

Arthur Gimmy International

April 19, 2005

Attachment 7

Santa Cruz County Regional Transportation Commission
1523 Pacific Ave
Santa Cruz, CA 95060-3911

Attention: Luis P. Mendez
Acting Deputy Director

Re: Supplement to the Appraisal

Ladies and Gentlemen:

Last December we submitted to you our draft appraisal of the railroad right-of-way property extending from Watsonville to Davenport. During the time period of the preparation of the report we had numerous contacts with Tom Ryland, the review appraiser.

After completion of the appraisal report and prior to the issuance by Mr. Ryland of his "Report of Appraisal Review," we responded to Mr. Ryland's email of January 17, 2005 with a letter sent to SCCRTC on January 21, 2005.

Because descriptive material, title information and reliable land areas were not provided to us, we had to measure individual parcels based upon a variety of maps including the railroad maps, assessor's maps (about 200) and Thomas Guide maps. Most of the railroad maps did not indicate the true state of the surrounding infrastructure (streets, etc.), and did not include land areas that we could rely on. Recent transactions that had been made by Union Pacific (UP) had not been recorded on the maps. An example was the sale by UP of land adjacent to the Watsonville Depot, which we only discovered through an extra investigation with the assessor.

The large amount of additional work we had to do in the field due to the lack of accurate maps, lack of title information, non-cooperation of UP representatives, etc. forced us to do far more work than originally budgeted and agreed to, mostly involving the identification of the parcels, their measurements and ownership. This problem was documented to SCCRTC in a letter dated October 4, 2004.

Subsequently, this month, we have received from you a 59 page "Land Title Examination" and a 10 page "Supplemental Report." The Land Title Examination contains 106 "defects and encumbrances affecting title" and the Supplemental Report contains another 43 items.

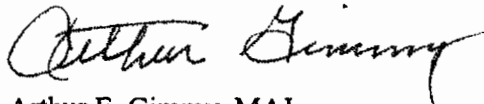
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We will analyze these defects and encumbrances affecting title, determine their effect on highest and best use and value and adjust our appraisal as necessary. We plan to work from our original research documents and maps and do not plan any additional field work unless it appears necessary after consultation with you.

To accomplish this work and to provide a final, completed appraisal, we would like you to authorize an additional budget, which would be inclusive of expenses, of \$15,000. This would be in addition to the original contract amount of \$54,515, of which \$5,450 is still owed. All of the above amounts will be due and payable within one month of the submission of the final appraisal report. I will be available to meet with the commission.

Respectfully submitted,

ARTHUR GIMMY INTERNATIONAL



Arthur E. Gimmy, MAI
President
State Certification No. AG009703

Approved: _____ Date: _____
Fax: (831) 460-3215

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