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March 30, 2016

SALEM Project No. 4-214-0831
EAS Project No. EAS-14-406

Mr. Dan Biswas
SimonCRE
5111 N. Scottsdale Road, Suite 200
Scottsdale, AZ 85250

(480) 745-1956: Phone
Dan.Biswas@SimonCRE.com: Email

**SUBJECT: EDC FILE #15-1409
RESPONSE TO PUBLIC COMMENTS
FEBRUARY 25, 2016 EDC PLANNING COMMISSION MEETING
PROPOSED DOLLAR GENERAL MARKET STORE
SEC MAIN STREET & HARKNESS STREET
GEORGETOWN, CALIFORNIA**

Dear Mr. Biswas:

At your request, SALEM Engineering Group, Inc. (SALEM) is pleased to submit the following response to public comments regarding the On-Site Wastewater Treatment System (OWTS) system currently proposed to be constructed at the subject site. SALEM previously prepared and submitted a March 3, 2015 *Revised On-Site Wastewater Treatment System (OWTS) Feasibility Study* under a Subcontracted Engineering Services agreement with EAS Professionals. We understand that the subject public comments were verbally presented by the following persons during the February 25, 2016 El Dorado County (EDC) Planning Commission meeting:

Ms. Cheryl Langley of Shingle Springs, California
Mr. Ken Presber of Georgetown, California
Mr. Ed Hopkins of Georgetown, California

SALEM reviewed a certified transcript of these comments, which are attached for reference.

The responses below are presented in the general order of the comments provided. The comments have been paraphrased, but we believe the comment subject remains clear.

Comment: The bulk of Ms. Langley's comments regard the specific OWTS standards under which EDC is authorized to regulate the proposed Dollar General OWTS system in Georgetown.

Response: Based on SALEM's communications with Mr. Fred Sanford, Environmental Health Supervisor for the EDC Environmental Management Department, EDC is currently developing Tier 2-Local Area Management Program (LAMP) OWTS standards for review and approval by the State Water Resources Control Board (SWRCB). Until those standards are adopted by the State, EDC continues to regulate OWTS under its current standards as codified in the EDC Private Sewage Disposal System Ordinance (El Dorado County Ordinance-Chapter 15.32 including Resolution #259-99, *Design Standards for the Site Evaluation and Design of Sewage Disposal Systems*). SALEM's OWTS design for the Georgetown site is based upon those standards.

SALEM notes that SWRCB Tier 1 standards are intended for sites with "optimal conditions" regarding percolation rates, depth to groundwater, soil depth, OWTS density, and others. The purpose of a Tier 2 standards is to allow, with local agency oversight and guidance, the design and installation of OWTS where Tier 1 conditions do not exist. The current EDC OWTS standards include a set of design criteria analogous to the intent of Tier 2 standards for "non-ideal" sites. These criteria are stipulated in County Resolution No. 259-99, Section 2-Design Procedures, and include the following pertinent subsections:

- Subsection 2.C – Special Design System Requirements (which allows the use of Fill in disposal areas).
- Subsection 2.G – Steep slope Systems (which allows systems to be installed on slopes exceeding 30 percent).
- Subsection 2.N – Aerobic System Requirements (which allows the proposed aerobic system to be substituted for conventional septic tanks).

SALEM's proposed design addresses the issues associated with the above (and other) County special design criteria.

Comment: Ms. Langley believes the proposed OWTS violates the County minimum setback requirements and use of fill in the disposal area.

Response: SALEM notes that El Dorado County Resolution No. 259-99, *Design Standards for the Site Evaluation and Design of Sewage Disposal Systems*, Section 2.C.6.f. allows the use of fill in the sewage disposal area provided that the percolation rate of the fill material is equal to or slower than the percolation rate of the native material (to limit the potential for "daylighting" of effluent). The March 3, 2015 design report shows dispersal of a portion of the effluent to a proposed fill area to the south of the building. To meet the requirement of the above County standard, the design report recommends that "After construction of the fill slope, percolation testing of the shallow slope soils should be conducted to verify the design specifications."

SALEM proposes to obtain this fill material from grading operations at the site to insure its percolation compatibility with the existing site soils. Fill placement will be carefully observed so that SALEM's design report recommendations are followed. Following placement, the percolation rates of the fill will be tested to ensure it meets the County and our design report requirements. Further design recommendations include:

- Fill that does not meet the requirements should be removed and replaced, and tested again for percolation rates. These steps should be repeated until passing criteria are obtained.

With regard to setbacks, the nearest potential waterway is along the eastern parcel boundary and has been determined by El Dorado County to be an “ephemeral (seasonal) stream.” County regulations require a minimum setback of 50 feet from ephemeral streams. A 10-foot setback from property lines is also required. The design report adheres to these minimum setbacks.

Comment: Mr. Presber stated that the day before the Feb. 25, 2016 planning commission meeting, he had visited the proposed Dollar General site in Georgetown and noted that “The one perc hole has got water in it, an 8 foot hole, its got water in it 10 inches deep.”

Response: SALEM is not sure regarding which hole Mr. Presber referred to, as all of SALEM’s exploratory holes/pits were backfilled after they were logged. However, the 10 inches of water in the bottom of an 8-foot deep hole, especially near the ephemeral drainage, is not unanticipated at the subject site. During our percolation study, we did not observe water in SALEM’s 8-foot deep soil profile pit (required by the County). However, also as required by the County, we assessed the presence of seasonal high groundwater at that test location, which is approximately 30 feet from the drainage. We noted, as stated in our March 3, 2015 OWTS Feasibility Study Report, that “Field indications of a seasonal water table as close as 48 inches from the native surface were also observed” and “Based on the above limiting factors, it appears that a standard septic system (OWTS) design is not feasible at the subject site, and that a special design system will be required.”

