli](#); [Larry Werner](#); [Jim App](#)
 Subject: Re: Quorum/Furlotti Annexation
 Date: Wednesday, March 26, 2014 4:25:05 PM

Ed,

Please suspend processing on this project. Please also send me an accounting so I may settle the outstanding balance.

The administrative draft of the EIR is not sufficient. If we move forward with this project again, my expectation is that the circulated draft of the document will be legally defensible.

Mike

On Mar 19, 2014, at 11:37 AM, Ed Gallagher <EGallagher@prcity.com> wrote:

> Mike,
 >
 > The City of Paso Robles has received an invoice from AECOM in the amount of \$69,835.00 for completion of the Administrative Draft EIR. Additionally, we expect AECOM to submit another invoice for an additional \$69,835.00 upon completion of the Draft EIR (for public review) in two weeks. Presently, there are less than \$40,000 on deposit for your project. Per the Agreement for Advance of Funds (copy attached) that you executed with the City, it will be necessary to deposit an additional \$140,000 within 5 business days of this email notice. Without such a deposit, the City will discontinue work on this project.
 >
 >
 > Ed Gallagher
 > Community Development Director
 > City of Paso Robles
 > (805) 237-3970
 > ed@prcity.com
 >
 >
 > From: Ed Gallagher
 > Sent: Tuesday, February 25, 2014 8:57 AM
 > To: mf@qfunds.net; jbvalueplus@msn.com
 > Cc: cmf@oasisassoc.com; Susan DeCarli; Larry Werner (lwerner@northcoastengineering.com); Jim App
 > Subject: Quorum/Furlotti Annexation
 >
 > Mike and Mr. Biedenbender,
 >
 > Attached is an accounting of expenses incurred by the City of Paso Robles from September 1, 2013 through January 31, 2014 (minus any invoices from the City Attorney that may come in) to process your annexation request and related applications. Supporting invoices for Oasis and AECOM are also attached. We expect to accept an Administrative Draft EIR in the next week, at which time the contract with AECOM requires that we pay them \$69,835.00. The next milestone following that will be acceptance of an acceptable Draft EIR (for publication and public review), which hopefully will occur within a couple of more weeks. At that milestone, the contract with AECOM requires that we pay them an additional \$69,835.00. We would suggest making a deposit of \$140,000.00 to cover the EIR expenses. This would leave the balance for expenses for staff, contract planner, other consultants, and other administrative costs (e.g. copying, postage, and public notice legal advertisements related to the EIR).
 >

From: Ed Gallagher
To: mf@qfunds.net; jbvalueplus@msn.com
Cc: Jim App; Susan DeCarli; cmf@oasisassoc.com
Subject: FW: Quorum/Furlotti Annexation
Date: Monday, March 31, 2014 2:23:00 PM
Attachments: [Accounting.xlsx](#)
[AECOM EIR Invoice 030614.pdf](#)
[City Attorney Feb 2014.pdf](#)
[City Atty March 2014.pdf](#)
[Oasis February 2014.pdf](#)
[Oasis March 2014.pdf](#)
[Oasis March 2014-2.pdf](#)
[TODD Groundwater Invoice 020814.pdf](#)

Mike and Mr. Biedenbender,

Per your request of March 26 to suspend processing on your project, the City has done so. Attached is an accounting of expenses incurred by the City of Paso Robles from February 1, 2014 through March 31, 2014 to process your annexation request and related applications. Supporting invoices for Oasis, AECOM, and the City Attorney are also attached. Please note that, with the submittal of AECOM's invoice for \$69,835.00, your account has a negative balance of \$43,210.64.

Please be advised that the decision as to whether the Draft EIR is sufficient is ultimately the purview of the City. AECOM has provided an administrative draft EIR to the City, and is, therefore, entitled to payment of \$69,835.00 as invoiced.

Since you requested an accounting to date, it will be necessary to deposit the balance of \$43,210.64 immediately.

In order to resume work on your project, it will be necessary to deposit an additional \$120,000: \$69,835.00 to cover AECOM's expenses for delivery of a Public Review Draft EIR (which would follow quickly upon resuming work); \$9,862.85 for the balance on Todd Engineer's Water Supply Evaluation, and the balance (about \$40,000) for staff and related expenses.

Ed Gallagher
Community Development Director
City of Paso Robles
(805) 237-3970
ed@prcity.com



CITY OF EL PASO DE ROBLES

"The Pass of the Oaks"

April 9, 2014

Dear Messrs. Furlotti and Biedenbender,

Quorum Properties Non-Payment

As you know, Quorum Properties ("Quorum") and the City of El Paso de Robles ("City") entered into an Agreement for Advance of Funds, dated April 26, 2011, (the "Agreement") regarding the processing of various applications for Quorum's proposed "Project," as defined in the Agreement. The Agreement requires that Quorum deposit funds with the City to pay for the City's costs associated with the Project, in advance and in the amounts requested.

Specifically, Section 2 provides as follows:

Developer understands and acknowledges that the amount of the initial deposit will not be sufficient to pay for the City's costs associated with the Project. Upon written notice from the City, Developer agrees that it will, within five (5) business days of such notice, provide City with additional funds as specified by the City for the accounts established above. The amounts of such additional deposits shall be based on the City's good faith estimates of City's expenditures anticipated for the following two months. (emphasis added.)

The section further provides that the City has the right to cease work on the Project if payment is not timely received.

On March 19, 2014, Ed Gallagher, the Community Development Director, notified you by e-mail that the City had received an invoice from AECOM in the amount of \$69,835 for completion of the Administrative Draft EIR, with another AECOM invoice expected shortly, and that there was less than \$40,000 on deposit with the City, thus resulting in a shortfall. Mr. Gallagher notified you that an additional \$140,000 was required to be deposited within five business days in order for work to continue on the Project.

On March 26, 2014, you notified Mr. Gallagher to suspend processing the Project, and to send an accounting in order to "settle the outstanding balance." You also stated that the administrative draft EIR "is not sufficient."

On March 31, 2014, Mr. Gallagher sent you the requested accounting, and stated that \$43,210.64 was due. He followed up with another e-mail on April 1, 2014, since the City had received another invoice from AECOM for work done through March 19, 2014, the date on which the firm was told to stop work on your Project. Therefore, the amount due immediately to the City was \$117,213.64 to cover the City's incurred costs to date. An additional \$46,000 would be required to continue any work on the Project.

The City has not received any payment from you since the City's April 1, 2014 notification, and Quorum therefore is in breach of the Agreement. If the City does not receive payment of the full amount of \$117,213.64 due under the Agreement within five (5) business days of the date of this letter, please be advised that the City will pursue any and all remedies available to it. In the meantime, LAFCO staff has been notified that you have instructed the City to suspend processing the Project.

Sincerely,

A handwritten signature in blue ink, appearing to read 'James L. App', with a long horizontal stroke extending to the left.

James L. App,
City Manager

cc: Paso Robles City Council
Paso Robles City Attorney
E. Gallagher, Dir. Community Development

ATTACHMENT 8



ATTORNEYS AT LAW

18101 Von Karman Avenue
 Suite 1800
 Irvine, CA 92612
 T 949.833.7800
 F 949.833.7878

Gregory W. Sanders
 gsanders@nossaman.com

Refer To File #: 290324-0001

VIA OVERNIGHT MAIL

April 14, 2014

James L. App
 City Manager, City of Paso Robles
 1000 Spring Street
 Paso Robles CA 93446

**Re: Response to Letter of April 9, 2014 Regarding Financing the Preparation of
 an Environmental Impact Report for the Paso Robles Gateway Project**

Dear Mr. App:

We represent Quorum Realty Fund IV, LLC (successor in interest to Quorum Realty Fund III, LLC) ("Quorum Realty"). This letter responds to your letter dated April 9, 2014 to Quorum Realty regarding payment for the preparation of an environmental impact report ("EIR") for the Paso Robles Gateway Project ("Project"). As you know, Quorum Realty has entered into an agreement with the City of Paso Robles ("City") for advancement of funds to the City for the City's preparation of an EIR in accordance with the California Environmental Quality Act ("CEQA").¹ (Agreement for Advance of Funds between Quorum Properties and the City of El Paso Robles, April 26, 2011, hereinafter "Agreement".) The City's currently prepared Administrative Draft EIR ("ADEIR") is at this time not in compliance with CEQA. Accordingly, the City has not met its duties and obligations under the Agreement, and Quorum Realty is accordingly under no obligation to advance funds to the City.

In your letter of April 9, 2014, you request funds from Quorum Realty pursuant to the Agreement. Specifically, you request \$69,835 for the delivery of an ADEIR from AECOM Technical Services, Inc. ("AECOM") pursuant to a payment schedule agreed to in September 2013 (See Attachment A, email from Carol Florence to Michael Furlotti and Larry Werner Providing AECOM Payment Schedule.) However, because the ADEIR prepared by AECOM is not in compliance with CEQA, an adequate ADEIR has not been delivered as required under the payment schedule, and Quorum Realty is not obligated to advance the requested funds at this time.

Quorum Realty's obligation to advance funds is limited by the terms of the Agreement. Under the Agreement, Quorum Realty is required to advance funds only for an ADEIR **prepared pursuant to CEQA**. (Agreement, Section 2.d). Moreover, the implied covenant of good faith and fair dealing under the common law of contracts requires the City to fulfill its obligations under the Agreement in accordance with the law. As it currently stands, the ADEIR prepared by the City and for which the City is requesting an advance of funds does not meet CEQA standards. Accordingly, Quorum Realty is not required to advance funds until the City corrects

¹ Public Resources Code, section 21000 et seq.

or causes to be corrected the deficiencies in the currently-drafted ADEIR so that it is sufficient to meet the legal standards set forth in CEQA and the CEQA Guidelines.²

Additionally, the City has failed to keep Quorum Realty informed of increased overhead costs involved in the preparation of the ADEIR. The City is requesting well-over the initial estimated costs for preparation of the ADEIR without having given notice to Quorum Realty that it would be expected to pay such increased costs. As discussed in further detail below, the City has thus breached its duty to act in good faith in its dealings with Quorum Realty while preparing the ADEIR.

A. THE ADEIR PREPARED BY THE CITY IS NOT COMPLIANT WITH CEQA.

1. THE ADEIR'S ANALYSIS OF THE REALIGNMENT OF SOUTH VINE STREET FAILS TO MEET CEQA STANDARDS.

Section 4.13 of the ADEIR states that the Project will have significant impacts on transportation and traffic that will require mitigation measures to be undertaken. Specifically, the Project is expected to generate 6,668 vehicle trips per day and 526 trips per hour during the afternoon peak hour. (EIR § 4.13.6, IMPACT TRA-1.) The proposed measure to mitigate for this significant effect is a realignment of South Vine Street.

