

7 October 2007

Kirsty Shelton
Napa County Planning Department
1195 Third Street Suite 210
Napa, CA 94559

RECEIVED
OCT 09 2007
NAPA CO. CONSERVATION
DEVELOPMENT & PLANNING DEPT.

Dear Ms. Shelton:

To follow up on our conversation of last Friday, I have asked Michael Brooks to conduct more survey work on APN 017-150-004 to better define the elevations of the drainage ditch that runs through the property as well as the bank of the Napa River in proximity to the proposed Calistoga Artisan Village project. It then will be possible to overlay these topo lines on the maps and data submitted as part of the use permit application as you have requested.

I can also certify that no trees will be removed, excepting a few trees to provide a utility corridor of thirty feet in width, the PG&E requirement, across a portion of the drainage ditch approximately one hundred feet in length at the northwest corner of the property. Earlier in 2007, under a 1602 Streambed Alteration Agreement with Fish and Game in conjunction with an NRCS EQIP Agreement, I have cleared the drainage ditch of undercover (mostly poison oak) and dead trees, and will be planting riparian cover this fall that is not host to Pierces disease leafhoppers.

I have enclosed a "letter of intent" which indicates my requirement to conform to the Napa County sourcing requirements for all the food products produced at Calistoga Artisan Village.

As regards olives, it is clearly evident that a number of wine growers and others continue to plant olive trees. The 2006 Napa Agricultural Crop Report shows olive acreage increased to 216 acres in 2006 from 193 acres in 2005 and does not include all of the residential estate olive acreage that has been planted for landscape. This acreage trend will continue, and is to be encouraged, but the most difficult aspect of olive growing in Napa is to find local processors to convert the olives to oil. I have grown olives for the past five years and have always had to take the fruit to Sonoma for pressing. I will be producing olives on my property and will have no difficulty purchasing Napa appellation olives to justify the need for the olive pressing operation and meet the 100% Napa appellation rule.

Milk sourcing is a more difficult issue. In 2006, Napa County cattle growers produced 26,000 cwt of beef and calf meat valued at \$3,000,000, but dairy is almost nonexistent. When I moved to Napa in 1970 we had at least five operating dairies in the County. We know the available land and the animals are present, and the capability exists, but growers are dedicated to meat and not milk production. It will be necessary to negotiate agreements with growers to produce dairy milks before any type of cheese making can take place that meets the 100% Napa appellation

CALISTOGA ARTISAN VILLAGE
P.O. BOX 303 CALISTOGA, CA 94515 707-479-7770

rule. Growers will be reluctant unless they have assurances Napa milk production will have long term processor customers and their efforts will be profitable.

Revisions to the General Plan encourage ag diversification, and if this is to be a serious effort, County rule making must allow this goal to come to fruition. I trust my idea of a required, auditable Napa "certificates of origin" for all fruits and milks used in the operation of Calistoga Artisan Village will allow Planning to recommend approval of all components of production to the Commission. If that cannot be done, I will withdraw the cheese making component of Calistoga Artisan Village and convert the planned cheese creamery building to wine barrel storage and finished wine and olive oil storage. That would be unfortunate and would not meet the goal of General Plan updates to protect, expand and diversify the agrarian character of Napa County.

Please let me know if my proposal for a "certificate of origin" to guarantee compliance with County appellation regulations will be sufficient to remove this obstacle in the orderly processing of my use permit application.

Sincerely,

A handwritten signature in black ink, appearing to read 'R Pecota', with a large, sweeping loop at the end.

Robert Pecota
Calistoga Artisan Village

CALISTOGA ARTISAN VILLAGE

P.O. BOX 303 CALISTOGA, CA 94515 707-479-7770

7 October 2007

Kirsty Shelton
Napa County Planning Department
1195 Third Street Suite 210
Napa, CA 94559

LETTER OF INTENT TO BE ATTACHED TO USE PERMIT APPLICATION
P07-00472 – CALISTOGA ARTISAN VILLAGE.

Dear Ms. Shelton:

It is my intention to comply with all Napa County appellation requirements and rules in sourcing all of the fruits and milk used in production at the proposed Calistoga Artisan Village project. I recognize these requirements include:

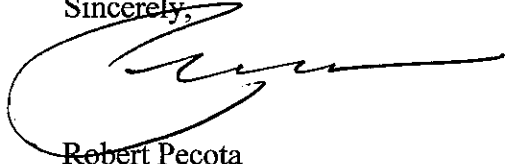
- | | |
|-------------|---|
| Wine grapes | - a minimum of 75% must be grown in Napa County. |
| Olives | - a Minimum of 100% must be grown in Napa County. |
| Milk | - a minimum of 100% must be grown in Napa County. |

I accept the provisions of these rules and agree to provide letters of commitment from Napa County growers prior to the issuance of any building permits for the projects proposed processing of wine grapes, olives for oil and milks for cheese making.

Federal TTB and California State Department of Agricultural rules already require documentation and reporting of grape sources by County of origin. These Federal and State source documents are available to Napa County.

I accept that certificates of origin will need to accompany all deliveries of olives and milks made to Calistoga Artisan Village for processing to certify 100% origin in Napa County. These source documents will be available to any Napa County authority with jurisdiction and all source records will be available for audit by the same County agency.

Sincerely,



Robert Pecota
Managing Member
Calistoga Artisan Village, LLC

CALISTOGA ARTISAN VILLAGE

P.O. BOX 303 CALISTOGA, CA 94515 707-479-7770