



COUNTY OF PLACER
Community Development/ Resource Agency

ADMINISTRATION

Michael J. Johnson, AICP
Agency Director

MEMORANDUM

TO: Honorable Board of Supervisors
FROM: Michael J. Johnson, AICP
Agency Director
By: Michele Kingsbury, Senior Planner
DATE: July 8, 2014

**SUBJECT: CONTRACT WITH KEYSER MARSTON AND ASSOCIATES TO PREPARE AN
INFRASTRUCTURE FINANCING PLAN FOR THE WEST PLACER AND SUNSET
INDUSTRIAL AREAS**

ACTION REQUESTED

Approve a contract with Keyser Marston Associates, Inc. in a not to exceed amount of \$80,000 to perform Tasks 1 and 2 of the West Placer / Sunset Industrial Area Infrastructure Financing Plan and authorize the County Executive Officer or designee to execute the contract. Funding for this contract has been appropriated in the FY 2014-15 Planning Services Division Budget, therefore there is no new net County cost associated with this action.

BACKGROUND

As staff has noted several times to the Board, much has changed since the large-scale developments in Western Placer County were approved more than seven years ago. When the Placer Vineyards, Riolo Vineyard and Regional University projects were approved, the County was still experiencing robust development activity in all areas of the County. Obstacles to development were considered resolvable given the revenue potential envisioned from these large scale developments. However, since then the nation - and the Sacramento region - experienced a significant downturn in the economy. While the economy is showing renewed signs of vigor and previously approved specific plans are being re-purposed to be more competitive in the regional marketplace, the broader discussion regarding the provision and financing of regional public infrastructure projects to serve West Placer and the Sunset Industrial Area continues in earnest.

To date, County staff has been working with various development teams as they try to reconfigure the previously approved specific plan developments to position the developments to be ready to break ground in 2016. Staff has also created a fiscal/financial "strike team" to identify opportunities for the provision of financing for the construction of needed infrastructure in the Western Placer County area. Members of the "strike team" include the County Auditor (Andy Sisk), the County Treasurer-Tax Collector (Jenine Windeshausen), the Deputy CEO for Finance and Budgeting (Andy Heath) and members of the Community Development Resource Agency.

As part of the County's update to the Sunset Industrial Area Specific Plan, staff recently kicked off a process to rebrand the industrial area. A request for qualifications for a multi-disciplined professional consulting team will be issued shortly seeking dynamic teams to vision the area for the next 20 years and raise Sunset's competitive edge in the regional marketplace with a goal to create a highly desirable office/business park location in the Sacramento Metropolitan area that will attract businesses. With this renewed economic momentum, the bigger question of how to finance the construction of regional improvements such as water transmission lines, sewer infrastructure and roadway projects to remove the remaining development obstacles to West Placer and Sunset Industrial Area continues. Ultimately, a comprehensive financing plan, comprised of multiple funding sources including development impact fees, Infrastructure Financing Districts, revenue bonds, other local funds, and contributions from development projects, will be needed to resolve these broader infrastructure issues.

With the dissolution of the former redevelopment areas in 2011, Infrastructure Financing Districts (IFDs) came back into the limelight as a financing tool to fund regional infrastructure projects. Senate Bill 308 authorized cities and counties in 1990 to form IFDs in order to finance communitywide infrastructure without excessively burdening new development in previously undeveloped areas. Present legislation allows IFDs to overlap with former redevelopment project area boundaries. The tool in particular was meant to finance public work projects that benefit the larger community. IFDs can divert property tax increment for 30 years to finance highways, transit, water stems, sewer projects, flood control, child care facilities, libraries, parks and solid waste facilities. IFDs can't pay for maintenance, repairs, operating costs, and services. Because of the previous availability of Redevelopment Agencies and its associated funding tools, IFDs have not been largely used or considered until now, even though the legislation that created the IFD mechanisms was adopted in 1990. One main reason IFDs were rarely used to fund public improvement projects was because to form the district and issue bonds requires a two-thirds voter approval by registered voters in developed areas. In undeveloped areas with 12 or fewer registered voters, approval is accomplished through a landowner ballot within the boundaries of the IFD.

IFDs are not authorized to levy taxes. IFDs allow local governments, excluding schools and community college districts, to voluntarily elect to dedicate a portion of its property tax increment toward the IFD's financing for a particular project. In an effort to identify funding tools to support the development of infrastructure in the Western Placer County area, the proposed IFD study areas are the West Placer, Placer Ranch proposed project and Regional University Specific Plan Area (See Attachment 1 – Study Area Map). In addition, staff is proposing to analyze the Sunset Industrial Area to support the objectives of the Sunset Plan Area Update. Staff will also be analyzing opportunities to utilize other funding mechanisms as mentioned above to build a comprehensive plan to solve infrastructure impediments to development within the Sunset Industrial Area.

Keyser Marston was chosen by County staff to provide professional consulting services to analyze the feasibility of infrastructure financing in the West Placer and Sunset Industrial Area. Keyser Marston is a leader in forming IFDs and the utilization of other financing tools, and Keyser Marston has been instrumental in the formation of two adopted IFDs in California: The City of Carlsbad, Legoland IFD and the Rincon Hill IFD in San Francisco. In addition, Keyser Marston prepared the IFD materials for the pending adoption of the Waterfront IFD in San Francisco. The County's outside bond counsel has worked with Keyser Marston and is supportive of utilizing the firm for this effort.

The proposed contract and scope of work is included in Attachment 2. While Keyser Marston has prepared a Scope of Work that provides for the full implementation of an IFD program, staff is requesting authorization to enter into a contract with Keyser Marston for Task 1 and 2 in a not to exceed amount of \$80,000. Task 1 will evaluate the funding capacity of the study areas and delineate a schedule of needed public infrastructure improvements to serve the new development within the West Placer/Sunset Industrial Area, that is anticipated to be developed within the near to mid-term. Based

on these findings, County staff will determine whether or not to proceed to Task 2. Task 2 will focus on preparing the overall financing plan. Upon receipt of the results for Tasks 1 and Task 2, staff will return to your Board with the results and a recommendation whether or not Task 3, which involves the preparation of the infrastructure financing plans and fiscal impact analyses in support of forming an IFD(s), is warranted.