The realignment of South Vine Street may take two possible forms, referred to in the ADEIR as (1) the "Caltrans Alignment" and (2) the "Furlotti Alignment." The Caltrans Alignment is a realignment of South Vine Street proposed by Caltrans in December 2009 that would help decrease future traffic congestion anticipated at the US Highway 101/State Route 46 interchange, an interchange that is adjacent to the Project. (EIR § 2.3.2, page 2-7.) The Caltrans Alignment would pass partially through Quorum Realty's property and partially through property under different ownership. Under the Furlotti Alignment, by contrast, the realignment of South Vine Street would pass entirely through Quorum Realty's property. The ADEIR proposes the Furlotti Alignment, not the Caltrans Alignment, as a mitigation measure for Project's traffic impacts. (EIR §§ 2.1, page 2-2 and 2.3.2, page 2-7.)

a. The ADEIR Is Legally Insufficient Because It Fails to Adequately Analyze the Alternative Caltrans Alignment of South Vine Street.

CEQA mandates that, where several measures are available to mitigate for a project's significant impacts, an EIR must discuss each available measure. (CEQA Guidelines, § 15126.4, subd. (a)(1)(B).) As the ADEIR concedes, both the Furlotti Alignment and the Caltrans Alignment are possible mitigation measures for the Project's traffic impacts. (EIR § 4.13, page 4.13-10 ["From a traffic circulation perspective, either the original Caltrans alignment or the proposed Furlotti alignment would be acceptable."].) However, the ADEIR currently focuses its

² California Code of Regulations, title 14, section 15000 et seq. Quorum Realty recognizes that an ADEIR is not a draft EIR and that changes to the document will occur as the ADEIR is circulated. However, an ADEIR must, at a minimum, be CEQA compliant. Quorum Realty is not obligated to bear the costs of bringing a legally insufficient ADEIR up to CEQA standards, nor would it be fair to impose such an obligation upon Quorum Realty.

discussion only on the Furlotti Alignment of South Vine Street. (EIR § 2.3.2, page 2-7 [“This EIR focuses on the Furlotti alignment”].) As a result, the ADEIR does not properly analyze the potential Caltrans Alignment as a mitigation measure. In fact, the Caltrans Alignment is only analyzed in the biology and noise sections of the ADEIR . Even in these sections where the Caltrans Alignment receives a cursory analysis, the ADEIR does not address the differences in environmental impacts that it would produce vis-à-vis the Furlotti Alignment.

For example, in the biology section of the ADEIR , Table 4.4-5 gives an overview of the biological impacts of the Caltrans Alignment. Of the impacts analyzed, five of them are less severe than the impacts that would occur as a result of implementing the Furlotti Alignment. (*Compare* ADEIR Table 4.4-4 with Table 4.4-5.) Specifically, the Caltrans Alignment would have lesser significant environmental impacts on annual brome grassland, coast live oak woodland (riparian), orchard, and disturbed/anthropogenic habitats. The ADEIR does not provide any analysis of these differences. In fact, it perfunctorily states that the Caltrans and Furlotti Alignments would have “identical” effects on “migratory birds and other bird species and oak trees.” (EIR § 4.4, page 4.4-36). This statement cannot be true given the difference in impacts to habitat that the two alignments would produce. Moreover, visual inspections of the area through which the Furlotti Alignment is proposed have revealed that thirty-five oak trees would need to be removed to construct the Furlotti Alignment. This is in stark contrast to the Caltrans Alignment, which would not require removal of a single oak tree. Such differences between the two alignments must be analyzed in the ADEIR. (*See Santiago Water District v. County of Orange* (1981) 118 Cal.App.3d 818, 831 [“The EIR must contain facts and analysis, not just the bare conclusions of a public agency.”].)

b. The ADEIR Is Legally Insufficient Because It Fails to Provide Reasons Underlying Its Choice of the Furlotti Alignment of South Vine Street.

CEQA mandates that, where several measures are available to mitigate for a project’s significant impacts, an EIR must identify the basis for selecting a particular mitigation measure over others available. (CEQA Guidelines, § 15126.4 subd. (a)(1)(B).) The ADEIR prepared by the City currently offers no justification for choosing the Furlotti Alignment over the Caltrans Alignment to mitigate for the Project’s traffic impacts. Instead of identifying the reasons underlying the City’s decision to incorporate the Furlotti Alignment as a mitigation measure, the ADEIR merely states the following: “This EIR focuses on the Furlotti Alignment, since that is the proposal of the applicant.” (ADEIR § 2.3.2, page 2-7). This is not a sufficient discussion under CEQA; it merely states that the Furlotti Alignment has been selected as a mitigation measure, but it gives no reasons *why* such a selection was made over the Caltrans Alignment. Without such information, the ADEIR is in violation of the CEQA Guidelines.

Aside from the insufficiency of the statement from the ADEIR regarding the Furlotti Alignment quoted above, the statement is not accurate. At no time has Quorum Realty proposed that the Furlotti Alignment be incorporated into the Project. On many occasions, Quorum Realty has made it abundantly clear to City officials from the time the Project was first proposed that the Caltrans Alignment is preferred. In fact, as you well know, Quorum Realty offered to the City to advance funds to form an assessment district to finance acquisition of right-of way and construction of that portion of the Caltrans Alignment not on its property and to dedicate the right-of-way and construct that portion of the Caltrans Alignment on its property (with the exception of construction of the bridge, which Quorum Realty agreed to pay its pro-rata

share). In a meeting attended by the undersigned, you agreed to that concept. Given that, it is disconcerting to Quorum Realty that the above quoted statement found its way into the ADEIR. We can only assume that there has been a lack of communication between City officials and AECOM.

Quorum Realty has no objection to consideration of the Furlotti Alignment in the ADEIR. In fact, as discussed herein, Quorum Realty believes that CEQA requires consideration of the Furlotti Alignment in the ADEIR. The ADEIR treats the Furlotti Alignment as a *fait accompli*, however, and that is not permissible under CEQA.

It is particularly important that the ADEIR provide specific reasons for its choice of the Furlotti Alignment because the little analysis the ADEIR does give of the Caltrans Alignment does not support the choice of the Furlotti Alignment as the preferred mitigation measure. Agencies cannot approve projects as proposed if feasible mitigation measures exist that could substantially lessen a project's significant environmental effects. (*Mountain Lion Foundation v. Fish Games Commission* (1997) 16 Cal. 4th 105, 134.) In this case, the biological effects of the Furlotti Alignment are more severe than the biological effects of the Caltrans Alignment. (See discussion 1.A above.) In addition to the more detrimental effects that the Furlotti Alignment would produce on five different habitat types, the Furlotti Alignment requires the removal of thirty-five oak trees. **No** oak tree removals are required for the Caltrans Alignment. Choosing the Furlotti Alignment over the Caltrans alignment would thus contradict the City's General Plan, which specifically defines an important goal of the City to be preserve existing oak trees. (City of El Paso de Robles General Plan 2003, Conservation Element, Policy C-3A, available at <http://www.prcity.com/government/departments/commdev/planning/pdf/general-plan-2003/ConservationElement.pdf>.) Moreover, selection of the Furlotti Alignment over the Caltrans Alignment cannot be justified under the City's Municipal Code, which places particular emphasis on the preservation of oak trees in order to maintain the heritage and character of the City. (Paso Robles Municipal Code § 10.1.)

Finally, the Noise Impacts section of the ADEIR notes that the Furlotti Alignment would produce greater noise impacts to than the Caltrans Alignment. (EIR § 4.11, Table 4.11-3 and Table 4.11-4.)

In sum, the ADEIR's lack of sufficient information regarding the Caltrans Alignment as a potential mitigation measure for the Project's significant traffic impacts renders the ADEIR insufficient under CEQA. (Pub. Resources Code, § 21061 [the purpose of an [EIR] is to provide public agencies and the public in general with detailed information about the effect which a proposed project is likely to have on the environment...[and] to list ways in which the significant effects of a project might be minimized.]; *County of Orange v. Superior Court* (2003) 113 Cal. App. 4th 1, 10 ["[O]ne of the major objectives of the CEQA process" is "to foster better (more environmentally sensitive) projects through revisions which are precipitated by the preparation of EIR's."].)

2. THE ADEIR IS LEGALLY DEFICIENT BECAUSE IT FAILS TO ANALYZE AND MITIGATE FOR POSSIBLE ENERGY EFFECTS OF THE PROJECT.

The ADEIR also fails to analyze the potential energy impacts of the Project and fails to propose mitigation measures for any such impacts. Under CEQA, an EIR is "fatally defective" if

it fails to analyze potential energy effects of a project and include a detailed statement setting forth the mitigation measures proposed to reduce wasteful, inefficient, and unnecessary consumption of energy. (*People v. County of Kern* (1976) 62 Cal.App.3d 761, 774). Appendix F to the CEQA Guidelines outlines the potential energy effects of a project that should be analyzed, including “the project’s projected transportation energy use requirements and its overall use of efficient transportation alternatives.” (CEQA Guidelines, Appendix F, subd. (II)(C)(6).) Potential mitigation measures may include “measures to reduce wasteful, inefficient and unnecessary consumption of energy during construction, operation, maintenance and/or removal. The discussion should explain why certain measures were incorporated in the project and why other measures were dismissed.” (*Id.* at subd. (II)(D)(1).)

The Project is expected to generate 6,668 vehicle trips per day, yet the ADEIR includes no discussion of the potential energy impacts from this increased amount of transportation. (ADEIR § 4.13.6, IMPACT TRA-1.) Instead, the ADEIR merely states that construction and operation of the Project will require the use of natural gas and fossil fuels. (ADEIR § 5.2, page 5-3). No analysis of the extent of natural gas and fossil fuels to be used during construction and operation is provided, and there is no acknowledgment or analysis of the increased use of fossil fuels that can be expected to occur given the increased traffic that the Project will create. Transportation energy impacts must be analyzed for an EIR to be legally sufficient. (*California Clean Energy Committee v. City of Woodland* (2014) Cal. App. LEXIS 300, 71 [holding that EIR for a proposed shopping center was deficient insofar as it did not assess or consider mitigation for transportation energy impacts of the shopping center].) More than a cursory acknowledgement that construction or operations will have an effect on energy is required. Accordingly, the ADEIR does not meet necessary CEQA requirements.

3. THE ADEIR LACKS SUFFICIENT DETAIL REGARDING THE PROJECT’S POTENTIAL ENVIRONMENTAL EFFECTS.

The ADEIR fails to provide enough detail to inform the public and decisionmakers of potential, significant environmental effects that the Project may cause. Under CEQA, an EIR must contain sufficiently detailed facts and analysis to allow decisionmakers to make intelligent judgments. (Pub. Resources Code § 21061 [“The purpose of an [EIR] is to provide public agencies and the public in general with **detailed information** about the effect which a proposed project is likely to have on the environment”]; CEQA Guidelines, § 15151 [“An EIR should be prepared with a **sufficient degree of analysis** to provide decisionmakers with information which enables them to make a decision which intelligently takes account of environmental consequences”].)

a. The Biological Resources Section of the ADEIR Lacks Sufficient Detail.