County septic system design standards require a minimum of 48 inches below the bottom of a leach trench and groundwater for a standard system design. Based on our 8-foot deep soil profile trench, a typical 3 or 4-foot deep leach trench would meet that requirement. However, due to this and other subsurface conditions at the site that limit the construction of a standard leach trench disposal system, we recommended and designed an alternative, enhanced OWTS (described in detail in our Feasibility Study Report). This type of special design system produces a substantially cleaner effluent than a standard septic tank. As such, these enhanced systems rely much less on the thickness of soil between the water table and base of the dispersal system to filter the effluent water before it enters the groundwater system.

Comment: Mr. Hopkins stated that the “sewage system alone cries out for environmental review” [instead of the mitigated negative declaration filed for the proposed development].

Response: SALEM notes the fact that the proposed development includes a special design septic system (Aerobic Treatment Unit-ATU). Compared to conventional septic tanks, ATUs break down organic matter more efficiently, achieve quicker decomposition of organic solids, and reduce the concentration of pathogens and nitrate in the wastewater effluent. The proposed subsurface drip dispersal system also provides for a more evenly distributed, less intense, effluent loading compared to a standard leach trench system. These are the primary mechanisms through which the potential for groundwater degradation by septic system effluent will be mitigated.

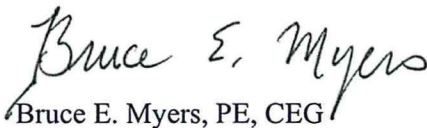
General Response: We would like to emphasize the following as to the conservative nature of the proposed OWTS design:

- The design includes a minimum 48 inches separation from the dispersal piping to the seasonal high water table — the placement of fill at certain locations will increase this separation. The minimum separations listed in most State and local guidelines assume a standard septic system, with no supplemental treatment to reduce the high biologic and nitrogen content that would normally be discharged using a simple *passive* septic tank and leach line system. The proposed NSF-certified *active* aerobic treatment system is designed to pump effluent to the dispersal system at rates specifically calculated to maximize soil absorption and minimize the potential for oversaturation. The nitrogen removal rates of active treatment systems produce an effluent with much lower biologic and nitrate contents compared to standard septic systems.
- The 0.2 gallons/ft²/day design absorption rate recommended in the March 3, 2015 report includes Factor of Safety of 4 — that is, the design assumes an effluent percolation rate *4 times slower than the slowest rate measured at the site*. As such, the dispersal system should be capable of handling as much as four times the volume proposed to be applied if future usage changes, or will allow for a reduction of percolation rates should that occur.

We appreciate the opportunity to submit these Comment Responses. Should you have questions regarding this proposal, please contact the undersigned at (559) 271-9700.

Respectfully submitted,

SALEM Engineering Group, Inc.



Bruce E. Myers, PE, CEG
Senior Engineer / Eng. Geologist
PE 62067 / CEG 2102



Attachment

Transcripts of Public Comments by Ms. Langley, Mr. Hopkins and Mr. Presber

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COUNTY OF EL DORADO
PLANNING COMMISSION MEETING
ITEM NO. 5
TESTIMONY OF CHERYL LANGLEY
FEBRUARY 25, 2016

COUNTY OF EL DORADO PLANNING COMMISSION MEETING
February 25, 2016

1 **CHERYL LANGLEY:** Cheryl Langley,
2 Shingle Springs.

3 At the last hearing on the Dollar
4 General Georgetown Store, I spoke about the
5 proposed septic system. Basically a set approval
6 system which violates State Board Tier 1 On-site
7 Waste Water Treatment Systems Standards, and
8 therefore the project should be denied.

9 Subsequent to my presentation, Mr. Fred
10 Sandford from Environmental Management indicated
11 the County was not in violation of State Board
12 Tier 1 Standards, that was currently operating
13 under OWTS criteria adopted in 1999. He indicated
14 the County didn't have to follow Tier 1 because
15 State Board policies states a County can operate
16 under its existing program until it either adopts
17 a Tier 1 or Tier 2 Program. There is a 60 month
18 grace period from the time the State Board or OWTS
19 Policy adoption. And the County is currently
20 developing a Tier 2 program. But here's the
21 problem, I have two documents from the County
22 that indicate the County is currently operating
23 under Tier 2 Standards. The first one is staff
24 memo 21-0 dated December 15, 2015 in response to
25 the TGP's GOU Project, it says "El Dorado County

1 is bound by the requirements state board OWTS
2 Standards until such time as those local agency
3 management program Tier 2 Standards are approved
4 by the State Board, the County is bound by the
5 requirements of the State Water Resources Control
6 Board OWTS Tier 1 Standards for new or replacement
7 systems. The County will not approve development
8 that violates the State Boards Standards." This
9 application of Tier 1's Standards and the County
10 has further implied in the following excerpt, this
11 is from the TGP's GOU Final Program EIR. It
12 says "In addition, the state board established
13 new standards for OWTS systems that -- in 2012
14 that restrict the use of such systems and slopes
15 exceeding 25 percent and that established limits
16 on the size of new parcels created by the sub-
17 divisions steep lands. El Dorado County is
18 responsible for implementing the Tier 1 Standards
19 set out in the OWTS Policy and will continue to
20 do so." So what does this mean? Is the County
21 operating under tier 1 standards or not? If so,
22 if the prior two documents are to be accepted
23 as representing fact, the County is under Tier 1.
24 And if it is, this septic system does not meet
25 State Board Standards. Is in violation in at least

1 the following areas, put grates, stream setback,
2 wetland protection, groundwater protection.

3 In addition, the proposed septic system
4 violates existing County policy according to El
5 Dorado County's Minimum Setback Requirements, leach
6 lines shall not be placed in fill material and yet
7 this system proposes just that. The subsurface
8 drip system will disperse into three zones, one
9 of which is an engineer fill slope about which it's
10 consultants states no testing of the perk response
11 for this material has been conducted. As on the
12 side, I want to say to simply monitor the
13 proposed system is not mitigation as shown
14 from the hazardous waste off of Missouri Flat
15 Road.

