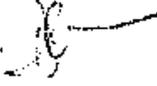




MEMORANDUM
COUNTY OF PLACER
Office of Economic Development

175 Fulweiler Avenue, Auburn, CA 95603-2133
(530) 889-4016 • Fax:(530) 889-4095

DATE: January 26, 2010
TO: Honorable Board of Supervisors
FROM: David C. Snyder, Director 
SUBJECT: Recovery Zone Facility Bonds

ACTION REQUESTED

Approve a Resolution authorizing a Recovery Zone Facility Bond allocation to Vian Enterprises in an amount not to exceed \$6,841,000 and a Recovery Zone Economic Development Bond allocation to the North Tahoe Fire Protection District in an amount not to exceed \$4,561,000. Should bonds not be issued for either of these entities on or before August 10, 2010, or should these entities forego utilization and withdraw voluntarily, the allocation would automatically become available to the next highest priority project.

BACKGROUND

On November 3, 2009, the Placer County Board of Supervisors adopted a resolution designating Placer County as a Federal Recovery Zone pursuant to the American Recovery and Reinvestment Act of 2009. This adoption permits the county to allocate up to \$6,841,000 in Recovery Zone Facility Bonds (RFZB) and up to \$4,561,000 in Recovery Zone Economic Development Bonds (RZEDB) to eligible projects throughout the County.

On December 18, 2009, the County issued an "Invitation for Funding Applications for Recovery Zone Facility Bond Program." Six (6) completed applications were received. An Evaluation Panel of Staff from the Office of Economic Development and Redevelopment Agency (RDA) reviewed the completed applications and ranked the projects as follows:

1. Vian Enterprises, Inc. - Manufacturer of gerotor pumps, lubrication systems and accessories; located at 1501 Industrial Drive Auburn, CA 95603. Application for \$6,841,000 to build larger facility on adjacent land to accommodate expansion and create 30-40 new permanent skilled, high-wage, manufacturing positions.
2. Hill Top LLC. - Developer of a fully-entitled, commercial site at the corner of Bowman Road and Mill Pond Road in the Bowman Area of Auburn, CA to accommodate a hotel/restaurant/retail uses. Application for \$6,841,000 to partially fund construction of a Marriott Springhill Suites Hotel and adjoining commercial space, creating 30 permanent jobs and significant transient occupancy tax (TOT).

3. JMA Ventures, LLC & Alpine Sierra Ventures, LLC have applied for \$6,841,000 for the construction of a cross-mountain lift system capable of transporting approximately 1,200 people per hour. The majority of the lift system has been permitted; additional permits would be required from the U.S. Forest Service. The project will employ approximately 15 construction workers, one contractor, and 2-3 person engineering team. Permanent job creation dependent on increase in visitors, expected to be substantial.
4. The Village at Horseshoe Bar, LLC has applied for \$3,900,000 to construct a 22,000 square foot neighborhood grocery market, retail shops, and restaurants (2) at 3995 Auburn Folsom Road (NE corner of Auburn Folsom and Horseshoe Bar Road) in the Lakeshore Area of unincorporated Placer County near Loomis and Penryn. All environmental approvals have been obtained and the project proponents have estimated 90+ new jobs and increased sales tax revenue for the county.
5. MSR (Michael S. Rapport) Properties, LLC has applied for \$3,000,000 for the construction of retail space and parking improvements at 120 Pacific Street and 131-133 Church Street in Old Town Roseville. The City of Roseville has received its own RZFB allocation (\$3.1 million) and also can assist the proposed project through the City of Roseville Redevelopment Agency. The Evaluation Panel has referred this project back to the City of Roseville.
6. Hallmark Development has applied for \$3,900,000 to pay permits and fees (school, sewer, and water) associated with construction of eighty (80) affordable rental housing units at Riverwalk Villas, on Joiner Parkway near Moore Road in Lincoln, CA. Pursuant to ARRA eligibility guidelines, this project does not qualify based upon its residential rental property nature. The Evaluation Panel agreed that the Statewide Community Infrastructure Program is a better financing vehicle for Hallmark Development.

The County intends to seek additional allocation within the County (potentially the City of Roseville) and/or through the California State Treasurer to seek the issuance of RZFB's for as many of the above noted priority projects as possible. A "Plan of Issuance" will be submitted to the State Treasurer on January 29, 2010 listing priority projects 1-4, positioning Placer County to receive additional allocation, should more become available. Should a priority project proponent choose to forego utilization and withdraw, a letter will be required from the applicant stating this fact.

Throughout November, December and early January; utilization of the Recovery Zone Economic Development Bonds (RZEDB) was reviewed internally by the County Executive Office, Department Heads, staff and the County's Treasurer. The recommended project is as follows:

- The North Tahoe Fire Protection District (NTFPD) has a need to construct a replacement fire station. The new fire station will not only provide increased fire fighting and community safety, it is also projected to improve response time within the North Tahoe area as well as provide additional valuable mutual and automatic aid responses.

Main Station 51 in Tahoe City is sought for replacement. This station not only houses fire fighting personnel and apparatus, it also houses fire prevention chief officers and administrative staff. It is insufficient to accommodate modern approaches and the combination of personnel required. Parking is in short supply.

