

**MEMORANDUM OF UNDERSTANDING
REGARDING
PROPOSAL TO DEVELOP CASA BLANCA RANCH**

Attachment to
Agenda Item No. 9

THIS MEMORANDUM OF UNDERSTANDING, dated _____ (the “MOU”) is made by and between the City of Yucaipa, a California municipal corporation (the “City”) and Elberta LLC, a California limited liability company (referred to herein as “Casa Blanca Ranch” and “Project Developer”), collectively referred to herein as the “Parties”.

RECITALS

WHEREAS, Casa Blanca Ranch owns that certain property shown in the exhibit attached hereto as Exhibit A totaling approximately 240 acres, (the “Property”); and

WHEREAS, Casa Blanca Ranch proposes to develop no more than 50% of the Property with up to 184 detached single family residential lots with a minimum lot size of 10,000 square feet. The portion of the Property not developed with the single family residential lots is proposed to include open space, drainage accommodations, and agricultural and related ancillary uses including but not limited to wineries, tasting rooms, olive oil taking and sales, consistent with the Yucaipa Valley Wine Country Specific Plan (the “YVWCSP”) that is currently being developed for that area of the City in which the Property is located (collectively referred to herein as the “Conceptual Project”); and

WHEREAS, the City recognizes the benefits of such development consistent with the Conceptual Project and desires to facilitate the processing of entitlements for the development and to encourage economic growth and development of a wine industry in this area of the City.

NOW THEREFORE, the Parties agree as follows:

1. Recitals Incorporated

The foregoing recitals are incorporated in this MOU by this reference.

2. City’s Obligations

The City agrees to use best efforts to:

- (a) Expedite (i) development of the YVWCSP and related environmental review pursuant to the California Environmental Quality Act, and (ii) the processing and review of the Conceptual Project entitlement applications and a related development agreement, including review pursuant to the California Environmental Quality Act, final mapping, and construction permit documents.
- (b) Undertake the various City actions set forth in the attached Exhibit B.
- (c) Negotiate a development agreement with the Project Developer to memorialize various obligations to be determined through the entitlement process and to vest Project Developer’s rights to develop the Property.

3. Project Developer's Obligations

The City agrees to use best efforts to:

- (a) Cooperate with City to expedite (i) development of the YVWCSP and related environmental review pursuant to the California Environmental Quality Act, and (ii) the processing and review of the Conceptual Project entitlement applications and related development agreement, including review pursuant to the California Environmental Quality Act, final mapping, and construction permit documents.
- (b) Pay all applications fees and related Conceptual Project processing cost, and contribute to partially cover costs incurred by the City for compliance with the requirements of the California Environmental Quality Act as specified in Exhibit B.
- (c) Undertake the various Casa Blanca Ranch actions set forth in the attached Exhibit B
- (d) Negotiate a development agreement with the City to memorialize various obligations to be determined through the entitlement process and to vest Project Developer's rights to develop the Property.

4. California Environmental Quality Act

This Memorandum of Understanding provides a framework for processing the Conceptual Project, and does not represent a commitment to approve any specific project on the site. A material part of the framework for processing the Conceptual Project will be the completion of the YVWCSP and all environmental reviews as required by the California Environmental Quality Act before any approvals are granted.

5. Counterparts

This MOU may be executed in counterparts, and all counterparts so executed shall constitute one agreement, binding the Parties hereto, notwithstanding that all of the Parties are not signatory to the original or the same counterpart.

6. Construction

The language in all parts of this MOU shall be in all cases construed simply according to its fair meaning and not strictly for or against any of the Parties.

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IN WITNESS WHEREOF, the Parties have caused this MOU to be executed as of the date first written above.

