



November 6, 2013

Via Email Only

Roger Trout, Director
Development Services
County of El Dorado
2850 Fairlane Court, Building C
Placerville, CA 95667

Re: Bass Lake Hills Public Facilities Financing Plan

Dear Roger:

This letter is a summary of our proposal for the Board's consideration at its November 12, 2013 meeting regarding the Bass Lake Hills Public Facilities Financing Plan update. Below we outline the three policy questions we would like the Board to address.

Background.

On August 27, 2013, a proposal to revise the Bass Lake Hills Specific Plan (Specific Plan) Public Facilities Financing Plan (PFFP) was presented to the Board of Supervisors. During public comment on the proposal, the Board heard testimony from approximately 30 people mostly residents, land owners, business people and neighbors that expressed the current PFFP for the Specific Plan does not work. After the extensive testimony is support of updating the PFFP, the Board continued the item to allow staff additional time to work with the developers to provide further information and options for consideration.

At the hearing, I pointed that the PFFP does not work because of onerous policies. Staff and members of the Board agree that the current PFFP does not work, but in order for us to move forward with updating the PPFF, we need direction from the Board on three policy questions. Once the Board gives us direction on these questions, we can then work together to amend project documents including the PFFP, tentative maps and possibly the Specific Plan and complete appropriate CEQA review and bring those back to the Planning Commission and Board for consideration.

The three policy questions are:

1. Timing of Construction of Bass Lake Road and Other Phase 1A Improvements. Can Bass Lake Road and other Phase 1A improvements be phased so that they are constructed when they are actually needed instead of at recordation of the next final map?
2. Revisions to Highway 50/Bass Lake Road Interchange Improvements. Can improvements to the Highway 50/Bass Lake Interchange identified in the Specific Plan be revised based on an updated traffic study?

3. Fee Credits for Pre-payment of Fees. Will the County issue fee credits to a project developer that pre-pays its TIM fees to build Bass Lake Road?

Discussion on Policy Questions.

Question 1: Timing of Construction of Bass Lake Road and Other Phase 1A Improvements.

The 2004 PFFP required a certain list of specific improvements to be constructed as part of Phases 1 and 1A (which phases amounted to the next 300 units built in the Plan Area). These improvements are referred to as the "Critical Mass Infrastructure." Following approval of the 2004 PFFP, Pulte built 99 units and was able to complete the Phase 1 portion of the Critical Mass Infrastructure. No additional construction has occurred since then. It has been generally accepted that the Phase 1A portion of the Critical Mass Infrastructure has been an insurmountable hurdle for any further development in the plan area.

In the 2013 PFFP Update, we are proposing to construct most of the Phase 1A infrastructure with the "next" 300 units moving forward. In other words, 400 units from the point at which the 2004 PFFP was adopted. We are calling this the "Revised Critical Mass Infrastructure." The original Critical Mass Infrastructure components are specifically identified in Table 2 of the 2004 PFFP, which showed an estimated cost of approximately \$14.9 million. Below is a list of the original Critical Mass Infrastructure in the 2004 PFFP and next to it is an explanation of when it would be built under the 2013 PFFP.

Original Critical Mass Improvements	Proposed Timing of Completion 2013 PFFP Update
Bass Lake Road from Hollow Oak Road to Highway 50	Revised Critical Mass Infrastructure
Bass Lake Road/Highway 50 Interchange PSR	PFFP fees collected with each building permit will fund the PSR when it is needed.
Country Club Drive from Bass Lake Road to Silver Dove	Revised Critical Mass Infrastructure
Morrison Road	Revised Critical Mass Infrastructure
Silver Dove from Country Club to the School Site	Revised Critical Mass Infrastructure
Bass Lake Road/Highway 50 Interchange Ramp/Meter Improvements	There is a question about what improvements are actually required. Fees will be collected for these improvements. \$500,000 was identified in the 2004 PFFP and is identified in the 2013 PFFP to fund construction of the interchange improvements. The nature of the interchange improvements needed is discussed in below in Question 2.

Bass Lake Road Bike Lane and Sidewalk Hollow Oak Road to Highway 50	Revised Critical Mass Infrastructure
School Infrastructure Water and Sewer	This infrastructure will be constructed within the next 300 units within the Buckeye Union School District, as opposed to the next 300 units within the plan area. Early development in the Specific Plan area is anticipated in a part of the plan that is not in the Buckeye School District.
Park and Ride – 100 vehicles (land acquisition)	Moved to being completed before 600 unit in BLHSP, called Phase 2 in the 2004 PFFP.
Acquire Land for Sports Park/Plan and Design Sports Park	The El Dorado Hills CSD has indicated its preference to collect fees and secure sites on its own.

The question is whether the Board willing to allow more of a phasing approach to infrastructure, where facilities are built based on when they are needed or does the Board want to continue with the current policy of requiring all significant infrastructure to be built on day one? We would like the Board to give you direction to work with the developers to evaluate the phasing approach and see if and how it can be implemented to insure the County is protected and needed infrastructure is built, and at the same time insure the County satisfies its obligations to assist the developers with completion of build out of the plan area.

Once you have direction from the Board, we can then evaluate the best way to implement revisions to the plan. They could be as simple as amendments to conditions of tentative maps to as complex as significant amendments to the Specific Plan and PFFP. As discussed above, we will put together additional project document amendments (e.g. Specific Plan amendments, revisions to tentative map conditions of approval and CEQA review) and bring them back to the Board for full consideration and action.

