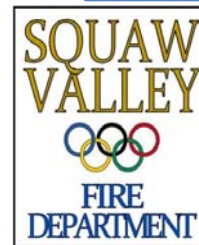




SQUAW VALLEY PUBLIC SERVICE DISTRICT



Resort at Squaw Creek - Phase 2 2nd Amendment to Development Agreement

DATE: October 25, 2016

TO: District Board Members

FROM: Mike Geary, General Manager

SUBJECT: Resort at Squaw Creek - Phase Two Project. 2nd Amendment to the Water & Sewer Service (Development) Agreement.

BACKGROUND: In December, 2008, the District and Resort at Squaw Creek (RSC) entered into a Water and Sewer Service Agreement, or Development Agreement (Agreement), for the Resort at Squaw Creek - Phase Two; after the District certified a Supplemental Environmental Impact Report (SEIR) for the project. The Agreement includes the terms under which the District would provide water and sewer collection services to the Phase Two project, which is expected to be built in three sub-phases and include as many as 460 bedrooms in 221 residential units and a structured parking facility. The types of units are currently proposed as follows:

- 188 units in a mid-rise building
- 24 units located in attached single-family townhome units
- 9 employee housing units

To receive water service from the District, the Agreement requires RSC to dedicate to the District its Well 18-3R with a minimum capacity of 110-gpm, which they currently use as their primary source of water supply for Golf Course irrigation and to meet their obligations to supply Squaw Valley Resort with water for the ski resort's snowmaking operations.

The Agreement required dedication of Well 18-3R by November 6, 2012 which was extended four-years to Nov. 6, 2016 when the District approved the 1st Amendment in 2012. As in 2012, the County recently approved extension of the Phase Two Project's Subdivision Improvement Agreements (SIA's). Placer County extended the date for completion of the Phase Two infrastructure improvements for the first two sub-phases to November 6, 2019.

RSC requested the District to extend the November 6, 2016, date for the dedication of Well 18-3R in the Agreement to November 6, 2019 to align with construction timing under the new Placer County deadline for the infrastructure improvements.

DISCUSSION: The 2nd Amendment primarily extends by three-years the deadline for the dedication of Well 18-3R to the District; from November, 2016 to November, 2019. There are other deadlines that get extended too; they are for RSC's dedication of a Water Treatment Plant Site (WTP), District's construction of a WTP, and the District's License to Explore for Wells.

It includes other provisions that are clarifications to the original Agreement. Specifically, there are clarifications on what types of easements, equipment, and activities are necessary to implement the Irrigation Rollback required in the original Agreement and necessary to operate and maintain Well 18-3R. Milestones for improvements to Well 18-3R and for transition of ownership from RSC to the District are identified in the 2nd Amendment. The 2nd Amendment also allows RSC's irrigation rollback to be proportionate with the construction of Phase Two. Additional details on required infrastructure improvements are included as well.

The time available for RSC and District staff to negotiate the 2nd Amendment was compressed as a result of the time necessary for the County to research, prepare and approve the 3rd Amendment to the Phase Two Project's Subdivision Improvement Agreements (SIA's) between RSC and the County, which was completed earlier this month.

If the final version of the 2nd Amendment to the Agreement is not complete by the Board Meeting on October 25, 2016, then a Special Board Meeting may be required to consider approval of, and take action on, the 2nd Amendment prior to the November 6, 2016 deadline to dedicate Well 18-3R.

- ALTERNATIVES:**
1. Authorize the General Manager to execute the 2nd Amendment to the Water & Sewer Service Agreement for the Resort at Squaw Creek - Phase Two Project between Squaw Creek Associates, LLC and the Squaw Valley Public Service District. Approve Resolution 2016-21.
 2. Do not authorize staff to execute the 2nd Amendment and do not approve Resolution 2016-21.

FISCAL/RESOURCE IMPACTS: There are no direct fiscal or resource impacts to the District in extending the Water & Sewer Service Agreement for the Resort at Squaw Creek - Phase Two Project other than staff time to negotiate the terms of the 2nd Amendment. The Amendment primarily extends an existing Development

Agreement executed in 2008, extends the deadline for dedication of Well 18-3R to the District from 2016 to 2019, and provides clarity to some of the existing terms in the Agreement.

RECOMMENDATION: Authorize the General Manager to execute the 2nd Amendment to the Water & Sewer Service Agreement between Squaw Creek Associates, LLC and the Squaw Valley Public Service District for the Resort at Squaw Creek - Phase Two Project. Approve Resolution 2016-21.

ATTACHMENTS: The 2nd Amendment to the Water & Sewer Service Agreement between Squaw Creek Associates, LLC and the District. Resolution 2016-21.

The two attachments will be distributed at the Board Meeting on Tuesday, October 25, 2016 and posted on the District's website; they were under review and in the process of finalizing at the time this report was prepared and posted.

DATE PREPARED: October 22, 2016.