APPENDIX N

Draft Public Facilities Financing Plan

(PFFP)

for

DUNNIGAN SPECIFIC PLAN

August 2013

Yolo County

Woodland, CA

Preliminary Public Review Draft Report

Dunnigan Specific Plan
Public Facilities Financing Plan

The Economics of Land Use

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1. FINANCING PLAN EXECUTIVE SUMMARY

This Preliminary Public Review Draft Public Facilities Financing Plan (Financing Plan) presents a summary of the strategy to finance required Backbone Infrastructure and Other Public Facilities (defined herein) serving the proposed land uses in the Dunnigan Specific Plan (DSP or Project), located in unincorporated Yolo County. The financing strategy is designed to ensure required facilities will be constructed when necessary to meet County level-of-service requirements for the DSP. The Financing Plan includes formation of a new Special Financing District, the use of existing fee programs, and use of other funding mechanisms as described herein.

The cost estimates and financing sources contained in this report are preliminary. Draft and Final Financing Plan Reports, which will include additional information from the DSP Environmental Impact Report and public comments, will be presented to the County Board of Supervisors before approval of any final subdivision maps by the County.

All costs are in 2013 dollars. Cost estimates will be adjusted for inflation or revised, if necessary, based on more detailed engineering information as the development process is implemented.

Project Description and Context

The DSP is located along Interstate 5 in northern Yolo County (County), just south of Colusa County. The DSP incorporates the existing residential and commercial development in and around the unincorporated community of Dunnigan in the County and the new growth areas of the DSP into a comprehensively planned, mixed use community. The proposed Project includes residential, educational, recreational, and employment opportunities across the more than 3,000-acre plan area. Buildout of the DSP is anticipated to occur over a 25- to 30-year period and may provide up to approximately 9,200 dwelling units and retail, commercial, and other nonresidential development that may result in the creation of more than 10,000 jobs. The land use plan incorporates the principles of smart growth and true sustainability by providing a range of housing types and densities and a range of goods, services, and employment. This mix and location of proposed land uses is designed to bring the community together. The DSP includes a comprehensive path network for pedestrians, bicycles, and green transit vehicles to connect these land uses throughout the community.

Existing and Future Development

Land uses in the Project include both existing development, primarily in the Yolo Hardwoods (Hardwoods) and Old Town Districts, along with new development that may occur in those districts and in the balance of the DSP. **Figure 1**, which is Exhibit 10.1 from the Specific Plan document, is the Project phasing plan and is helpful to illustrate the concept of existing versus new development. The Exhibit 10.1 Phasing Plan includes Phases 1 through 4, as well as "Phase Existing (X)," which includes the Hardwoods and Old Town Districts.

As described in this document, the vast majority of new DSP infrastructure will directly benefit new development in Phases 1 through 4. Consequently, new development in Hardwoods and the Old Town Districts will not be allocated the costs for new Phases 1 through 4 infrastructure.

There are two exceptions to this general rule. The first exception is for capacity in the new water and wastewater treatment facilities. Capacity in such facilities will benefit all new connections, including those in Hardwoods and Old Town. Consequently, all new connections, even those in Hardwoods and Old Town, will be allocated such treatment plant costs. The second exception may be for new water and wastewater transmission lines that physically may be installed in the Hardwoods and Old Town Districts. As described herein, the Financing Plan anticipates new development in these two districts would help fund new water and wastewater transmission lines from which they would benefit.

The next section describes how the DSP land uses used are treated for Financing Plan purposes.

Financing Plan Land Use Summary

Overall Land Use

Table 1 details the proposed land uses in the DSP for Phase 1 and buildout of the Project. Proposed new residential development included in the DSP consists of a mix of estate, low-density, medium-density, high-density, and mixed use dwelling units in nonresidential areas, totaling a maximum of approximately 9,200 units. Mixed use dwelling units are proposed in the commercial local, office, and mixed use nonresidential land use areas. All mixed use dwelling units are shown on **Table 1** under the residential units in nonresidential land uses category. All associated acres, however, are shown under the appropriate commercial uses because the nonresidential building square feet are based on the total acres for each commercial category, including the acres that also generate mixed use dwelling units. **Map 1** shows the detailed land use map of the Project.

The DSP includes a mix of commercial uses, including retail, office, industrial, and mixed use development. Public uses, including parks, open space, schools, lakes, and other public/quasi-public development—such as fire stations, a sheriff's substation, and a library—will comprise the remainder of developed areas in the Project.

Existing and Secondary Land Uses

Table 1 includes 8,623 DSP dwelling units, which account for 332 housing units that existed before Specific Plan consideration. In addition, the Specific Plan document anticipates the potential for an additional 607 "secondary" units, for a total of 9,230 dwelling units.

These secondary units may be constructed in residential land use zones as attached or detached second units or density-bonus units as provided by State law. While all infrastructure capacity calculations have considered these secondary units, for purposes of this Financing Plan, the secondary units have not been allocated any infrastructure costs. The Financing Plan assumes that the additional demand associated with the secondary units would still be within the service demand factors for the single family units overall. Therefore, the infrastructure demand for the secondary units has been considered with the demand for the single-family units.

All new development in Phases 1 through 4 (excluding the secondary units) will be allocated costs for new Backbone Infrastructure and Other Public Facilities (defined later in this document). All secondary units and new development in the existing Hardwoods or existing Old Town Districts will be exempted from these costs (with two noted exceptions).

Backbone Infrastructure and Public Facilities Costs

Financing Plan Definitions

Many people tend to use the term "backbone infrastructure" for all publicly owned facilities. This Financing Plan uses the term(s) backbone infrastructure and other public facilities and relies on the following definitions to characterize these items more precisely:

- **Backbone Infrastructure.** This term includes most of the essential public service-based items that are underground or at ground level, which may be both on- or off-site (i.e., within or outside the DSP boundaries). Backbone Infrastructure is sized to serve the Project as a whole and in some cases may be sized to serve broader development areas, including existing development (e.g., existing Hardwoods and Old Town Districts). For the Project, Backbone Infrastructure includes the following items:

  - Roadways (primary, collector, and local roadways).
  - Water transmission facilities.
  - Water treatment plant(s).
  - Wastewater transmission facilities.
  - Wastewater treatment plant(s).
  - Storm drainage facilities.
  - Recycled water facilities.
  - Joint trench costs.
  - Earthwork costs.