Question 2: Revisions to Highway 50/Bass Lake Road Interchange Improvements.

The Specific Plan requires specific improvements to the Bass Lake Road Interchange with Highway 50. These requirements are from an old General Plan cumulative analysis and the 1992 Final EIR traffic study when the plan area was contemplated to have nearly double the residential units. The 2013 PFFP proposes to eliminate or amend these improvements based on a current traffic study. The improvements identified in the Specific Plan and the 2004 PFFP consist of:

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 2013 PFFP instead proposes funding of \$500,000 to cover installation of intersection signalization at the eastbound off-ramp of Highway 50 at Bass Lake Road. The applicants provided the County with copies of a Bass Lake Interchange Evaluation and Traffic Analysis, both of which were prepared by Kimley-Horn (a traffic engineer). One of Kimley-Horn's key findings was that traffic volumes had not reached the levels projected in the Specific Plan EIR. Kimley-Horn also found that the interchange would ultimately operate at a Level of Service F under then-projected 2011 conditions but could be converted to an all way stop control and result in an LOS of D or signalized and operate at an LOS B.

Based on the 2007 traffic analysis work and discussions with DOT staff in 2009, the developers identified the signalization in the 2013 PFFP as the proposed improvement for the interchange. We understand that County staff needs an updated traffic analysis for the interchange to know what level of improvements should be constructed as part of the Revised Critical Mass Infrastructure (if any) and for ultimate build-out. We are asking the Board, can the improvements to the Highway 50/Bass Lake Interchange as identified in the Specific Plan be revised based on an updated traffic study? If the Board is open to considering this, then we will have an updated traffic study prepared which will describe the facilities necessary at the interchange to serve the plan area.

Question 3: Fee Credits for Pre-payment of Fees.

As one of the methods to pay for Bass Lake Road improvements, we are proposing to pre-pay the local portion of the Zone 8 TIM fees with either bond district financing (e.g., CFD or SCIP) or with a cash contribution, which the County would then use to construct the remaining segments of Bass Lake Road. We are asking to be issued credits against the local portion of the Zone 8 TIM fees that are typically collected when building permits are secured. The total amount of the Zone 8 TIM fee is \$28,140 per single-family unit. Allocation of the fee breaks down approximately as follows:

Silva Valley Set-Aside	\$7,035
Highway 50 Fund	\$4,782
Local Road Component	\$16,323
<u>TOTAL</u>	<u>\$28,140</u>

Based on current cost estimates, construction of Bass Lake Road would result in fee credits for the Local Road Component of the TIM Fee for approximately 284 units. All units would still pay the full Silva Valley Set-Aside and Highway 50 portions of the TIM Fee.

Our proposal is similar to what the County has done in the past. On November 8, 2005, the County approved an agreement with West Valley LLC allowing for the pre-payment of TIM Fees and the issuance of credits against the TIM fees. In that agreement, developers of Blackstone were required to construct Latrobe Road as a condition of approval of a tentative map. The County constructed Latrobe Road improvements with pre-paid fees. The funds to pre-pay the TIM fees were generated by the sale of bonds through the Blackstone Community Facilities 2005-1. We would like the County to allow a similar process for financing construction of Bass Lake Road because (like Latrobe Road) it is an important regional collector that would otherwise not be built. We are asking to be allowed to fund the pre-payment of TIM fee with bond debt financing and to the extent there is any shortfall between bond proceeds and the cost of Bass Lake Road, such shortfall would be made up with a cash contribution.

This proposal is different from recent reimbursement agreement actions within Zone 8. Apparently, current policy provides for developers that construct required public infrastructure to receive reimbursement from the County's TIM fees over a 10-year period, beginning after the completion and County acceptance of the facility. On July 1, 2008, the Board approved a reimbursement agreement with Serrano and identified it as a "new standard" for TIM Zone 8. This was approved as a consent calendar matter with no apparent public discussion. This new 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 fee credits.

We are asking the Board to direct you to explore this approach to financing Bass Lake Road construction. If the County does not issue fee credits, then it is essentially asking a developer to pay twice for the same road improvement, once when they pay to build the road and second when they pay the TIM fee. We understand staff's concern about existing reimbursement agreements being in place. One possible alternative to solve that issue would be to have the rights to fee credits be subordinate to each year's reimbursement rights already on the books.

Request.

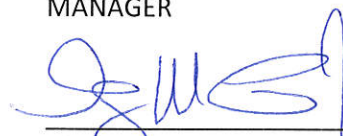
We are asking the Board to give affirmative direction to staff on the policy questions so that we can move forward with further studies and bring project documents back to the Board for formal approval. We will also work with staff regarding the extent the Specific Plan and tentative map conditions need to be amended and CEQA needs to be completed. Once all of that is resolved and the proper approach to updating the PFFP is determined, we would like to provide the Board with a timeline so that the Board members will know when to anticipate us returning.

In no way is our request intended to put the County at any risk. And we appreciate staff's cooperation in completing the Plan area, as the County promised it would do in the 50 development agreements it signed with landowners in the Bass Lake Hills area.

Sincerely,

BL ROAD, LLC

BY: WINN COMMUNITIES, INC.
ITS: MANAGER



George M. Carpenter, Jr.
Vice President