16 It appears as though your options are
17 as follows, you can approve the project based on
18 the acceptance of the proposed septic system
19 under the assumption that the County is not
20 operated under Tier 1 Standards, you have the
21 power to do so even though I question your legal
22 right to do so. Or you can deny the project
23 based on written evidence of the record that the
24 County is bound to Tier 1 Standards because this
25 system is in violation of its standards. This

1 is a difficult choice. Your approval of this
2 project with this septic system will mean that
3 responses to the public comments on the TGP GOU
4 are false. It will mean that the staff memo
5 from the factual faces from the Board of
6 Supervisors' approval of the TGP GOU is false.
7 It will mean that County was willfully -- has
8 willfully mislead the public, the taxpayers, and
9 the voters.

10 I strongly urge you to deny this project.
11 Thank you.

12 [END OF CHERYL LANGLEY TESTIMONY]
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1 CERTIFICATION
2 TO THE TRANSCRIPT OF AUDIO RECORDING OF
3 COUNTY OF EL DORADO
4 PLANNING COMMISSION MEETING
5 ITEM NO. 5
6 TESTIMONY OF CHERYL LANGLEY
7 FEBRUARY 25, 2016

8
9 I, Rachel Jackson, do hereby certify that
10 I have listened to and transcribed the above-
11 referenced recording audio to the best of my
12 ability.

13 I FURTHER CETIFY that the foregoing pages
14 comprise a true and correct computer transcription
15 by me of said audio recording.

16 Subscribed and sworn to by me on the 17th
17 day of March 2016.

18 _____
19 Rachel N. Jackson
20 IITCR Certified
21 Legal Transcriptionist
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COUNTY OF EL DORADO PLANNING COMMISSION MEETING
February 25, 2016

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COUNTY OF EL DORADO
PLANNING COMMISSION MEETING
ITEM NO. 5
TESTIMONY OF KEN PRESBER
FEBRUARY 25, 2016

COUNTY OF EL DORADO PLANNING COMMISSION MEETING
February 25, 2016

1 **KEN PRESBER [SIC]:** I'm a 61 year resident
2 of Georgetown.

3 **UNKNOWN MALE SPEAKER:** If you could
4 state your name.

5 **KEN PRESBER:** My name is Ken Presber
6 [sic]. And -- I've been following this Dollar
7 General thing, it's interesting.

8 First of all, I didn't even know this
9 project was even happening. My understanding, it's
10 been on the books for about two years and now all
11 of a sudden when the news paper came out, the
12 residents found out. That's the first comment.

13 Second of all, three parcels there, I
14 believe we should deny this thing because I
15 do think that it's very difficult to do
16 anything with parcels up there. I know, I got
17 property there and I've had to try and do a parcel
18 split which took me three years. A boundary
19 adjustment, I didn't create anything, I wasn't
20 building. Three years to do a boundary adjustment,
21 and now these people just come in, can go in there
22 and bring three parcels together.

23 The -- perc test on that, we were there
24 yesterday actually. The one perc hole has got
25 water in it, an 8 foot hole, it's got water in it

1 10 inches deep. I have no idea how you're gonna
2 put a septic system, any kind. I've been in
3 construction for 35 years, did a lot of these
4 buildings, and I don't see how you're gonna build
5 a dosing system with any sort if it's gonna -- if
6 it's gonna work there. Even engineer won't
7 guarantee it for more than two years. I mean, he
8 basically in his report says it's -- it's a
9 failure.

10 The on-site water, that was interesting
11 you guys talking about that. Those are buried, if
12 you've ever been to the site. I don't see how that
13 water can go into that buried system and flow into
14 a creek that's the same level as the project. It's
15 gonna have to fill all the way to the top and run
16 out -- out the top. So without pumping it, I don't
17 see how -- how that's gonna function.

18 The air shaft, I haven't heard anything
19 about what they're gonna do with that air shaft.
20 James seen it yesterday for the first time. And
21 he was quite shocked, actually. I mean he looked
22 down that hole, there's nothing covering it. I
23 don't -- there's no indication of what they're
24 gonna do with it. So -- and then the set back
25 for -- try and build on a piece of property there

1 and the County will deny you anything. If you got
2 it within 5 to 6 feet of the property lines and
3 they're gonna be there.

4 So those are my comments. Like I said,
5 I'm a long time resident of Georgetown. I think
6 it's a bad plan. It's too big of a building for
7 that small of a lot. You got 9,000 square foot of
8 roof that's gonna run off into that creek. -- I
9 don't know how you are gonna mitigate that and
10 the parking lot.

11 So -- thank you for your time.

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13 [END OF KEN PRESBER TESTIMONY]
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7 FEBRUARY 25, 2016
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COUNTY OF EL DORADO PLANNING COMMISSION MEETING
February 25, 2016

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COUNTY OF EL DORADO
PLANNING COMMISSION MEETING
ITEM NO. 5
TESTIMONY OF ED HOPKINS
FEBRUARY 25, 2016

COUNTY OF EL DORADO PLANNING COMMISSION MEETING
February 25, 2016

1 **ED HOPKINS:** I guess it's
2 afternoon, I was ready to say good morning. My
3 name is Ed Hopkins, I'm a resident of Georgetown.

4 My comments are on record with Planning.
5 I've written to Planning twice. The last
6 letter I wrote to them was in December --
7 identifying issues with the storm drainage
8 systems. I read the engineers report, I pointed
9 out the misrepresentation in the report in my
10 letter to Planning. I did get a nice
11 acknowledgment from them that they got the letter
12 but that was all I heard.