FISCAL IMPACT

The purpose of this report is to provide background and approval to proceed with Tasks 1 and 2 (if necessary) to conduct financial feasibility analysis for potential Infrastructure Financing in the West Placer and Sunset Industrial area. Funding for this contract has been appropriated in the FY 2014-15 Planning Services Division Budget; therefore, there are no new net County costs associated with this action.

CEQA COMPLIANCE

The action request is for approval of a professional service contract through which the contractor, Keyser Marston, would study and analyze the funding capacity and mechanisms for identified public infrastructure needs in the study area. As such, it is exempt from environmental review pursuant to California Environmental Quality Act Guidelines section 15262.

RECOMMENDATION

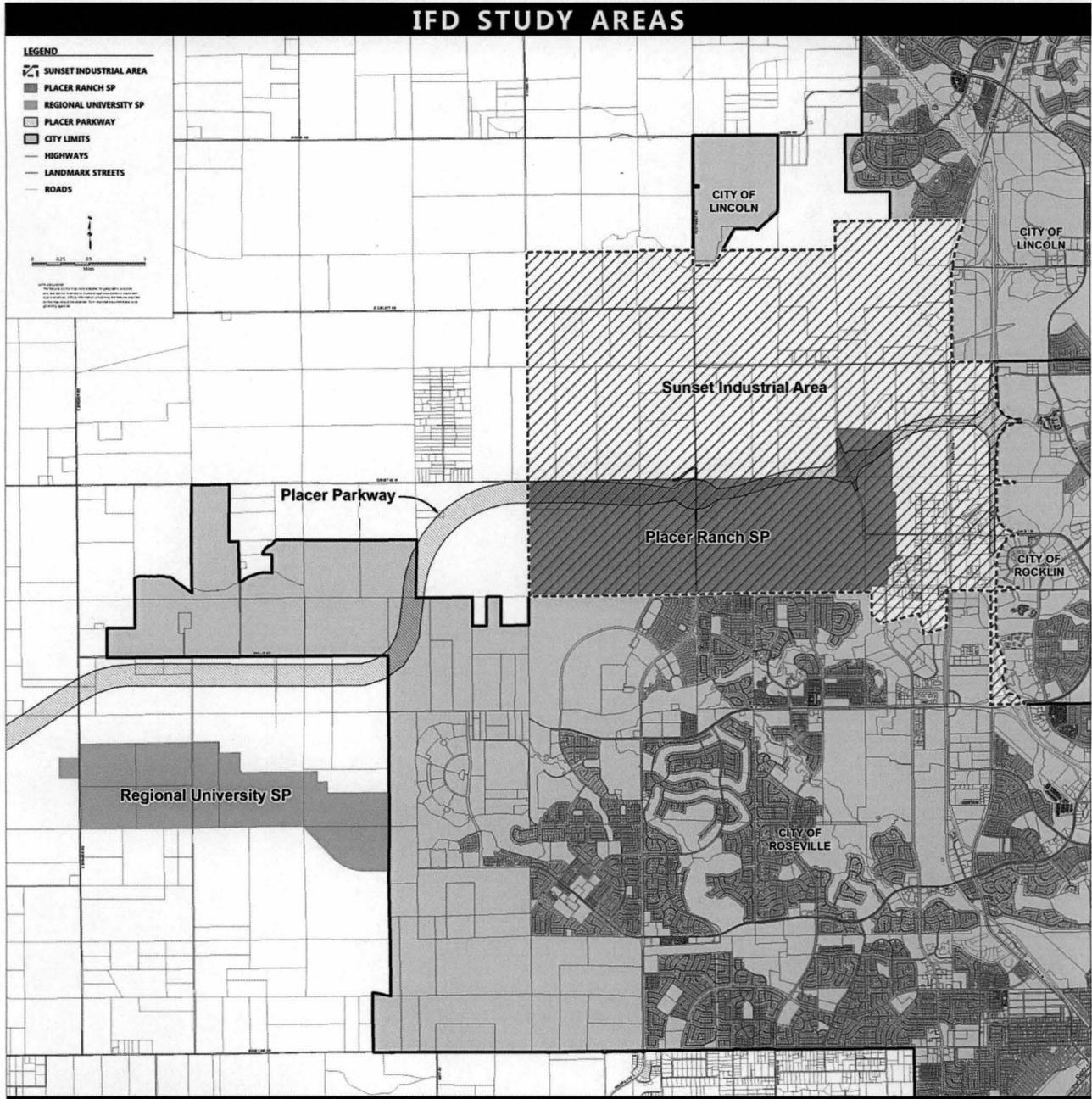
Staff is requesting that the Board approve a contract with Keyser Marston Associates, Inc. in a not to exceed amount of \$80,000 to perform Tasks 1 and 2 of the Infrastructure Financing plan for the West Placer and Sunset Industrial Areas. Staff will return to your Board with the results of this analysis prior to proceeding to Task 3 as outlined in the submitted Scope of Work.

ATTACHMENTS:

- Attachment 1: Map of the Study Area
- Attachment 2: Keyser Marston Contract

cc: David Boesch, County Executive Officer
Holly Heinzen, Chief Assistant County Executive Officer
Jerry Carden, County Counsel
Karin Schwab, Deputy County Counsel
Allison Carlos, Principal Management Analyst
Jenine Windeshausen, County Treasurer
Andy Heath, Deputy CEO, Finance, Budget & Administration
Andy Sisk, Auditor / Controller

Study Area Map



Contract No.: _____

Administering Agency: County of Placer/ Community Development Resource Agency

Contract Description: CONSULTING SERVICES – Prepare an Infrastructure Financing Plan for the West Placer/Sunset Industrial Development Area

CONSULTANT SERVICES AGREEMENT

THIS AGREEMENT is made at Auburn, California, as of _____, 2014, by and between the County of Placer, ("County"), and Keyser Marston Associates, Inc., ("Consultant"), who agree as follows:

