Developer Workshop Questions from 10/17/07 Platinum Triangle Meeting

Q: If $400,000/year/acre is maximum; what is minimum? Is $400,000 subject to 2% escalator? If $400,000 is worst case scenario, what is that worst case and are you likely to be in that position? If $70,000/acre +/- worked a year ago, why not now? As you fine-tune: increase in units is 80%, increase in cost of improvements is 40%, then tax goes to $400,000, what are changes to cause such a large increase?

A: The $400,000 special tax per acre of approved property was estimated based on the maximum bonding capacity for all of the property expected to be within the boundary of the CFD at the time of formation, and an estimated absorption schedule. Due to the difficulty in predicting the timing of bond sales, future absorption and the amount of approved acres that will be available each year, we used very conservative assumptions.

The prior number of $70,000 per acre was calculated using a different methodology. At that time, we only looked at the existing approved property and set the rate to be sufficient to support the first bond issue. At the time, we had fewer but larger bond issues, so that approach made more sense than it does today.

Subsequent to the last developer meeting, the City has continued to analyze the appropriate level of the approved special tax. While we appreciate your concerns regarding this tax burden, we also need to ensure that the City will have sufficient special tax revenues to sell bonds in a timely manner. We have determined that on average an acre of developed property will pay approximately $100,000 per year in special taxes. Therefore, we have decided to reduce the maximum special tax for approved property to this same level.

The approved special tax of $100,000 will escalate by 2% each year. In addition, approved special taxes are only levied if additional funds are needed after taxes have been levied on developed property at 100% of the assigned special tax and approved property at up to 90% of the maximum special tax. Therefore the actual amount of special taxes levied on approved property will vary each year based on the amount of existing and developed property, the bonds that have been issued, and acreage of approved property.

Q: What is earliest occupancy?
A: June 2008

Q: Is $70 million increase included in $250 million total?
A: Yes, the $70 million is in addition to the $180 Million adding to $250 Million.

Q: Why the difference between $250 million and $285 million?
A: The $250 million is the construction cost in today's dollars. The $285 is the cash flow escalated for future inflation.

Q: Does levy on approved property only cover debt service and administrative expenses?
A: We will clarify in the RMA that special taxes will not be levied on approved property to pay directly for facilities

Q: Is tax on net or gross acreage of parcel? Does an offer of dedication count toward acreage or does that offer have to be accepted? Are there some streets (such as State College) not included in gross?
A: Special taxes will be based on gross acreage as shown on the Assessor's Parcel Map. The Assessor generally will pick up offers of dedication that are included on a recorded tract map. Public streets with separate APNs will not be taxed.

Q: How was cost escalation for engineering, construction and right of way decided?
A: Engineering and Construction were escalated at a rate of 3%/year and right-of-way was escalated at 5%/year consistent with current grant application standards.

Q: Does $70 million include right-of-way? Any salvage value assigned to remaining?
A: Yes, the estimates include right of way costs. Any salvage value would be reimbursed to the CFD.

Q: Are any storm drains going to OC Flood Control? Is County funding possible?
A: Mainline storm drains may go to OCFC but there is no County funding available.

Q: What is timing for grant eligibility for grade separation?
A: We are applying now for one of a few funding opportunities for the grade separation. As grants are compiled for this project an actual schedule will be put together.

Q: The $41.3 million in miscellaneous revenues on tax spread 47, is that interest or supplemental grant funding?
A: This is the sum of 1) the bond-funded debt service reserve funds; 2) estimated interest earnings on the reserve fund; and 3) bond-funded capitalized interest.

Q: Why cost increase vs. additional density and how will it affect taxes?
A: The cost increase accommodates additional improvements (mitigation measures) to serve the additional density. Taxes could be less than anticipated if and when the maximum approved density in the Platinum Triangle is reached.

Q: Can impact fees be refunded later?
A: Impact fees that are paid for improvements to be funded by the CFD will be refunded once the CFD is formed.

Q: Why are existing businesses being assessed too? They already have services provided.
A: Existing businesses are not being taxed for any capacity improvements that are required to serve the additional density. The tax share for existing properties is only for area-wide improvements like landscaping, street lighting, and drainage facilities will provide benefit to the existing properties.

Q: Will Maintenance Assessment District be presented in a future meeting?
A: Yes, a future meeting for the AD will be held and the details of that proposal will be provided. Those numbers are not available at this time.

Q: Why the increase from last year to this year? Are the construction costs that much greater this year than last year? Could we see $70 million increase shown project by project?
A: Unit prices remained the same as last year's estimates. Only the scope was expanded to accommodate the improvements needed to support the additional density. The website has a table showing the cost increase by project. The table is in the link titled "Anaheim Platinum Triangle Cost Summary Comparison". The EIR Appendix J also has a description of the additional improvements. Appendix J is also available on the website.

Q: What is the availability of tax increment revenues from the Stadium site to help the infrastructure program?
A: The possibility of tax increment revenues was researched from the Stadium funding portions of the CFD, either making improvements or "buying down" the tax rate. Unfortunately, any of that funding could only be used to benefit the Stadium property. It could not be used to reduce the cost of the CFD for the entire Platinum Triangle. Using tax increment to fund a portion of the CFD would only result in a tax reduction on the Stadium property which is not recommended.

Q: Please provide a listing of those construction projects that may be eligible for grant funding, and the proceeds which could be achieved under the grants. I understand that some of the grants may be somewhat speculative but a listing will help us all evaluate funding possibilities.
A: We have just begun the application for grants for the State College Grade Separation. The likely grant amount is $5 million from the PUC. As OCTA or the State conducts calls for projects we plan to submit this project for consideration. 10% of the cost would also be paid for by the railroad company. The total cost of this project is anticipated to be between $60 and $70 million. The timing for this project factors on the need as development proceeds and funding constraints.

The second project that is eligible for grant funding is the Gene Autry Way (West) Project. This project is also estimated at $60 million. The CFD will only be funding approximately 25% of this project. The balance will be paid for by grants.

Q: Question about pre-paying CFD being common, is there a way to come up with denominator/differences? Sliding scale?
A: The prepayment formula has been revised to take into account the facilities funded by those properties that are considered Developed Property, Approved Property, and Existing Property at the time of calculation. As additional properties become Approved Property, the share of facilities expected to be funded by the CFD will increase, up to the total cost of authorized facilities (as escalated). If the Platinum Triangle builds out as expected, the amount of facilities per unit will be lower than it is today, and therefore properties that prepay during the early years may pay more than properties that prepay later on.