As part of the requirement that an EIR provide sufficient detail, an EIR may not allow potential environmental problems to be “swept under the rug.” (*Kings County Farm Bureau v. City of Hanford* (1990) 221 Cal.App.3d 692, 733.) The ADEIR as currently drafted attempts to sweep serious problems under the rug by not fully analyzing the biological effects of the proposed Furlotti Alignment mitigation measure. As discussed above, visual inspection of the area through which the Furlotti Alignment is proposed has revealed that thirty-five oak trees would need to be removed to construct the Furlotti Alignment. The ADEIR makes no mention of this significant biological impact. In the Biological Resources section, the ADEIR states that

construction of the Project would result in the removal of "several" oak trees. (ADEIR § 4.4, page 4.4-33.) This description is both wrong and inadequate. First, it is possible to know exactly how many oak trees will need to be removed to construct the Project, and the exact number should be used instead of "several." Second, the vagueness of the phrase notwithstanding, "several" is in no way an accurate description of thirty-five trees.

The loss of the oak trees that will be affected by the Project also contradicts the City's Oak Tree Preservation Ordinance, which requires that oak trees in the Paso Robles area be preserved. (Paso Robles Municipal Code § 10.1.) Under CEQA, if a project will conflict with a local policy or ordinance protecting biological resources, such conflict is considered a significant biological effect. (CEQA Guidelines, Appendix G, IV.e.) Thus, because the ADEIR does not adequately analyze the extent to which the Project conflicts with the City's Oak Tree Preservation Ordinance, it fails to provide an adequate analysis of a significant biological effect. In sum, the ADEIR's lack of detail and analysis of the Project's effects on oak trees - a biological effect that can be quantified precisely and that conflicts with the City's code - renders the ADEIR legally inadequate.

b. The Hydrology and Water Quality Section of the ADEIR Lacks Sufficient Detail.

The Hydrology and Water Quality section of the ADEIR states the following:

"Water for construction purposes (dust control, compaction, etc.) will be obtained from existing or future City sources. Depending on the timing of the Project relative to the upgrade of the City wastewater treatment plant, reclaimed wastewater may be available for use as dust control. If it is available, then reclaimed water will be used. Groundwater from onsite wells will not be used for these activities. Therefore, there will be no impacts with regard to depletion of groundwater supplies within the Atascadero Subbasin during construction activities." (EIR § 4.9, page 4.9-16.)

The above statement does not provide the necessary level of detail required to understand what effect construction activities may have on groundwater levels. It does not define "existing or future uses," a term that encompasses any possible source of water. There is no discussion of what water will be used for dust control should reclaimed water not be available. These questions must be addressed.

Additionally, the Hydrology and Water Quality cumulative impacts analysis is insufficiently detailed. The section states in relevant part that "information indicates that the cumulative use of groundwater within the Atascadero Subbasin is not yet a substantial adverse effect" and thus "the Project influence on cumulative effects related to groundwater withdrawal is also expected to be less than significant." (EIR § 4.9, page 4.9-17.) This statement makes an assumption without the requisite analysis. That is, even though the cumulative use of groundwater is not **yet** a substantial adverse effect, it cannot be assumed based on current use that the Project will not contribute to a cumulative, adverse effect on groundwater supply sometime in the future. Analysis must be undertaken of all projects' cumulative, projected future water use, particularly given California's current drought State of Emergency. (CEQA Guidelines, § 15130 subd. (b) ["The discussion of cumulative impacts shall reflect the severity of

the impacts and their likelihood of occurrence”]; see Press Release, Governor Brown Declares Drought State of Emergency (Jan. 17, 2014), at <http://gov.ca.gov/news.php?id=18368>.)

c. The Irreversible Changes Section of the ADEIR Lacks Sufficient Detail.

An EIR must provide an evaluation of irreversible changes and commitments of resources that result from a Project in order to assure that such irreversible effects are justified. (CEQA Guidelines, § 15126.2 subd. (c).) The ADEIR prepared by the City mentions significant irreversible changes the Project may create, but it provides no evaluation of them. Specifically, the following excerpt provides the entire Significant Irreversible Changes section of the ADEIR:

“Implementation of the Project would require the commitment of non-renewable or slowly renewable resources, such as lumber, steel and fossil fuels in the construction of the proposed development. Operations of the Project would also require the use of energy (e.g., natural gas, fossil fuels). Development of the Project Site would commit the areas developed to urban use for some time, such that their removal or nonuse is unlikely in the future. Environmental accidents would not be anticipated from the proposed land uses. The South Vine Street realignment is considered an improvement of area traffic flow and geometrics (e.g., improved lines of sight, improved distance between intersections, and reduced local emissions from vehicle idling).” (ADEIR § 5.2, page 5-3.)

This section merely presents a list of the Project’s irreversible significant effects. An evaluation of these significant effects must be provided in order to meet the standards of CEQA.

4. THE ADEIR DOES NOT MEET CEQA STANDARDS BECAUSE IT RELIES ON A LEGALLY INSUFFICIENT MITIGATION MEASURE.

The Transportation and Traffic section of the ADEIR concludes that the Project will have significant effects on traffic circulation in the area surrounding the Project (See ADEIR, Table 4.13-2.) These significant effects are proposed to be mitigated by the Furlotti Alignment of Vine Street to the West through the Project area. This mitigation measure, however, does not meet the standards for a mitigation measure under CEQA. There are six requirements for a mitigation measure to be legally sufficient under CEQA:

- (1) the measure must be feasible (CEQA Guideline, § 15126.4(a)(1));
- (2) the measure must be fully enforceable (CEQA Guideline, § 15126.4(a)(2));
- (3) the measure must be consistent with all applicable constitutional requirements (CEQA Guideline, § 15126.4(a)(4));
- (4) the measure must be effective, and there must be evidence in the record showing that the measure will be effective (*Gray v. County of Madera* (2008) 167 Cal.App.4th 1099);

- (5) the measure must be specific, not vague, incomplete, untested, remote, or speculative (*Federation of Hillside & Canyon Ass'ns v. City of Los Angeles* (2000) 83 Cal.App.4th1252); and
- (6) formulation of the mitigation measure should not be deferred until some future time (CEQA Guideline, § 15126.4(a)(1)(B)).

The proposed Furlotti Alignment, located entirely on Quorum Realty's property, fails to meet these requirements. As the ADEIR notes, the traffic effects of the Project are a result of the **cumulative** effects of all projects proposed for development in the area. (ADEIR Table 1.13-2). Thus, the suggested realignment entirely onto Quorum Realty's property likely does not comply with the constitutional limitations of nexus and rough proportionality because the realignment forces Quorum Realty to bear the costs for all other proposed projects in the area. (*Nollan v. California Coastal Commission* (1987) 483 U.S. 825; *Dolan v. City of Tigard* (1994) 512 U.S. 374.) As a result, the Furlotti Alignment and the proposed dedication of its right-of-way is an unenforceable mitigation measure. The ADEIR does not discuss these potential problems. Therefore, the ADEIR's assertion that such impacts have been mitigated is erroneous.

For the foregoing reasons, the ADEIR as currently prepared by the City fails to meet the standards established by CEQA. Accordingly, Quorum Realty is under no obligation at the current time to advance funds under its Agreement with the City for the \$69,835 requested by the City for the delivery of an ADEIR.

B. THE CITY HAS FAILED TO KEEP QUORUM REALTY INFORMED OF THE INCREASED COSTS ASSOCIATED WITH PREPARING THE ADEIR.

The City is attempting to charge Quorum Realty for an amount that is well-above the estimated cost of preparing the ADEIR, and the City did not provide Quorum Realty with any notice of the increased costs.

AECOM's initial estimate for delivery of the ADEIR was \$139,670, which included an initial deposit of \$69,835 and a second deposit of \$69,835 for delivery of the ADEIR. (Attachment A.) Notwithstanding the fact that the ADEIR is not compliant with CEQA as addressed above, AECOM has already charged the City a total of \$167,117. (Attachment B, AECOM Invoice from March 31, 2014.) This is an increase of \$27,447 over the initial estimate of \$139,670, raising the total cost to 120% of the initial estimate. Moreover, total costs for consultant expenses to date total \$209,415.20. This is well above the estimate of \$159,530 that was provided to Quorum Realty as the total cost for consultant services through the delivery of an ADEIR. (See Attachment A [\$139,670 for AECOM's services] and Attachment C [\$19,860 for Todd Engineers' services].) Quorum Realty should have been put on notice that the price of the ADEIR was going to include an increased cost of almost \$50,000 for consultant expenses alone.

The Agreement requires that the City act in good faith and inform Quorum Realty of all expenses related to preparation of the EIR. Specifically, Section 2.d states that "[p]rior to entering into an agreement with a consultant for the preparation of CEQA documentation associated with the Project, City shall notify [Quorum Realty] of the amount required to be deposited." This requirement clearly indicates that the City must inform Quorum Realty of

estimated costs of the ADEIR **before** such expenditures are expected to be made. Section 2.d also states that the City will ask for advanced funds for preparation of the ADEIR “based on the City’s good faith estimates of City’s expenditures” as well as “provide [Quorum Realty] with information about the expenditures from each account.” Thus, the City is required, as an act of good faith and fair dealing that is explicitly spelled out in the Agreement and implicitly implied in all contracts, to keep Quorum Realty advised of the costs.

In sum, while Quorum Realty looks forward to continuing with the Project, the aforementioned issues must first be resolved. The City must meet all of its duties and obligations under the Agreement with Quorum Realty, including producing an ADEIR that complies with the legal requirements of CEQA. Moreover, going forward, the City must act in good faith by keeping Quorum Realty informed of any overhead costs that it will be asking Quorum Realty to pay. Thank you for considering these concerns.

Sincerely,

A handwritten signature in cursive script that reads "Gregory W. Sanders".

Gregory W. Sanders
of Nossaman LLP

ATTACHMENT A

From: Carol Florence <CMF@oasisassoc.com>
Subject: Paso Robles Gateway - EIR Consultant
Date: September 17, 2013 at 12:03:14 PM PDT
To: Michael Furlotti <mf@gfunds.net>, "Larry Werner " <lwerner@northcoastengineering.com>
Cc: "Jim App " <japp@prcity.com>, "Ed Gallagher " <EGallagher@prcity.com>, Emily Ewer <Emily@oasisassoc.com>

Michael & Larry,

After a comprehensive and thorough vetting of the EIR proposals, a fairly rigorous interview process, and a subsequent follow up clarification of both the scope and related fees, we have elected to retain AECOM as the most appropriate fit for the City and you, as the applicant. You may recall that AECOM's original fee estimate = \$280,584. After we requested additional clarification, the adjusted fee estimate now = \$232,784. The City Council is scheduled to formally award the contract on October 1, with the kick-off meeting scheduled for October 14. The following represents the funding schedule for the EIR. Staff will continue to charge on an hourly basis.