CITY OF YUCAIPA

ELBERTA, LLC

By: _____
David Avila, Mayor

By: _____
Jonathan Weldy

Title: _____

ATTEST:

Jennifer Crawford, City Clerk

EXHIBIT A

Property Map

EXHIBIT A

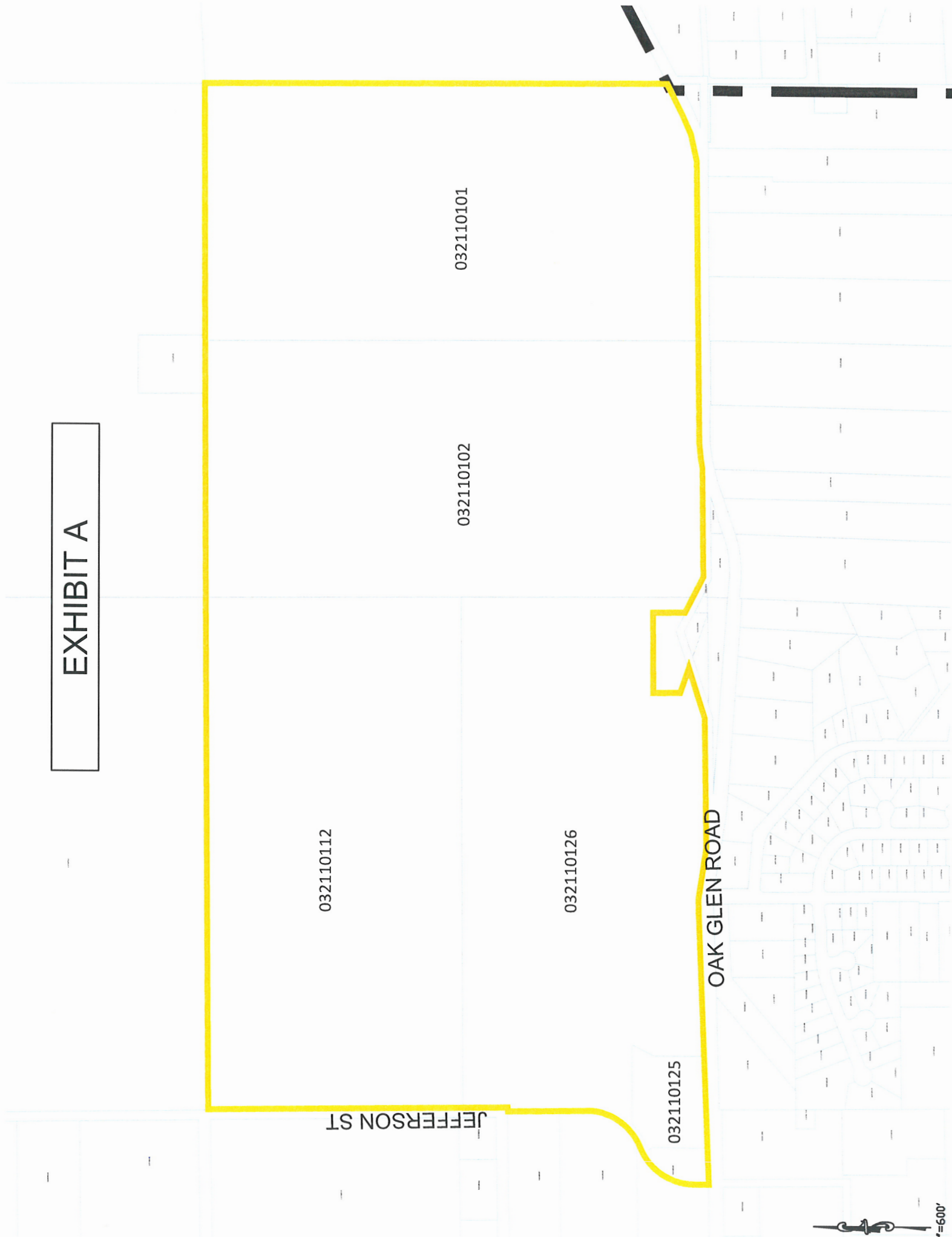


EXHIBIT B

City and Casa Blanca Ranch Actions

Fair Share/Reimbursement Agreement
[Memorandum of Understanding (MOU)]

Exhibit B

ELBERTA, LLC (aka Casa Blanca Ranch and referred to as “CBR”) & City of Yucaipa (City)

1. Yucaipa Valley Wine Country Specific Plan (YVWCSP) Environmental Impact Report (EIR) – the cost of the EIR (Not to exceed \$1M) will be added to the schedule of allowable & reimbursable costs included in Section 8 below, Specific Plan Development Fee (“SPDF FEE”) and Reimbursement Plan.

