

## EXHIBIT A

### BASS LAKE HILLS SPECIFIC PLAN PROPOSED 2013 PUBLIC FACILITIES FINANCING PLAN CLARIFICATION REPORT

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This exhibit focuses on clarifications requested of the Board at the August 27, 2013 hearing.

#### 1. **Measure Y and the Bass Lake Hills Specific Plan**

The Specific Plan was approved by the Board of Supervisors on November 7, 1995 by Resolution No. 288-95. Traffic and circulation were globally addressed in the Bass Lake Road Study Area Program EIR. The Program EIR indicated that buildout of the Specific Plan was projected to generate approximately 29,320 daily vehicle trips (based on 2,903 units) with 2,903 trips during the P.M peak hour (BLHSP EIR, page J-5).

The Final Program EIR identified the following Impact:

*“Proposed development of the Bass Lake study area will contribute to the volume of traffic using area roadway. Without improvements, virtually all facilities will function at unacceptable Levels of Service. Even with implementation of the identified mitigation, Bass Lake Road is predicted to function at LOS F under the full buildout scenario.”*

This impact would be mitigated, but not to a less than significant level by implementation of Mitigation Measures J01 and J02, which addressed improvements to Bass Lake Road and the Highway 50 interchange.

The Program EIR Addendum for the Specific Plan, adopted November 7, 1995, recognized that while potential impacts would be reduced by the Specific Plan components and policies, the potential impacts to roads would remain significant as a result of cumulative development. The maximum allowed dwelling units was reduced from that analyzed in the Program EIR to 1,458 units.

Due to the reduced density, the Addendum revised the identified Impact as follows:

*“Proposed development of the Bass Lake Specific Plan area will contribute to the volume of traffic using area roadways. Without improvements, virtually all facilities will function at unacceptable Levels of Service. Even with implementation of the identified mitigation, Bass Lake Road is predicted to function at LOS E under the full buildout scenario.”*

In addition, through the Addendum process it was identified that the Public Facilities Financing Plan would require a Project Study Report (PSR) for the future interchange. The PSR was to describe the scope, schedule, and estimated cost of the project. The traffic study for the PSR was to quantify traffic operations and improvements needed to the year 2015 between Silva Valley Parkway/Highway 50 and Cambridge Road/Highway 50 interchanges.

The Board of Supervisors directed staff to incorporate the Specific Plan into the Public Review Draft General Plan (2010 Plan) project description and revise the Specific Plan to be consistent with the land use scenario, which was further refined as the 1996 General Plan. The voter initiative known as Measure Y had not yet been in effect when the Specific Plan was adopted.

Measure Y was passed by the voters on November 3, 1998, and required that new residential development could not cause or worsen Level of Service (LOS) F conditions. This was included as Policy TC-Xa of the General Plan. In November 2008, voters passed an amendment to Measure Y (and Policy TC-Xa) allowing the Board of Supervisors, with a 4/5 vote, to identify road segments allowed to operate at LOS F (Table TC-2 of the General Plan). Policy TC-Xf was amended to clarify when residential subdivisions (five or more parcels) and commercial projects would be required to mitigate their roadway impacts.

Although the Specific Plan was adopted prior to Measure Y policies, the Specific Plan was developed to require new development to mitigate for road impacts, direct and cumulative. Measure Y (Policy TC-Xa) does not apply to projects within the Specific Plan area; however, the Specific Plan was progressive for its time, requiring compliance with an LOS E and substantial road improvements, and therefore, was consistent with TC-X policies.

The 2004 PFFP requires major infrastructure improvements to be constructed concurrent with initial development. While the approvals for Hawk View, Bell Woods and Bell Ranch relied on the Specific Plan EIR and Addendum, with no further traffic studies they do mitigate for all roadway impacts with the required PFFP Phase 1A improvements. All future Tentative Maps would be required to comply with the 2004 PFFP Phasing program, as currently developed without the proposed 2013 PFFP revision.