PAYMENT SCHEDULE	PAYMENT AMOUNT	% of CONTRACT	SCOPE OF WORK
Initial Deposit	\$ 69,835.00	30%	Peer review & technical studies
2 nd Payment	\$ 69,835.00	30%	ADEIR delivery
3 rd Payment	\$ 46,557.00	20%	DEIR delivery
4 th Payment	\$ 46,557.00	20%	FEIR delivery
TOTAL	\$ 232,784.00		

On a separate but related note, the City will be requiring that a Water Supply Assessment (WSA) be prepared for the project. Todd Engineers, who prepared the City's Urban Water Management Plan, has provided the attached fee proposal for your review and funding. The EIR consultant will be asked to incorporate the WSA into the environmental document.

Thank you for your consideration. Please contact me with your questions and comments.

Respectfully,
 C.M. Florence, AICP
 Principal Planner

OASIS ASSOCIATES, INC.
 LANDSCAPE ARCHITECTURE + PLANNING
 3427 Miguelito Ct., San Luis Obispo, CA 93401
 P: 805.541.4509 | F: 805.546.0525 | C: 805.459.9972
www.OASISASSOC.com

ATTACHMENT B



AECOM
 2400 Professional Parkway, Suite 100
 Santa Maria, CA 93455

(805) 938-0855 tel
 (805) 938-0047 fax

March 31, 2014

Ms. Katie Disimone
 City of el Paso De Robles
 1000 Spring Street
 Paso Robles, CA 93446

**Subject: Paso Robles Gateway EIR, Stop Work Order and Final Invoice
 (AECOM No. 60309045)**

Dear Ms. Disimone:

In accordance with direction from Carol Florence, via e-mail on Wednesday, March 19, 2014, received at 4:16 p.m. AECOM stopped work on this project as of that date and time.

Following the terms described in Section 6.a. of our contract with the City of Paso Robles, a final invoice is attached which covers compensation for work in progress up to the time of the stop work order.

Our total revenue based on labor hours and expenses from inception to the date of the stop work order is \$167,117. To date, we have invoiced \$93,114. Thus, the final invoice is \$74,003 as follows:

Total Revenue for Work in Progress to date:	\$167,117
Previously Invoiced:	<u>-\$ 93,114</u>
Final Invoice for Work in Progress	\$ 74,003

The enclosed final invoice has been adjusted to reflect this amount due for the work in progress. The attachment to the invoice includes the detailed labor charges and other expenses to this project on a weekly basis.

Payment is due within 30 days, through any of the methods listed at the top of the invoice.

Please give me a call if you have any questions.

Sincerely,

AECOM Technical Services, Inc.

John P. Larson
 Project Manager

Ercan Candan
 Operations Manager

cc: Carol Florence, Oasis Associates

Check Payment to:
 AECOM Technical Services, Inc.
 An AECOM Company
 1178 Paysphere Circle
 Chicago, IL 60674

ACH Payment to:
 AECOM Technical Services, Inc.
 An AECOM Company
 Bank of America
 Account Number 5800937020
 ABA Number 071000039

Wire Transfer Payment to:
 AECOM Technical Services, Inc.
 An AECOM Company
 Bank of America
 New York, NY 10001
 Account Number 5800937020
 ABA Number 026009593
 SWIFT CODE BOFAUS3N



4840 Cox Road, Glen Allen, VA 23060
 Tel: 804-515-8300 Fax: 804-515-8307

Federal Tax ID No. 95-2661922

**ATTN : KATIE DISIMONE
 CITY OF EL PASO DE ROBLES
 1000 SPRING STREET
 PASO ROBLES, CA 93446**

**Invoice Date: 01-APR-14
 Invoice Number: 37429028
 Agreement Number: 60309045
 Agreement Description:
 Payment Term: 30 DAYS**

Please reference Invoice Number and Project Number with Remittance

**Project Number : 60309045
 Bill Through Date : 07-MAR-14 - 01-APR-14**

Project Name : City of Paso Robles Gateway EIR

<u>Project Number</u>	<u>Phase Lump Sum Description</u>	<u>Fee</u>	<u>Percent Complete</u>	<u>Earned</u>	<u>Previous</u>	<u>Current</u>
60309045	City of Paso Robles Gateway EIR	232,784.00	71.79%	167,116.60	93,113.60	74,003.00
Total Phase Lump Sum:						74,003.00
Project Total : City of Paso Robles Gateway EIR						74,003.00

<u>Billing Summaries</u>						
<u>Billing Summary</u>	<u>Current</u>	<u>Prior</u>	<u>Total</u>	<u>Total Fee</u>	<u>Percent Complete</u>	
Billings	74,003.00	93,113.60	167,116.60	232,784.00	71.79	
Billing Total :	74,003.00	93,113.60	167,116.60			

Project	Task	Item Date	Employee/Supplier	Expnd Type	Quantity	UOM	Revenue Amt.
60309045	A1	14-Oct-13	Avery, Garrett	TRA - Hotel	77.27	CURRENCY	\$ 73.42
60309045	A1	14-Oct-13	Avery, Garrett	TRA - Meals	22.87	CURRENCY	\$ 21.73
60309045	A1	14-Oct-13	Avery, Garrett	TRA - Mileage	394.37	CURRENCY	\$ 374.72
60309045	A1	14-Oct-13	Kaufman, Laura R	TRA - Hotel	125.99	CURRENCY	\$ 119.71
60309045	A1	14-Oct-13	Kaufman, Laura R	TRA - Mileage	219.22	CURRENCY	\$ 208.30
60309045	A1	14-Oct-13	Kaufman, Laura R	TRA - Unallowed Expense Contra	-0.90	CURRENCY	\$ (0.86)
60309045	A1	14-Oct-13	Kaufman, Laura R	TRA - Unallowed Expenses	0.90	CURRENCY	\$ 0.86
60309045	A1	14-Oct-13	Miller, Caitlin M	OFF-Vehicle Costs & Misc.	28.33	CURRENCY	\$ 26.92
60309045	B7	18-Oct-13	Arizabal, Michael I	LAB - Professional	12.00	Hours	\$ 1,070.21
60309045	A1	18-Oct-13	Avery, Garrett	LAB - Professional	14.00	Hours	\$ 1,029.27
60309045	A1	18-Oct-13	Avery, Garrett	LAB - Straight Time Overtime	6.00	Hours	\$ 441.12
60309045	A1	18-Oct-13	Avery, Garrett	LAB-Premium Overtime	149.95	CURRENCY	\$ 142.48
60309045	C1	18-Oct-13	Avery, Garrett	LAB - Professional	10.00	Hours	\$ 735.19
60309045	C1	18-Oct-13	Avery, Garrett	LAB - Straight Time Overtime	4.00	Hours	\$ 294.08
60309045	C1	18-Oct-13	Avery, Garrett	LAB-Premium Overtime	59.98	CURRENCY	\$ 56.99
60309045	B3	18-Oct-13	Flowers, Danielle I	LAB - Professional	8.50	Hours	\$ 558.03
60309045	A1	18-Oct-13	Kaufman, Laura R	LAB - Senior Professional	14.00	Hours	\$ 2,177.99
60309045	B1	18-Oct-13	King, Jenifer N	LAB - Professional	2.50	Hours	\$ 199.79
60309045	A1	18-Oct-13	Larson, John P	LAB - Professional	8.00	Hours	\$ 961.76
60309045	A3	18-Oct-13	Larson, John P	LAB - Professional	9.00	Hours	\$ 1,081.98
60309045	B1	18-Oct-13	Larson, John P	LAB - Professional	1.00	Hours	\$ 120.22
60309045	B3	18-Oct-13	Larson, John P	LAB - Professional	1.00	Hours	\$ 120.22
60309045	B5	18-Oct-13	Larson, John P	LAB - Professional	1.00	Hours	\$ 120.22
60309045	B8	18-Oct-13	Larson, John P	LAB - Professional	1.00	Hours	\$ 120.22
60309045	D3	18-Oct-13	Larson, John P	LAB - Professional	8.00	Hours	\$ 961.76
60309045	A1	18-Oct-13	Miller, Caitlin M	LAB - Professional	8.00	Hours	\$ 424.20
60309045	B6	18-Oct-13	Miller, Caitlin M	LAB - Professional	2.50	Hours	\$ 132.58
60309045	A1	18-Oct-13	Nieto Moreno, Maria Paloma (Paloma)	LAB - Professional	8.00	Hours	\$ 930.38
60309045	B2	18-Oct-13	Nieto Moreno, Maria Paloma (Paloma)	LAB - Professional	14.00	Hours	\$ 1,628.16
60309045	C4	18-Oct-13	Wilson, Robert W	LAB - Professional	15.50	Hours	\$ 1,714.85
60309045	B7	25-Oct-13	Arizabal, Michael I	LAB - Professional	4.00	Hours	\$ 356.74
60309045	C1	25-Oct-13	Avery, Garrett	LAB - Professional	12.00	Hours	\$ 882.23
60309045	B3	25-Oct-13	Flowers, Danielle I	LAB - Professional	3.50	Hours	\$ 229.77
60309045	A1	25-Oct-13	Kaufman, Laura R	LAB - Senior Professional	3.00	Hours	\$ 466.71
60309045	B1	25-Oct-13	King, Jenifer N	LAB - Professional	5.50	Hours	\$ 439.54
60309045	A2	25-Oct-13	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	A3	25-Oct-13	Larson, John P	LAB - Professional	4.00	Hours	\$ 480.88
60309045	B1	25-Oct-13	Larson, John P	LAB - Professional	1.00	Hours	\$ 120.22
60309045	B3	25-Oct-13	Larson, John P	LAB - Professional	1.00	Hours	\$ 120.22
60309045	B5	25-Oct-13	Larson, John P	LAB - Professional	1.00	Hours	\$ 120.22
60309045	B7	25-Oct-13	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	C4	25-Oct-13	Larson, John P	LAB - Professional	4.00	Hours	\$ 480.88
60309045	D4	25-Oct-13	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	D9	25-Oct-13	Larson, John P	LAB - Professional	4.00	Hours	\$ 480.88
60309045	B6	25-Oct-13	Miller, Caitlin M	LAB - Professional	-2.00	Hours	\$ (106.05)
60309045	B6	25-Oct-13	Miller, Caitlin M	LAB - Professional	7.50	Hours	\$ 397.70
60309045	B5	25-Oct-13	Osburn, Christopher R (Chris)	LAB - Professional	3.00	Hours	\$ 328.30
60309045	C4	25-Oct-13	Wilson, Robert W	LAB - Professional	19.50	Hours	\$ 2,157.39
60309045	B7	1-Nov-13	Arizabal, Michael I	LAB - Professional	3.00	Hours	\$ 267.55
60309045	C1	1-Nov-13	Avery, Garrett	LAB - Professional	14.00	Hours	\$ 1,029.27