1. **Services.** Subject to the terms and conditions set forth in this Agreement, Consultant shall provide the services described in Exhibit A. Consultant shall provide said services at the time, place, and in the manner specified in Exhibit A.
2. **Payment.** County shall pay Consultant a not to exceed amount of **\$80,000** for services rendered for Task 1 and 2 only and pursuant to this Agreement at the time and in the amounts set forth in Exhibit A for Tasks 1 and 2. The payment for Task 1 and 2 as specified in Exhibit A shall be the only payment made to Consultant for services rendered pursuant to this Agreement. Consultant shall submit all billings for said services to the Placer County Planning Department.
3. **Facilities, Equipment and Other Materials, and Obligations of County.** Consultant shall, at its sole cost and expense, furnish all facilities, equipment, and other materials which may be required for furnishing services pursuant to this Agreement.
4. **Exhibits.** All exhibits referred to herein will be attached hereto and by this reference incorporated herein.
5. **Time for Performance.** Time is of the essence. Failure of Consultant to perform any services within the time limits set forth in Exhibit A shall constitute material breach of this contract.
6. **Independent Consultant.** At all times during the term of this Agreement, Consultant shall be an independent Consultant and shall not be an employee of the County. County shall have the right to control Consultant only insofar as the results of Consultant's services rendered pursuant to this Agreement. County shall not have the right to control the means by which Consultant accomplishes services rendered pursuant to this Agreement.
7. **Licenses, Permits, Etc.** Consultant represents and warrants to County that it has all licenses, permits, qualifications, and approvals of whatsoever nature, which are legally required for Consultant to practice its profession. Consultant represents and warrants to County that Consultant shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Agreement, any licenses, permits, and approvals which are legally required for Consultant to practice its profession at the time the services are performed.
8. **Time.** Consultant shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary for the satisfactory performance of Consultant's obligations pursuant to this Agreement. Neither party shall be considered in default of this Agreement to the extent performance is prevented or delayed by any cause, present or future, which is beyond the reasonable control of the party.

9. **HOLD HARMLESS AND INDEMNIFICATION AGREEMENT**

The CONSULTANT hereby agrees to protect, defend, indemnify, and hold PLACER COUNTY free and harmless from any and all losses, claims, liens, demands, and causes of action of every kind and character including, but not limited to, the amounts of judgments, penalties, interest, court costs, legal fees, and all other expenses incurred by PLACER COUNTY arising in favor of any party, including claims, liens, debts, personal injuries, death, or damages to property (including employees or property of the COUNTY) and without limitation by enumeration, all other claims or demands of every character occurring or in any way incident to, in connection with or arising directly or indirectly out of, the contract or agreement to the extent that the above pertain to, or relate to the negligence, recklessness, or willful misconduct (all whether by act, error and/or omission) of the CONSULTANT. CONSULTANT agrees to investigate, handle, respond to, provide defense for, and defend any such claims, demand, or suit at the sole expense of the CONSULTANT. CONSULTANT also agrees to bear all other costs and expenses related thereto, even if the claim or claims alleged are groundless, false, or fraudulent. This provision is not intended to create any cause of action in favor of any third party against CONSULTANT or the COUNTY or to enlarge in any way the CONSULTANT'S liability but is intended solely to provide for indemnification of PLACER COUNTY from liability for damages or injuries to third persons or property arising from CONSULTANT'S performance pursuant to this contract or agreement.

As used above, the term PLACER COUNTY means Placer County or its officers, agents, employees, and volunteers.

A. **INSURANCE:**

CONSULTANT shall file with COUNTY concurrently herewith a Certificate of Insurance, in companies acceptable to COUNTY, with a Best's Rating of no less than A-:VII showing.

B. **WORKER'S COMPENSATION AND EMPLOYERS LIABILITY INSURANCE:**

Worker's Compensation Insurance shall be provided as required by any applicable law or regulation. Employer's liability insurance shall be provided in amounts not less than one million dollars (\$1,000,000) each accident for bodily injury by accident, one million dollars (\$1,000,000) policy limit for bodily injury by disease, and one million dollars (\$1,000,000) each employee for bodily injury by disease.

If there is an exposure of injury to CONSULTANT'S employees under the U.S. Longshoremen's and Harbor Worker's Compensation Act, the Jones Act, or under laws, regulations, or statutes applicable to maritime employees, coverage shall be included for such injuries or claims.

Each Worker's Compensation policy shall be endorsed with the following specific language:

Cancellation Notice - "This policy shall not be changed without first giving thirty (30) days prior written notice and ten (10) days prior written notice of cancellation for non-payment of premium to the County of Placer".

Waiver of Subrogation - The workers' compensation policy shall be endorsed to state that the workers' compensation carrier waives its right of subrogation against the County, its officers, directors, officials, employees, agents or volunteers, which might arise by reason of payment under such policy in connection with performance under this agreement by the CONSULTANT.

CONSULTANT shall require all SUBCONTRACTORS to maintain adequate Workers' Compensation insurance. Certificates of Workers' Compensation shall be filed forthwith with the County upon demand.

C. GENERAL LIABILITY INSURANCE:

1. Comprehensive General Liability or Commercial General Liability insurance covering all operations by or on behalf of CONSULTANT, providing insurance for bodily injury liability and property damage liability for the limits of liability indicated below and including coverage for:
 - (a) Contractual liability insuring the obligations assumed by CONSULTANT in this Agreement.
2. One of the following forms is required:
 - (a) Comprehensive General Liability;
 - (b) Commercial General Liability (Occurrence); or
 - (c) Commercial General Liability (Claims Made).
3. If CONSULTANT carries a Comprehensive General Liability policy, the limits of liability shall not be less than a Combined Single Limit for bodily injury, property damage, and Personal Injury Liability of:
 - One million dollars (\$1,000,000) each occurrence
 - Two million dollars (\$2,000,000) aggregate
4. If CONSULTANT carries a Commercial General Liability (Occurrence) policy:
 - (a) The limits of liability shall not be less than:
 - One million dollars (\$1,000,000) each occurrence (combined single limit for bodily injury and property damage)
 - One million dollars (\$1,000,000) for Products-Completed Operations
 - Two million dollars (\$2,000,000) General Aggregate
 - (b) If the policy does not have an endorsement providing that the General Aggregate Limit applies separately, or if defense costs are included in the aggregate limits, then the required aggregate limits shall be two million dollars (\$2,000,000).
5. Special Claims Made Policy Form Provisions:

CONSULTANT shall not provide a Commercial General Liability (Claims Made) policy without the express prior written consent of COUNTY, which consent, if given, shall be subject to the following conditions:

 - (a) The limits of liability shall not be less than:
 - One million dollars (\$1,000,000) each occurrence (combined single limit for bodily injury and property damage)
 - One million dollars (\$1,000,000) aggregate for Products Completed Operations
 - Two million dollars (\$2,000,000) General Aggregate
 - (b) The insurance coverage provided by CONSULTANT shall contain language providing coverage up to one (1) year following the completion of the contract in order to provide insurance coverage for the hold harmless provisions herein if the policy is a claims-made policy.