The proposed 2013 PFFP proposes the use of developer funding to advance-fund or construct the infrastructure improvements needed in the initial phases of the plan area. The actual timing to complete Bass Lake Road is proposed to be based on future traffic studies. Because of the Measure Y concerns and LOS of Highway 50, a traffic study could be required for each future development project within the plan area to determine its impacts and mitigation measures. This would be consistent with TC-X policies.

## 2. Concurrency

The framework of the 2004 PFFP was developed based on concurrency policies, also known as Critical Mass Thresholds. Infrastructure was to be in place by the 300<sup>th</sup> and 600<sup>th</sup>-unit thresholds. The 2013 PFFP differs in that concurrency primarily focuses on the construction of Bass Lake Road (Hwy 50 to Hollow Oak Road) and Country Club Drive (Silver Dove Way to Bass Lake Road). As drafted, the 2013 PFFP states “

*“Because these facilities are major connectors for the project and provide critical access, it is important that funding be collected so that these facilities can be constructed when they are needed as identified in the traffic studies prepared for the BLHSP. At the*

*same time, the County recognizes the significant burdens that the infrastructure project can put on residential projects.”*

*“For this reason, the County may condition certain initial projects to pay fees and require subsequent projects to fund or construct key facilities on an “as-needed” basis. For example, a northern project could be conditioned to complete Bass Lake Road from Country Club Drive to Hwy 50 (Section H to B). Construction may include the bikeway and sidewalk running parallel to Bass Lake Road. By allowing certain initial project to pay fees instead of funding or constructing specific infrastructure items, it will allow the County to fund priority transportation projects in Zone 8.”*

The timing and order of facilities to be constructed would generally occur according to the “Priority Matrix” (Exhibit D). However, the 2013 PFFP does allow for the Transportation Division to choose to take the Traffic Impact Mitigation fee payment instead of require infrastructure construction. Because it is unknown how the Specific Plan would be developed, the premise of the 2013 PFFP is the County would condition each project to fund a specific set of infrastructure or pay a specific set of development impact fees, based on the circumstances at the time the project conditions are set.

Specifically, some required improvements proposed would be deferred until later in the project. The PSR is proposed at approximately the 600<sup>th</sup> unit, with signaling the off ramp at the 450<sup>th</sup> unit. The gravity sewer for the school site would occur at the 400<sup>th</sup> unit. The applicant’s proposed conditioning for the projects is provided in Table 3 (Exhibit E).

Conversely, approved Tentative Maps, Hawk View, Bells Woods and Bell Ranch are all currently conditioned to construct all the Phase 1A improvements, which include:

- a. Reconstruct Bass Lake Road with full improvements as required in the BLHSP from Hollow Oak Road to Highway 50. Provide underground utilities as required.
- b. Construct bike lane and sidewalks along Bass Lake Road from Hollow Oak Road to Highway 50.
- c. Finish median and other improvements on Bass Lake Road from Hollow Oak Road to Serrano Parkway as required by the BLHSP. Provide underground utilities as required.
- d. Construct Country Club Drive (G-H) with frontage improvements.
- e. Construct Silver Dove Way to school site (Q-G) with frontage improvements.
- f. Construct Silver Dove Way (C-D) if Hawk View is included in the critical mass projects.

- g. Construct school infrastructure (water and sewer).
- h. Construct Morrison Road (J-I) without off-site frontage improvements if Bell Ranch is in the critical mass projects.
- i. Construct traffic signals on Bass Lake Road if required by Traffic Warrants. If signals are not yet warranted, the initial design will incorporate underground facilities (such as conduits) to minimize disturbance of new pavement.
- j. Acquire approximately two acres for the park-and-ride lot to the satisfaction of the El Dorado County Transit Authority. Construct a portion of the lot, the number of parking spaces shall be proportionate to the number of subdivision lots developed. The proposed construction shall be shown appropriately in the improvement plans.
- k. Acquire land for an 8.7-acre sports park.
- l. Planning and design of Sports Park.

Revisions to approved tentative maps may be requested by the applicant and subject to review by the County if the Board were to approve the 2013 PFFP. Action on the PFFP does not imply that all conditions for Phase 1A improvements will change, only that they should be reviewed and changed based on the projects infrastructure needs and compliance with the Specific Plan and Program EIR. As proposed, staff does not believe the 2013 PFFP meets the concurrency policies of the Specific Plan.