- **Other Public Facilities.** This group of items (also defined as "Public Facilities") provides amenities to the Project (e.g., parks, schools) or houses employees providing services to the area (e.g., law enforcement, fire). For the Project, Other Public Facilities includes the following items:

  - Parks and open space (incl. trails).
  - Library.
  - Fire facilities.
  - Municipal facilities (e.g., Corporation Yard).
  - Schools.
  - Transit facilities.
  - Law enforcement facilities.

  In addition to the Project-specific public facilities listed above, Project development will incur fees at building permit issuance (e.g., the County Facilities and Services Authorization Fee [FSA Fee]) that helps to fund the impact of new Project development on countywide facilities.

- **Supplemental Backbone Infrastructure.** This term is used to describe the backbone water and sewer transmission lines that would extend within the boundaries of the existing Hardwoods and Old Town Districts. The cost estimates provided for this Financing Plan

include the cost of extending the aforementioned transmission lines. The additional cost of this Supplemental Backbone Infrastructure is separately identified in this Financing Plan.

- **Facilities.** This term may be used generically in the Financing Plan to include a combination of Backbone Infrastructure and Other Public Facilities when a separate distinction is not required.

Summary of Cost Estimates

Table 2 shows the estimated costs for Backbone Infrastructure and Public Facility improvements for Phase 1 and buildout of the Project (in 2013 dollars). The cost estimates and allocations shown in this report are subject to revision as updated information becomes available. As descriptions of facilities and associated cost estimates change, the Financing Plan will be updated with the most current information available.

Backbone Infrastructure

Generally, Cunningham Engineering Corporation prepared the Backbone Infrastructure cost estimates used in this Financing Plan. Some of the cost estimates were prepared by outside consultants and compiled by Cunningham Engineering Corporation into a comprehensive cost estimate. Total Backbone Infrastructure costs are estimated to be $325.6 million at Project buildout (2013 dollars).

Public Facilities

The Public Facility improvement costs are based on several sources of information, including estimates from a prior draft financing plan, information from the County, other public agencies, and from comparable facilities in other planned new development projects. The estimated cost of Public Facilities equals approximately $118.0 million at Project buildout (2013 dollars).

Supplemental Backbone Infrastructure

Cunningham Engineering Corporation prepared the Supplemental Backbone Infrastructure cost estimates at the same time they prepared the Backbone Infrastructure cost estimates. Each of the cost estimates rely on similar unit costs, with the exception where existing pavement may need to be removed and replaced when constructing new transmission pipelines in existing roadways.

Other Project Development Costs

The Backbone Infrastructure, Other Public Facility, and Supplemental Backbone Infrastructure cost estimates do not include the costs of in-tract and other subdivision-specific improvements, which will be privately financed. These are considered subdivision improvements and, therefore, are not part of this Financing Plan. They are as follows:

- **In-tract or subdivision improvements** in a project include in-tract improvements (e.g., mass grading, sewer, storm drainage, water, and local roads) in an individual subdivision, commercial, or multifamily project. The development community considers these costs in their private financing structure as "Subdivision Improvements," "Lot Costs," or "Site Development" costs in the case of nonresidential projects. These costs are excluded from

the Financing Plan (and associated infrastructure cost burden feasibility tests) because they are assumed to be the responsibility of the developer that is moving forward with specific on-site development.

- **Frontage improvements** include certain frontage roads and landscape corridors that border a subdivision project. The final financing plan will make a greater distinction between which frontage improvements are included in Backbone Infrastructure and which are excluded and, therefore, left for an individual project developer to fund. Except for the frontage costs included in Backbone Infrastructure and Other Public Facilities above, these improvements will be funded privately, and the costs of these improvements are not estimated or included in the cost burdens presented in the Financing Plan. These costs are typically included in Lot Costs and are included in a developer's private financing structure.

- **Agriculture and habitat mitigation requirements for on-site development** include the mitigation for these items to permit development of on-site, property owner-specific vertical development. Costs for agriculture and habitat mitigation associated with Backbone Infrastructure and Other Public Facilities are included, but those costs for on-site Project development are assumed to be separately borne by each individual development project.

Development Phasing in the Financing Plan

As described earlier, the Project is anticipated to build out over a period of many years and in multiple phases as identified in the Specific Plan document. For the purpose of this Financing Plan, only Phase 1 and the buildout development scenarios are shown. The Development Agreement, Environmental Impact Report (EIR) Mitigation Monitoring Program, and other conditions of approval placed on tentative maps will specify the timing requirements for major Facilities as the DSP builds out.

Financing Strategy Summary

Purpose

The purpose of the Financing Plan is to recommend the appropriate financing mechanisms to fund the necessary Backbone Infrastructure and Other Public Facility costs required to serve the Project. The identified financing mechanisms are flexible enough to ensure the required improvements are constructed when necessary. The financing mechanisms ultimately used and, potentially, which ones are used at various times, will depend on the types and timing of the needed facilities.

Financing Policies

The following objectives and policies should be considered to guide financing of infrastructure and services in the Project:

- Clearly identify physical and financial obligations of the DSP and each property owners' development project.

- Equitably allocate Project costs to land uses based on proportional benefit received.

- Maximize the use of existing tools and funding mechanisms.
- Maximize use of "pay-as-you-go" funding mechanisms.
- Establish a Special Financing District (e.g., Plan Area Fee Program [PAFP]) to fund all or a portion of major Backbone Infrastructure and Other Public Facilities not included in existing fee programs or funded through other sources.
- Make appropriate use of public land-secured debt financing mechanisms.
- Effectively leverage available regional, state, and federal funding (e.g., transportation funding opportunities through Sacramento Area Council of Governments [SACOG]'s Metropolitan Transportation Plan/Sustainable Community Strategy).
- Include flexibility to accommodate changes in development phasing, sequencing, and land uses in response to market conditions.
- Identify ways to finance construction of Public Infrastructure and Facilities through the most efficient combination of public and private financing.

Financing Strategy

Development of the DSP will be contingent on the construction of Backbone Infrastructure and Other Public Facilities necessary to support new development. In developing the Financing Plan, the various funding sources were chosen to spread the costs in a way that distributes costs equitably and to achieve Project feasibility requirements.

The existing impact fees collected by the County and Pierce Joint Union School District will be used to construct a portion of the facilities necessary to support the Specific Plan's residents and businesses. These fees are based on an Assembly Bill (AB) 1600 Fee Study that spreads the cost of necessary public facilities among new development based on benefit.

