



February 28, 2017

Mr. Tim Healy
Napa Sanitation District
1515 Soscol Ferry Road
Napa, CA 94558

Mr. Healy,

I am writing to follow up on my emails of February 3 and 15 regarding the resolution of our capacity issues. As we go through the process of settling our sewer charges, it is crucial to Scott Carston and myself as small business owners to be able to resolve the issue of capacity at the same time.

Your predecessors at Napa Sanitation signed off on the sewer connections and uses of this building more than once. Our current uses are allowed under the Master Use Permit and are no more water/sewer intensive than the uses of previous tenants; in fact, we are using less water and producing less waste than at the historical peak when Gerhard's Sausage was the tenant. We have underground grease tanks with a capacity of approximately 3000 gallons to collect solids before they reach the waste stream to Napa Sanitation. We have addressed every water quality and treatment issue that has been raised. We have installed a system to regulate our pH to legal limits and have agreed to pay sewer charges based on the 11.25 strength factor. As our small businesses cannot bear the cost of a \$60,000 - \$80,000 annual sewer bill at the 11.25 strength factor, we are now forced to install an expensive treatment system to lower our bills. We have made substantial capital outlays, hindering our ability to run our businesses, to come into compliance with environmental protection laws and ordinances that have changed since our building was constructed. The remaining issue is recognition of capacity rights for our building under the Master Use Permit and historical use for wineries.

Napa Sanitation did not have systems in place 30 years ago to assess capacity charges in the same way it does now. In the 1980s, when Napa County enacted major changes in the rules for wineries, existing wineries were not forced to make costly changes that would imperil their businesses to come into compliance with the new rules. Napa County recognized the historical rights of these wineries and allowed them to be grandfathered in. While we feel strongly that our building should have been afforded similar consideration, we have nonetheless put forth several proposals to negotiate capacity with regard to number of EDUs desired and associated fees. It is imperative that Napa Sanitation recognizes the historical capacity of 129 EDUs based on the Delta Engineering study, and that any assigned capacity will stay with the building as per the Master Use Permit for winery use approved in 1985. Our standing proposal to surrender half of the 129 EDUs that should be assigned to the building based on historical use (leaving 65 EDUs with the building), and to purchase 35 additional EDUs at rates based on building construction year, for a total of 100 EDUs which would remain with the building, is a substantial compromise on our side.

With all due respect, I believe it will be very difficult to come to an agreement regarding capacity without the guidance of the Napa Sanitation Board. We have been dealing with this issue for three years and have not made any meaningful progress toward a resolution. To move forward, I would like to once again request a meeting with the Board to address the capacity rights of our building. Again, not addressing the sewer charges and the capacity at the same time puts us in a precarious financial position with too many unknowns and makes it nearly impossible to secure financing for a wastewater treatment system.

Please consider this letter my formal request to be placed on the agenda of the March 15, 2017 meeting of the Board of the Napa Sanitation District.

Sincerely,

A handwritten signature in dark ink, appearing to read "Rolando Herrera". The signature is fluid and cursive, with a prominent loop at the end.

Rolando Herrera