

SCHOENSTEIN & CO.
EST. 1877
ORGAN BUILDERS

CUSTOM BUILDERS OF DISTINGUISHED INSTRUMENTS FOR FIVE GENERATIONS

December 29, 2010

Mayor Elizabeth Patterson
and Members of the Council
City of Benicia
250 East L Street
Benicia, CA 94510

Dear Mayor Patterson and Council Members:

Before purchasing Schoenstein & Co., I was a consultant with Booz-Allen & Hamilton, so I speak with some experience in warning that the proposed consulting agreement could result in a financial disaster for the City and its tax paying property owners. I urge the Council to wait until a satisfactory contract is ironed out before jumping in to this. Here are a few key issues:

1. The first order of business should be to negotiate a reduction in the impact of the clean-up by addressing only those properties that show contamination and by establishing a level of clean-up appropriate to the zoned use of the sites. This is not mentioned in the contract, and there seems to be no incentive for the consultant to do this.
2. The consultant has stated that his group will not bring suit against any property owner regarding insurance claims or any other matter. This prohibition should be in the contract.
3. The City should assure ALL property owners that the consultant will work in their best interest as well as that of the City. The separation of large and small property owners smacks of a kind of business "class warfare". We all pay property tax and have costs of doing business proportionate to the size of our operations. I don't think anyone has the right to decide how much someone else can or cannot afford.

HISTORIC SAN FRANCISCO
FACTORY & ARCHIVE

CORPORATE OFFICE AND MAIN PLANT

4001 INDUSTRIAL WAY, BENICIA, CALIFORNIA 94510 · (707)747-5858 · WWW.SCHOENSTEIN.COM

Mayor Elizabeth Patterson
and Members of the Council
December 29, 2010
Page 2 of 2

4. The whole contingency plan is loaded with vague financial arrangements and potential conflicts of interest. What are the billing rates of all the team personnel? What other costs will be involved? What incentive is there to keep remediation, insurance or legal costs under control when the consulting team is both negotiator and provider of services? What are the expected "additional services"? What happens if the study phase results in a large projected clean-up cost and fund raising falls short? These are just a few of the financial questions relating to this unusual contingency arrangement.

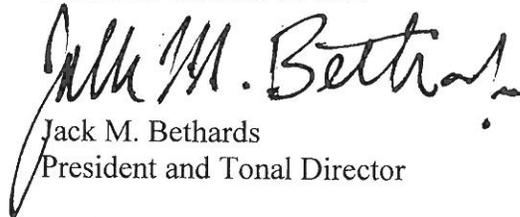
I respectfully request your serious consideration of these matters. Many property owners were sure that the clean-up was complete based on Army reports. This renewal of the issue was a complete shock. It was brought on us by the well intentioned actions of the City, so I am sure you can understand why your property owners urgently request your help in minimizing its effect in this tough economic environment.

With thanks for your open process and thoughtful communication to date,

I remain,

Yours truly,

SCHOENSTEIN & CO.



Jack M. Bethards
President and Tonal Director

JMB:ab
94510ltr.122910

Cc: Brad Kilger, City Manager
✓ Cc: Heather McLaughlin, City Attorney