In addition to existing fee programs, additional mechanisms will be established to finance Backbone Infrastructure and Other Public Facilities. The most appropriate mechanism to finance these Facilities costs is Mello-Roos Community Facilities District (CFD) financing. CFD bonds are secured by a lien on the underlying land and are non-recourse to the sponsoring public agency. Land-secured debt will be necessary to fund development impact fees and other costs during the early years of development, as well as at other strategic times when proceeds from Plan Area Fees, Revenue Bonds/Certificates of Participation (COPs), and private financing sources are not readily available. CFD special taxes, bond amounts, and pay-as-you-go financing will be limited to prudent levels that are consistent with the County's established goals and policies.

Additional Facilities may be financed with the proceeds of tax-exempt municipal bonds secured by certain revenues generated by Specific Plan residents and businesses. Revenue bonds or COPs secured by a portion of the monthly sewer and water revenues may be used to finance sewer and water facilities. State and federal grant and loan programs are available from State and local governments to finance a variety of public facilities, including sewer, water, parks, bridges, interchanges, and public safety. The availability of these grants and loans and the selection criteria vary from year to year. To the extent that improvements necessary for DSP

development qualify for these programs at the time of development, the available funds will be used to finance the eligible Facilities and reduce the infrastructure burden.

A Plan Area Fee program, based on an AB 1600 Fee Study, will be established to apportion the remaining Public Facilities costs among the planned residential and nonresidential development in the Specific Plan. This financing method is the least preferred because the funds will not be available until after building permits are issued. It may be necessary for the developer or the public agency to construct the improvements using other funding sources, such as private financing or other resources. The cost of the improvements will be reimbursed only after building permits have been issued and impact fees have been collected.

It is expected that costs will change over time; therefore, each funding mechanism should include a method for adjusting the amount of funding to reflect actual costs at the time of construction. Other financing mechanisms also will be used, depending on availability and whether they are applicable to the improvements required for development of the Specific Plan.

Figure 2 shows the combination of funding sources that ultimately will fund Backbone Infrastructure and Other Public Facilities costs, which are summarized below:

- **Existing Fee Programs** administered by the County and other public agencies will be used. For example, certain improvements will be wholly or partially funded through existing countywide or other agency fee programs. Specifically, a portion of the DSP's obligation to fund countywide capital facilities through the County's FSA Fee may be met through provision of on-site facilities such as the corporation yard or law enforcement facilities. In addition, fire facilities are assumed to be funded through Dunnigan Fire District fees, and school facilities will be funded through Pierce Joint Union School District development impact fees.

- **A New DSP Special Financing District** will fund improvements not already included in the capital improvement program of existing fee programs. The Special Financing District likely would be in the form of a new PAFP that would assign costs among developable land uses in the Project. The PAFP could include the use of fee revenue for reimbursements to developers who provide advance funding for infrastructure. The Financing Plan is based on the assumption that the PAFP would be a public fee program administered by the County and would include an administrative cost component to cover the County administrative costs of running the fee program.

- **Land-Secured Financing / Mello-Roos CFDs.** One or more CFDs may be established to help fund the construction or acquisition of Backbone Infrastructure and Public Facilities. The Mello-Roos Community Facilities Act of 1982 enables public agencies to form CFDs and levy a special tax on property owners in the CFD. These special taxes may be used to pay debt service on CFD bonds or to finance public improvements directly on a pay-as-you-go basis. Public improvements financed with CFD revenues must have a useful life of 5 years or more.

  The proceeds from a CFD bond sale may be used by the sponsoring agency to finance construction of the improvements directly or to acquire facilities constructed by the developer. Special taxes also may be used to fund certain public services and development impact fees. To the extent it is consistent with the County's CFD Goals and Policies for land-secured financing, one or more DSP CFDs may wish to employ an extended-term concept,

facilitating greater ability to finance Backbone Infrastructure and Other Public Facilities for future DSP residents and employees.

- **Revenue Bonds or COPs.** One or more series of Revenue Bonds or COPs may be issued to finance additional public improvements. These debt instruments involve dedicating a revenue source or portion thereof to pay debt service or lease payments on tax-free bonds or COPs. The authorization for Revenue Bonds is contained in the Revenue Bond Law of 1941. COPs are in widespread use by public agencies throughout the State because they represent a lease payment structure and are not considered public debt. As a result, the issuance of a series of COPs does not require registered voter approval. COPs generally may be secured by the same revenue streams as Revenue Bonds and finance the same types of facilities.

- **Matching State School Funding / Other School Funding.** In addition to school district impact fees, school facilities may be funded through a combination of State grant programs (i.e., State School Facilities Program [SFP]) and potentially other local funding mechanisms, such as any approved General Obligation (GO) bonds.

- **Private Developer Funding.** Certain facilities may be funded directly by private developer funding and may not be included in any of the aforementioned financing mechanisms.

- **Other Funding Sources** to fund Backbone Infrastructure and Public Facilities costs will be required. This may include Federal and State highway funding or other Federal/State funding for transit facilities and equipment. Federal and State funding sources also may be available for trails and other vehicle-miles-traveled (VMT) reduction strategies.

In addition to the ultimate funding sources described above, financing mechanisms will be used to cover the costs of improvements before the ultimate source of funding (i.e., fees) is available and to cover any funding shortfalls during the initial phases:

- **Developer Advances.** The Financing Plan anticipates developer advances will finance infrastructure improvements needed in the initial phases of the Project and before the collection of fees or other revenue sources. The Financing Plan is based on the assumption that fee credits or reimbursements for facilities otherwise funded by fee programs will be available if developers fund or construct fee-funded facilities. Developer advances also will be reimbursed as the County acquires facilities through the Mello-Roos CFDs.

- **Enterprise Operator Funding.** In addition to funding all or a portion of the water and wastewater treatment plant facility improvements through land-secured financing or the PAFP, a third-party operator may provide advance-funding to help finance water and wastewater treatment facility costs. Ongoing discussions with potential operators will add more detail regarding this potential funding opportunity.

Where developers are conditioned to complete specific infrastructure improvements or advance-fund more than their "proportionate share" of infrastructure costs, publicly enforced reimbursement agreements shall be required. Such credit and reimbursement agreements will be prepared for each developer providing more than its proportionate share of infrastructure costs. Either through such credit and reimbursement agreements or the Development Agreements (DAs), the developers fronting the cost of improvements benefiting adjacent owners would be able to recover those costs. Any fee credits awarded through such credit and

reimbursement agreements shall be personal to the developer, meaning a developer would be allowed to apply or assign the fee credit at its discretion.

Table 3 shows the estimated costs and preliminary funding sources by funding source category for Project buildout. In some instances, it is possible that one or more funding sources will be used for a particular Facility.