- a. CBR will provide \$100K payment not later than 15 days after MOU is approved by the City.
- b. CBR will be entitled to \$100K Fee Credit as prepaid SPDF Fees on first building permits.

2. Historic Casa Blanca Ranch House (CBRH)

- a. CBR will offer the City 14 day exclusive First Right of Refusal to meet or exceed any offer to purchase. (Should the City decline to purchase the Casa Blanca Ranch House, the obligations included below as 2.c. and 2.d., shall not extend to the new buyer.)
- b. Prior to any sale, CBR will complete the application for Historic Registrations to the State, if applicable.
- c. CBR will invest \$50,000 in preservation and restoration of the structure, within thirty (30) months of City approval of this MOU, provided that the YVWCSP EIR has been Certified and adopted by the City.
- d. CBR will participate in advisory committee with City to consider the following topics:
 - i. Committee to be CBR & City Council Ad-Hoc of two council members and one Yucaipa Valley Historical Society Board member
 - ii. Future land use, access & approval
 - iii. Scope of work & improvements
 - iv. Develop Budget – and participation agreement
 - v. Shared efforts for funding (including pursuing grant funding)

3. City will consider and process a **Planned Unit Development** proposal from CBR to include the following, subject to consistency with the ultimate provisions of the YVWCSP:

- a. 184 Single Family Detached lots (10,000 sf min) on not more than 50% of the property
- b. Property not included in the 184 Single Family Detached units/lots to include open space/drainage/agriculture
- c. Property not included in the 184 Single Family Detached units/lots to include approval of wineries, tasting rooms, olive oil tasting/sales & other related ancillary uses, consistent with the YVWCSP

4. City will consider directing Park Fees required pursuant to the City’s Development Impact Fee program for use at Five Winds Ranch, and will consider time of payment to be at map

recording. City agrees to cooperate with applicant related to Infrastructure funding options, such as SCIP/BOLD. Tract maps may be recorded in phases of not less than 60 lots per phase, not to exceed three phases at CBR discretion, provided all necessary access and utility requirements are met. Depending on the first two tract maps the third phase will be the reminder lots.

5. Infrastructure Improvements. The infrastructure improvements identified below shall be undertaken by the CBR, subject to refinement through the Specific Plan, entitlement, and CEQA review processes. Further, some of these improvements may be eligible for reimbursement pursuant to the City's Development Impact Free program and the SPDF program.

a. Oak Glen Road improvements

- i. Jefferson Street intersection, secondary intersection as required (no signalization, see iv. below)
- ii. Existing road rehab to be determined (City shall explore partnerships w/ Yucaipa Valley Water District and adjacent landowners on sewer & water improvements)
- iii. North edge of road, AC Berm and bike path, no Right of Way acquisition included
- iv. Review viability of single lane Traffic Circle or Round-a-bout at Oak Glen Road and Jefferson/Pendleton Avenue, limited to CBR & City owned property with no new land acquisition required.