Conformity of Coverages - If more than one policy is used to meet the required coverages, such as a separate umbrella policy, such policies shall be consistent with all other applicable policies used to meet these minimum requirements. For example, all policies shall be Occurrence Liability policies or all shall be Claims Made Liability policies, if approved by the County as noted above. In no cases shall the types of policies be different.

D. ENDORSEMENTS:

Each Comprehensive or Commercial General Liability policy shall be endorsed with the following specific language:

1. "The County of Placer, its officers, agents, employees, and volunteers are to be covered as insured for all liability arising out of the operations by or on behalf of the named insured in the performance of this Agreement."
2. "The insurance provided by the Consultant, including any excess liability or umbrella form coverage, is primary coverage to the County of Placer with respect to any insurance or self-insurance programs maintained by the County of Placer and no insurance held or owned by the County of Placer shall be called upon to contribute to a loss."
3. "This policy shall not be changed without first giving thirty (30) days prior written notice and ten (10) days prior written notice of cancellation for non-payment of premium to the County of Placer."

E. AUTOMOBILE LIABILITY INSURANCE:

Automobile Liability insurance covering bodily injury and property damage in an amount no less than one million dollars (\$1,000,000) combined single limit for each occurrence.

Covered vehicles shall include owned, non-owned, and hired automobiles/trucks.

F. PROFESSIONAL LIABILITY INSURANCE (ERRORS & OMISSIONS):

Professional Liability Insurance for Errors and Omissions coverage in the amount of not less than \$1,000,000.

If Consultant sub-contracts in support of Consultants work provided for in the agreement, Professional Liability Insurance for Errors shall be provided by the sub contractor in an amount not less than two million dollars (\$2,000,000) in aggregate.

The insurance coverage provided by the consultant shall contain language providing coverage up to one (1) year following completion of the contract in order to provide insurance coverage for the hold harmless provisions herein if the policy is a claims-made policy.

G. ADDITIONAL REQUIREMENTS:

Premium Payments - The insurance companies shall have no recourse against the COUNTY and funding agencies, its officers and employees or any of them for payment of any premiums or assessments under any policy issued by a mutual insurance company.

Policy Deductibles - The CONSULTANT shall be responsible for all deductibles in all of the CONSULTANT's insurance policies. The maximum amount of allowable deductible for insurance coverage required herein shall be \$25,000.

CONSULTANT's Obligations - CONSULTANT's indemnity and other obligations shall not be limited by the foregoing insurance requirements and shall survive the expiration of this agreement.

Verification of Coverage - CONSULTANT shall furnish the County with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the County before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the CONSULTANT's obligation to provide them. The County reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

Material Breach - Failure of the CONSULTANT to maintain the insurance required by this agreement, or to comply with any of the requirements of this section, shall constitute a material breach of the entire agreement.

10. Consultant Not Agent. Except as County may specify in writing Consultant shall have no authority, express or implied, to act on behalf of County in any capacity whatsoever as an agent. Consultant shall have no authority, express or implied pursuant to this Agreement to Bind County to any obligation whatsoever.
11. Assignment Prohibited. Consultant may assign its rights and obligations under this Agreement only upon the prior written approval of County, said approval to be in the sole discretion of County.
12. Personnel.
 - A. Consultant shall assign only competent personnel to perform services pursuant to this Agreement. In the event that County, in its sole discretion, at any time during the term of this Agreement, desires the removal of any person or persons assigned by Consultant to perform services pursuant to this Agreement, including those members of the Project Team as explained below, Consultant shall remove any such person immediately upon receiving notice from County of the desire of County for removal of such person or persons.
 - B. Notwithstanding the foregoing, if specific persons are designated as the "Project Team" in Exhibit A, Consultant agrees to perform the work under this agreement with those individuals identified. Reassignment or substitution of individuals or subcontractors named in the Project Team by Consultant without the prior written consent of County shall be grounds for cancellation of the agreement by County, and payment shall be made pursuant to Section 15 (Termination) of this Agreement only for that work performed by Project Team members.
13. Standard of Performance. Consultant shall perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession in which Consultant is engaged in the geographical area in which Consultant practices its profession. All products of whatsoever nature which Consultant delivers to County pursuant to this Agreement shall be prepared in a substantial first class and workmanlike manner and conform to the standards or quality normally observed by a person practicing in Consultant's profession.
14. Termination.
 - A. County shall have the right to terminate this Agreement at any time by giving notice in writing of such termination to Consultant. In the event County shall give notice of termination, Consultant shall immediately cease rendering service upon receipt of such written notice, pursuant to this Agreement. In the event County shall terminate this Agreement:

- 1) Consultant shall deliver copies of all writings prepared by it pursuant to this Agreement. The term "writings" shall be construed to mean and include: handwriting, typewriting, printing, Photostatting, photographing, and every other means of recording upon any tangible thing any form of communication or representation, including letters, words, pictures, sounds, or symbols, or combinations thereof.
 - 2) County shall have full ownership and control of all such writings delivered by Consultant pursuant to this Agreement.
 - 3) County shall pay Consultant the reasonable value of services rendered by Consultant to the date of termination pursuant to this Agreement not to exceed the amount documented by Consultant and approved by County as work accomplished to date; provided, however, that in no event shall any payment hereunder exceed the amount of the agreement specified in Exhibit A, and further provided, however, County shall not in any manner be liable for lost profits which might have been made by Consultant had Consultant completed the services required by this Agreement. In this regard, Consultant shall furnish to County such financial information as in the judgment of the County is necessary to determine the reasonable value of the services rendered by Consultant. The foregoing is cumulative and does not affect any right or remedy, which County may have in law or equity.
- B. Consultant may terminate its services under this Agreement upon thirty- (30) working days' advance written notice to the County.
15. **Non-Discrimination.** Consultant shall not discriminate in its employment practices because of race, religious creed, color, national origin, ancestry, physical handicap, medical condition, marital status, or sex in contravention of the California Fair Employment and Housing Act, Government Code section 12900 et seq.
 16. **Records.** Consultant shall maintain, at all times, complete detailed records with regard to work performed under this agreement in a form acceptable to County, and County shall have the right to inspect such records at any reasonable time. Notwithstanding any other terms of this agreement, no payments shall be made to Consultant until County is satisfied that work of such value has been rendered pursuant to this agreement. However, County shall not unreasonably withhold payment and, if a dispute exists, the withheld payment shall be proportional only to the item in dispute.
 17. **Ownership of Information.** All professional and technical information developed under this Agreement and all work sheets, reports, and related data shall become the property of County, and Consultant agrees to deliver reproducible copies of such documents to County on completion of the services hereunder. The County agrees to indemnify and hold Consultant harmless from any claim arising out of reuse of the information for other than this project.
 18. **Waiver.** One or more waivers by one party of any major or minor breach or default of any provision, term, condition, or covenant of this Agreement shall not operate as a waiver of any subsequent breach or default by the other party.
 19. **Conflict of Interest.** Consultant certifies that no official or employee of the County, nor any business entity in which an official of the County has an interest, has been employed or retained to solicit or aid in the procuring of this agreement. In addition, Consultant agrees that no such person will be employed in the performance of this agreement without immediately notifying the County.