Financial Feasibility Indicators

Financial Feasibility Analyses

Assuring the cost and timing of infrastructure requirements are affordable by proposed new development is an important objective of the Financing Plan. EPS uses two benchmark tests to evaluate financial feasibility:

- **Infrastructure Cost Burden Test:** total burden of Backbone Infrastructure and Public Facilities as a percentage of residential and nonresidential sales prices.
- **Two-Percent Test:** total annual taxes and assessments as a percentage of sales price.

It is important to note the infrastructure cost burden test and 2-percent test are two measurement tools that can be used as indicators to examine financial feasibility. Because these financial feasibility tools are based on several reasonable assumptions regarding infrastructure costs, existing and proposed taxes and assessments, and market pricing for housing, they are not intended to provide an absolute answer regarding a project's likely financial feasibility. Rather, the indicators provide guidance to property owners, land use regulators, and public service providers about the likelihood that a project can be successfully implemented, given the Facility requirements identified for a development project. Ultimately, the public agency decision makers must use their best judgment to decide if a particular project can feasibly afford the estimated infrastructure burden, taxes, and assessments, and these benchmarks are two tools to assist them in making that determination.

Infrastructure Cost Burden Test

The purpose of estimating the total burden of Backbone Infrastructure and Other Public Facilities is to evaluate the financial feasibility of the Project, given all current and proposed fees and the additional burden of Project-specific infrastructure costs. In general, new development can support a certain level of infrastructure, the cost of which ultimately is integrated into the home price. EPS's infrastructure burden test measures the total cost of Backbone Infrastructure and Other Public Facility improvements as a percentage of the final sales price of a property (e.g., residential unit or nonresidential building). The total infrastructure cost burden consists of all Backbone Infrastructure and Public Facilities costs (e.g., developer funding plus any non-overlapping bond debt related to special taxes and assessments for infrastructure) plus all applicable development fees (e.g., development impact fees or school mitigation fees).

Typically, these total infrastructure costs comprise up to a maximum of 15 to 20 percent of a home's final total sales price. Based on pro forma analyses of dozens of Specific Plans in California over the past 2 decades, the infrastructure burden feasibility performance test yields the following general conclusions:

- Burdens below 15 percent are generally considered financially feasible.
- Burdens between 15 and 20 percent may be feasible depending on the specific circumstances of the project.
- Burdens above 20 percent suggest a project may not be financially feasible unless other components of the project pro forma are particularly advantageous to the developer, thus allowing the project to bear unusually high infrastructure costs.

These conclusions are based on experience with master-planned communities where master developers generally are responsible for providing all infrastructure and public facilities required to serve the future residents and employees. Such master-planned communities have been located in and adjacent to municipalities or other major development areas, as well as in more remote, stand-alone areas, where all major infrastructure had to be provided for the new community. Thus, this analysis may be applied to master-planned communities in urban or non-urban areas, given the considerations noted below.

It is important to note that the infrastructure cost burden feasibility indicator does not account for extraordinary project circumstances or conditions, such as these:

- Unique on-site development costs.
- Infrastructure phasing requirements.
- Development absorption rates.
- Demolition or toxic contamination remediation.
- Changing market conditions.
- Litigation or other extraordinary project entitlement/development delays.

Two-Percent Test

The second test of feasibility is a test of total taxes and assessments as a percentage of the home sales price (2-percent test). The purpose of estimating the total taxes and assessments as a percentage of sales price is to ensure that current and proposed taxes and assessments do not exceed 1.8 percent of the value of the property.[1] The State's Proposition 13 limited general property tax to 1 percent of the value of the property. Based on the 2-percent test, other bonded debt, special assessments, and other special taxes should not exceed an additional 1 percent (for a total of 2 percent) of the total value of the property. The industry guideline follows the principle that total taxes and assessments on a developed residential unit should not exceed 2 percent of the value of the property.

If a Mello-Roos CFD (special tax) or assessment is chosen as the means to fund infrastructure costs not covered by existing or proposed financing programs, this feasibility test assesses the additional special tax/assessment burden on residential dwelling units. The estimated maximum

[1] Although the guideline is 2 percent, EPS has used a target range of 1.8 percent to allow a 0.2-percent gap for fluctuations in housing values or additional taxes and assessments as needed (e.g., a school district GO bond).

special tax amount that could be implemented as part of a Mello-Roos CFD or Assessment District is included in this feasibility test.

Feasibility Analysis Findings

Infrastructure Cost Burden Test

Table 4 shows the preliminary results for the DSP based on the infrastructure cost estimates summarized in this Financing Plan and on estimated finished real estate values provided by Elliott Homes. **Table 4** includes the total infrastructure burden of County, school district, and estimated DSP fee program fees as a percentage of the estimated sales prices for each land use in the Project.

Under the infrastructure burden feasibility indicator test, the lower density single-family land uses are at the upper end of the feasibility range, where the higher density land uses are above feasible ranges. All nonresidential land use types may be feasible based on estimated nonresidential values and infrastructure burden. One category, Industrial land use, has a burden that is significantly higher than others and warrants additional examination. As shown, the infrastructure cost burden ranges from 18 percent to 30 percent for residential units and 8 percent to 16 percent for nonresidential uses.

A detailed financing plan will be completed before approval of any final subdivision maps by the County that will include additional analysis regarding the ability of the Project to fund required infrastructure and public facilities. That financing plan will compare the Project's cost burden to those of surrounding projects and will show the final total cost burden per unit as a percentage of the sales price to help the property owners and the County reach conclusions regarding Project feasibility.

Two-Percent Test

Under the 2-percent test, a total of taxes and assessments as a percentage of sales price that is less than 1.8 percent is considered an indicator of financial feasibility. **Table 5** presents the total estimated taxes and assessments as a percentage of home sales price for each proposed residential prototype. The total annual amount includes the following taxes and assessments:

- Property taxes.
- Other general ad valorem taxes (e.g., school/other GO bonds).
- Additional potential special taxes and assessments (e.g., special tax for urban services, which is still to be determined).
- An estimate of Project infrastructure CFD special taxes, based on tax rates estimated to keep the Project competitive with proximate new development.

As shown, total existing and proposed taxes and assessments for DSP homes are approximately 1.8 percent. Under the 2-percent test, the current and proposed annual tax burden appears to be feasible for all residential land uses. It is important to note that a maximum special tax rate (Project CFD) was applied to all units. Reducing total taxes and assessments as a percentage of the residential value could be achieved by applying a lower special tax on the multifamily units.