13 Your staff's done a great job with this
14 thing, trying to make it look like it blends in,
15 I'll tell you they're not really there yet.
16 They've worked real hard. They've got Dollar
17 General off their concrete box concept and into
18 something that is kinda getting there.

19 But my comments are about the storm
20 drainage system and septic system. Part of
21 the environment mitigated negative declaration
22 here. Staff has a, I call it an annoying habit
23 in their effort to get to yes which is what
24 they want to do, they want to help people build --
25 build things in this County.

1 Of those, mitigated negative declaration
2 this -- this site cries out for a full
3 environmental impact review. There's water flowing
4 through this site all year round. I pointed out
5 storm drainage issues to staff but have not been
6 -- have not been identified and addressed
7 since I've pointed them out.

8 This -- this -- the sewage system alone
9 cries out for environmental review. These
10 negative declarations are kind of a situation where
11 the applicant goes in and says "I get to determine
12 what's an impact and what's not. And what I'm
13 gonna do about it." I think the County should
14 look at a full environmental impact review on this.
15 They've got in trouble for this -- for not doing
16 this before. This place cries out for it.

17 So I would hope that you would not
18 adopt a mitigated negative declaration, and direct
19 staff to go back and contract to have a whole
20 environmental review done of this property. It's
21 very environmentally sensitive. There is mine
22 tailing there. The airshaft we're talking about is
23 part of mine.

24 I did bring -- Commissioner Williams
25 asked me to email that to him -- I wasn't able to.

1 But I have a one minute, six second video of the
2 storm drainage issue there. It shows what happens
3 on a normal rainy day not a 10-year event or 100-
4 year event that the hydrology report talks about.
5 You could do with it what you wish. I couldn't
6 email, I promised Commissioner Williams I'd bring
7 it in today. So it's up to you guys to do whatever
8 you want with that.

9 [discussion amongst multiple speakers re: proper
10 transmittal of the video]

11 **UNKNOWN MALE SPEAKER:** Could you
12 describe what's in it?

13 **ED HOPKINS:** It's -- it's an depiction of
14 the what -- what the engineers report represents
15 that after there's storm water passing through
16 the property that this 1.2 acre impervious surface
17 it then just resumes its historic path. I'll
18 represent to you that it does not, it actually
19 goes through a flood control system to an adjacent
20 property, across Orleans Street, underground
21 through corrugated metal pipe, and exits onto
22 private property -- passes under the library that's
23 there, and then exits onto private -- pawning and
24 flooded out area that's part of wetlands on
25 adjacent property.

1 My concern with the County was, their
2 system is at its near capacity with a regular
3 December 21, 2015 rainfall event, nothing
4 significant, one of the 10-year events or 100-year
5 events, just a regular deal. And I thought that
6 more work should be done with the storm drainage
7 system or at least to address what's -- what's
8 gonna happen with additional water when you take
9 a area of wetland which is what it now
10 basically and it into a 1.2 acre impervious
11 surface. I know it had a flood system built
12 into the plan, I've seen them but when the
13 system gets full it gets full.

14 **UNKNOWN MALE SPEAKER:** Okay, thank you.

15 **ED HOPKINS:** That's the just of it.
16 But my primary just of all is this cries out
17 for environmental review, a full environmental
18 review.

19 [END OF ED HOPKINS TESTIMONY]
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CERTIFICATION
TO THE TRANSCRIPT OF AUDIO RECORDING OF
COUNTY OF EL DORADO
PLANNING COMMISSION MEETING
ITEM NO. 5
TESTIMONY OF ED HOPKINS
FEBRUARY 25, 2016

I, Rachel Jackson, do hereby certify that I have listened to and transcribed the above-referenced recording audio to the best of my ability.

I FURTHER CERTIFY that the foregoing pages comprise a true and correct computer transcription by me of said audio recording.

Subscribed and sworn to by me on the 17th day of March 2016.

Rachel N. Jackson
IITCR Certified
Legal Transcriptionist

March 24, 2016

Mr. Joshua Simon
Mr. Dan Biswas
SimonCRE
5111 N Scottsdale Road, Suite 200
Scottsdale, AZ 85018

Re: Georgetown Dollar General Supplemental Analysis

Dear Messrs. Simon and Biswas:

ALH Urban & Regional Economics ("ALH Economics") has prepared analysis supplemental to an economic study prepared in April 2015 for the proposed development of a Dollar General store in Georgetown, CA.¹ The purpose of the April 2015 analysis was to demonstrate the degree of potential market support for the store, and an assessment of the potential for the store to coexist with existing retailers already present in Georgetown. At your request, ALH Economics has prepared this supplemental analysis to provide you with case study information about retailer impacts in two nearby communities with recently opened Dollar General stores and with analysis of the Georgetown store's potential economic benefits to El Dorado County.

SUMMARY OF FINDINGS**Case Study Findings**

Dollar General opened stores in Foresthill, California and Colfax, California in November 2015 and January 2016, respectively. Representatives of 8 stores near the Colfax store and 4 stores near the Foresthill store were queried about anticipated or actual Dollar General store impacts. The queried store clerks represent stores selling groceries, gas, convenience items, pet food, hardware items, general merchandise, and DVD rental. All of these items except the gas have some merchandise overlap with Dollar General, although the gas stations also sell convenience goods, which are a strong overlap with some Dollar General merchandise. Representatives of just over half of the stores in the general vicinity of the new Colfax and Foresthill Dollar General stores did not have concerns about customer volume or sales impacts prior to Dollar General store development. In keeping with their expectations, none of these store representatives indicated any negative impacts associated with the opening of a Dollar General store in their general community. Just under another half of the store representatives indicated they did have initial concerns about potential Dollar General store impacts. All of these stores are located less than 1.0 mile from one of the Dollar General stores. Among these representatives, however, most indicated they were not aware of any resulting negative store impacts

¹ See Letter by ALH Urban & Regional Economics, "Re: Dollar General Economic Analysis in Georgetown, CA" to Mr. Joshua Simon, SimonCRE, April 6, 2015.

associated with either sales or customer volume after the Dollar General stores opened. This included representatives at stores located very proximate to the new Dollar General stores.