### 3. **Phasing of Improvements**

#### a. **El Dorado Irrigation District (EID) Infrastructure- Sewer Service**

The Program EIR did not fully analyze the extension of sewer service for the west side of the plan area because the specific location was not known. The Program EIR stated that site specific environmental review of the proposed sewer line would be required in the future. The sewer trunk line alternative passes through an area known for highly sensitive cultural and biological resources. The proposed sewer line requires easements which are located outside of the Specific Plan. The sewer location, easements and CEQA are deferred in the Specific Plan, but with the revised 2013 PFFP funding in the amount of \$200,000 for easements and \$50,000 for environmental permitting are provided. The funding provided would not appear to be sufficient to cover all permitting costs. The sewer proposal is speculative; therefore, staff recommends an analysis be provided (location, CEQA) prior to the 2013 PFFP being approved, or at least prior to any Tentative Map revision or new Tentative Map. DA holders have the expectation of sewer availability; therefore, this infrastructure should be a priority. The easements should be obtained and CEQA completed to guarantee sewer availability to the western side of the plan area.

## Bass Lake Road

On November 7, 1995 the Board revised Figure 4-2 contained within the Draft Bass Lake Hills Specific Plan to illustrate the potential expansion of Bass Lake Road to four lanes within a 100 foot right-of-way and place bike paths and sidewalks in the landscaping easements. In doing so, this provided a conflict with Mitigation Measure J01:

**MM J01:** *“In order to provide a functional area-wide circulation system, all of the roadway and facility improvements identified in the Program EIR will be constructed. Project impacts to Bass Lake Road will be mitigated by 1) acquisition of right-of-way for four lanes through the study area, 2) construction of Bass Lake Road to two lanes with facilities through the study area, and 3) dedication of right-of-way for an additional two lanes along the frontage of applicant properties. Project maps will be conditioned to require construction for improvements as they are warranted. Improvements to County roads beyond those provided by this project will be funded through County adopted Roadway Fees.”*

This mitigation measure would have ultimately required Bass Lake Road to be built to six lanes when warranted. This requirement was reflected in the Specific Plan Adoption-EIR Addendum Certification in which it states:

*“Under cumulative scenario, Bass Lake Road is predicted to function at LOS F during peak hours. Models indicate road will require six lanes during peak hours. Proposed mitigation requires current proponents to provide improvements to four lanes in project area and dedicate right-of-way for an additional lane along their properties on the east side of the road as thresholds are attained. Ultimately, a six-lane right-of-way will be required, to be dedicated as projects are approved. Direct project impacts are to be mitigated through fees and dedications.”*

It is important to note that the Certification considered the potential buildout of the plan area of 2,847 units, when the plan was ultimately approved at a reduced density of 1,458 units. This may explain how a reduced road width was approved in Figure 4-2, because travel demand would not have warranted the previously required six lanes.

In Board of Supervisors Resolution 288-95, Section V. Traffic, the Rationale for Finding does refer to MM J01; however, part 3 of the Mitigation Measure was omitted. However, the Addendum retains the Mitigation Measure as written. To reduce the facility width as currently designed in Figure 4-2 of the Specific Plan, an updated Traffic Study should be required to demonstrate adequacy of the roadway facility and CEQA analysis should be completed.

c. **US Highway 50/Bass Lake Road Interchange**

The Program EIR and Addendum required construction of interim construction improvements to the Bass Lake Road/Highway 50 interchange as specified in Mitigation Measure J02:

**MM J02:** *“For the short term, impacts to the Bass Lake Road/Highway 50 interchange will be mitigated by construction of the interim configuration identified by Caltrans. These improvements will be provided by the project applicants. Traffic counts will be performed annually to ensure the interchange operates at an acceptable LOS during peak periods. Complete reconstruction of the interchange will be implemented in a timely manner so as to prevent degradation of peak period LOS to less than acceptable levels. Reconstruction of the interchange will be funded through an Area of Benefit or similar financing mechanism established by the County DOT.”*

Section 4.4 of the Specific Plan (Bass Lake Road/U.S. Highway 50 Interchange) identified the Caltrans improvements to be:

1. A westbound two-lane on ramp;
2. On-ramp traffic metering to maintain acceptable LOS on U.S highway 50; and
3. An eastbound two-lane off ramp.