b. Oak Glen Road alignment of **Multi Use Trail (interior of project) and Wilson Creek (east/west) unimproved designated multi use trail, consistent with the requirements of the YVWCSP, shall be delivered and open to the public prior to 25th residential certificate of occupancy**

c. Jefferson Street improvements

- i. From Oak Glen Road to interior east/west road, to be half width plus 12' at ultimate section design specified by the YVWCSP.
- ii. From interior east/west road to Fir Avenue to be half width, plus 12' at ultimate section design specified by the YVWCSP.
- iii. At Wilson Creek crossing, City to process all permits and approvals to remove the existing structure and install a low water crossing. Following city permitting, CBR will install or bond for the low water crossing, within 12 months.
- iv. CBR and the City will work together to design the low water crossing in a temporary location on CBR. An easement for the road will be vacated when the ultimate road/bridge is built. The cost of the design and construction of the low water crossing will count as the Casablanca Development's Contribution toward the overall cost of the Wilson Creek Crossing, and determined through a Development Agreement executed as part of the future Project approvals.

d. Drainage and Lake

- i. CBR will grade the water quality basin, to be used as residential storm water quality Best Management Practices and retention for majority of Project
- ii. CBR to grade one future lake. The graded lake will be deeded to the city in fee, for any future improvements, and feature interim dust control measures.
- iii. City to process all approvals and improve lakes subject to assessment fee per Section 8, herein (maintenance by LLMD)
- iv. Drainage on the South side of the project may use Oak Glen Creek and Pendleton drainage improvements as water quality & capacity for a proportional cost to be paid to the City

e. Park/Trail Head/Overflow Parking

- i. Overflow parking to include at least 30, but not more than 50 parking spaces
- ii. Park to include tot lot & rural restroom
- iii. Improvements will be fully bonded or substantially completed prior to the 61st Certificate of Occupancy/Building Permit Final.
- iv. Following formation and approval process, if approved, maintenance would be provided by LLMD (tax rate on small number of owners for community wide amenities.)
- v. Total initial annual LLMD assessment shall not exceed \$350/yr.

6. City shall process the roadway vacation for the abandonment of **JAMES BIRCH** Road right of way by City on applicable map

7. **Wineries, Wine Tasting, Olive Oil, Event & Ancillary Uses** – CITY shall permit commercial agricultural operations consistent with the provisions of the YVWCSP, which is expected to include the following:

- a. Commercial land uses shall be winery/vineyard/olive growth oriented
- b. Commercial land uses shall be 5-acre minimum
- c. Commercial land uses shall be 75% vinified/olive groves

8. Specific Plan Development Fee (SPDF) and Reimbursement Plan

a. City will process subject to all applicable requirements and in cooperation with CBR, an assessment fee per future residential lot in the Specific Plan. Costs to provide reimbursement funds to include:

- i. CBR park/trail head/parking
- ii. CBR lakes
- iii. Offsite Oak Glen Road improvements (outside of TTM limits)
- iv. Offsite Jefferson Road improvements (outside of TTM limits)
- v. Fir Avenue Road improvements
- vi. Jefferson Road Interim Low Water Crossing and Ultimate Bridge at Wilson Creek Crossing
- vii. EIR & Specific Plan costs beyond the pro-rata fair share contributions

- b. Applicable developer provided improvements may apply for reimbursement credits pursuant to the applicable free program(s)
 - c. DURATION – Twenty-Five (25) Years
- 9. Open Space, Lake, Park/Trail Head/Overflow Parking shall be dedicated to the city in fee interest.
- 10. Wineries shall contribute toward the Specific Plan Development Fee and Reimbursement Plan based on any assessment fee developed per acre or other method stipulated in the YVWCSP or applicable Development Agreement.
- 11. Following the formation and approval process of the LLMD pursuant to applicable requirements, if approved, wineries shall then participate in the LLMD and be annexed into the district upon permit approval.
- 12. CBR will provide a facility or improvement consistent with the Yucaipa Wine Country Specific Plan commercial agrotourism goals, prior to the issuance of a permit for the FIFTY FIRST (51st) residential building permit. This condition can be satisfied through any ONE of the following strategies:
 - a. Use of the Historic Casa Blanca Ranch House for public wine or olive oil sales or tastings, at least two days per week.
 - b. Sales of property (not less than 5 acres) to a commercial wine or olive oil related venture for the purpose of building or developing a public facility.
 - c. Vinification of not less than 4 acres of land