Of the 12 stores contacted, representatives of only two reported some level of impact following the opening of the Dollar General stores. These are both grocery stores, which have very differentiated product mixes from Dollar General. In the case of one store, these impacts are anticipated to be temporary, with store recovery anticipated as the community becomes used to Dollar General's addition to the retail landscape. The other store representative citing some store impacts indicated that the Dollar General impacts were smaller than initially feared, that the store's business continues to be strong, and that local customers are expected to maintain their store loyalty. Thus, the long-term viability of this store does not appear to be at risk in the opinion of the store representative queried. These findings, therefore, suggest that Dollar General impacts in Colfax and Foresthill were very limited and, for the stores experiencing impacts, the impacts were minor and are anticipated to be recovered shortly or are not perceived to impact long-term store viability. This suggests similar impacts might occur in Georgetown, with some stores experiencing no impacts at all, and others experiencing some short-term, temporary impacts largely resulting in recovery induced by local customer support.

Economic Benefits Findings

El Dorado County's General Fund will gain incremental revenues associated with the Dollar General store through sales taxes, property taxes, and property tax in lieu of VLF revenues. These revenue estimates include \$12,600 in sales taxes, \$4,100 in property taxes, and \$1,650 in property tax in lieu of VLF revenues, totaling \$18,350 per year. There will be yet other, more limited incremental property tax revenues gained by other County services. Similarly, there are three taxing jurisdictions that specifically service the Georgetown Divide, which includes Georgetown among other El Dorado County communities. These jurisdictions include Georgetown Fire District, Georgetown Divide Public Utility District, and Georgetown Divide Recreation District. These three jurisdictions will collectively gain an estimated \$4,700 per year in incremental tax revenues pursuant to Dollar General store development. This analysis does not include an estimate of the costs incurred by the County or others to provide services to the Dollar General store. However, these services are likely to be minimal, as site development comprises infill development, to an area already served by County and other services.

The construction cost of the Dollar General store is anticipated to total approximately \$1.5 million. Based on economic multipliers specific to El Dorado County, ALH Economics estimates that the economic impact in El Dorado County from this construction effort will total \$2.1 million. This level of construction is estimated to support 11 direct construction jobs and 15 total jobs for the duration of the construction effort. The Dollar General store will also create job opportunities in Georgetown, estimated to total 10-12 jobs, which ALH Economics assumes are equal to 7 full-time equivalent jobs (FTE). Also pursuant to economic multipliers specific to El Dorado County, ALH Economics estimates that the total direct, indirect, and induced job generation associated with the Dollar General store will total 7 FTE's² This indicates that the Dollar General store employment is anticipated to generate support for an additional 2 jobs in El Dorado County.

² The IMPLAN model is the industry standard model for estimation of economic multiplier impacts, and these results are based upon a model of economic activity in El Dorado County from 2013. There is a more recent model available for 2014, but ALH Economics does not anticipate a material change in the

DOLLAR GENERAL CASE STUDIES

Dollar General has been opening many stores in small California communities like Georgetown. Two such stores were opened recently in Colfax and Foresthill, each located just over 30 miles from Georgetown. The Foresthill Dollar General store opened in November 2015 and the Colfax Dollar General store opened 30 miles away in Colfax in January 2016.³ These areas are smaller than Georgetown, with 2010 population in all the areas totaling as follows: 1,963 in the City of Colfax; 1,483 in the census-designated place Foresthill; and 2,367 in the census-designated place Georgetown. While Colfax and Foresthill are smaller than Georgetown, all three communities are relatively small. Thus, the experience of retailers in the communities served by the Colfax and Foresthill Dollar General stores can be informative regarding potential impacts of Dollar General in and around Georgetown. Following is a summary of this case study analysis.

Store Identification

In mid-March 2016, ALH Economics visited a number of stores in and around the areas of Colfax and Foresthill to develop a sense of the degree to which the stores were concerned about the impacts of Dollar General prior to the store openings and the subsequent impacts felt by the stores. The store visits were focused on stores with some degree of merchandise overlap with Dollar General. By area, these stores, their merchandise orientation, and their respective distances from the Dollar General store in or near their community are as follows:

- ***Colfax Dollar General Store, at 951 S. Auburn Street***
 - Sierra Market (Grocery), 0.2 miles
 - Orion Mini Mart (Gas, Convenience), 0.5 miles
 - Colfax Market (Grocery), 0.7 miles
 - Community Gift & Thrift (General), 0.8 miles
 - Colfax Farm and Country Store (Pet merchandise and feed), 1.2 miles
 - Chicago Park Store (Grocery, DVD Rental, General), 4.3 miles
 - Weimar Country Store (Gas, Convenience), 4.7 miles
 - Holiday Market (Grocery), 9.6 miles
 - Iowa Hill Store (General), 9.7 miles

- ***Foresthill Dollar General Store, at 5830 Sunset Drive***
 - Foresthill Valero (Gas, Convenience), 0.2 miles
 - Worton's Market Foresthill (Grocery), 0.6 miles
 - Sierra Mini Mart (Gas, Convenience), 0.7 miles
 - Grant Plumbing & Hardware (Hardware), 0.8 miles

pattern of economic activity in the County between 2013 and 2014. Thus, the 2013 model is deemed sufficient for the purpose of this analysis.

³ The stores are approximately 15 miles distant from each other, but this vehicular access is much slower than the alternate route with greater mileage.

