



MEMORANDUM

TO: Birgitta Corsello, Solano County Administrator
Daniel Keen, Vallejo City Manager
Michael Paluszak, Solano County Fairgrounds General Manager

FROM: Tom Sinclair, Municipal Resource Group
Elizabeth Shreeve, SWA Group
Jason Brandman, Michael Brandman Associates

DATE: January 24, 2013

SUBJECT: Solano360 Fairgrounds Project Management Status Report

This monthly status report on the Solano360 Fairgrounds project is provided by Municipal Resource Group (project manager), SWA Group (project land planner) and Michael Brandman Associates (environmental consultant).

Vallejo City Council/Planning Commission Joint Meeting Conducted

The Vallejo City Council and Vallejo Planning Commission conducted a Study Session regarding the Draft Solano360 Specific Plan on January 7, 2013. City staff and the project consultants provided an overview of the City/County/Fair joint planning process utilized in preparing the Draft Specific Plan and supporting documents. Questions and comments regarding the Draft Specific Plan tended to be focused on the financing aspects of the plan.

One particular financing matter that was discussed was the impression that the City of Vallejo would issue a \$24 million bond for the project, and that the City could use the proceeds of such a bond issue for other purposes in the City. To clarify this matter, the financial consultant for the project, Goodwin Consulting Group, explained that one component of the proposed financing strategy is the formation of a Mello-Roos Community Facilities District (CFD) for the Solano360 private-use parcels. The City would issue \$29.5 million in CFD bonds to pay for private development's share of project related infrastructure. The bonds would be repaid through annual levies on the private development parcels in the Solano360 Specific Plan area.

As a land-based bond, a CFD bond is secured only by the properties within the CFD; a CFD bond is not a City liability, nor is it a liability of properties that are not within the boundaries of the CFD. Because the CFD bonds are issued in this manner, the proceeds cannot be used for

any purpose other than the purpose for which the bonds were issued. The City acts as a “conduit” issuer; in other words, it issues the bonds, but without any recourse. The financing plan for the project does not contemplate any other bonds being issued by the City.

In the event that the City’s recent bankruptcy would make it infeasible for the City to issue CFD bonds, (although the first series of CFD bonds is not anticipated to occur for approximately six years), an alternative recommended by Goodwin Consulting Group would be for the CFD bonds to be issued by the Association of Bay Area Governments (ABAG) pooled finance program, or by other joint-financing programs that are available to public agencies. Under this alternative, the CFD bonds would still be secured only by the properties within the CFD. Issuing CFD bonds through ABAG or other joint-financing programs would not impact the City and County’s authority to build out the plan area consistent with an adopted Specific Plan.

A second financing topic that was discussed is the proposed issuance of Certificates of Participation (COPs) to finance the Fair facilities and the public property areas’ share of project related infrastructure. Six COPs are proposed to be issued over the course of phased development of the plan area, in a total amount of \$93.9 million. The bonds would be repaid through the net revenues generated by the project, including property taxes, sales taxes and other governmental revenues received by the City and County, as well as net Fair revenues and ground lease revenues received by the County. County and City staff are currently discussing equitable contributions from future revenues of the project toward the repayment of the COPs, which would be embodied in a Development Agreement that would accompany the Draft Specific Plan when considered by the Board of Supervisors and City Council.

Community Meeting on Solano360 Financial Topics to be Held on February 7, 2013

Because of the importance of the financing topics proposed for the Solano360 project, a community workshop will be held on February 7, 2013 at 6:30 p.m., in the Joseph Room at the John F. Kennedy Library, located at 505 Santa Clara Street in Vallejo. Staff and consultants will present and explain the proposed Fiscal Impact Analysis and Public Facilities Financing Plan, and will answer questions from the community. A facilitator retained by the City will conduct the meeting.

Draft Environmental Impact Report

The Draft Environmental Impact Report (DEIR) on the proposed Solano360 project was released on November 9, 2012. The public comment period on the DEIR was opened on November 9 and closed on January 10, 2013. The next step in the environmental review process is the preparation of a Final Environmental Impact Report (FEIR), including consideration of the public comments on the DEIR and responses to those comments. As both the County and City will rely upon the FEIR when they consider the Specific Plan, County and City staff will cooperate in the review of public comments and the preparation of the FEIR.

Development Agreement/Revenue and Cost Sharing Agreement

As mentioned above, County and City staff are meeting to discuss project cost and revenue sharing topics proposed for the Solano360 plan. These will be addressed in a Draft Development Agreement, which will also address vesting of development rights; phasing, financing and timing of the installation of public infrastructure; development impact fees; maintenance of public facilities and infrastructure; and other topics required to implement the Solano360 Specific Plan. It is anticipated that the Draft Development Agreement will be complete for review by the County and City along with the Specific Plan.

Design Guidelines

Chapter Four of the Draft Specific Plan sets forth the design concepts and guidelines for the plan area. The Draft Specific Plan also indicates that the County and City will create and adopt specific design standards for the plan area. County and City staff have been working on the design standards and anticipate that they will be complete for review by the County and City along with the Specific Plan.

Water Supply Assessment

On February 12, 2013, the Vallejo City Council will consider a Water Supply Assessment (WSA) prepared for the Solano360 Specific Plan, as provided in Appendix J of the Draft Environmental Impact Report. The California Environmental Quality Act requires the governing body for the water supplier/utility to approve the WSA prior to certifying an EIR for a major project.

Next Solano360 Committee Meeting

The Solano360 Committee, with representatives from the Solano County Board of Supervisors, Vallejo City Council and Solano County Fair Board will meet on February 11, 2013 at 5:30 p.m. in the multipurpose rooms on the 1st Floor of the County Government Center, located at 675 Texas Street, Fairfield, CA. An agenda will be posted on the Solano website on February 8, 2013.

Public Outreach

The County has created a link on its main website (www.solanocounty.com) to the Solano360 project (Solano360: Building the Solano County Fair of the Future). The link provides access to Solano360 Committee agendas, reports and other materials. In addition, County staff coordinates the distribution of notices of meetings by email to anyone who has requested notification.