Project	Task	Item Date	Employee/Supplier	Expnd Type	Quantity	UOM	Revenue Amt.
60309045	C5	1-Nov-13	Kaufman, Laura R	LAB - Senior Professional	2.00	Hours	\$ 311.14
60309045	A3	1-Nov-13	Larson, John P	LAB - Professional	9.00	Hours	\$ 1,081.98
60309045	B4	1-Nov-13	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	B8	1-Nov-13	Larson, John P	LAB - Professional	1.00	Hours	\$ 120.22
60309045	C1	1-Nov-13	Larson, John P	LAB - Professional	4.00	Hours	\$ 480.88
60309045	C2	1-Nov-13	Larson, John P	LAB - Professional	4.00	Hours	\$ 480.88
60309045	C7	1-Nov-13	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	D5	1-Nov-13	Nieto Moreno, Maria Paloma (Paloma)	LAB - Professional	10.50	Hours	\$ 1,221.12
60309045	D5	1-Nov-13	Wilson, Robert W	LAB - Professional	6.00	Hours	\$ 663.81
60309045	B7	8-Nov-13	Arizabal, Michael I	LAB - Professional	16.00	Hours	\$ 1,426.95
60309045	D5	8-Nov-13	Caceres-Schnell, Carmen	LAB - Professional	3.50	Hours	\$ 360.37
60309045	C2	8-Nov-13	Conrardy, Michael	LAB - Professional	3.00	Hours	\$ 227.10
60309045	C3	8-Nov-13	Conrardy, Michael	LAB - Professional	3.00	Hours	\$ 227.10
60309045	B3	8-Nov-13	Flowers, Danielle I	LAB - Professional	14.00	Hours	\$ 919.10
60309045	A3	8-Nov-13	Kaufman, Laura R	LAB - Senior Professional	1.00	Hours	\$ 155.57
60309045	C5	8-Nov-13	Kaufman, Laura R	LAB - Senior Professional	1.00	Hours	\$ 155.57
60309045	A2	8-Nov-13	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	A3	8-Nov-13	Larson, John P	LAB - Professional	8.00	Hours	\$ 961.76
60309045	D5	8-Nov-13	Larson, John P	LAB - Professional	4.00	Hours	\$ 480.88
60309045	D5	8-Nov-13	Miller, Caitlin M	LAB - Professional	6.50	Hours	\$ 344.68
60309045	D5	8-Nov-13	Nieto Moreno, Maria Paloma (Paloma)	LAB - Professional	16.50	Hours	\$ 1,918.91
60309045	B5	8-Nov-13	Osburn, Christopher R (Chris)	LAB - Professional	1.00	Hours	\$ 109.43
60309045	D5	8-Nov-13	Wilson, Robert W	LAB - Professional	14.00	Hours	\$ 1,548.91
60309045	B7	12-Nov-13	ARC	OFF-Repro, Photo & Blueprint	3.89	CURRENCY	\$ 3.70
60309045	B7	15-Nov-13	Arizabal, Michael I	LAB - Professional	16.00	Hours	\$ 1,426.95
60309045	C1	15-Nov-13	Avery, Garrett	LAB - Professional	25.00	Hours	\$ 1,837.99
60309045	C1	15-Nov-13	Avery, Garrett	LAB - Professional	5.00	Hours	\$ 367.60
60309045	B3	15-Nov-13	Flowers, Danielle I	LAB - Professional	5.00	Hours	\$ 328.25
60309045	A2	15-Nov-13	Larson, John P	LAB - Professional	8.00	Hours	\$ 961.76
60309045	A3	15-Nov-13	Larson, John P	LAB - Professional	8.00	Hours	\$ 961.76
60309045	D5	15-Nov-13	Larson, John P	LAB - Professional	4.00	Hours	\$ 480.88
60309045	A2	15-Nov-13	Miller, Caitlin M	LAB - Professional	5.50	Hours	\$ 291.65
60309045	D5	15-Nov-13	Miller, Caitlin M	LAB - Professional	11.50	Hours	\$ 609.81
60309045	C1	15-Nov-13	Norgard, David E	LAB - Professional	33.00	Hours	\$ 2,472.26
60309045	B5	15-Nov-13	Osburn, Christopher R (Chris)	LAB - Professional	2.00	Hours	\$ 218.86
60309045	D5	15-Nov-13	Wilson, Robert W	LAB - Professional	6.50	Hours	\$ 719.13
60309045	D5	15-Nov-13	Wilson, Robert W	LAB - Professional	-4.00	Hours	\$ (442.54)
60309045	C1	22-Nov-13	Avery, Garrett	LAB - Professional	19.00	Hours	\$ 1,396.87
60309045	D5	22-Nov-13	Caceres-Schnell, Carmen	LAB - Professional	10.00	Hours	\$ 1,029.62
60309045	D5	22-Nov-13	Kaufman, Laura R	LAB - Senior Professional	3.00	Hours	\$ 466.71

Project	Task	Item Date	Employee/Supplier	Expnd Type	Quantity	UOM	Revenue Amt.
60309045	A3	22-Nov-13	Larson, John P	LAB - Professional	10.00	Hours	\$ 1,202.20
60309045	C2	22-Nov-13	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	D5	22-Nov-13	Larson, John P	LAB - Professional	10.00	Hours	\$ 1,202.20
60309045	D5	22-Nov-13	Miller, Caitlin M	LAB - Professional	1.25	Hours	\$ 66.28
60309045	B5	22-Nov-13	Osburn, Christopher R (Chris)	LAB - Professional	2.00	Hours	\$ 218.86
60309045	B7	29-Nov-13	Arizabal, Michael I	LAB - Professional	6.00	Hours	\$ 535.10
60309045	C1	29-Nov-13	Avery, Garrett	LAB - Professional	15.00	Hours	\$ 1,102.79
60309045	D5	29-Nov-13	Caceres-Schnell, Carmen	LAB - Professional	-5.00	Hours	\$ (514.81)
60309045	C2	29-Nov-13	Conrardy, Michael	LAB - Professional	4.00	Hours	\$ 302.80
60309045	C3	29-Nov-13	Conrardy, Michael	LAB - Professional	2.00	Hours	\$ 151.40
60309045	A3	29-Nov-13	Kaufman, Laura R	LAB - Senior Professional	0.50	Hours	\$ 77.81
60309045	D1	29-Nov-13	Kaufman, Laura R	LAB - Senior Professional	2.00	Hours	\$ 311.14
60309045	A2	29-Nov-13	Larson, John P	LAB - Professional	4.00	Hours	\$ 480.88
60309045	A3	29-Nov-13	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	C6	29-Nov-13	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	D12	29-Nov-13	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	D5	29-Nov-13	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	D9	29-Nov-13	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	D5	29-Nov-13	Miller, Caitlin M	LAB - Professional	10.00	Hours	\$ 530.25
60309045	B5	29-Nov-13	Osburn, Christopher R (Chris)	LAB - Professional	3.50	Hours	\$ 383.02
60309045	D5	29-Nov-13	Wilson, Robert W	LAB - Professional	2.50	Hours	\$ 276.60
60309045	B7	6-Dec-13	Arizabal, Michael I	LAB - Professional	4.00	Hours	\$ 356.74
60309045	C1	6-Dec-13	Avery, Garrett	TRA - Hotel	222.88	CURRENCY	\$ 211.78
60309045	C1	6-Dec-13	Avery, Garrett	TRA - Meals	23.26	CURRENCY	\$ 22.10
60309045	D5	6-Dec-13	Caceres-Schnell, Carmen	LAB - Professional	6.00	Hours	\$ 617.77
60309045	C6	6-Dec-13	FEDERAL EXPRESS	OFF-Postage & Shipping	26.61	CURRENCY	\$ 25.28
60309045	D3	6-Dec-13	Froelicher, James	LAB - Professional	1.00	Hours	\$ 86.00
60309045	D5	6-Dec-13	King, Jenifer N	LAB - Professional	8.00	Hours	\$ 639.34
60309045	A2	6-Dec-13	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	A3	6-Dec-13	Larson, John P	LAB - Professional	3.00	Hours	\$ 360.66
60309045	C6	6-Dec-13	Larson, John P	LAB - Professional	4.00	Hours	\$ 480.88
60309045	D3	6-Dec-13	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	D5	6-Dec-13	Larson, John P	LAB - Professional	4.00	Hours	\$ 480.88
60309045	D6	6-Dec-13	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	D8	6-Dec-13	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	C6	6-Dec-13	Mahmodi, Mohammad I (Issa)	LAB - Professional	6.00	Hours	\$ 434.94
60309045	D5	6-Dec-13	Miller, Caitlin M	LAB - Professional	3.50	Hours	\$ 185.60
60309045	D5	6-Dec-13	Nieto Moreno, Maria Paloma (Paloma)	LAB - Professional	16.00	Hours	\$ 1,860.76
60309045	B5	6-Dec-13	Osburn, Christopher R (Chris)	LAB - Professional	3.00	Hours	\$ 328.30
60309045	D5	6-Dec-13	Wilson, Robert W	LAB - Professional	1.50	Hours	\$ 165.97
60309045	C1	7-Dec-13	Avery, Garrett	TRA - Travel All Other	54.50	CURRENCY	\$ 51.78
60309045	C1	9-Dec-13	Avery, Garrett	TRA - Unallowed Expense Contra	-62.64	CURRENCY	\$ (59.52)
60309045	C1	9-Dec-13	Avery, Garrett	TRA - Unallowed Expenses	62.64	CURRENCY	\$ 59.52
60309045	C1	13-Dec-13	Avery, Garrett	LAB - Professional	6.00	Hours	\$ 441.12
60309045	C1	13-Dec-13	Avery, Garrett	LAB - Professional	12.00	Hours	\$ 882.23
60309045	C1	13-Dec-13	Avery, Garrett	LAB - Straight Time Overtime	11.00	Hours	\$ 808.72
60309045	C1	13-Dec-13	Avery, Garrett	LAB - Straight Time Overtime	10.00	Hours	\$ 735.19
60309045	C1	13-Dec-13	Avery, Garrett	LAB-Premium Overtime	149.95	CURRENCY	\$ 142.48
60309045	C1	13-Dec-13	Avery, Garrett	LAB-Premium Overtime	164.95	CURRENCY	\$ 156.73
60309045	D5	13-Dec-13	Caceres-Schnell, Carmen	LAB - Professional	16.50	Hours	\$ 1,698.87
60309045	B3	13-Dec-13	Flowers, Danielle I	LAB - Professional	4.00	Hours	\$ 262.60