Of these 13 stores, one was closed the day the store visits occurred. This was the Community Gift & Thrift store located 0.8 miles from the Colfax Dollar General store. A neighboring store clerk indicated this store is open sporadically. From the outside, this appeared to be a second hand thrift store and sells primarily used clothes, used small appliances, and other household items.

Store Visits

As noted, the 12 visited stores that were open include stores selling groceries, gas, convenience items, pet food, hardware items, general merchandise, and DVD rental. All of these items except the gas have some merchandise overlap with Dollar General. The gas stations, however, also sell convenience goods, which are a strong overlap with some Dollar General merchandise. The stores are all small to mid-sized, with some larger than Dollar General (e.g., the more substantial food markets of Sierra Market, Worton's Market, and Holiday Market, and with Grant Plumbing & Hardware being roughly similar in size). The store visits were unobtrusive, and store representatives were not asked any formal questions. Instead, the store representatives were generally queried on the topic of a new Dollar General in the vicinity. These general queries included if there were store impact concerns prior to the Dollar General opening and the subsequent degree to which customer or sales volume impacts have been experienced. The queried store representatives were not aware their discussions or answers were intended to be included in case study findings regarding Dollar General impacts. Further, the queried store representatives may not represent store owners or even management, and thus may be not representing the store's official position if they were asked to provide one.

Among all the store representatives queried, just more than one-half indicated they **did not** have concerns about the new area Dollar General store (7/12) and just under one-half indicated they **did** have prior concerns about the Dollar General store (5/12). Most of the stores whose clerks indicated a lack of concern about Dollar General are located more than 1.0-mile from the Dollar General store sites, although two are located less than 1.0 mile distant. These two stores are both Gas/Convenience stores.

Stores Not Concerned About Dollar General Impacts

The store representatives that indicated a lack of prior concern about Dollar General impacts cited store distance, remote location relative to Dollar General, or quality of merchandise among their reasons, with the expectation being that their merchandise is differentiated and more specialized than Dollar General's merchandise. Two of these stores include the Colfax Farm and Country Store, located 1.2 miles from the Colfax Dollar General store selling specialized pet food, and the Holiday Market, located 9.6 miles from the Colfax Dollar General store. The Holiday Market has an abundance of natural food, organic, and fresh food options not found at Dollar General. Overall, the store representatives who indicated a lack of prior concern cited a mix of impacts after the Dollar General stores opened. These impacts included no change in store customer volume or sales, as expected, to an increase in sales due to higher customer volume in the area, and a belief that Dollar General has had a positive impact on the retail community by bringing more customer traffic. At least three store representatives, while citing no impact on their particular store, stated that they like having Dollar General in the area and that they are excited to have something new in the area and another shopping option in the region.

Stores Concerned About Dollar General Impacts

Among the queried store clerks that indicated they were concerned about Dollar General's impacts before the store opened, most indicated they were concerned about lower customer volume and sales as well as sales lost to Dollar General. The stores with these concerns were only stores located less than 1.0 mile from one of the Dollar General stores. These included the three stores selling groceries less than 1.0 mile from Dollar General as well as one of the Gas Station/Convenience stores and the store selling hardware near the Foresthill Dollar General store. Two of these stores are in the general area served by the Colfax Dollar General store while three are in the general area served by the Foresthill Dollar General store.

Three of the five store clerks with initial concerns about the Dollar General store indicated that after the Dollar General store opened they were not aware of any negative store impacts, both in terms of sales and customer volume. This was even the case at stores located across the street or very proximate to the Dollar General store. Instead, business has been steady and they have not seen any immediate or longer-lasting negative impact on sales. As with the stores whose clerks were initially not concerned, some of this lack of impact is attributed to product differentiation and more specialized merchandise, including home repair items and the availability of fresh meat and pharmaceuticals, none of which are available at Dollar General. Another store clerk from a Gasoline/Convenience store (with a large selection of convenience-oriented retail) located very close to one of the Dollar General store's with initial concerns indicated that the store's business and sales have actually improved since Dollar General opened. This store clerk further indicated that area residents are very supportive of local businesses in the area.

This leaves two stores whose clerk's indicated their stores have felt some minor impacts associated with the Dollar General store. These include one store each in Colfax and Foresthill, both grocery stores. One grocery store representative believed that his/her market felt some minor negative impacts on sales, but further anticipated that this impact will only be temporary, as the grocery store sells different items. This store representative additionally anticipated that once the newness of Dollar General wears off that customers will go back to the more established stores, especially since Dollar General's products are not highly differentiated. Finally, one last grocery store representative with initial concerns indicated that since Dollar General opened its grocery has seen a small decrease in sales and customer volume. However, this clerk indicated that overall, Dollar General is not a tremendous negative impact, that business is still good and steady at the grocery, and that having Dollar General in the area was not as detrimental as initially thought. In addition, similar to another store representative referenced above, this clerk stated that local community members for the most part are extremely loyal customers.

Summary and Implications of Case Study Findings

In summary, very few store representatives in the communities served by the new Dollar General stores in Colfax and Foresthill indicate negative impacts to their stores associated with the Dollar General stores. The two stores reporting some level of impact are grocery stores, which have very differentiated product mixes from Dollar General. In the case of one store, these impacts are anticipated to be temporary, with store recovery as the community becomes used to Dollar General's addition to the retail landscape. The one store representative that did not bring up potential recovery (either positively or negatively) indicated that the Dollar General impacts were smaller than initially

feared, that the store's business continues to be strong, and that local customers are expected to maintain their store loyalty. Thus, the long-term viability of this store does not appear to be at risk in the opinion of the store representative queried. These findings, therefore, suggest that Dollar General impacts in Colfax and Foresthill were very limited, and for the stores experiencing impacts these impacts were minor, and are anticipated to be recovered shortly or are not perceived to impact store viability in the long-term. This suggests that similar impacts might occur in Georgetown, with some stores experiencing no impacts at all, and others experiencing some short-term, temporary impacts resulting in recovery induced by local customer support.