The Conditions of Approval for Hawk View, Bell Ranch and Bell Woods incorporated these requirements, as specified in the following condition:

*“Off-site road improvements consistent with Phase 1A requirements of the adopted PFFP shall be completed in compliance as set forth within the Bass Lake Hills Specific Plan, the Bass Lake Hills Specific Plan Public Facilities Financing Plan, and related Environmental Impact Reports. Construction of the improvements to the Bass Lake/U.S. Highway 50 interchange area includes:*

1. *A west bound 2-lane on-ramp;*
2. *An east bound 2-lane off-ramp;*
3. *On-ramp traffic metering;*
4. *Widening at the Bass Lake Road/Eastbound off ramp intersection area to provide:*
  - a) *Dual eastbound left turn lanes;*
  - b) *A shared eastbound right/through lane;*
5. *Two 12-foot northbound through lanes and 1 12-foot southbound lane plus 2-foot shoulders between the eastbound and westbound ramp intersections.*

*The applicant shall submit bid-ready documents prior to the issuance of the first certificate of occupancy. Improvements identified must be substantially complete prior to the issuance of the 41 certificate of occupancy.*

*At the discretion of the Director of the Department of Transportation, rather than construct the improvements described above, applicant shall pay an in-lieu fee equivalent to the full cost of constructing, designing, and permitting the improvements.*

*The cost of constructing these improvements, or the in-lieu fee if that option is chosen by the Department of Transportation, shall not be reimbursable by the County through its road fee programs but is eligible for reimbursement from the Public Facilities Financing Plan (PFFP) fees.”*

Section 9.4 of the Specific Plan states that the common public facilities that would be accomplished by the PFFP would include the Bass Lake Road/U.S. Highway 50 Interchange and Project Study Report (PSR)

The 2004 PFFP did not fully fund the interchange improvements. The 2004 PFFP included \$250,000 for the PSR and \$500,000 for interchange improvements. While working with DR Horton to finalize the projects and comply with the Conditions of Approval, it was determined that the interchange improvements would cost approximately \$4.5 million.

Kimley-Horn provided both a Bass Lake Road Interchange Evaluation and Traffic Operation Analysis in 2007. These reports indicated that development in the plan area had occurred much slower than anticipated and traffic volumes at the interchange were below the level predicted. Kimley-Horn made the following recommendations:

1. The actual 2006 traffic volumes have not reached levels projected for 2001 in studies documented in the EIR conducted for the Plan Area. As a result, interchange ramp modifications originally recommended by the Draft and Final EIR for the Plan Area are not required at this time.
2. The intersection of Bass Lake Road at the Eastbound US-50 on-ramp is projected to operate at LOS F under the 2011 traffic conditions. However, this intersection can be converted to an all-way stop control and result in LOS D, or signalized and result in LOS B. It is assumed this intersection will be signalized when the interchange is reconstructed.
3. The peak hour traffic signal warrants will not be satisfied for any of the analysis scenarios at either intersection.
4. The on-ramp volumes for the three analysis scenarios will not meet Caltrans' guidelines for multi-lane ramp meters. If ramp meters are

constructed prior to the interchange reconstruction, the existing ramp configurations would satisfy Caltrans' requirements. The US-50 HOV construction project may include improvements to the on-ramps at the interchange.

The report indicated that reconstruction of the interchange was scheduled for 2013/2014. The County has not scheduled this project as a priority in the 2013 Capital Improvement Program (CIP). The Bass Lake/Highway 50 Interchange improvements (CIP Project No.'s 71330 and GP148) are in the future 2023/2024-2032/2033 CIP but unfunded. It is unknown whether this project will be moved up as a priority. However, the 2013 CIP does include an estimate for Phase 1 of the Bass Lake Road Interchange improvements to be 16.5 million, with developer advance from the Specific Plan of 1.75 million. These improvements include the PSR, and assumed ramp widening, road widening, signals, and the WB auxiliary lane between Bass Lake and Silva Valley interchanges. Phase 1 assumes bridge replacement. Phase 2 is assumed to include additional ramp and road widening and an eastbound auxiliary lane between Bass Lake and Cambridge Road interchanges. Developer funding is not known for Phase 2. If the developer were to advance fund the interchange improvements as required by the PFFP, reimbursements from TIM would include 50 percent from the Highway 50 TIM, 25 percent from Zone 8 and 25 percent from Zones 1 through 7.