Project	Task	Item Date	Employee/Supplier	Expnd Type	Quantity	UOM	Revenue Amt.
60309045	A3	13-Dec-13	Kaufman, Laura R	LAB - Senior Professional	3.00	Hours	\$ 466.71
60309045	D1	13-Dec-13	Kaufman, Laura R	LAB - Senior Professional	1.50	Hours	\$ 233.38
60309045	D3	13-Dec-13	Kaufman, Laura R	LAB - Senior Professional	1.50	Hours	\$ 233.35
60309045	D5	13-Dec-13	Kaufman, Laura R	LAB - Senior Professional	2.00	Hours	\$ 311.14
60309045	D6	13-Dec-13	Kaufman, Laura R	LAB - Senior Professional	2.00	Hours	\$ 311.14
60309045	D5	13-Dec-13	King, Jenifer N	LAB - Professional	8.00	Hours	\$ 639.34
60309045	C2	13-Dec-13	Larkin, Robert L	LAB - Professional	8.00	Hours	\$ 772.51
60309045	A2	13-Dec-13	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	C6	13-Dec-13	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	C7	13-Dec-13	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	D10	13-Dec-13	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	D5	13-Dec-13	Larson, John P	LAB - Professional	4.00	Hours	\$ 480.88
60309045	D9	13-Dec-13	Larson, John P	LAB - Professional	4.00	Hours	\$ 480.88
60309045	C6	13-Dec-13	Mahmodi, Mohammad I (Issa)	LAB - Professional	8.00	Hours	\$ 579.91
60309045	C6	13-Dec-13	Mahmodi, Mohammad I (Issa)	LAB - Straight Time Overtime	4.00	Hours	\$ 289.96
60309045	D4	13-Dec-13	Miller, Caitlin M	LAB - Professional	2.00	Hours	\$ 106.05
60309045	D5	13-Dec-13	Miller, Caitlin M	LAB - Professional	-5.00	Hours	\$ (265.13)
60309045	D5	13-Dec-13	Miller, Caitlin M	LAB - Professional	22.25	Hours	\$ 1,179.87
60309045	D9	13-Dec-13	Miller, Caitlin M	LAB - Professional	1.50	Hours	\$ 79.55
60309045	D5	13-Dec-13	Nieto Moreno, Maria Paloma (Paloma)	LAB - Professional	1.00	Hours	\$ 116.30
60309045	B5	13-Dec-13	Osburn, Christopher R (Chris)	LAB - Professional	16.00	Hours	\$ 1,750.94
60309045	D5	13-Dec-13	Wilson, Robert W	LAB - Professional	5.50	Hours	\$ 608.52
60309045	C6	14-Dec-13	UNITED PARCEL SERVICE	OFF-Postage & Shipping	5.87	CURRENCY	\$ 5.58
60309045	C6	14-Dec-13	UNITED PARCEL SERVICE	OFF-Postage & Shipping	0.41	CURRENCY	\$ 0.39
60309045	D5	20-Dec-13	Caceres-Schnell, Carmen	LAB - Professional	3.50	Hours	\$ 360.37
60309045	C2	20-Dec-13	Conrardy, Michael	LAB - Professional	7.00	Hours	\$ 529.91
60309045	C3	20-Dec-13	Conrardy, Michael	LAB - Professional	2.00	Hours	\$ 151.40
60309045	D5	20-Dec-13	Conrardy, Michael	LAB - Professional	3.00	Hours	\$ 227.10
60309045	C3	20-Dec-13	Harris, Timothy	LAB - Professional	4.00	Hours	\$ 236.13
60309045	C5	20-Dec-13	Harris, Timothy	LAB - Professional	8.00	Hours	\$ 472.25
60309045	C5	20-Dec-13	Kaufman, Laura R	LAB - Senior Professional	15.00	Hours	\$ 2,333.55
60309045	D12	20-Dec-13	Kaufman, Laura R	LAB - Senior Professional	2.00	Hours	\$ 311.14
60309045	D3	20-Dec-13	Kaufman, Laura R	LAB - Senior Professional	1.00	Hours	\$ 155.57
60309045	D7	20-Dec-13	Kaufman, Laura R	LAB - Senior Professional	1.00	Hours	\$ 155.57
60309045	D5	20-Dec-13	King, Jenifer N	LAB - Professional	8.00	Hours	\$ 639.34
60309045	C2	20-Dec-13	Larkin, Robert L	LAB - Professional	17.00	Hours	\$ 1,641.58
60309045	D5	20-Dec-13	Larkin, Robert L	LAB - Straight Time Overtime	7.00	Hours	\$ 675.94
60309045	A2	20-Dec-13	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	C5	20-Dec-13	Larson, John P	LAB - Professional	10.00	Hours	\$ 1,202.20
60309045	C6	20-Dec-13	Larson, John P	LAB - Professional	5.00	Hours	\$ 601.10
60309045	D5	20-Dec-13	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	C6	20-Dec-13	Mahmodi, Mohammad I (Issa)	LAB - Professional	21.00	Hours	\$ 1,522.28
60309045	C6	20-Dec-13	Mahmodi, Mohammad I (Issa)	LAB - Professional	-8.00	Hours	\$ (579.91)
60309045	C6	20-Dec-13	Mahmodi, Mohammad I (Issa)	LAB - Straight Time Overtime	5.00	Hours	\$ 362.45
60309045	C5	20-Dec-13	Miller, Caitlin M	LAB - Professional	10.50	Hours	\$ 556.78
60309045	D1	20-Dec-13	Miller, Caitlin M	LAB - Professional	2.00	Hours	\$ 106.05
60309045	D5	20-Dec-13	Miller, Caitlin M	LAB - Professional	2.00	Hours	\$ 106.05

Project	Task	Item Date	Employee/Supplier	Expnd Type	Quantity	UOM	Revenue Amt.
60309045	D7	20-Dec-13	Miller, Caitlin M	LAB - Professional	3.50	Hours	\$ 185.60
60309045	D9	20-Dec-13	Miller, Caitlin M	LAB - Professional	3.50	Hours	\$ 185.60
60309045	D5	20-Dec-13	Nieto Moreno, Maria Paloma (Paloma)	LAB - Professional	15.50	Hours	\$ 1,802.62
60309045	C1	20-Dec-13	Norgard, David E	LAB - Professional	27.00	Hours	\$ 2,022.75
60309045	C3	20-Dec-13	Wallace, James R	LAB - Professional	2.00	Hours	\$ 123.85
60309045	C5	20-Dec-13	Wallace, James R	LAB - Professional	14.00	Hours	\$ 866.94
60309045	D5	20-Dec-13	Wilson, Robert W	LAB - Professional	7.50	Hours	\$ 829.77
60309045	D5	27-Dec-13	Joubert, Cathleen E	LAB - Support Staff	4.00	Hours	\$ 296.63
60309045	C5	27-Dec-13	Kaufman, Laura R	LAB - Senior Professional	3.00	Hours	\$ 466.71
60309045	C5	27-Dec-13	Kaufman, Laura R	LAB - Senior Professional	-2.00	Hours	\$ (311.14)
60309045	D5	27-Dec-13	Larkin, Robert L	LAB - Professional	3.00	Hours	\$ 289.69
60309045	C5	27-Dec-13	Larson, John P	LAB - Professional	15.00	Hours	\$ 1,803.30
60309045	C6	27-Dec-13	Larson, John P	LAB - Professional	8.00	Hours	\$ 961.76
60309045	D9	27-Dec-13	Miller, Caitlin M	LAB - Professional	2.00	Hours	\$ 106.05
60309045	D5	27-Dec-13	Nieto Moreno, Maria Paloma (Paloma)	LAB - Professional	0.50	Hours	\$ 58.15
60309045	D5	27-Dec-13	Wilson, Robert W	LAB - Professional	1.00	Hours	\$ 110.66
60309045	C1	3-Jan-14	Avery, Garrett	LAB - Professional	16.00	Hours	\$ 1,293.98
60309045	A2	3-Jan-14	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	C4	3-Jan-14	Larson, John P	LAB - Professional	4.00	Hours	\$ 480.88
60309045	C5	3-Jan-14	Larson, John P	LAB - Professional	4.00	Hours	\$ 480.88
60309045	D5	3-Jan-14	Larson, John P	LAB - Professional	6.00	Hours	\$ 721.32
60309045	D9	3-Jan-14	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	B7	10-Jan-14	Arizabal, Michael I	LAB - Professional	4.00	Hours	\$ 367.43
60309045	C1	10-Jan-14	Avery, Garrett	LAB - Professional	32.00	Hours	\$ 2,587.96
60309045	D5	10-Jan-14	Joubert, Cathleen E	LAB - Support Staff	2.00	Hours	\$ 149.79
60309045	C5	10-Jan-14	Kaufman, Laura R	LAB - Non Std Hrs	0.50	Hours	\$ 79.35
60309045	D5	10-Jan-14	King, Jenifer N	LAB - Professional	8.00	Hours	\$ 664.84
60309045	A3	10-Jan-14	Larson, John P	LAB - Professional	8.00	Hours	\$ 961.76
60309045	B8	10-Jan-14	Larson, John P	LAB - Professional	4.00	Hours	\$ 480.88
60309045	C1	10-Jan-14	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	C2	10-Jan-14	Larson, John P	LAB - Professional	10.00	Hours	\$ 1,202.20
60309045	C3	10-Jan-14	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	C6	10-Jan-14	Larson, John P	LAB - Professional	10.00	Hours	\$ 1,202.20
60309045	C5	10-Jan-14	Miller, Caitlin M	LAB - Professional	11.25	Hours	\$ 614.46
60309045	D5	10-Jan-14	Nieto Moreno, Maria Paloma (Paloma)	LAB - Professional	3.00	Hours	\$ 359.34
60309045	B7	17-Jan-14	Arizabal, Michael I	LAB - Professional	2.00	Hours	\$ 183.72
60309045	C1	17-Jan-14	Avery, Garrett	LAB - Professional	39.00	Hours	\$ 2,867.26
60309045	C1	17-Jan-14	Avery, Garrett	LAB - Straight Time Overtime	16.00	Hours	\$ 1,176.31
60309045	C1	17-Jan-14	Avery, Garrett	LAB-Premium Overtime	239.92	CURRENCY	\$ 227.97
60309045	D5	17-Jan-14	King, Jenifer N	LAB - Professional	5.00	Hours	\$ 415.52
60309045	C2	17-Jan-14	Larkin, Robert L	LAB - Professional	3.00	Hours	\$ 296.89
60309045	A2	17-Jan-14	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	C2	17-Jan-14	Larson, John P	LAB - Professional	8.00	Hours	\$ 961.76
60309045	C6	17-Jan-14	Larson, John P	LAB - Professional	6.00	Hours	\$ 721.32
60309045	D6	17-Jan-14	Larson, John P	LAB - Professional	5.00	Hours	\$ 601.10
60309045	D8	17-Jan-14	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	D5	17-Jan-14	Miller, Caitlin M	LAB - Professional	13.50	Hours	\$ 737.35
60309045	C1	17-Jan-14	Norgard, David E	LAB - Professional	9.00	Hours	\$ 751.70
60309045	B7	24-Jan-14	Arizabal, Michael I	LAB - Professional	1.00	Hours	\$ 91.85
60309045	C1	24-Jan-14	Avery, Garrett	LAB - Professional	23.00	Hours	\$ 1,860.10
60309045	C1	24-Jan-14	Avery, Garrett	LAB - Professional	30.00	Hours	\$ 2,426.22
60309045	B7	24-Jan-14	Erney, Tim	LAB - Professional	2.00	Hours	\$ 423.02
60309045	A2	24-Jan-14	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	A3	24-Jan-14	Larson, John P	LAB - Professional	1.00	Hours	\$ 120.22
60309045	D5	24-Jan-14	Larson, John P	LAB - Professional	14.00	Hours	\$ 1,683.07
60309045	D5	24-Jan-14	Miller, Caitlin M	LAB - Professional	2.75	Hours	\$ 150.20
60309045	C1	24-Jan-14	Norgard, David E	LAB - Professional	21.00	Hours	\$ 1,753.95
60309045	C1	24-Jan-14	Wright, Nicholle N	LAB - Professional	5.00	Hours	\$ 472.64
60309045	B7	31-Jan-14	Arizabal, Michael I	LAB - Professional	2.00	Hours	\$ 183.72

