

# Woodlands Community LLC

Mr. Dave Flynn  
Deputy Director – Public Works  
San Luis Obispo County  
1055 Monterey Street  
San Luis Obispo, CA 93408

May 29, 2013

Re: Modification of Woodlands Traffic Fee Agreement

Dave –

Thank you for continuing to meet with us periodically regarding the Traffic Fee Agreement between the Woodlands and San Luis Obispo County. As you know, the Woodlands entered into the Traffic Fee Agreement with San Luis Obispo County on May 3, 2006 (as amended on November 4, 2008 and August 23, 2011) to provide funding for the Willow interchange. The payments in the agreement assumed certain development uses as calculated in the Traffic Fee Payment Schedule.

Given that the Willow interchange is now complete and paid for with substantial funds by the Woodlands as well as other sources, and as explained below the uses of the Woodlands have changed materially, it is appropriate to review and update the agreement.

To date, the Woodlands has paid \$14,775,535 and based on the current agreement, there remains a payment of \$1,279,456 on August 15, 2013 and \$1,292,124 on August 15, 2014.

The Traffic Fee Payment Schedule was calculated on the basis that the Woodlands, at build out, would fully develop the following uses:

1. 1320 residential units (single-family and multi-family)
2. 140,000 square feet of Commercial Retail (CR)
3. 734,500 square feet of Commercial Service (CS)
4. 500 room hotel (Rec R)
5. 3 golf courses (Rec GC)
6. 3 units of Public Facility (Water) PF W

With the passage of time including the recent economic downturn and the changing nature of consumer demand, the uses at the Woodlands have been substantially reduced - especially the commercial uses. As a result, the ownership group at the Woodlands has determined it is not at all viable to develop to the maximum extent of their entitlements as assumed under the Traffic Fee Payment Schedule.

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Specifically, the following development use reductions are being implemented:

1. CR will be reduced from 140,000 square feet to a **maximum** of 75,000 square feet (we are projecting 50,000 square feet but this give us some extra room for CR development).
2. CS will be reduced from 735,000 square feet to a **maximum** of 200,000 square feet
3. Rec R (hotel) will be reduced from 500 rooms to a **maximum** of 300 rooms.

With the above noted development reductions, and given the fact that we have prepaid many years in advance traffic fees for all of the residential and golf uses and \$ 3.5 million of traffic fees for future commercial use (which could take over ten years to achieve), it is appropriate to reduce the traffic fee amounts.

However, as the Willow interchange is completed, rather than try to recalculate the fees based on these revised uses the Woodlands is suggesting that the fees already prepaid be applied to cover all of the development of residential and golf, with the remaining prepayments of about \$ 3.5 million being applied to commercial uses until such time as those fees are exhausted. If there is any commercial development thereafter, those fees would be paid at the then current traffic fee rate. As such, the Woodlands would ask that the Traffic Fee Agreement be modified as follows:

1. Dismiss the two remaining traffic fees payments of August 2013 and August 2014.
2. Dismiss the default clause in the Traffic Fee Agreement that punishes the Woodlands for non-payment.
3. Apply the remaining credits first toward the balance of residential construction and future golf and the balance toward commercial construction (see attached exhibit).
4. After the balance of remaining credits available to commercial construction is exhausted, future commercial construction (if any) would pay traffic fees at the then current rate.

We look forward to your review of our request and follow up.

Regards,



Dan R. Garson

The Woodlands

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**Traffic Fee Formula Table (re Condition 34 of Development Plan S990187U) Amended 2008/2011**

**A**

Use	Unit	Quantity (original)	PHT/Unit	Fee/PHT	Traffic Fee
1 SFR (2004 fee)	per residence	151	1	\$ 6,802	\$ 1,027,102
2 SFR (2005 fee)	per residence	1069	1	\$ 8,516	\$ 9,103,604
3 MFR	per residence	100	0.62	\$ 8,516	\$ 527,992
4 CR	per 1000 sf	140	3.75	\$ 1,448	\$ 760,200
5 CS	per 1000 sf	734.5	0.84	\$ 4,602	\$ 2,839,342
6 Rec R	per room	500	0.49	\$ 8,516	\$ 2,086,420
7 Rec GC (2004)	per hole	18	2.74	\$ 3,856	\$ 190,178
8 Rec GC	per hole	27	2.74	\$ 4,602	\$ 340,456
9 PF W	per employee	3	0.76	\$ 4,602	\$ 10,493
10					\$ 16,885,786 original fee
11					\$ 448,329 increases per the 2008 and 2011 amendments
12	NET TRAFFIC FEE				\$ 17,334,115 net traffic fee
13	AMOUNT PAID THROUGH MAY 2013				\$ 14,775,535

**APPLICATION OF TRAFFIC FEE PROPOSED MAY 2013**

**B**

Item	Value
1 AMOUNT PAID THROUGH MAY 2013	\$ 14,775,535
2 SUM OF RESIDENTIAL, GOLF AND PF-W (CURRENT AND FUTURE)	\$ 11,199,824
3 BALANCE AVAILABLE TO FUTURE COMMERCIAL CONTRUCTION	\$ 3,575,711