Information Sources

Preparation of the Financing Plan relied on the following information:

- Land use assumptions from the Specific Plan document, prepared by Andrea Mayer Consulting Planning + Design, April 25, 2013.
- Roadway, sewer, storm drainage, and water cost estimates, prepared and in some cases compiled by Cunningham Engineering Corporation, May 14, 2013.
- Existing County and other agency fee program data (e.g., County, schools, Dunnigan Fire District) as of May 2013.

Figure 1: Phasing Plan

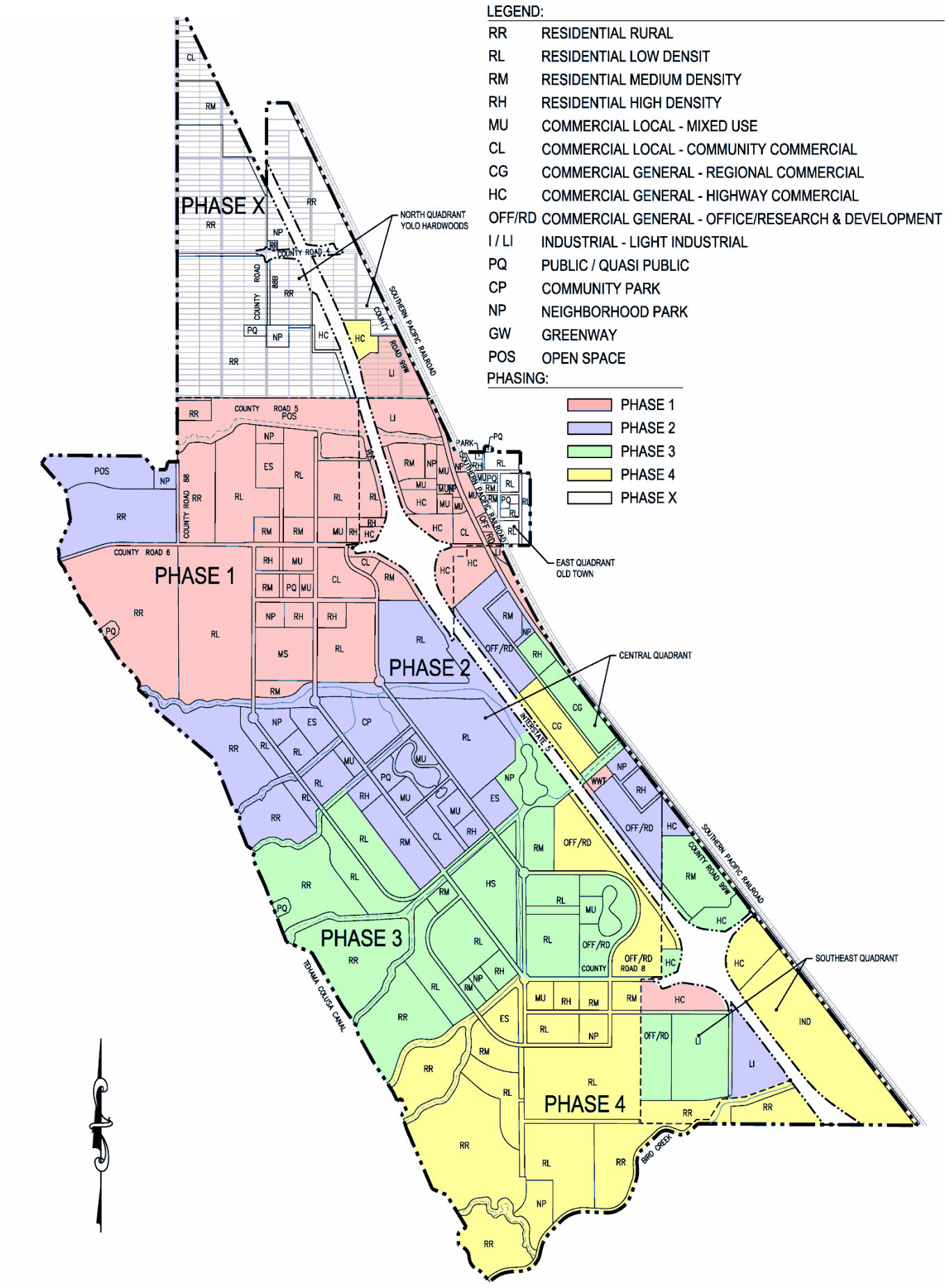


Table 1
Dunnigan Specific Plan
Public Facilities Financing Plan
Detailed Land Use Plan

Land Use	Assumptions	Phase 1 [1] Gross Acreage	Phase 1 [1] Dwelling Units	Phase 1 [1] Nonres. Sq. Ft.	Land Use at Buildout: Phases 1-4 [2] Gross Acreage	Phases 1-4 [2] Dwelling Units	Phases 1-4 [2] Nonres. Sq. Ft.	Phases 1-4 & Phase Existing (X) [3] Gross Acreage	Phases 1-4 & Phase Existing (X) [3] Dwelling Units	Phases 1-4 & Phase Existing (X) [3] Nonres. Sq. Ft.
Residential Land Uses	*Density Range*									
Rural	0.2-.99	-	-	-	-	-		332.0	332	-
Estates	0.9-3.5	51.1	89	-	213.0	371	-	213.0	371	-
Low Density	2.0-9.9	217.2	1,086	-	646.7	3,233	-	663.8	3,319	-
Medium Density	10.0-19.9	40.6	577	-	154.1	2,189	-	179.9	2,555	-
High Density	20.0-40.0	19.3	463	-	54.1	1,298	-	55.5	1,332	-
Resid. Units in Nonresid. Land Uses [4]	N/A	-	178	-	-	714	-	-	714	-
Subtotal Residential Land Uses		**328.2**	**2,393**	**-**	**1,067.9**	**7,805**	**-**	**1,444.2**	**8,623**	**-**
Secondary Units [5]	N/A	**-**	**198**	**-**	**-**	**607**	**-**	**-**	**607**	**-**
Total Residential Land Uses		**328.2**	**2,591**	**-**	**1,067.9**	**8,412**	**-**	**1,444.2**	**9,230**	**-**
Nonresidential Development	*Floor Area Ratio*									
Highway Commercial	0.25	51.1	-	556,479	108.1	-	1,177,209	108.1	-	1,177,209
Commercial General [6]	0.25	-	-	-	38.2	-	415,998	38.2	-	415,998
Commercial Local [6]	0.25	25.0	-	272,250	39.0	-	424,710	52.1	-	567,369
Office Park, R&D	0.30	3.1	-	40,511	103.1	-	1,347,311	103.1	-	1,347,311
Industrial	0.40	42.4	-	738,778	219.1	-	3,817,598	219.1	-	3,817,598
Mixed Use	0.30	28.6	-	373,745	56.9	-	743,569	57.5	-	751,410
Total Retail and Business Services		**150.2**	**-**	**1,981,762**	**564.4**	**-**	**7,926,395**	**578.1**	**-**	**8,076,895**
Total Res. and Nonres. Development		**478.4**	**2,591**	**1,981,762**	**1,632.3**	**8,412**	**7,926,395**	**2,022.3**	**9,230**	**8,076,895**
Public Uses										
PQ/WWTP		7.8	-	-	13.4	-	-	32.6	-	-
Schools		33.3	-	-	103.3	-	-	103.3	-	-
Parks		15.2	-	-	111.7	-	-	117.9	-	-
Open Space		82.0	-	-	279.7	-	-	279.7	-	-
Greenways		3.7	-	-	168.2	-	-	171.2		
Agriculture		62.0			202.9			202.9		
Lake		16.1	-	-	28.8	-	-	28.8	-	-
Total Public Uses		**220.1**	**-**	**-**	**908.0**	**-**	**-**	**936.4**	-	**-**
Total		**698.5**	**2,591**	**1,981,762**	**2,540.3**	**8,412**	**7,926,395**	**2,958.7**	**9,230**	**8,076,895**