SUMMARY OF ECONOMIC BENEFITS

ALH Economics prepared analysis identifying select economic benefits of the Georgetown Dollar General store for El Dorado County and the Georgetown community. These benefits will include the following:

- Sales tax;
- Property tax;
- Property tax in lieu of VLF; and
- Job generation associated with construction and ongoing operations.

A summary of each of these benefits follows.

Sales Tax

In the April 6, 2015 letter regarding the Economic Analysis of the proposed Georgetown Dollar General store, ALH Economics prepared an estimate of store sales. This estimate was \$1,630,000.⁴ As noted in Exhibit 3 of the 2015 letter, the sales are distributed among several categories, including Food & Beverage Stores, General Merchandise, Other Retail Group, Clothing & Clothing Accessories, and Home Furnishings & Appliances. All these categories comprise taxable retail sales except for Food & Beverage Stores, for which the store sales were estimated to total \$370,170.⁵ Less these non-taxable sales, the store's anticipated taxable sales total \$1,259,830 in 2015 dollars.

In California, most local jurisdictions receive 1.0% of the taxable sales value in sales tax. As Georgetown is in unincorporated El Dorado County the County is the local beneficiary of the sales tax revenue. Thus, at the 1.0% sales tax rate, El Dorado County is estimated to accrue approximately \$12,600 annually in sales tax revenues attributable to the Georgetown Dollar General store. These revenues will accrue to the County's General Fund. This figure will increase over time if store sales increase.

Property Tax

The Dollar General store site includes three vacant land parcels. When the store is fully developed the property will be reassessed and thus there will be an increase in the taxable basis of the property. The property will be valued by the County Assessor for this purpose. ALH Economics assumes the

⁴ See ALH Economics, April 6, 2015, page 3.

⁵ Ibid, Exhibit 3.

anticipated sale price of the completed project is a proxy for the new assessed valuation, and thus derived a net increment in value based upon the difference between the anticipated sale price and the current valuation.

The basic property tax rate is 1.0%, which is collected annually by the County and distributed to the County and other taxing entities based upon factors associated with the Tax Rate Area (TRA) where the parcels are located. TRA 083064 is the TRA for the Dollar General site. ALH Economics obtained the tax allocation factors associated with this TRA from the County Auditor. Based on these factors, the taxing jurisdictions that receive a portion of the property taxes collected from this TRA, from largest to smallest, are as follows:

- Black Oak Mine Unified School District
- El Dorado County General Fund
- Georgetown Fire District⁶
- Georgetown Divide Public Utility District
- Los Rios Community College District
- Georgetown Divide Recreation District
- County School Services (provides State-mandated services)
- Road District Tax Fund
- County Service Area #7 (provides ambulance services)
- El Dorado County Water Agency (not a County function)
- Accumulative Capital Outlay Fund

The factors provided by the County Auditor, however, are pre-ERAF, which, simply put, is a State-imposed funding mechanism that shifts a portion of tax revenues from taxing jurisdictions to local schools and other select jurisdictions (such as fire). The amount of ERAF funds that are shifted varies by location, taxing jurisdiction, and time period. As a proxy for estimating this shift, and the resulting share of property taxes received by the TRA 083064 taxing jurisdictions, the County Auditor shared AB-8 Allocation amounts Pre-ERAF and after ERAF shifts for Fiscal Year 2015/16. ALH Economics then calculated the percent of funds retained by each taxing jurisdiction after the ERAF adjustment. This percent figure was applied to the provided tax allocation factor to generate a proxy for the Post-ERAF share of property taxes received by each taxing jurisdiction. Please note this is an estimation procedure formulated by ALH Economics, and does not reflect County guidance.

Based upon the resulting adjustments, ALH Economics estimated the amount of property tax revenues that may accrue to the taxing jurisdictions serving the site based upon the incremental value following development of the Dollar General store. This is the incremental value over the current value of the undeveloped parcels, and hence the anticipated incremental property taxes. The resulting estimates indicate that the Black Oak Mine Unified School District will receive the greatest share of incremental property taxes, estimated at \$8,100 (this does not include any subsequent ERAF allocation benefit).

⁶ All Georgetown taxing jurisdictions serve the Georgetown Divide, which is in El Dorado County between the Middle and South Forks of the American River, and includes the following communities: Cool, Garden Valley, Georgetown, Greenwood, Kelsey, Pilot Hill, and upcountry communities including Volcanoville, Quintette, and Chiquita. Definition provided by the Divide Chamber of Commerce (divide.chamber.com/index.html).

The County General Fund is the next largest recipient, at an estimated \$4,100. The Georgetown Fire District and the Georgetown Divide Public Utility District are estimated to receive \$2,500 and \$1,600, respectively. As cited earlier, the Georgetown taxing jurisdictions serve the community of Georgetown as well as other communities in the Georgetown Divide. Further, the Los Rios Community College District is anticipated to receive an incremental \$1,100 per year. All other taxing jurisdictions are anticipated to receive less than \$1,000 per year,

Table 1. Estimated Distribution of Incremental Property Tax Revenues from Dollar General Development FY 2015/16 Dollars

Taxing Jurisdiction	Annual Property Taxes (1)
Black Oak Mine Unified School District	\$8,100
County General Fund	\$4,100
Georgetown Fire District	\$2,500
Georgetown Divide Public Utility District	\$1,600
Los Rios Community College District	\$1,100
County School Services	\$600
Georgetown Divide Recreation District	\$600
Road District Tax Fund	\$600
County Service Area #7	\$300
El Dorado County Water Agency	\$200
Accumulative Capital Outlay Fund	\$100
	\$19,800

Source: ALH Urban & Regional Economics.

(1) Figures rounded to the nearest \$1000.