20. **Entirety of Agreement.** This Agreement contains the entire agreement of County and Consultant with respect to the subject matter hereof, and no other agreement, statement, or promise made by any party, or to any employee, officer or agent of any party, which is not contained in this Agreement, shall be binding or valid.
21. **Alteration.** No waiver, alteration, modification, or termination of this Agreement shall be valid unless made in writing and signed by all parties, except as expressly provided in Section 15, Termination.
22. **Governing Law.** This Agreement is executed and intended to be performed in the State of California, and the laws of that State shall govern its interpretation and effect. Any legal proceedings on this agreement shall be brought under the jurisdiction of the Superior Court of the County of Placer, State of California, and Consultant hereby expressly waives those provisions in California Code of Civil Procedure §394 that may have allowed it to transfer venue to another jurisdiction.
23. **Notification.** Any notice or demand desired or required to be given hereunder shall be in writing and deemed given when personally delivered or deposited in the mail, postage prepaid, and addressed to the parties as follows:

COUNTY OF PLACER
Planning Department
3091 County Center Dr.
Auburn, CA 95603

CONSULTANT
Keyser Marston Associates, Inc.
160 Pacific Avenue, Suite 204
San Francisco, CA 94111

Any notice so delivered personally shall be deemed to be received on the date of delivery, and any notice mailed shall be deemed to be received five (5) days after the date on which it was mailed.

Executed as of the day first above stated:

COUNTY OF PLACER

By: _____ Date: _____
David Boesch, County Executive Officer

Approved as to Form – County Counsel:

By: _____ Date: _____

Approved as to Content:

By: _____
Michael Johnson, Director, Community Development Resource Agency

CONSULTANT – Keyser Marston Associates*, INC.

By: Debbie M. Kern
Name: DEBBIE M. KERN
Title: Vice President
Date: 6/26/14

By: Diane M. Chambers
Name: DIANE M. CHAMBERS
Title: SECRETARY
Date: 6/26/14

**If a corporation, agreement must be signed by two corporate officers; one must be the secretary of the corporation, and the other may be either the President or Vice President, unless an authenticated corporate resolution is attached delegating authority to a single officer to bind the corporation.*

Exhibits

A. Scope of Work

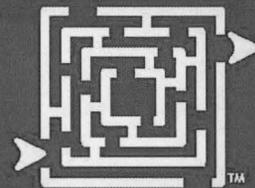
EXHIBIT A

**Proposal to Prepare an
Infrastructure Financing
Plan for the West Placer and
Sunset Industrial
Development Areas**

Prepared for:
Placer County

Prepared by:
Keyser Marston Associates, Inc.

June 2014



**KEYSER
MARSTON
ASSOCIATES**



KEYSER MARSTON ASSOCIATES
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

June 25, 2014

ADVISORS IN:
REAL ESTATE
AFFORDABLE HOUSING
ECONOMIC DEVELOPMENT

SAN FRANCISCO
A. JERRY KEYSER
TIMOTHY C. KELLY
KATE EARLE FUNK
DEBBIE M. KERN
REED T. KAWAHARA
DAVID DOEZEMA

LOS ANGELES
KATHLEEN H. HEAD
JAMES A. RABE
GREGORY D. SOO-HOO
KEVIN E. ENGSTROM
JULIE L. ROMEO

SAN DIEGO
PAUL C. MARRA

Michele Kingsbury
Senior Planner
County of Placer
Community Development Resource Center
3091 County Center Drive
Auburn, CA 95603

Re: Proposal to Prepare an Infrastructure Financing Plan for the West Placer/
Sunset Industrial Development Area

Dear Ms. Kingsbury:

Thank you for requesting this proposal from Keyser Marston Associates, Inc. (KMA) to prepare an infrastructure financing plan for the West Placer/Sunset Industrial Development Area. It is anticipated that an overall financing plan for the entire area will be developed as well as individual financing plans in support of one or multiple Infrastructure Financing Districts (IFDs) for three subareas. The following proposed scope of work consists of a series of discrete analyses, which County staff will use to select a preferred course of action. In addition to our proposed scope of work, we have provided templates for collecting and reporting the base data that we will need.

We have received and accept the County's standard contract provisions.

We look forward to working with you to move the West Placer Development Area forward.

Sincerely,

KEYSER MARSTON ASSOCIATES, INC.

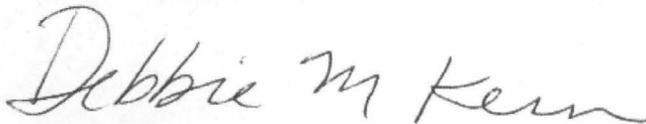

Debbie M. Kern

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I. Proposed Scope of Services

Based on the discussion during our meeting on Wednesday, it is our understanding that there will be three phases to our work program.