land_use_plan

Sources: Andrea Mayer Consulting and EPS.

[1] Phase 1 in this analysis examines residential and nonresidential.
[2] Excludes new development in Phase Existing (X), which is considered an existing development area.
[3] Includes all development in the Dunnigan Specific Plan area, including new development in Phase Existing (X), which is considered an existing development area.
[4] The MU (mixed use), OPRD (office), and CL (commercial local) acres are shown in the Nonresidential Development categories below.
[5] Secondary units may be constructed in residential land use zones as attached or detached second units or density bonus units as provided by State law.
[6] Commercial General is considered regional retail and Commercial Local is considered local/community commercial for purposes of this financing plan.

Map 1: Land Use Plan

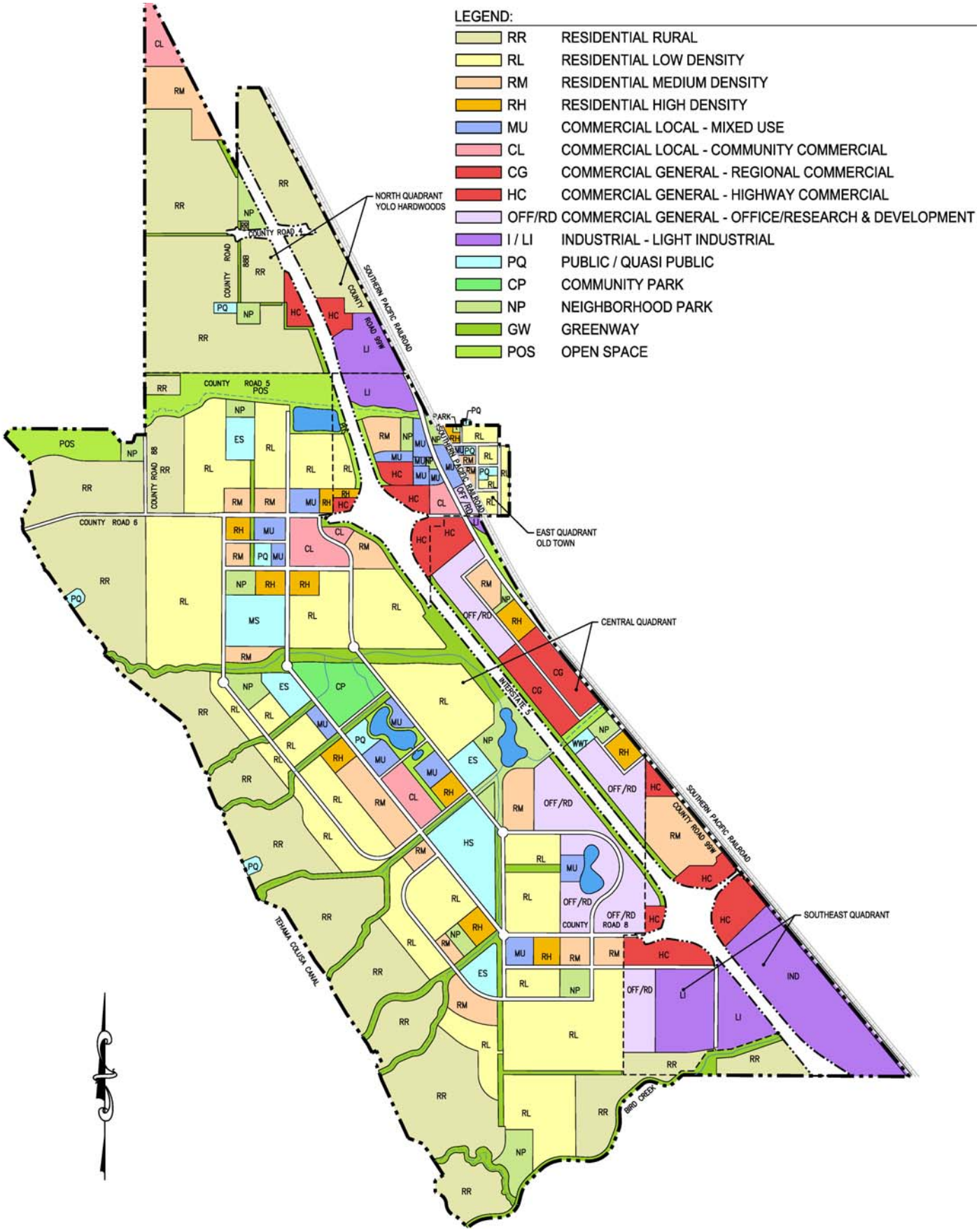


Table 2
Dunnigan Specific Plan
Public Facilities Financing Plan
Backbone Infrastructure and Public Facilities Cost (2013$)