Property values in California for assessment purposes can increase up to 2% per year until there is a change in ownership, at which time the property is reassessed. Assuming the property stays under the same ownership following development of the Dollar General store, the figures cited in Table 1 could increase up by 2% per year.⁷

As cited above, the annual incremental property tax estimates by taxing jurisdiction are proxies, and the actual figures may vary from the estimates. However, ALH Economics believes the cited figures provide a reasonable approximation of the share of property taxes that will be received by jurisdiction upon full completion and operation of the Dollar General store.

Property Tax in Lieu of VLF

This revenue component, Property Tax in Lieu of Vehicle License Fees (VLF), is derived from the Dollar General property's anticipated contribution to increased property valuation throughout unincorporated El Dorado County. This is the method by which such tax revenues are estimated by the State of California and redistributed to local jurisdictions. If Georgetown were an incorporated city this revenue source would accrue to the city, much as occurs in Placerville and South Lake Tahoe, the

⁷ The assessed property value will increase 2% a year unless the property owner requests and receives a reassessment of the property.

County's only two incorporated areas. In the absence of incorporation the revenue will accrue to El Dorado County. The results of these calculations indicate that based on the County's unincorporated area FY 2015/16 assessed valuation of \$23.1 billion,⁸ the County's forecasted FY 2015/16 VLF revenue of \$17,654,873,⁹ and the increment in property value attributable to Dollar General store development, the incremental value associated with the store is estimated to increase the County's assessed valuation by 0.0094%. This will provide an estimated annual revenue increase of \$1,650¹⁰ to El Dorado County's General Fund that would not otherwise occur absent Dollar General store development.

Summary of County General Fund and Other Revenues

El Dorado County's General Fund will gain incremental revenues associated with the Dollar General store through sales taxes, property taxes, and property tax in lieu of VLF revenues. These revenue estimates include \$12,600 in sales taxes, \$4,100 in property taxes, and \$1,650 in property tax in lieu of VLF revenues, totaling \$18,350 per year. There will be yet other, more limited incremental property tax revenues gained by other County services.

Similarly, the three providers that service the Georgetown Divide, which includes Georgetown, will collectively gain an estimated \$4,700 per year in tax revenues pursuant to Dollar General store development.

This analysis does not include an estimate of the costs incurred by the County or others to provide services to the Dollar General store. However, these services are likely to be minimal, as site development comprises infill development, to an area already served by County and other services.

One-time and Ongoing Jobs Generation

The construction cost of the Dollar General store is anticipated to total approximately \$1.5 million. Based on economic multipliers resulting from application of the IMPLAN economic impact model for El Dorado County, ALH Economics estimates that the economic impact in El Dorado County from this construction effort will total \$2.1 million. This level of construction is estimated to support 11 direct construction jobs and 15 total jobs for the duration of the construction effort.¹¹

ALH Economics has been provided with information that the Dollar General store anticipates hiring 10-12 employees. This employee count includes store management as well as retail clerks. The earnings for these 10-12 employees will in turn support other economic activity in El Dorado County.

⁸ Figure provided by Karl Weiland, El Dorado County Assessor.

⁹ See "County of El Dorado, State of California, Adopted Budgets for the Fiscal Year 2015-2016," Annual Report of the Financial Transactions for the Fiscal Year Ending June 30, 2015, page 64.

¹⁰ Rounded to the nearest \$10.

¹¹ The IMPLAN model is the industry standard model for estimation of economic multiplier impacts, and these results are based upon a model of economic activity in El Dorado County from 2013. There is a more recent model available for 2014, but ALH Economics does not anticipate a material change in the pattern of economic activity in the County between 2013 and 2014. Thus, the 2013 model is deemed sufficient for the purpose of this analysis. From this model, the jobs multiplier for El Dorado County for retail general merchandise is 1.2176.

For analytic purposes, ALH Economics assumes these 10-12 jobs are equivalent to 7 full-time equivalent (FTE) jobs.

Based on economic multipliers resulting from application of the IMPLAN economic impact model for El Dorado County, ALH Economics estimates that the total direct, indirect, and induced job generation associated with the Dollar General store will total 9 FTE's.¹² This indicates that the Dollar General store employment is anticipated to generate support for an additional 2 jobs in El Dorado County.

CLOSING

ALH Urban & Regional Economics appreciated the opportunity to prepare this analysis for SimonCRE. Please let us know if you have any questions or comments on the analysis.

Sincerely,

ALH Urban & Regional Economics



Amy L. Herman
Principal

¹² From the IMPLAN model, the jobs multiplier for El Dorado County for retail general merchandise is 1.2176.

ASSUMPTIONS AND GENERAL LIMITING CONDITIONS

ALH Urban & Regional Economics has made extensive efforts to confirm the accuracy and timeliness of the information contained in this study. Such information was compiled from a variety of sources, including interviews with government officials, review of City and County documents, and other third parties deemed to be reliable. Although ALH Urban & Regional Economics believes all information in this study is correct, it does not warrant the accuracy of such information and assumes no responsibility for inaccuracies in the information by third parties. We have no responsibility to update this report for events and circumstances occurring after the date of this report. Further, no guarantee is made as to the possible effect on development of present or future federal, state or local legislation, including any regarding environmental or ecological matters.

The accompanying projections and analyses are based on estimates and assumptions developed in connection with the study. In turn, these assumptions, and their relation to the projections, were developed using currently available economic data and other relevant information. It is the nature of forecasting, however, that some assumptions may not materialize, and unanticipated events and circumstances may occur. Therefore, actual results achieved during the projection period will likely vary from the projections, and some of the variations may be material to the conclusions of the analysis.

Contractual obligations do not include access to or ownership transfer of any electronic data processing files, programs or models completed directly for or as by-products of this research effort, unless explicitly so agreed as part of the contract.