



COUNTY OF PLACER
Community Development Resource Agency

John Marin, Agency Director

**ENGINEERING
&
SURVEYING**

Wes Zicker
Director of Engineering & Surveying

MEMORANDUM

TO: Honorable Board of Supervisors
FROM: Wes Zicker, Director
Department of Engineering and Surveying, Community Development Resource Agency
DATE: March 11, 2008
SUBJECT: Northstar Deferred Improvement Agreement Refund
REVISED 03-04-08

ACTION REQUESTED:

Approve the release of interest earned on a security deposit, in an amount not to exceed \$300,000, to Northstar Iron Horse, LLC (NIH), and authorize the Treasurer/Tax Collector and the Director of Engineering and Surveying to take actions necessary to release the final amount of interest up to the actual date of refund.

BACKGROUND:

As part of the recent development approvals at the Northstar Highlands, the project applicant was conditioned to construct Highlands View Road from Highway 267 to Big Springs Drive. That road is approximately 3.5 miles long and is required to provide a secondary access for fire safety to the projects within Northstar. The conditions required the construction of the road prior to occupancy of parts of the project. Over time it became apparent that construction of the road in the site conditions at Northstar could not be completed prior to the needed occupancy of the project.

In October, 2005 the County and NIH entered into Deferred Improvement Plan Agreement No. 2005-416-2 (DIA 2005-416-2) in which the County, with the concurrence of the Northstar Fire Department, agreed to allow occupancy of certain projects at the Northstar Resort in advance of the completion of Highlands View Road. DIA 2005-416-2 required the posting of liquid security in an amount of \$2,225,000, the value of the remaining construction of the road at that time. As of August 20, 2004, NIH had already deposited cash in that amount with the County, which the County acknowledged as the liquid security for DIA 2005-416-2. In November 2006, the County and NIH entered into a new Deferred Improvement Agreement No. 2006-416-1 (DIA 2006-416-1), which superseded DIA 2005-416-2 and retained the security posted pursuant to DIA 2005-416-2. Neither DIA 2005-416-2 nor DIA 2006-416-1 provided the County a claim on the interest earned on the \$2,225,000 cash deposit. In the same way that the County does not earn interest on non-cash security (such as certificates of deposits and bonds), CDRA believes that the interest earned on the cash deposit should be returned to NIH, reduced only by a charge for staff time necessary for processing the agreements and the security.

When cash deposits are received by CDRA the funds are deposited in an account administered by CDRA. The interest accruing to the deposit becomes part of the general fund administered by the Treasurer/Tax Collector and earns interest at the same rates as other similarly situated Treasury deposits. If approved by your Board, CDRA will release interest monies to NIH, upon execution of a

Security Release and Indemnity Agreement by NIH and delivery of appropriate releases approved by County Counsel from other potential claimants and related developer entities.

Under the terms of DIA 2006-416-1 and a related Deferred Improvement Agreement between the County and Northstar Trailside Townhomes LLC dated July, 2007, the County released \$1,882,792 of the \$2,225,000 cash security on November 8, 2007 upon completion of Highlands View Road. This amount represents the bulk of the \$2,225,000 cash security minus \$342,000 for security during a one year warranty period. That \$342,000 is scheduled for release upon the successful completion of improvements on September 15, 2008. The interest accrued on the \$2,225,000 cash deposit for the 3+ year period since August 2004 is approximately \$270,800. This figure will increase slightly to account for the time period the County will hold the remaining \$342,000 up to the time it is released.

FISCAL IMPACT:

Approval of this request will result in a withdrawal of funds from the County's General Fund in an amount not to exceed \$300,000. The exact amount will depend on the actual date(s) the funds are released.

Respectfully submitted,



Wesley K. Zicker, P. E.
Director Engineering and Survey Department

Attached to this report for the Board's information/consideration are:

Attachments:

- Exhibit 1: DIA # 2005-416-2
- Exhibit 2: DIA # 2006-416-1
- Exhibit 3: DIA # 2007-PSUB20040898-1