- 1) *Phase 1* will consist of two tasks: 1) evaluating the IFD, Community Facility District (CFD) and impact fee funding capacity of a portion of the Sunset Industrial Area and two (2) specific plan areas; and 2) preparing a schedule of needed public infrastructure improvements to serve new development within the West Placer/Sunset Industrial Area, that is anticipated to be developed within the near to mid-term. Based on the findings of these analyses, the County will decide whether or not to proceed with Phase Two.
- 2) *Phase 2* will focus on preparing an overall financing plan for the entire West Placer/Sunset Industrial Area and individual plans for each of the three (3) areas. It is anticipated that the financing plans will be comprised of multiple funding sources, including development impact fees, community facility district (CFDs), assessment districts, infrastructure financing districts (IFDs), revenue bonds other local funds, and contributions from development projects.
- 3) *Phase 3* will consist of preparing infrastructure financing plans (IFPs) and fiscal impact analyses in support of establishing one or more Infrastructure Financing Districts (IFDs).

Three areas will be evaluated: 1) Placer Ranch Specific Plan; 2) the balance of Sunset Industrial Area not contained within Placer Ranch; and 3) Regional University Specific Plan. Combined, the projects are anticipated to add approximately 9,600 new residential units, over 10 million square feet of non-residential development and two college campuses. The amount of non-residential square footage within the Sunset Industrial Area to be planned for as part of this effort has not yet been established. County staff will work with the providers of infrastructure to determine the magnitude of infrastructure improvements and development to be addressed as part of this preliminary financing effort. The draft building programs are as follows:

Study Areas				
	Placer Ranch Specific Plan	Balance of Sunset Industrial Area	Regional University Specific Plan	Total
Residential Units	5,200	0	4,400	9,600
Non-Residential SF	8.8 million	To be determined	250,000	To be determined
University Campus Acreage	300 acres	0	600 acres	900 acres

A. Phase 1 Work Plan

Task 1a: Evaluating the IFD, CFD, and Impact Fee Funding Capacity of Sunset Industrial and Specific Plan Areas.

The purpose of this preliminary funding analysis is to estimate the order of magnitude of IFD bond, CFD bonds, revenue bonds and impact fees relative to the cost of needed infrastructure improvements. The analysis consists of: estimating the increment assessed value of the developments, annual property tax revenues that will be allocated to the County and the amount of debt that the property tax revenue stream could support. KMA will also assemble data to be provided by County staff regarding the magnitude of impact fee revenue that could be generated by the developments for needed infrastructure improvements.

This initial analysis will assess the funding capacity upon build-out of each of the Specific Plan areas and each land use within each Specific Plan Area. A cash flow analysis will be undertaken in Phase 2.

- a. *Incremental Assessed Property Value* – Based on tax assessor data to be provided by County staff, KMA will identify the current assessed value of the subject properties. KMA will use available market data on home prices, land values, and construction cost estimates to estimate the potential incremental assessed value of the target properties. To the extent that specific plan applicants have undertaken market studies and defined development product types and construction costs, the information from those studies will be used in estimating future assessed values.
- b. *Estimate of Property Tax Increment* – KMA will estimate annual property tax revenue that would potentially be generated by the new development and the share that would accrue to the County. At your request, we will also evaluate the magnitude of property tax in lieu of motor vehicle revenues (VLF) that would accrue to the County. Under the Governor's proposed Enhanced IFD Legislation, the County would be permitted to deposit VLF revenue generated by the IFD properties into the IFD.
- c. *Estimate of Available Property Tax Increment for IFD* – Given that property tax revenues are a critical funding source for County services, it is likely that a portion of property tax increment will need to be retained by the General Fund. KMA will evaluate a range of diversion allocations to the IFD.
- d. *Estimate of IFD Bonding/Leveraging Capacity* – KMA will estimate the bonding/leveraging capacity of the increment flow based on a range of underwriting assumptions and assumptions regarding the number and diversity of properties contained within the IFD.

- e. *Estimate of Potential CFD Bonding Capacity* – KMA will review the use of CFDs throughout the area and the typical overall burden rate. Based on this analysis as well as the estimate of future property values, KMA will estimate the magnitude of CFD bonds that could be supported by the Specific Plan Properties, using a range of assumptions.
- f. *Impact Fee Revenues* - County staff will estimate the magnitude of impact fee revenue that the Specific Plan areas could generate for infrastructure improvements. KMA will incorporate the County's revenue estimates into an overall revenue projection.

Task 1b: Schedule of Needed Infrastructure Improvements

KMA will assemble a schedule of needed infrastructure improvements based on information to be provided by project sponsors, draft CEQA documents, and County staff. Ideally, the schedule will list all public improvements needed to serve the Sunset Industrial Area and two (2) Specific Plan areas and provide the following for each improvement: its development cost, schedule, and distribution of benefit among the three areas,, and possibly adjoining communities.

Phase 1 Product

KMA will prepare a technical memorandum that will provide a general understanding of the West Placer's infrastructure needs and the potential joint funding capacity of IFDs, impact fees, revenue bonds and CFDs. This general information will enable the County to decide whether or not it would like to continue with Phase 2 to develop an overall financing plan for infrastructure for the Area. The memorandum will summarize the following for each of the three (3) areas:

- Projected assessed value;
- Projected annual property tax increment;
- Projected annual potential diversion of tax increment to IFD;
- IFD bonding capacity upon build-out of each land use component available for infrastructure improvements;
- Development impact fee revenue available for improvements;
- Revenue bond revenue available for improvements;
- CFD revenue that could potentially be available for improvements;
- List, cost, timing, and distribution of benefit of needed public infrastructure improvements; *and*
- Property tax increment available for ongoing County services.

B. Phase 2 Work Plan

In the second phase of the work program, an overall financing plan will be prepared for the West Placer Development Areas including the Sunset Industrial Area. This financing plan will incorporate the cost and revenue findings of the Phase 1 work program, refined timing assumptions and other potential revenue sources, such as other local funds, and

project/developer funds. The financing plan will be prepared on a cash flow basis and will include the following components:

- a. *Public Infrastructure/Facility Capital Costs* – KMA will summarize cost and schedule estimates for improvements needed by the two Specific Plans within the West Placer Development Area.
- b. *Allocation of Benefit/Cost among Specific Plan Areas* - Based on information to be provided by County staff, KMA will estimate the distribution of benefit of each public improvement among the two Specific Plan areas, and, possibly among adjoining communities, as appropriate.
- c. *Revenue Generating Capacity of Applicable Current County Impact Fees* – KMA will integrate the impact fee revenue projections into the financing plan.
- d. *IFD Funding Capacity* – Based on the revenue analysis prepared in Phase 1, KMA will collaborate with County staff to examine the impacts of various allocations of property tax revenue (and possibly VLF revenue) to an IFD.
- e. *Potential Special Tax (CFD)/Assessments Capacity* – Using valuation information developed in the Phase 1 work program as well as a review of the overall tax burden of other developments in the market area, KMA will estimate the magnitude of public infrastructure improvements that might be funded by a special tax (CFD) or special assessment districts, if necessary.
- f. *Contributions from Local and State Funding Sources* – In collaboration with County staff, KMA will summarize the potential of local districts and State funds and the magnitude of funds that might be available to fund a portion of the Specific Plan Areas' public infrastructure/facilities costs.
- g. *Optional Task: Private Development's Capacity for a one-time Contribution for Capital Costs and Public Benefits* – At your request and to the extent that sufficient development program is available, KMA will estimate the financial capacity that new development might have to make a one-time contribution to fund the Plan's capital costs and public amenities/benefits. As appropriate, KMA will also evaluate the potential value that could be created from modifications to regulatory controls, such as parking, density and/or other development incentives. The potential revenue from developer contributions will be included in the financing plan.

Product(s): A financing plan that features a cash flow projection of sources and uses of funds. The financing plan strategy will be designed as a planning tool that can be updated and refined over time as new conditions emerge.

C. Phase 3 Work Plan

If, following the completion of Phases 1 and 2, the County decides to proceed with adopting an IFD(s), KMA will prepare the IFP(s). During the course of the work, the number and boundaries of IFDs will be determined. Preparing the formal IFP for each IFD will involve: revising the tax increment and bonding capacity projection to reflect the properties that will be included in the IFD; preparing a detailed fiscal impact analysis reflecting the County's current budget; preparing a cash flow schedule of the public facilities to be funded partially by the IFD; preparing a range of tax increment allocation ranges to the IFD; and preparing the final IFP document.

Task 3a: Revise Projection of Property Tax Increment and bonding capacity

KMA will revise the projection prepared in Phase 2 to reflect the properties selected to be part of the IFD.

Task 3b: Fiscal Impact Analysis

KMA will prepare a fiscal impact analysis of the Specific Plan Area(s) to be included in the IFD(s). The fiscal impact analysis will include projected revenues and expenditure impacts to the County's General Fund. The purpose of the analysis is to demonstrate that the diversion of property tax increment (and possibly VLF revenue) to the IFD will not jeopardize the County's ability to provide on-going services to the IFD's new residents and businesses. The fiscal impact analysis will be prepared on a cash flow basis, consistent with the financing plan.

- a. *Projection of Annual General Fund Revenues* - KMA will estimate the gross annual tax revenues and subvention revenues to be generated by the IFD to the County's General Fund. The major revenues that we expect to quantify include the following:
 - County's share of annual property tax revenues (net of diversion to the IFD);
 - County's share of property transfer taxes;
 - Property taxes in-lieu of motor vehicle fees (net of diversion to the IFD);
 - County's share of sales and use tax revenues;
 - Other applicable revenue sources, such as fines and forfeitures, etc.

- b. *Annual General Fund Service Costs* – The second focus of the analysis is the evaluation of the County's annual General Fund operating and maintenance costs related to providing services such as sheriff protection, fire protection, and general County services. KMA will incorporate findings of available environmental impact reports, and input from County staff regarding the special service requirements of the IFD area. The major steps or tasks to identify costs are:
 - Prepare a set of basic cost factors derived from the County's budget;
 - Meet with representatives from the County's finance officials and, if appropriate, other departments to discuss the County's service standards, the revenue and cost

estimates derived from the budget, additional data needs, and any modifications that are needed to reflect the specific service requirements of the development within the IFD; and

- Prepare an estimate of recurring service costs to the County to be generated by the Preferred Plan.

- c. *Prepare Cash Flow Analyses of General Fund Revenues and Costs* – KMA will combine the revenue and cost projections into a cash flow projection of net impacts on the County's General Fund.

- d. *Preparation of Fiscal Impact Report* – The results of our fiscal impact analysis will be presented in a report to accompany the IFP.

Task 3c: Infrastructure Financing Plan

KMA will prepare an Infrastructure Financing Plan (IFP) in accordance with California Government Code Section 53395.1. The IFP will contain the following:

- A map of the proposed district;
- A description of the public improvements and facilities required to serve the development proposed in the district;
- A finding that the public facilities are of communitywide significance;
- The maximum portion of the incremental tax revenue allocated to the County of Placer that is proposed to be committed to the district;
- A 30 year projection of increment;
- Limitation on the number of tax increment dollars to be allocated to the district;
- A plan for financing the public facilities to be assisted by the district, including a detailed description of any intention to incur debt;
- A date on which the IFP will end, to not exceed 30 years; and
- An analysis of the fiscal impacts on Placer County.

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II. Data Needs

Phase 1

1. Current assessed value, tax rate area, current all-in tax rate and list of assessments for each parcel within each of the two Specific Plan areas and the balance of the Sunset Industrial Area to be included in preliminary capacity analysis. Please see attached Template A.
2. Breakdown of the 1% advalorem property tax rate for each tax rate area within the three study areas among the taxing agencies.
3. Infrastructure needs assessments contained in EIRs for each of the Specific Plans.
4. A development program for each of the three areas and a preliminary schedule for start and completion of development. Please see attached Template B.
5. To the extent available, anticipated residential unit sizes and price points.
6. List, cost, schedule and allocation of benefit of infrastructure improvements for each of the three areas. Please see attached Templates C and D.
7. Estimates of development impact fee revenue by type of fee and by land use for each of the three study areas.
8. Estimates of revenue bonds supported by the new development within each of the three study areas. Please provide the magnitude of the bond(s) by type of revenue bond and by land use (if appropriate for each of the three study areas).

Phase 2

1. List of potential local service agencies and state agencies that are candidates for funding a portion of the infrastructure improvements and the magnitude of funds that could be available for the improvements;
2. Refined project and infrastructure improvement schedules for each of the IFD areas;
3. Refined distribution of benefit among the IFD areas for each infrastructure improvement;
4. To the extent available, information on the development costs of key projects within each Specific Plan Area.