The 2013 PFFP includes \$250,000 for the PSR and signaling of the east bound off-ramp with future reimbursements from the TIM. As demonstrated in Table 3, the PSR is proposed at approximately the 600<sup>th</sup> unit, with signaling of the off ramp at the 450<sup>th</sup> unit. The timing of these improvements would be inconsistent with the Specific Plan.

MM J02 requires improvements to the interchange that would keep the LOS at an acceptable level. An updated traffic study has not been provided that would determine that the proposed improvement would be acceptable. In addition, the Specific Plan specifies required improvements and the Conditions of Approval place particular interchange improvements on the approved subdivision maps. To reduce the level of improvements to the interchange as suggested by the applicant, the Conditions of Approval for each approved project would need to be revised and the Specific Plan would need to be amended to re-evaluate the necessary interchange improvements. An updated Traffic Study would be required to demonstrate adequacy of the interchange and CEQA analysis would need to be completed.

4. **Traffic Impact Mitigation (TIM) fees, Reimbursements and Bond Financing Options**

a. **TIM Fees & History of the Zone 8 TIM Fee Reimbursement Policy**

The Board of Supervisors adopted the original Traffic Impact Mitigation (TIM) Fee Program for the "West Slope" of the County in 1991. Over time the Board has modified the program with major updates occurring in 1996, 2000, and 2006. The fees set by the



Board have been linked to the cost of building the needed road infrastructure to account for projected growth based on a 20 year horizon. As previously stated, Measure Y requires new development to fully fund needed road improvements.

On January 23, 1996, the Board unanimously approved the County of El Dorado Department of Transportation Guidelines for Road Impact Fee / Traffic Impact Mitigation Fee Reimbursement Projects (“Guidelines”). The Guidelines’ Section 7.0 required reimbursements to be paid over four years (25% per year) beginning within 90 days of the Board’s acceptance of the facility.

On May 20, 2003, the Board suspended Section 7.0 of the Guidelines for projects within the El Dorado Hills TIM Zone 8 (TIM Zone 8) area due to funding issues within the area.

On July 1, 2008, the Board approved a new reimbursement standard for TIM Zone 8. This standard required reimbursements for public roadway infrastructure projects to be made with no interest, over ten years (10% of total per year), with the first payment made within 90 days of acceptance of the project (or when the project was first available for public use). The County determined that if annual payments could not be made due to cash flow issues, the developer could either have the amount of insufficiency accrue interest at the Treasurer’s pooled rate of interest, or could opt to have the insufficiency converted to TIM fee credits.

Because of the declining cash balance in TIM Zone 8, on August 23, 2011, the Board approved a reimbursement agreement for an \$85,000 cash contribution from Arrowest Properties that delayed reimbursements until after all outstanding payments for preexisting reimbursement agreements were paid in full. This approach would not allow for fee credits to be issued upon completion of a TIM-fee infrastructure project in TIM Zone 8 (such as Bass Lake Road) as fee credits would be considered immediate reimbursements.