A new fire station will meet NTFPD and community needs for 50-100 years. The addition of an aerial truck bay and appurtenances will provide immediate jobs and future opportunities for commercial and multi-family residential development. A gap of \$3,478,617 has been identified by NTFPD Staff. It is recommended to allocate the entire RZEDB allocation \$4,561,000 to this project in case additional shortfalls are identified. If Placer County does not utilize its entire allocation, the State Treasurer will deem it "waived" and it will be transferred to other jurisdictions.

ENVIRONMENT IMPACT

The California Environmental Quality Act (CEQA) does not apply to activities that will not result in a direct or reasonably foreseeable indirect physical change in the environment (CEQA Guidelines § 15060(c)(2)). The action is also exempt as it provides a government funding mechanism that does not involve any commitment to a specific project under CEQA Guidelines Section 15378(b)(4). Any project that may ultimately be funded will undergo or has undergone environmental review. The allocation of Federal Recovery Zone Facility Bonds and Recovery Zone Economic Development Bonds does not include the potential for a significant environmental effect, and therefore, is not subject to CEQA.

FISCAL IMPACT

There is no fiscal impact associated with this action. The allocation of Recovery Zone Facility Bonds does not financially obligate the County in any way. By allocating Federal Recovery Zone Facility Bonds, local businesses will be eligible for millions of dollars through the ARRA. While RZFBs allow borrowers to access the tax-exempt marketplace to fund their projects, RZFBs are not guaranteed by any local, state or Federal agency. The borrower and the project are required to have a demonstrated ability to repay the RZFB issue.

Before the Board of Supervisors County of Placer, State of California

In the matter of: A RESOLUTION authorizing a Recovery Zone Facility bond allocation to Vian Enterprises in an amount not to exceed \$6,841,000 and a Recovery Zone Economic Development Bond allocation to the North Tahoe Fire Protection District in an amount not to exceed \$4,561,000. Should bonds not be issued for either of these entities on or before August 10, 2010, or should these entities forego utilization and withdraw voluntarily, the allocation would automatically become available to the next highest priority project.

Resol. No: 10-

The following RESOLUTION was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held Tuesday, January 26, 2010 by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chairman, Board of Supervisors

Attest:
Clerk of said Board

WHEREAS, Section 1401 of the American Recovery and Reinvestment Act (ARRA) of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009) (the "Act"), added Section 1400U-1 through 1400U-3 to the Internal Revenue Code of 1986, as amended (the "Code"), authorizing states, counties, and large municipalities to issue Recovery Zone Facility Bonds and Recovery Zone Economic Development Bonds; and

WHEREAS, Recovery Zone Facility Bonds and Recovery Economic Development Bonds may be used to finance certain "qualified economic development purposes" and certain "recovery zone property," generally for use within Recovery Zones; and

WHEREAS, a Recovery Zone is defined in Section 1400U-1 as: (i) any area designated by the issuer as having significant poverty, unemployment, rate of home foreclosures, or general distress; (ii) any area designated as economically distressed by reason of the closure or realignment of a military installation; (iii) any area for which a designation as an empowerment zone or renewal community is in effect as of the effective date of the ARRA which effective date if February 17, 2009; and

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WHEREAS, the recent economic downturn has caused business closures, a decline in sales and property taxes and an unemployment rate of 11.6% in Placer County, and the latter of which is the basis for the Federal Recovery Zone designation per ARRA Section 1400-1(b); and

WHEREAS, Placer County has been allocated \$6,841,000 in Recovery Zone Facility Bonds and \$4,561,000 in Recovery Zone Economic Development Bonds that can be issued through January 31, 2011; and

WHEREAS, Internal Revenue Service Notice 2009-50 (the "notice") states that an issuer of Recovery Zone Facility Bonds and Recovery Zone Economic Development Bonds can make designations of Recovery Zones in any reasonable manner as it shall determine in good faith at its discretion; and

WHEREAS, Board of Supervisors approval of Recovery Zone areas is required prior to authorizing the use of either Recovery Zone Facility Bonds or Recovery Zone Economic Development Bonds; and

WHEREAS, all requests for use of Recovery Zone funds shall be approved by the Board of Supervisors in accordance with the rules or regulations relating to issuance of bonds or any financing documents relating to such issuance; and

WHEREAS, the use of Recovery Zone Bonds in the County will assist with recovery from the economic downturn by advancing economic development and public infrastructure priorities; and

WHEREAS, the Board of Supervisors designated Placer County as a Federal Recovery Zone pursuant to the American Recovery and Reinvestment Act of 2009 on November 3, 2009, for the purpose of issuing Recovery Zone Facility Bonds and Recovery Zone Economic Development Bonds; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of the County of Placer hereby authorizes a Recovery Zone Facility Bond allocation to Vian Enterprises in an amount not to exceed \$6,841,000 and a Recovery Zone Economic Development Bond allocation to the North Tahoe Fire Protection District in an amount not to exceed \$4,561,000.

NOW, THEREFORE, BE IT FURTHER RESOLVED, should bonds not be issued for either of these entities on or before August 10, 2010, or should these entities forego utilization and withdraw voluntarily, the allocation would automatically become available to the next highest priority project.