Project	Task	Item Date	Employee/Supplier	Expnd Type	Quantity	UOM	Revenue Amt.
60309045	D5	31-Jan-14	Joubert, Cathleen E	LAB - Support Staff	3.00	Hours	\$ 224.68
60309045	D5	31-Jan-14	Larson, John P	LAB - Professional	16.00	Hours	\$ 1,923.52
60309045	D8	31-Jan-14	Larson, John P	LAB - Professional	4.00	Hours	\$ 480.88
60309045	D5	31-Jan-14	Miller, Caitlin M	LAB - Professional	3.50	Hours	\$ 191.17
60309045	C1	7-Feb-14	Avery, Garrett	LAB - Professional	8.00	Hours	\$ 646.99
60309045	D5	7-Feb-14	Joubert, Cathleen E	LAB - Support Staff	6.00	Hours	\$ 449.35
60309045	A2	7-Feb-14	Larson, John P	LAB - Professional	4.00	Hours	\$ 480.88
60309045	D5	7-Feb-14	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	D6	7-Feb-14	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	D7	7-Feb-14	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	D8	7-Feb-14	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	A2	7-Feb-14	Miller, Caitlin M	LAB - Professional	6.00	Hours	\$ 327.71
60309045	D5	7-Feb-14	Miller, Caitlin M	LAB - Professional	2.00	Hours	\$ 109.23
60309045	E1	7-Feb-14	Miller, Caitlin M	LAB - Professional	4.00	Hours	\$ 218.48
60309045	E1	7-Feb-14	Miller, Caitlin M	LAB - Straight Time Overtime	1.00	Hours	\$ 54.62
60309045	B7	12-Feb-14	ARC	OFF-Repro, Photo & Blueprint	0.11	CURRENCY	\$ 0.10
60309045	C1	14-Feb-14	Avery, Garrett	LAB - Professional	30.00	Hours	\$ 2,426.22
60309045	C1	14-Feb-14	Avery, Garrett	LAB - Professional	1.00	Hours	\$ 80.87
60309045	C1	14-Feb-14	Avery, Garrett	LAB - Straight Time Overtime	54.00	Hours	\$ 4,367.19
60309045	E1	14-Feb-14	Larson, John P	LAB - Professional	14.00	Hours	\$ 1,683.07
60309045	E1	14-Feb-14	Miller, Caitlin M	LAB - Professional	5.75	Hours	\$ 314.05
60309045	C1	21-Feb-14	Avery, Garrett	LAB - Professional	5.50	Hours	\$ 444.82
60309045	D5	21-Feb-14	Harris, Timothy	LAB - Professional	3.00	Hours	\$ 185.92
60309045	E1	21-Feb-14	Larson, John P	LAB - Professional	18.00	Hours	\$ 2,163.96
60309045	E1	21-Feb-14	Miller, Caitlin M	LAB - Professional	20.50	Hours	\$ 1,119.68
60309045	A3	21-Feb-14	Mitchell, Jennifer E (Jenni)	LAB - Professional	0.25	Hours	\$ 16.91
60309045	D5	21-Feb-14	Nieto Moreno, Maria Paloma (Paloma)	LAB - Professional	2.50	Hours	\$ 299.45
60309045	D5	21-Feb-14	Wallace, James R	LAB - Professional	8.00	Hours	\$ 507.75
60309045	B7	28-Feb-14	Arizabal, Michael I	LAB - Professional	6.00	Hours	\$ 551.14
60309045	C1	28-Feb-14	Avery, Garrett	LAB - Professional	4.00	Hours	\$ 323.50
60309045	D5	28-Feb-14	King, Jenifer N	LAB - Professional	2.00	Hours	\$ 166.21
60309045	A2	28-Feb-14	Larson, John P	LAB - Professional	3.00	Hours	\$ 360.66
60309045	E1	28-Feb-14	Larson, John P	LAB - Professional	13.00	Hours	\$ 1,562.86
60309045	E1	28-Feb-14	Miller, Caitlin M	LAB - Professional	16.00	Hours	\$ 873.90
60309045	D5	28-Feb-14	Wallace, James R	LAB - Professional	10.00	Hours	\$ 634.68
60309045	C1	7-Mar-14	Avery, Garrett	LAB - Professional	5.00	Hours	\$ 404.37
60309045	D5	7-Mar-14	Harris, Timothy	LAB - Professional	12.00	Hours	\$ 743.68
60309045	D5	7-Mar-14	King, Jenifer N	LAB - Professional	2.00	Hours	\$ 166.21
60309045	A2	7-Mar-14	Larson, John P	LAB - Professional	3.00	Hours	\$ 360.66
60309045	E1	7-Mar-14	Larson, John P	LAB - Professional	10.00	Hours	\$ 1,202.20
60309045	E1	7-Mar-14	Miller, Caitlin M	LAB - Professional	20.00	Hours	\$ 1,092.38
60309045	E1	12-Mar-14	ARC	OFF-Repro, Photo & Blueprint	95.78	CURRENCY	\$ 91.01
60309045	D5	14-Mar-14	Harris, Timothy	LAB - Professional	12.00	Hours	\$ 743.68
60309045	A2	14-Mar-14	Larson, John P	LAB - Professional	4.00	Hours	\$ 480.88
60309045	E1	14-Mar-14	Larson, John P	LAB - Professional	2.00	Hours	\$ 240.44
60309045	E1	14-Mar-14	Miller, Caitlin M	LAB - Professional	4.00	Hours	\$ 218.48
60309045	D5	14-Mar-14	Nieto Moreno, Maria Paloma (Paloma)	LAB - Professional	3.00	Hours	\$ 359.34
60309045	D5	14-Mar-14	Wallace, James R	LAB - Professional	5.00	Hours	\$ 317.34
60309045	E2	21-Mar-14	Larson, John P	LAB - Professional	10.00	Hours	\$ 1,202.20
60309045	D5	21-Mar-14	Nieto Moreno, Maria Paloma (Paloma)	LAB - Professional	4.00	Hours	\$ 479.12
Grand Total							\$ 167,117.00

ATTACHMENT C

TODD ENGINEERS

2490 Mariner Square Loop, Suite 215
Alameda, CA 94501
(510) 747-6920

September 16, 2013

MEMORANDUM

Transmitted via e-mail

To: Christopher Alakel, City of El Paso de Robles
Carol Florence, Oasis Associates

cc: Ed Gallagher, City of El Paso de Robles

From: Iris Priestaf, PhD, President, and Kate White, PE

Re: Revised Proposal to Prepare a Water Supply Assessment for the Paso Robles Gateway Project, Paso Robles, California

The Paso Robles Gateway Project (PRGP or project) is a four-phased project that consists of three hotels, three commercial retail/office sites, and a 30-lot residential subdivision amid agricultural land and open space. The project is northwest of the South Vine Street and State Route 46 intersection just outside the southwest boundary of the City of Paso Robles city limits. It is within County jurisdiction and, while not part of the City's 2012 Sphere of Influence (SOI) Update, it is an area of special interest in the 2012 SOI Update Memorandum of Agreement between the City and County of San Luis Obispo. Based on project approval and annexation by the end of 2014, the four phases of the project are as follows: Phase 1 (2015-2020), Phase 2 (2020-2022), Phase 3 (2025-2027), and Phase 4 (2025-2030).

This proposal outlines the scope and estimated costs for a Water Supply Assessment (WSA) for the project. The WSA will be an attachment to an Environmental Impact Report (EIR) prepared for this project. The WSA will incorporate current and future water supply and demand information from the City's 2010 Urban Water Management Plan (UWMP), available City and County documents regarding water supplies (groundwater, Nacimiento supply, recycled water), current water use, and estimated water use of this project and other approved and proposed projects. The analysis will extend to 2035, address water demands in five-year increments, and fulfill SB 610 WSA requirements.

The PRGP encompasses around 270 acres of rolling grasslands, oak woodlands, riparian habitat and ephemeral drainages. The property is currently used for cattle grazing and almond trees (that have exceeded their productive life cycle), which are located on the northern portion of the property. Two alignments of South Vine Street are being considered (Caltrans and Furlotti alignments) but the proposed developments under each alignment are similar enough in terms of water use to be analyzed as one in this WSA. After annexation, the City would supply water to the commercial and residential development. Four existing wells would supply water to 114 acres of proposed vineyards, low water use orchards and other potential agricultural uses. Around 96 acres will be designated open space and habitat preservation. Water demands of 97.2 acre feet per year (AFY) have been estimated for the project. The project site overlies the western portion of the Atascadero subbasin of the Paso Robles Groundwater Basin; however, according to the applicant's project description (July 22, 2013) the wells are reportedly outside the groundwater basin boundary. Wastewater would be treated at the City's wastewater treatment plant.

Groundwater level declines are an issue in the basin and the applicant will be required to purchase additional water from the Nacimiento Water Project (NWP) above the current commitment by the City. A treatment plant upgrade for the NWP water is proposed to be completed in 2015.

The following sections outline our scope of work, staffing, schedule and budget for the WSA.

Scope of Work

Todd Engineers will work closely with the City, Oasis Associates, and the EIR team to prepare a WSA that documents the project water demand and supply in compliance with the water code; our approach will follow the Department of Water Resources (DWR) *Guidebook* for Implementation of SB 610 and 221. We assume that the Administrative Draft EIR will be prepared at roughly the same time as the WSA. It is important that the hydrology and water supply sections be consistent with the WSA; in fact, we anticipate that the EIR will use relevant sections of the WSA. Coordination with the EIR consultant is assumed; Task 3 Reporting includes our review of relevant sections of the ADEIR.

