



January 12, 2018

Honorable Michael Ranalli
 Chair, El Dorado County Board of Supervisors
 330 Fair Lane
 Placerville, CA 95667

Dear Supervisor Ranalli:

The North State BIA is writing to express its concerns about the El Dorado Hills Community Services District park impact fee update. This item was approved by the CSD Board at their January 11th meeting.

Last fall, the BIA and its builder members met with the staff and consultants from the El Dorado Hills Community Services District about their park impact fee nexus study. We had several collaborative discussions and resolved several issues. We appreciate the CSD's collaboration with the industry to date, however, we wanted to bring the remaining areas of concern to your attention.

- **It is unfair to collect fees for facilities that may never be built:** For both the Multi-Generational Facility and the Aquatic Center mentioned above, there are no identified funding sources to pay the difference between what new residents are being asked to pay and what the CSD needs to build these facilities. Without an identified funding source to cover the full anticipated costs, it calls into question the fairness of collecting funds from future homeowners for facilities that may not have a reasonable or realistic chance of being built to provide the expected benefits.
- **New Residents' Share of the Multi-Generational Facility is Too High:** In the event that the CSD is able to find other funding sources and decides to collect an impact fee for the Multi-Generational facility, the share allocated to new residents is too high. The total cost of this facility is \$26.6 million. Since new residents represent 23% of the population at buildout, their share of this facility should be 23% of the total cost, or \$6.1 million. New residents are currently being asked to pay \$9 million. Based on the population at buildout, new residents are being asked to pay \$3 million more than their proportionate share of the cost. This does not meet legal nexus requirements, where fee payers are being asked to pay for more than their fair share of a burden.
- **New Residents' Share of the Aquatic Center is Too High:** In the event that the CSD is able to find other funding sources and decides to collect an impact fee for the Aquatic Center, the share allocated to new residents is too high. The total cost for this facility is \$8.4

million. The aquatic center contribution by new residents should be reduced to 23.01% to represent new resident's share of the buildout population. The contribution by new residents for that facility should be \$1.9 million. New residents are currently being asked to pay \$3.9 million, or about \$2 million more than their proportionate cost. Again, this does not meet legal nexus requirements, where fee payers are being asked to pay for more than their fair share of a burden.

- **The CSD is Seeking More Funding than Required Under State Law**
State parks law (The Quimby Act) requires 5.0 acres of parks for every 1,000 new homeowners. The CSD's nexus study calls for 5.33 acres. In addition, the El Dorado Hills CSD has historically built closer to 4 acres per 1,000 residents. This is an issue because the requirement of park dedication in excess of state law and past district practice result in artificially high impact fees and maintenance costs.
- **The CSD's Per Acre Construction Costs are Higher Than Neighboring Jurisdictions:**
We continue to have concerns with the CSD's park construction costs per acre, especially as they relate to surrounding jurisdictions and the CSD's ability to remain competitive.
 - Per the October 2nd letter from David Taussig & Associates, the CSD's weighted average for construction costs for the CSD is \$684,525 per acre.
 - In the Folsom Plan Area South of 50, the park construction costs per acre are \$446,261 for a Neighborhood Park and \$573,130 for a Community Park.
- **The CSD's Fees are the Third Highest in the Region**
 - The current proposed fee in the CSD's most recent version of the nexus study is \$11,718 per home. If adopted, this fee would be 44% higher than the fee in Folsom's North of Highway 50 area, and it would be 27% higher than the Folsom Plan Area South of Highway 50.
 - The chart in Attachment 1 illustrates how park fees in most every surrounding jurisdiction are much lower.
- **How Will the District's Facilities Be Maintained:** We continue to have concerns about the CSD's ability to maintain the facilities that are listed in the nexus study and master plan. The CSD's master plan identified a number of new facilities to be built with no identified source of funding for maintenance. The CSD can require assessment districts to be formed on new development to provide new development's share of maintenance costs, but the CSD has not demonstrated the ability to provide for existing residents' share of ongoing maintenance costs.
- **Park Fees are Based on Park Construction Costs:** At the January 11th El Dorado Hills CSD Board meeting, the district's consultant referenced a chart that depicted park fees as a percentage of new home price. Park fees are derived from park costs, not from the cost basis of the houses around them.

We believe it is in the best interest of the community, the building industry, and the county if these items are resolved before a final decision about the park impact fee is made.

Sincerely,



Chris Norem
Director of Governmental & Public Affairs
North State Building Industry Association

CC: John Hidahl, Brian Veerkamp, Shiva Frentzen, Sue Novasel

Attachment 1