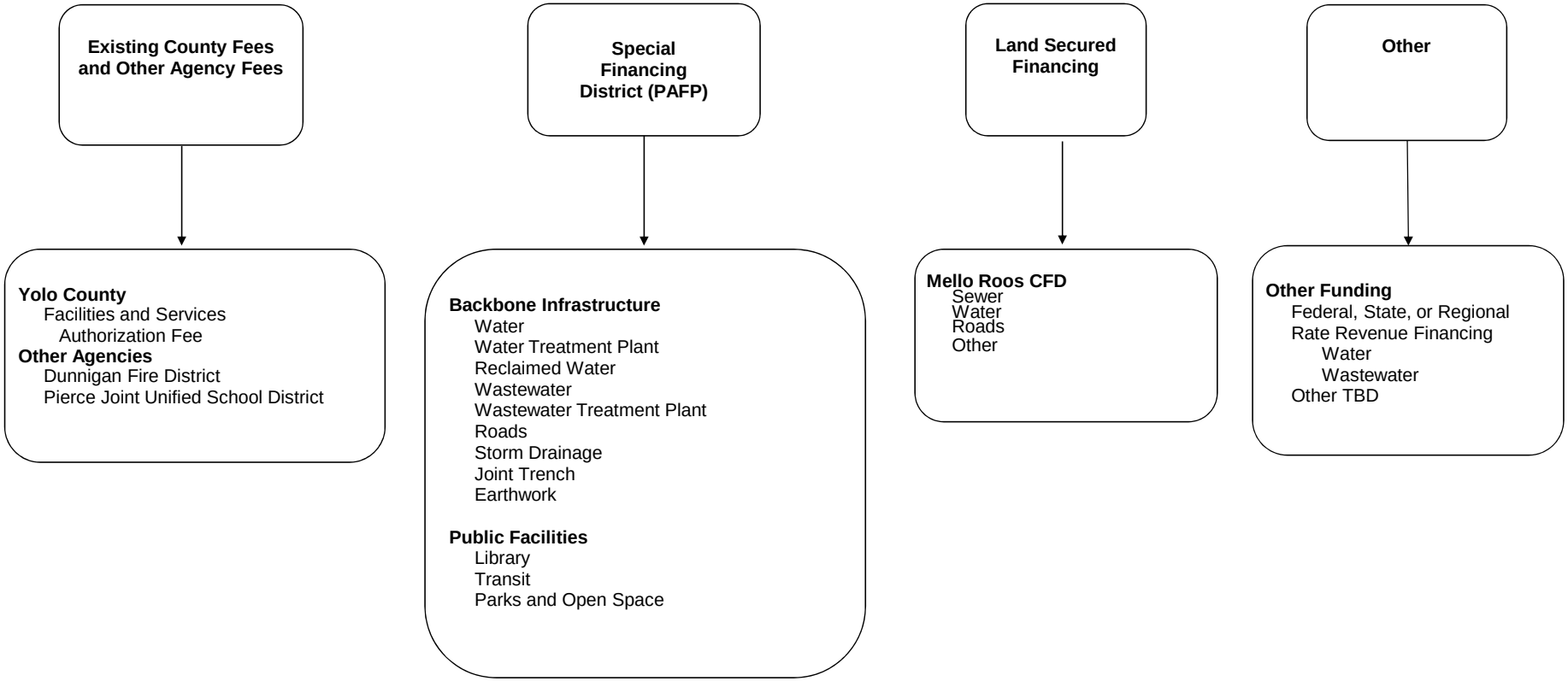
Item	Estimated Cost [1] Phase 1	Estimated Cost [1] Land Use at Buildout
Backbone Infrastructure and Public Facilities Costs		
Backbone Infrastructure		
Water	$6,931,000	$17,296,000
Water Treatment Plant	$18,626,000	$41,492,000
Reclaimed Water	$17,193,000	$27,979,000
Wastewater	$6,561,000	$11,048,000
Wastewater Treatment Plant	$20,294,000	$53,326,000
Roads	$19,906,000	$120,339,000
Drainage	$11,001,000	$30,502,000
Joint Trench	$6,587,000	$22,366,000
Earthwork	$360,000	$1,279,000
Subtotal Backbone Infrastructure	**$107,459,000**	**$325,627,000**
Public Facilities		
Library	$0	$6,300,000
Transit	$550,000	$1,100,000
Fire	$6,750,000	$6,750,000
Park and Open Space	$7,146,000	$48,316,000
Sheriff	$6,300,000	$6,300,000
Corporation Yard	TBD	TBD
Schools [2]	$14,955,000	$49,254,000
Subtotal Public Facilities	**$35,701,000**	**$118,020,000**
Subtotal	**$143,160,000**	**$443,647,000**
Contingency - 5% (rounded) [3]	$6,410,000	$19,720,000
Total	**$149,570,000**	**$463,367,000**

summ_costs

Source: EPS.

[1] Amounts are rounded to the nearest thousand.
[2] The schools cost is equal to the school fee revenue generated by the project.
[3] The contingency is estimated as 5% of all other costs excluding schools.

Figure 2
Dunnigan Specific Plan
Public Facilities Financing Plan
Summary Funding Programs at Buildout



Source: EPS.

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Table 3
Dunnigan Specific Plan
Public Facilities Financing Plan
Sources and Uses of Funding: Buildout (2013$)

Item	Buildout Estimated Costs	Buildout Funding Sources				
		Existing County Fees	Fees Paid to Other Agencies	Special Financing District (PAFP)	Land Secured (e.g. Mello-Roos)	Other
			[1]			
Infrastructure and Public Facilities						
Backbone Infrastructure						
Water	$17,296,000			X	X	X
Water Treatment Plant	$41,492,000			X	X	X
Reclaimed Water	$27,979,000			X	X	X
Wastewater	$11,048,000			X	X	X
Wastewater Treatment Plant	$53,326,000			X	X	X
Roads	$120,339,000	X		X	X	
Drainage	$30,502,000			X		
Joint Trench	$22,366,000			X		
Earthwork	$1,279,000			X		
Subtotal Backbone Infrastructure	**$325,627,000**					
Public Facilities						
Library	$6,300,000	X		X		
Transit	$1,100,000			X		
Fire	$6,750,000		X			
Park and Open Space	$48,316,000			X		
Sheriff	$6,300,000	X		X		
Corporation Yard	TBD	X				
Schools	$49,254,000		X			
Subtotal Public Facilities	**$118,020,000**					
Total	**$443,647,000**					

su_bo

Source: Yolo County and EPS.

[1] Other Agency Funding includes:
Fire: Dunnigan Fire District
Schools: Pierce Joint Unified School District

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Table 4
Dunnigan Specific Plan
Public Facilities Financing Plan
Infrastructure Burden (2013$) [1]

Item	Residential					Nonresidential					
	Estates	Low Density	Medium Density	High Density	Res. Units in Nonres. Land Uses	Highway Commercial	Commercial General	Commercial Local	Office Park / R&D	Industrial	MU
Valuation (Per Unit/Sq. Ft.)	**$425,000**	**$340,000**	**$221,000**	**$127,500**	**$127,500**	**$200**	**$200**	**$200**	**$200**	**$100**	**$200**
Infrastructure Burden											
Development Fees [2]	**$29,038**	**$22,697**	**$17,867**	**$13,014**	**$10,962**	**$3.72**	**$3.73**	**$3.73**	**$4.03**	**$2.43**	**$3.72**
Plan Area Fees [3]											
Water	$1,809	$1,809	$1,809	$1,357	$1,357	$0.66	$0.66	$0.66	$0.55	$0.42	$0.55
Water Treatment Plant	$3,980	$3,980	$3,980	$2,985	$2,985	$1.46	$1.46	$1.46	$1.22	$0.91	$1.22
Reclaimed Water	$2,927	$2,927	$2,927	$2,195	$2,195	$1.08	$1.08	$1.08	$0.90	$0.67	$0.90
Wastewater	$1,365	$1,365	$1,365	$1,024	$1,024	$0.14	$0.14	$0.14	$0.14	$0.14	$0.14
Wastewater Treatment Plant	$5,979	$5,979	$5,979	$4,484	$4,484	$0.60	$0.60	$0.60	$0.60	$0.60	$0.60
Roads	$7,614	$7,614	$7,614	$4,674	$4,674	$12.44	$12.44	$12.44	$8.74	$6.93	$4.67
Drainage	$5,033	$2,104	$1,234	$754	$754	$2.90	$2.90	$2.90	$2.41	$1.81	$2.15
Joint Trench	$7,867	$2,741	$965	$368	$368	$1.26	$1.26	$1.26	$1.05	$0.79	$1.05
Earthwork	$450	$157	$55	$21	$21	$0.07	$0.07	$0.07	$0.06	$0.04	$0.06
Library	$696	$696	$696	$522	$522	$0.26	$0.26	$0.26	$0.19	$0.07	$0.22
Transit	$70	$70	$70	$43	$43	$0.11	$0.11	$0.11	$0.08	$0.06	$0.04
Park and Open Space	$6,617	$6,617	$6,617	$4,963	$4,963	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Sheriff	$696	$696	$696	$522	$522	$0.26	$0.26	$0.26	$0.19	$0.07	$0.22
Corporation Yard	$0	$0	$0	$0	$0	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Subtotal Plan Area Fees	**$45,102**	**$36,754**	**$34,006**	**$23,912**	**$23,912**	**$21.25**	**$21.25**	**$21.25**	**$16.12**	**$12.52**	**$11.81**
Contingency (5%) [4]	$2,255	$1,838	$1,700	$1,196	$1,196	$1.06	$1.06	$1.06	$0.81	$0.63	$0.59
Total Plan Area Fees	**$47,357**	**$38,591**	**$35,706**	**$25,107**	**$25,107**	**$22.31**	**$22.31**	**$22.31**	**$16.93**	**$13.14**	**$12.40**
Total Infrastructure Burden	**$76,394**	**$61,288**	**$53,573**	**$38,121**	**$36,069**	**$26.03**	**$26.04**	**$26.04**	**$20.96**	**$15.57**	**$16.13**
Total Infrastructure Burden as a Percentage of Estimated Sales Price [5]	**18.0%**	**18.0%**	**24.2%**	**29.9%**	**28.3%**	**13.0%**	**13.0%**	**13.0%**	**10.5%**	**15.6%**	**8.1%**

burden

Source: Yolo County and EPS.

[1] Feasibility indicator is not applicable to secondary units.
[2] Includes all existing building permit and development impact fees applicable to new development.
[3] See Table A-1 for more information.
[4] Note excludes contingency on schools.
[5] As a guideline, a target range for total infrastructure burden is 15-20 percent of the home sales price. Feasibility Range, based on numerous feasibility analyses conducted by EPS over the last two decades, is described as follows:

Below 15%: Generally financially feasible.
15%-20%: May be feasible depending on other factors such as advance-funding requirements and absorption.
Above 20%: May be financially infeasible unless other components of the project pro forma are particularly advantageous.

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Table 5
Dunnigan Specific Plan
Public Facilities Financing Plan
Estimated Total Annual Taxes and Assessments as a Percentage of Home Sales Prices

Item	*Formula*	**Percentage**	Estates	Low Density	Medium Density	**High Density/Res. Units in Nonres. Land Uses** Owner-Occupied	Renter-Occupied
Assumptions							
Unit Sq. Ft.			371	3,233	2,189	1,006	1,006
Estimated Average Sales Price [1]			$425,000	$340,000	$221,000	$161,500	$127,500
Capacity for Taxes/Assessments							
1.8% Burden	*a*	1.8%	$7,650	$6,120	$3,978	$2,907	$2,295
Ad Valorem Taxes							
General Property Tax		1.0000%	$4,250	$3,400	$2,210	$1,615	$1,275
School G.O. Bonds		0.0000%	$0	$0	$0	$0	$0
Other *Ad Valorem* Taxes [2]		0.1000%	$425	$340	$221	$162	$128
Total Ad Valorem Taxes	*b*	**1.1000%**	**$4,675**	**$3,740**	**$2,431**	**$1,777**	**$1,403**
Preliminary Estimated Tax for Services [3]	*c*		$1,200	$1,300	$1,200	$900	$900
Proposed Max. Special Tax/Assessment for Infrastructure [4]	*d*		**$1,750**	**$1,050**	**$325**	**$225**	**$0**
TOTAL Taxes Assessments	*e=b+c+d*		**$7,625**	**$6,090**	**$3,956**	**$2,902**	**$2,303**
Taxes & Assessments as % of Sales Price			**1.8%**	**1.8%**	**1.8%**	**1.8%**	**1.8%**
Remaining Capacity for Other Taxes/Assessments							
1.8% Burden (Rounded)	*a-e*		**$25**	**$30**	**$22**	**$6**	**$0**

2%_test

Source: The Gregory Group and EPS.

[1] Residential assessed values based on data from the DSP Owners' Group and additional data from The Gregory Group. High-density values from BAE's Yolo County Economic Evaluation.
[2] Placeholder for existing or set-aside for potential future ad valorem taxes such as general obligation bonds.
[3] Placeholder based on the fiscal model.
[4] Property owners may wish to include renter-occupied units in an infrastructure CFD, but it is unclear at this time if there will be capacity to do so.