Task 1 Data Acquisition and Review

In this task, we will acquire and review relevant information. From our previous work with the City and other local agencies, we already have regional reports, the 2010 UWMP, and the Paso Robles Resource Capacity Study; we are familiar with City's water supply and water demand data having authored the 2010 UWMP. To compare current water use to those predicted in the 2010 UWMP, we will request information on current water use by sector (single family, multi-family, commercial, industrial,

institutional/governmental, and other). We will also request information on projects that have been approved, or are currently being planned, and the anticipated water use of those projects. We have copies of the June 2013 Commercial/Industrial and Residential activity reports that summarize major activity between December 31, 2012 and June 30, 2013. This information will assist in documenting recent or potential allocations of the UWMP's planned increases in water demands. These demands will be totaled and compared to the future demand estimates in the UWMP to calculate the remaining available water demand.

We will also request updated information on the status of the Nacimiento Water Project and treatment plant upgrade to document this supply as a viable option for project water. Other information relevant to overall City supplies includes water supply system improvement projects, status of conservation programs, and updates on water recycling in the City.

Task 2 Water Supply and Demand Assessment

This task involves evaluation of water supply and demand for the project during normal and drought conditions with projection to the year 2035. Water supply and demand will be compared to assess the sufficiency of water supply for the project in light of the service area's total water supply and demand, as documented in the 2010 UWMP, and with the potential for delivery of additional NWP water.

2a. Assess Water Demand. This section will succinctly document the City's existing water demands and planned future water demands by water use sectors in five-year increments, including drought conditions. The 2010 UWMP will be the major reference, but information may be updated to reflect any changes in future development. The water demands of the project were not included in the 2010 UWMP; we will review the project proponent's estimate of water demand in light of appropriate water use factors and the values presented in the 2010 UWMP.

2b. Assess Water Supply. The City's water supply currently includes only groundwater but NWP water is anticipated to be available in 2015. Because groundwater is a source, we will provide the documentation of groundwater supply required by the Water Code, including description of the groundwater basin, local groundwater management, condition of the basin in terms of overdraft, and documentation of groundwater quality and any contamination problems that would limit groundwater use for the project. Coordinating with the hydrogeologist on the EIR team, we will evaluate the source of groundwater supply from project wells proposed for agriculture. We will also discuss the prospective procurement of additional NWP water. The analysis will address water supply not only for normal years, but also for single-year and multiple-year droughts.

2c. Determine Sufficiency. The water supply assessment will provide a discussion of the sufficiency of water supply for the project. This will involve comparison of total water

supply and demand for the service area with the project under normal conditions with a projection in five-year increments over a 20-year period. This analysis may include evaluation of differing amounts of additional NWP water. The discussion will also address single-year and multiple-year drought conditions. Summary tables will document existing and planned water supplies and demands in 5-year increments over a 20-year projection.

Task 3 Reporting

3a. Administrative Draft Report. The water supply assessment will be presented as a draft report for internal review by City staff and Oasis Associates. The text of the report will be concise and focused on relevant tables. Graphics may be limited to a study area map. For purposes of costing, we assume submittal of an electronic version of the report (pdf). Consistency between the ADEIR and WSA is crucial to a credible document; this task includes our review of relevant sections of the ADEIR (e.g., hydrology and water quality, water/wastewater facilities).

3b. Draft Report. We will address comments on the administrative draft and subsequently submit a draft report in electronic format to the City and Oasis Associates.

3c. Final Report. We will address comments on the draft and subsequently submit a final report. We assume the final report will be submitted electronically. The final report will be suitable for inclusion as an appendix to the EIR. Our cost estimate assumes minimal public comments.

Task 4 Coordination and Meetings

This task includes project management and coordination among Todd Engineers, City staff, Oasis Associates, and the EIR prepares; we assume that much communication will occur via email. We have not included meetings or formal presentations in this scope and budget. We would be happy to support the City in meetings on a time and materials basis. A schedule of charges is included at the end of this proposal. We estimate that it would cost about \$2,340 for one person to attend a meeting in Paso Robles.

STAFFING

Iris Priestaf, PhD, President, will serve as project manager with responsibility for the accurate and timely completion of the project within the cost estimate. She will be assisted by Kate White, Senior Engineer.

SCHEDULE

We can complete the administrative draft WSA within six weeks of notice to proceed assuming timely provision of information. This schedule assumes a finding of sufficient

Todd Engineers

water supply. On our part, Todd Engineers is prepared to start upon notice to proceed; we are willing to commit our resources to meet the schedule.

WSA BUDGET

Our proposed budget for the WSA is summarized below for a total of \$19,860. This budget assumes that the project description will not change significantly in terms of water demand during the EIR/WSA process and a likely finding of sufficient water supply provided NWP water is available. Todd Engineers submits monthly invoices on a time and materials basis and we regard this as a not-to-exceed budget.

Task 1 Data Acquisition and Review	\$ 3,940
Task 2 Water Supply and Demand Assessment	\$ 5,580
Task 3 Reporting	\$ 8,900
Task 4 Project Coordination	<u>\$ 1,440</u>
Total:	\$19,860

TODD ENGINEERS

GROUNDWATER • WATER RESOURCES • HYDROGEOLOGY • ENVIRONMENTAL ENGINEERING

SCHEDULE OF CHARGES

January 2013

Professional Services

Hourly Rates

Principal Consultant	\$200.00 - \$210.00
Principal Engineer	\$200.00 - \$210.00
Principal Geologist/Hydrogeologist	\$200.00 - \$210.00
Senior Geochemist	\$190.00 - \$200.00
Senior Hydrologist	\$180.00 - \$190.00
Senior Geologist/Hydrogeologist/Engineer	\$175.00 - \$210.00
Associate Geologist/Hydrogeologist/Engineer	\$140.00 - \$150.00
Staff Geologist/Hydrogeologist/Engineer	\$120.00 - \$130.00

Technical Services

CAD/GIS/Graphics Specialist	\$ 100.00 - \$110.00
GIS/Drafting Support	\$ 80.00 - \$ 90.00
Clerical	\$ 87.00

Communications

2% of Professional Services

Travel Time

Travel time will be charged at regular hourly rates.

Litigation, Depositions, and Testimony

Deposition and trial testimony are charged at twice hourly rates.

Rates are subject to adjustment Semi-annually, in January & July

Outside Services

All services not ordinarily furnished by Todd Engineers, including printing, subcontracted services, local mileage, travel by common carrier, etc. are billed at cost + 15%. Local mileage is billed at the current Federal mileage rate. (§ 0.565 POV mileage rate for the period starting 1/1/2013)

2490 Mariner Square Loop, Suite 215 • Alameda, CA 9450-1080 • 510/747-6920 • Fax 510/747-6921

GL-2013



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Iris P. Yang
(916) 551-2826
iris.yang@bbklaw.com
File No. 82480.00040

May 16, 2014

VIA ELECTRONIC MAIL

Gregory W. Sanders
Nossaman LLP
18101 Van Karman Avenue
Suite 1800
Irvine, CA 92612

Re: Quorum Realty Fund IV – Gateway Project, Paso Robles

Dear Mr. Sanders:

I am following up on your April 14, 2014 letter to City Manager Jim App disagreeing that your client, Quorum Realty Fund IV, LLC (“Quorum”), has an obligation to reimburse the City of Paso Robles for fees and costs incurred in processing Quorum’s Gateway Project application pursuant to the April 26, 2011 Agreement for Advance of Funds (“Agreement”). I reviewed your concerns and disagree with your interpretation of the Agreement with respect to the EIR. The Agreement requires the City to prepare “documentation for the Project pursuant to [CEQA].” The City, as the lead agency, is responsible for determining the adequacy of that document. Indeed, the Agreement itself provides that the “City reserves absolute discretion as to the selection, hiring, assignment, supervision and evaluation of any and all employees, contractors, or consultants that may be necessary to assist the City with processing the Project” (paragraph 3(b)), and Quorum is “expressly prohibited from directly or indirectly exercising supervision or control over any employee, agent, or consultant of the City engaged in the Project.” (paragraph 3(c)). Your comments regarding the “adequacy” of the Administrative DEIR are simply not material or relevant to Quorum’s obligation to reimburse the City under the Agreement.

That said, the City reviewed the most recent AECOM invoice, dated Mar. 31, 2014, to determine if there were any fees charged that should not have been charged under the City’s agreement with AECOM and the City’s March 19, 2014 notice to AECOM to stop work on the Project given Quorum’s failure to timely deposit further funds. The only fees of concern in that invoice were nominal charges for limited work performed after the City notified AECOM to stop work on the project. At the City’s request, AECOM reviewed its invoice and agreed to adjust the amount the City owed for work on your client’s project, as reflected in the enclosed invoice. The revised amount owed in that invoice is \$66,835.00. The City has determined the revised



BEST BEST & KRIEGER
ATTORNEYS AT LAW

Gregory W. Sanders
May 16, 2014
Page 2

invoice is accurate and requires payment. Accordingly, the City has incurred \$110,045.64 (\$43,210.64 + \$66,835.00) in fees for processing the Project for which it has not yet received reimbursement from Quorum and Quorum is thus in breach of the Agreement. Please have Quorum remit \$110,045.64, payable to the City of Paso Robles, within five business days of the date of this letter or the City will be forced to pursue any remedies available to it. The payment should be delivered to the attention of Ed Gallagher, Community Development Director, City Hall, 1000 Spring Street, Paso Robles, CA 93446. Thank you.

Sincerely,

Iris P. Yang
of BEST BEST & KRIEGER LLP

IPY:njr

Enc.

cc: Jim App, City Manager
Ed Gallagher, Community Development Director

82480.00040\8798075.1

May 12, 2014

Mr. Ed Gallagher
Community Development Director
City of el Paso De Robles
1000 Spring Street
Paso Robles, CA 93446**Subject: Paso Robles Gateway EIR, Final Invoice Revision
(AECOM No. 60309045)**

Dear Mr. Gallagher:

In response to your e-mail dated May 1, 2014, we have revised our final invoice for work on this project. The revised final invoice amount is \$66,835.

We stopped work on noon, Wednesday, March 19, 2014 based on a phone call from Carol Florence. She then confirmed the direction to stop work via e-mail we received at 4:16 that afternoon. The 14 hours of labor shown in our work-in-progress backup with a date of March 21, which you mentioned in your letter, were actually charged earlier in the week. March 21 was the Friday of that week, which is when our labor charges were posted to our accounting system. This detail is immaterial, however, since your e-mail proposes to pay only an amount adjusted from the lump-sum progress payment schedule. Using that approach, I suggest a final invoice computed as follows:

Milestone 3: Draft EIR	\$69,835
Allowance for P/C hearing	- 1,000 (8 hours at \$125/hr)
Printing allowance (assume internal)	<u>- 2,000</u>
Final Invoice	\$66,835

This amount does not cover our work-in-progress revenue, but it does cover our costs. Under the difficult circumstances of this project, I hope you agree that this solution is equitable to all parties involved.

Please give me a call if you have any questions.

Sincerely,

AECOM Technical Services, Inc.


John P. Larson
Project Manager

Ercan Candan
Operations Manager

cc: Carol Florence, Oasis Associates