#### **b. Reimbursements**

A key point in the 2004 PFFP is that a large portion of the public improvements are to be developer-funded and constructed in the initial stages of the Specific Plan and reimbursed from the County and future developers. The 2004 PFFP states:

*“The key to the development of the BLHSP and this PFFP is the use of developer funding to advance fund or construct the infrastructure improvements needed in the initial phases of the BLHSP. The need for up-front developer funding or construction is because of the concurrency and the critical mass threshold described earlier in the PFFP” and “The actual number of units is not essential because the PFFP requires construction of the critical mass improvements by any or all of the development projects in Phase 1A so the County is assured the facilities are in place. The developers (regardless of the number of units making*

*up the critical mass) will share in the infrastructure costs and in the timing of the reimbursements from the various reimbursement sources.” (page 26)*

*“Developers who fund initial infrastructure will enter reimbursement agreements with the County. Bass Lake Hills developers will be required to pay the RIF fees as well as construct the Bass Lake Road improvements. Terms of repayment will be specified in each reimbursement agreement.” (page 34)*

*“Bass Lake Hills developers will be required to pay the RIF fees as well as construct the Country Club Drive improvements. Terms of repayment will be specified in each reimbursement agreement.” (page 35)*

*“As a result, the BLHSP developers will have to construct the required Bass Lake Road improvements and pay the RIF fees at building permit. Reimbursement to the BLHSP developers will be provided from the RIF program when the eligible projects are scheduled for funding in the RIF CIP.” (page 22)*

In the proposed 2013 PFFP, it is stated:

*“Future Development projects constructed in the BLHSP may be conditioned to construct the remaining components of Bass Lake Road. The County may choose to build Bass Lake Road at a later time and use the TIM fees for other higher priority projects in the Zone 8 TIM program.”*

This would infer that developers in the Specific Plan would either build Bass Lake Road or pay TIM fees which could be used on other projects. Additionally, it states:

*“If a project constructs Bass Lake Road improvements under the County TIM program, it will be eligible for reimbursement/fee credits under the County program, or it may elect to pay the TIM fee upfront through the use of SCIP bonds.”*

For a typical project that is conditioned to construct public infrastructure (such as Bass Lake Road), the public infrastructure would be required to be built, or at a minimum financed, by the developer. In addition, the developer would be required to pay the TIM fee associated with each building permit in the project.

For example, Pulte Homes, the Hollow Oak developer, was conditioned to realign and construct the northern section of Bass Lake Road in the Specific Plan. Pulte constructed the infrastructure project utilizing private funding, and paid the required TIM fees associated with the 99 homes in the development. Pulte will be reimbursed \$3.7 million total from the TIM Zone 8 fee fund in years 11-15 after completion of the project ( in accordance with the terms placed in the Conditions of Approval) for the improvements completed to Bass Lake Road that were determined to be improvements of regional significance. The revised 2013 PFFP is requesting relief from the TIM Zone 8 fee policy.

c. **Formation of Mello-Roos Districts within the Specific Plan**

Mello-Roos districts may be formed within the Specific Plan area. Pulte Homes, the Hollow Oak developer, established a Mello-Roos district that allowed them to secure bond funding against the value of the development. Future bond repayments were passed on to the purchasers of each built home and the associated property. Bass Lake Road was a listed project in the Mello-Roos formation documentation; therefore, Pulte used funds from the Mello-Roos district's acquisition fund to offset some of the construction costs for Bass Lake Road.

d. **Bond Financing**

Developers in the Specific Plan may opt to utilize a Mello-Roos District or a Statewide Community Infrastructure Program (SCIP) Assessment District to finance public infrastructure required as a condition of development and/or TIM fees required to obtain building permits. These bond-based financing methods enable a developer to recoup costs of constructing public infrastructure soon after the project is accepted by the County. In addition, bond financing provides developers the option to pass the bond repayments on to the homeowners of the developed lots. If a developer chooses to pay the TIM fees associated with the building permits with the bond financing, the costs of the permits would be borne by the homeowners in the annual bond repayments made along with their annual property tax payment(s).

The proposed 2013 PFFP states that if a developer utilizes a Mello-Roos, SCIP, or similar bond financing approach to finance a facility that is in a County Fee Program (TIM, etc.), then the "developer may be given a 'fee reduction' or fee credit." This would be inconsistent with the County's TIM Zone 8 policy which states a 'TIM fee credit' may only be given if there is an inability by the County to make a scheduled annual reimbursement payment. Because a developer chooses to finance a TIM fee reimbursable infrastructure project or pre-pay TIM fees with a bond-based funding source, does not change the County Guidelines and allow for immediate reimbursements through fee credits at the time of project completion.