



County of El Dorado

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Legislation Text

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Transportation Department recommending Chairman be authorized to sign Reimbursement Agreement for the Improvements and Grading of Bass Lake Road between the County and Serrano Associates, LLC and the Assignment and Assumption of Plans and Specifications (AGMT 08-1736); and recommending the Board approve the reimbursement approach used for this agreement as a standard for future reimbursements to be presented for Board approval where the County is not constrained by prior agreements.

FUNDING: 2004 General Plan TIM Fee Program, Local Road Component, Zone 8 (EDH TIM) fund.

BUDGET SUMMARY:		
Total Estimated Cost		\$ 1,811,500
Funding		
Budgeted	\$ 1,811,500	
New Funding	\$	
Savings	\$	
Other	\$	
Total Funding Available	\$ 1,811,500	
Change To Net County Cost		\$ 0

Fiscal Impact/Change to Net County Cost:

Payments to be made according to this reimbursement agreement total approximately \$1,811,500 and are to be paid on a ten year schedule where the first payment includes a catch-up amount for three years of payments for a total of \$543,450. The November 2008 scheduled payment and each of the six subsequent annual payments will be \$181,150 each. No interest is being paid on this debt except in the case where the County is unable to make a scheduled annual payment and where the payment can not be converted to fee credits. Funding for this reimbursement has been included in the 2008 DOT Five-Year CIP.

Background:

Standard Approach for Reimbursement Agreements

On May 20, 2003, the Board suspended Section 7.0 of the Transportation Guidelines for Road Impact Fee/Traffic Impact Mitigation Fee Reimbursement Projects" (Guidelines) for only those projects within the EDH TIM area due to funding issues. The Department is proposing to use the subject reimbursement agreement with Serrano as the standard template for subsequent reimbursement agreements within the EDH TIM area. It is important to note that reimbursement agreements funded from the West Slope TIM area have not been impacted by the Board's decision to suspend Section 7.0. The key differences of this agreement as compared to the previous

standards are as follows:

Ten year reimbursement with no interest

The original standard provided for reimbursement over four years with no interest. Current cash flow projections support a ten year period for reimbursement where these amounts are reflected in the current Five-Year CIP, 2008.

Initial payment to be made within 90 days of acceptance of improvement (or open for public use)

This is consistent with the original standard.

Where County can not make the annual payment due to cash flow issues the amount of insufficiency will accrue interest at the Treasurer's pooled rate of funds

This is consistent with the original standard.

The insufficiency described above may be converted to credits to be applied to future TIM fees if requested by developer.

This is a new approach and is considered by the Department to be in the best interests of the County as interest costs to the TIM fee program would be avoided. The subject agreement (Serrano) also makes provisions to allow this same option to be incorporated into subsequent agreements with other developers in the EDH TIM, thereby waiving prior rights to TIM fee revenues by that credit portion. The Department is also recommending that this provision be included as a standard for all reimbursement agreements including those funded from West Slope TIM revenues.

The Department will be presenting other reimbursement agreements to the Board for developer funded improvements in the El Dorado Hills area that will include these same provisions if the Ten-Year Approach is approved by the Board:

Promontory for Olson Signal, approx. \$490,000

West Valley for Latrobe Road Connector to White Rock Study, approx. \$330,000

Hovnanian for White Rock Road Widening at Four Seasons, approx. \$ 5.1M

If the Board approves the Ten-Year Approach presented here in concept the three agreements noted above will be developed with these provisions. As noted earlier, the Guidelines have not been suspended related to TIM fee zones 1 - 7 and those agreements will typically include a four year reimbursement. The recently adopted 2008 DOT Five-Year CIP also assumes a four-year payment schedule in the TIM area (zones 1 - 7) consistent with the policy.

Specifics Related to Proposed Serrano Reimbursement Agreement

The Reimbursement Agreement for the Improvements and Grading of Bass Lake Road Between the County and Serrano Associates, LLC (Reimbursement Agreement) incorporates the Ten-Year Approach described above.

As a condition of TM01-1375 and TM01-1376, Serrano Associates, LLC was required to construct Serrano Parkway easterly to a connection point with old Bass Lake Road. Subsequently, Bass Lake Road was realigned such that the connection point was to be moved to the west. To make the connection complete it was necessary for Serrano to construct a segment of the new Bass Lake Road alignment where that segment was included in the County's Five-Year CIP (# 71353) and therefore eligible for reimbursement from the EDH TIM. See attached Exhibit A for a drawing of the Bass Lake Road segment that is the subject of this agreement. Pulte Homes also constructed a segment of new Bass Lake Road from the Serrano segment to Hollow Oak Road to complete the connection.

Serrano constructed the Serrano Parkway extension and the new Bass Lake Road segment where the improvements were completed and open to the public on August 31, 2005. It is recommended that the first payment begin with the day that is 90-days after the date of first public use (November 29, 2005). The initial payment is therefore recommended to cover three annual catch-up payments (November 2005, November 2006, and November 2007) with no interest and would be made within 30 days of execution of this Agreement. Subsequent payments (each being 10% of the total reimbursement amount) are scheduled for payment on November 29th of each year until the reimbursement amount is paid in full. The creation of this agreement, along with several others, was delayed while the Department reevaluated TIM fee cash receipt projections taking into account the down turn in the housing market. Workload with competing needs further delayed the completion of this agreement with the result that a three year catch up payment is now being recommended.

The reimbursement agreement also includes indemnity provisions that will protect the County related to the design and construction of the new Bass Lake Road segment as well as the Serrano Parkway extension.

Specifics Related to Assignment and Assumption Agreement

A separate Assignment and Assumption Agreement is required as a means of securing design immunity for the entire project to include both the new Bass Lake Road segment and the Serrano Parkway extension. The execution of the assignment agreement is a prerequisite to the payment of any reimbursement amounts.

Action to be taken following Board approval:

- 1) Chairman to sign "Reimbursement Agreement for Improvements and Grading of Bass Lake Road between the County and Developer"
- 2) Chairman to sign "Assignment and Assumption Agreement"
- 3) Subsequent reimbursement agreements in Zone 8 will include the deal points described here as the Ten-Year Approach where not in conflict with prior agreements.

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Concurrences: