



Buildout Reduction Program Citizens Finance Committee Report



Committee Members:

Bill Allen, Wayne Attoe, Ron Crummitt, Bob Hill, Jeannette Johnson, John Linder, Wayne Parrack, Gail Robinette, Wayne Ryburn

CCSD Staff:

Tammy Rudock, Bob Gresens, Art Montandon, Kathy Choate, Patrick Bradley

Outside Consultants:

The Natelson Dale Group—Roger Dale; RBF Consulting—Steve Bein, Jim McPherson, and Glenn Lajoie; Accounting—Leslie McGarry
Davidson Associates: Connie Davidson



Purpose of Reducing Buildout

- Maintain Cambria's quality of life
- Protect Cambria's forest and open space
- Conserve water
- Limit the growth-inducing impact of the desalination project
- Preserve a balance between potential growth and the sustained availability of public services



Goals of Buildout Reduction

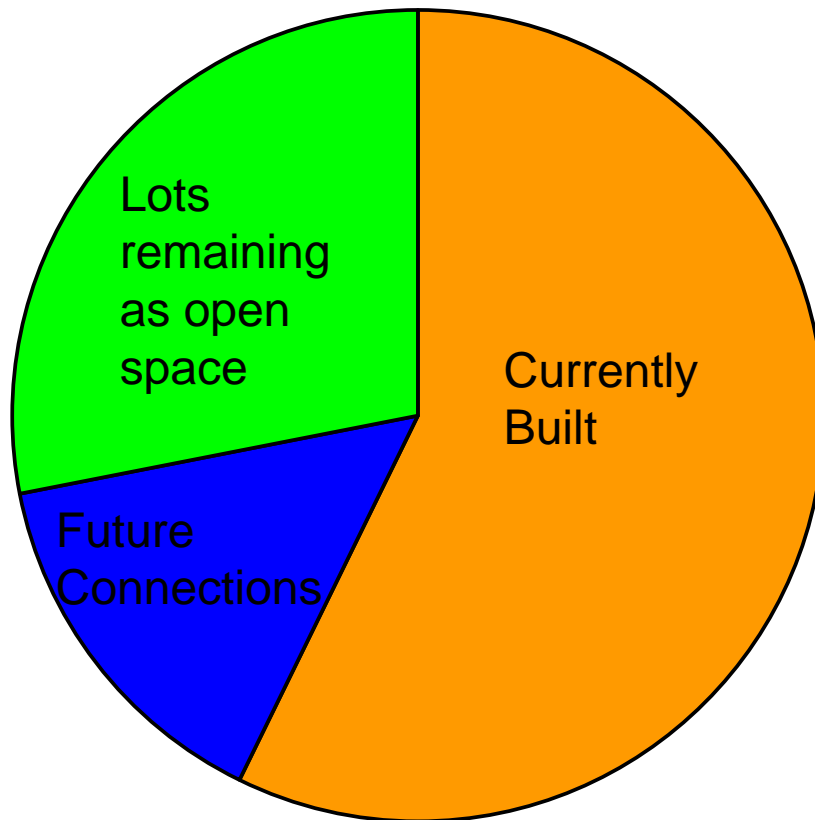
- Retire/merge enough building sites to match the 4,650 existing and outstanding residential water connections approved by the County Supervisors and CCSD Directors
- Meet a Coastal Commission recommendation made during a 2001 Periodic Review of the San Luis Obispo County Local Coastal Program
- Coordinate with the County's Environmental Impact Report (EIR) on the "Cambria and San Simeon Acres Community Plans of the North Coast Area Plan" and CCSD Water Master Plan Program EIR
- Determine funding sources and an equitable distribution of the costs for buildout reduction



Outcome of Buildout Reduction

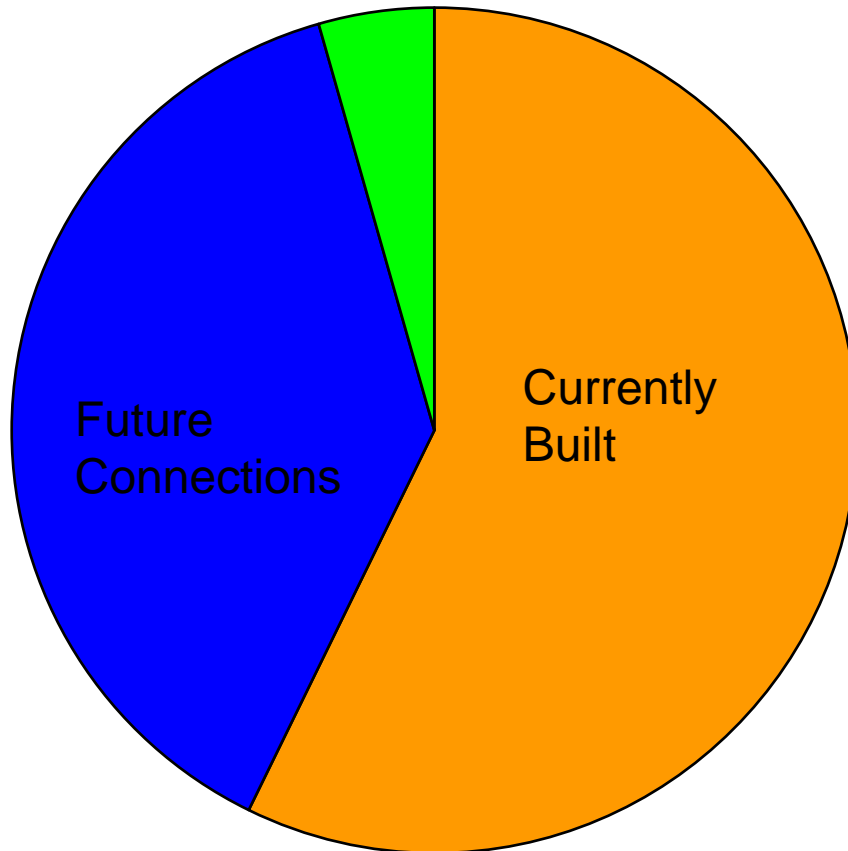
- 3,357 undeveloped lots preserved in perpetuity (28% of all lots in Cambria)
- A Cambria that is still in the pines
- A community that retains the qualities residents and visitors appreciate
- Resolution of future and long-standing planning and water shortage problems

Residential Lots With Buildout Reduction



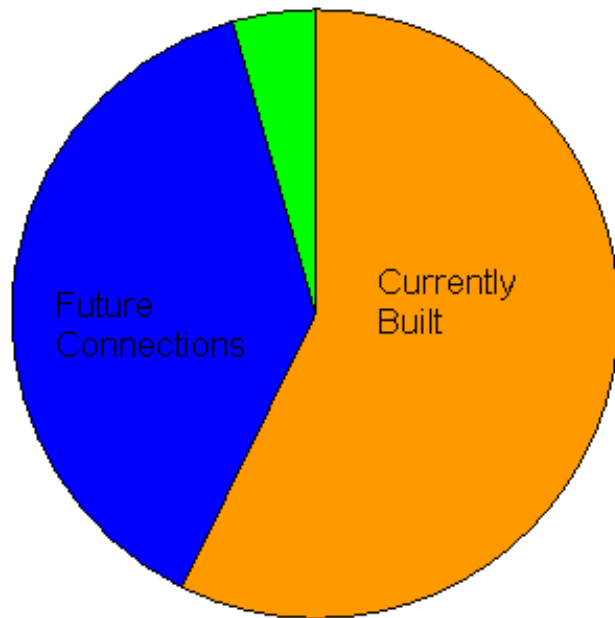
- Current residential lots
- Wait list, unallocated connections
- Open Space

Residential Lots Without Buildout Reduction

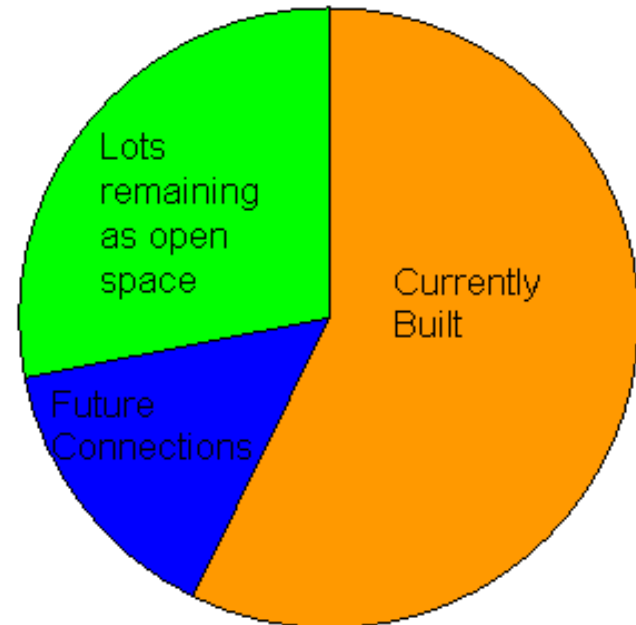
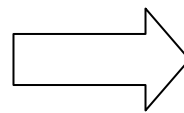


- Current residential lots
- Lots that could be developed
- Open space

Residential Lots With & Without Buildout Reduction



Without Buildout Reduction



With Buildout Reduction



Is Buildout Reduction Feasible?

- YES, it is economically feasible

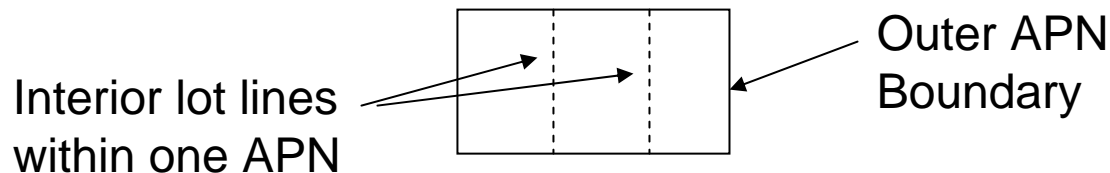
Key Definitions

■ Lot

- Legal unit of property that can be conveyed to another owner
- May or may not be a building site

■ Assessor's Parcel Number (APN)

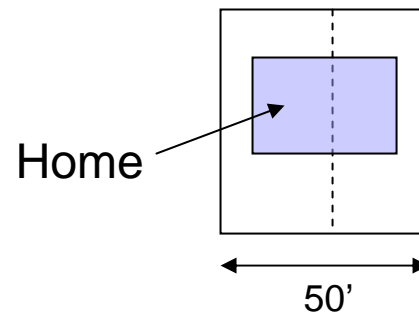
- Used for tax purposes
- One APN can be one lot or several lots



Key Definitions - continued

■ Building Site

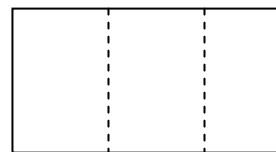
- Typically required to be > 3500 sf minimum & 50 feet of street frontage
- Two or more single lots often required in small lot subdivisions



Example Building site with two, 1750 sf lots

■ Lot Merger:

Combining two or more lots into a single legal lot: e.g.,



→
Merger



One APN w/ 3 lots

One APN & 1 lot

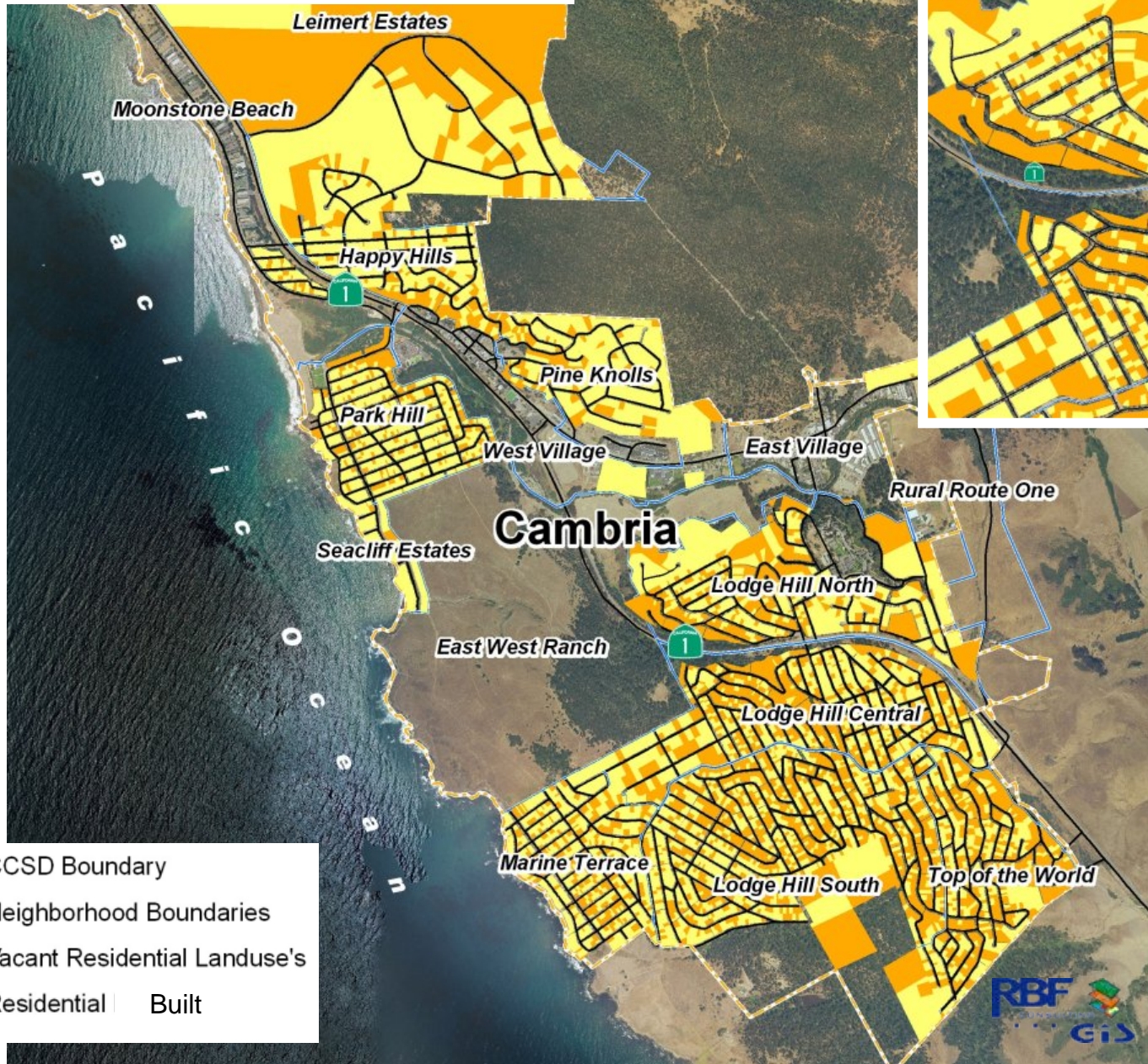


Key Definitions - continued

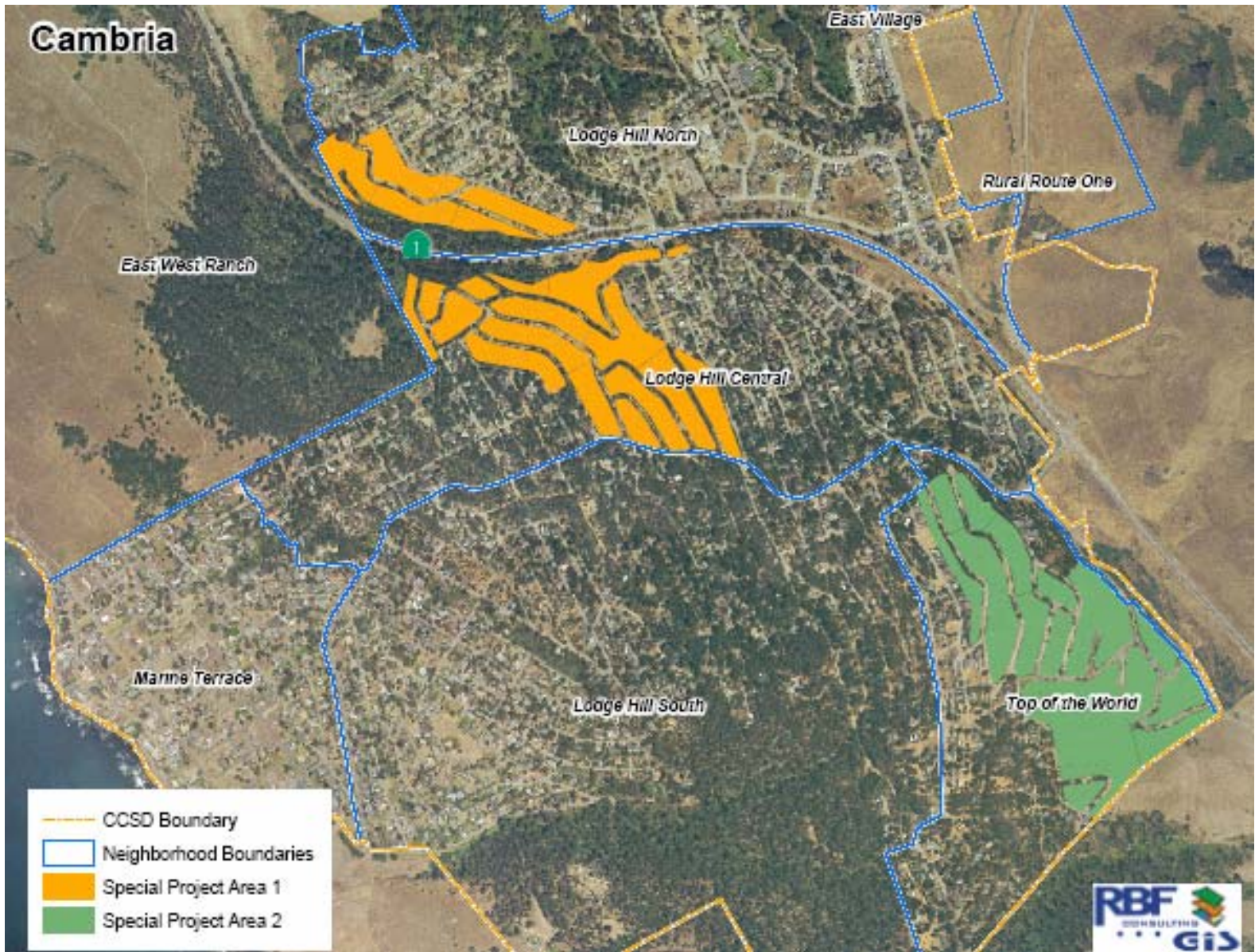
- Retired lot - legally restricted from obtaining any future water entitlement.
- Means for retiring lots:
 - Conservation & open space easements
 - Merger with other lots
 - Zoning & water use restrictions prohibiting construction or availability of water

Residential Lots

Vacant vs Built



Cambria



Vacant/Built Residential Lots

- 11,923: Total existing lots
- 6,838: Developed lots
- 5,085: Vacant lots
- 3,786: Current residential water connections
- 6: Pending connections
- 31: Outstanding Intent to Serve Letters
- 42: Grandfathered meters
- 701: Existing CCSD Wait List positions
- 84: Potential other CCSD water positions
- 4,650: Total maximum connections

Costs for Residential, Commercial and CCSD Waitlist Customers

- Residential water rate increase per month ~ \$ 8.81/ month
- Commercial water rate increase per month ~ \$ 39.40/month *
(* varies depending upon use)
- One-time residential buildout reduction fee (part of connection fees) for new construction \$10,127
- One-time commercial buildout reduction fee (per EDU) for new construction \$10,127
- One-time buildout reduction fee for major remodels (estimated) \$ 1,000

Total Cost of Program Over 22-Year Buildout Period

■ Land acquisition	\$29,313,000
■ Program Administration	2,200,000
■ Initial Weed Abatement	439,500
■ Transaction Costs ^[1]	2,931,300
■ Merger Incentive Costs	394,000
■ Contingency (10%)	3,549,600
■ Total Program Costs:	\$38,827,800

^[1] These include appraisal, title insurance, recording fee, escrow agent, buyer-paid commissions, and miscellaneous closing costs.



Program Funding Sources

- Additional fee for new water connections
- Special water rate increase
- Additional fee for remodels
- Sale of 65 of the 84 unallocated water connections that fall within the 4,650 cap



Steps in the Process of Selling Unallocated Water Positions

- CCSD transfers three unallocated residential water connections per year to approved land trusts
- Local land trusts sell the three water connections
- Proceeds used to purchase/retire potential building sites on the open market
- Lots retired with deed restriction or conservation easement
- Maintain lots and monitor restrictions after retirement



Lot Retirement Criteria

- Land trusts to choose lots for purchase or retirement only if property is a potential building site
- Adjacent to other retired lots
- Least cost for greatest benefit
- Important for habitat or open space protection
- No lot owner would be forced to sell

Cost Comparison with & without Sale of Unallocated Water Connections

	<u>With Sale of 65 Connections</u>		<u>Without Sale of 65 Connections</u>	
<u>Residential</u>				
Water Rate Increase:				
For Lot Acquisition	\$57	per year	\$118	per year
For Lot Maintenance	\$49	per year	\$49	per year
Total	\$106	per year	\$167	per year
Buildout Reduction Fee:	\$10,127	one time, per EDU	\$20,960	one time, per EDU
<u>Commercial</u>				
Water Rate Increase:				
For Lot Acquisition	\$255	per year	\$528	per year
For Lot Maintenance	\$218	per year	\$218	per year
Total	\$473	per year	\$746	per year
Buildout Reduction Fee:	\$10,127	one time, per EDU	\$20,960	one time, per EDU



Key Lot Data

- 4,650: max. existing/new residential connections
- 3,357: Lots to remain undeveloped
- 1,526: Lots already retired, owned by conservation groups, or in Special Project Areas
- 1,831: Lots to be retired/merged
- 952: Lots to be retired voluntarily
- 879: Lots to be purchased at fair market value

Program Funding Details

Sale of Unallocated Water

Connections	\$19,500,000	50%
Remodel Fees	\$1,100,000	3%
Water Rate Increase - Residential	\$5,832,896	15%
Water Rate Increase - Commercial	\$1,458,224	4%
Buildout Reduction Fee - Residential	\$8,749,344	23%
Buildout Reduction Fee - Commercial	\$2,187,336	5%
Total	<u>\$38,827,800</u>	<u>100%</u>



Program Implementation

- Approve Buildout Reduction Program
- Approve and Adopt Water Master Plan Program EIR
- Adopt Water Master Plan
- Incorporate Proposed Water Rate Adjustment into Water and Wastewater Rate Analysis and Modeling Study to be performed by Black and Veatch
- As funds accumulate, make them available for lot purchases and retirements.
- Begin transferring meters (three a year) to land trusts for sale, subject to lifting of moratorium
- Lift moratorium once the desalination project has made substantial progress and is nearing completion.
- Begin offering Intent to Serve Letters to waitlist positions



Program Timing

- Following adoption of the Water Master Plan and completion of the Water and Wastewater Rate Analysis and Modeling Study, portions of the Buildout Reduction Program could be launched as early as Spring 2007



Actions Needed to Ensure Success of Program

- Limit water/wastewater service to building sites within current CCSD boundaries
- Incorporate Buildout Reduction Program into EIR for Water Master Plan as a monitored mitigation measure
- Special Project Area 2 to have same development restrictions as Area 1



Public Outreach

- Town Hall Meeting – May 16, 2006
- Letters to wait list and lot owners following Town Hall meeting
- CCSD newsletter, web site and billing inserts for ongoing updates
- Press releases for local newspaper coverage



Recap of Program Benefits

- Maintain Cambria's quality of life
- Protect Cambria's forest and open space
- Conserve water
- Limit the growth-inducing impact of the desalination project
- Preserve a balance between potential growth and the sustained availability of public services

Contact

- Questions and/or comments should be addressed to CCSD General Manager Tammy Rudock (trudock@cambriacsd.org)