Phase 3

1. List of one or more IFDs to be formed and projects/parcels to be included in each IFD;
2. Refined project and infrastructure improvement schedules for each of the IFD areas;
3. Refined distribution of benefit among the IFD areas for each infrastructure improvement;
4. To the extent available, refined information regarding infrastructure improvements that will likely be funded by CFDs;

5. Additional information regarding funding capacity of other local and state agencies, such as local water districts;
6. Municipal service assessment contained in EIRs for each of the Specific Plans;
7. Identification of agencies who will be responsible for providing fire and police protection services to each Specific Plan area;

III. Budget and Schedule

The schedule will largely be driven by the time that it takes for County staff and perhaps other consultants to assemble infrastructure cost data and to pull assessed data for each parcel within each of the three areas. A proposed schedule is as follows:

	<i>Anticipated completion date</i>
Task 1a	Within two weeks of receipt of development program information (Template A and Template B)
Task 1b	Within two weeks of receipt of improvement costs (Templates C and D)
Task 2	Three weeks following completion of Tasks 1a and 1b
Tasks 3a and 3b	Five weeks following Completion of Task 2
Task 3c	Two weeks following completion of Tasks 3a and 3b

We propose to undertake the services described above on a time and materials basis. The following chart provides an estimate of the budget for each phase and task. We anticipate refining the budget to reflect refinements to the scope.

	<i>Rate</i>	KMA Hours			Budget Estimate
		Senior Principal	Senior Associate	Admin.	
		\$270	\$188	\$80	
Phase 1					
Task 1a	<i>IFD, CFD, Impact Fee, and Revenue Bond Funding Capacity, 3 Areas</i>	32	48	4	\$18,000
Task 1b	<i>Schedule of Needed Infrastructure Improvements</i>	6	12		\$3,900
Phase 2					
Task 2	<i>Overall Financing Plan</i>				
	<i>With evaluation of Developer Contribution</i>	60	160	4	\$46,500
	<i>Without evaluation of Developer Contribution</i>	24	60	4	\$18,100
Meetings:	<i>Assumes 4 internal meetings</i>	16			\$4,300
	<i>Contingency - 10% with Evaluation of Dev. Contribution</i>				\$7,300
	<i>Contingency - 10% without Evaluation of Dev. Contribution</i>				\$4,400
Total, Phases 1 and 2					
With Evaluation of Developer Contribution					\$80,000
Without Evaluation of Developer Contribution					\$48,700

If, upon the completion of Phases 1 and 2, the County decides to proceed with Phase 3, then a refined budget will be negotiated at that time. The following is a preliminary budget for informational purposes.

Phase 3 - Preliminary Draft Budget					
Task 3a	<i>Refined IFD Revenue Projection - (Assumes 3 IFDs)</i>	24	35		\$13,000
Task 3b	<i>Prepare Fiscal Impact Analysis - (Assumes 3 IFDs)</i>	35	160		\$39,500
Task 3c	<i>Prepare IFP - (Assumes 3 IFDs)</i>	75	32	8	\$26,900
Meetings	<i>- Assuming 3 internal meetings</i>	12			\$3,200
	<i>Contingency - 10%</i>				\$8,300
Total Phase 3					\$90,900

IV. Staffing and Qualifications

Debbie Kern will serve as the Principal in Charge of this assignment. Debbie is a Senior Principal with over 25 years of experience in tax increment financing and is the author of the Rincon Hill IFP and the pending San Francisco Waterfront IFP.

KMA has extensive experience in preparing financing plans for public improvements and unmatched experience in preparing IFD financing plans. We prepared the financing plans for both of the IFDs that have been adopted to date in the State of California, evaluated the feasibility of several other potential IFDs, and we are currently preparing an IFD to be adopted on properties along the San Francisco waterfront. Additionally, KMA has prepared tax investment projections to support over \$3.6 billion of bond proceeds.

Please visit our website at www.keysermarston.com for more information about our firm and the services that we provide.

V. Data Templates

**Template A1- A4 (Template for Each Study Area)
Assessed Valuation/Parcel Information**

Name of Study Area _____

	Parcel 1	Parcel 2	Parcel 3	Parcel 4	Etc.
Assessor's Parcel Number					
Tax Rate Area					
County's Share of 1% Tax Rate (post ERAF)					
Assessed Value, Secured					
Land					
Improvements					
Total					
Additional Tax Burdens (as a % of value)					
Annual Parcel Assessments					

**Template B
Development Programs**

	Placer Ranch		Regional U.		Balance of Sunset Industrial
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1 Land Use Program

- Mkt. Rate Ownership DU
- Mkt. Rate Rental DU
- Affordable DU
- Residential Product Types, Density
- Estimated Avg. Residential Home Price
- Retail SF (Type)
- Office SF
- Industrial SF
- Etc.
- Lodging Rooms
- Park Acres
- Open Space Acres

2 Anticipated Phasing Schedule (Start and Completion Date)

- Phase 1
- Phase 2
- Phase 3
- Phase 4

3 Anticipated Phasing of Project (% of Development Program)

- Phase 1
- Phase 2
- Phase 3
- Phase 4

3 Date for Completion of DEIR and Specific Plan

Template C
West Placer Regional Public Improvements

Regional Public Improvements	Estimated Current Cost	Construction Schedule		Preliminary Est. Allocable Share of Improvement Cost (%)				Is completed improvement needed for Phase 1 of Project?			Preliminary Est. of Target Final Funding Sources (As a % of Improvement Cost)						
		Start	Finish	Placer Ranch	Regional U.	Balance of Sunset Industrial	Other (Identify)	Placer Ranch	Regional U.	Placer Vineyards	CFD	Revenue Bonds	Assmnt. District	Project / Devlpr	IFD	Other Local Public Funds	State / Federal Funds
1 Treatment Plant																	
2 Sewer Pipes																	
3 Recycled Water																	
3 Water Pipes																	
4 Flood Control /Detention Basins																	
5 Dry Utilities																	
6 Streets																	
6a																	
6b																	
7 Traffic Signals																	
8 Etc.																	

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Template D

Project Specific Backbone Public Improvements

Traditional Project Specific Backbone Improvements	Construction Schedule		Estimated Costs for Each Project			Preliminary Est. of Target Final Funding Sources			
	Start	Finish	Placer Ranch	Regional U.	Balance of Sunset Industrial	CFD	Asmnt. District	Project / Developer	Other
1 Streets									
2 Water									
3 Sewer									
4 Storm Drain									
5 Dry Utilities									
6 Parks									
7 Other, etc.									

DM