

EVANS FUN WORKS

Calif. Gen. Eng. Contractor #548284

Michael G. Evans

110 Sharp Road, Oroville, CA 95966

(530) 570-5498 - Fax (530) 533-5898

oneniceplace@sbcglobal.net

May 21, 2008

Mr. Chris Tellis
Interest Income Partners
P.O. Box 11087
San Rafael, CA 94912

RE: Heritage Circle Townhomes PD

Dear Mr. Tellis,

I enjoyed meeting you and learning of your successes and your ownership of the property known as Heritage Circle. As the point person for a team of creative professionals, I offer assistance to evaluate (or recreate) the project to meet your goals.

I have included herein a summary of where the planning process has taken the project and where the application stands at this time, including the filing fees and anticipated costs for securing entitlements for the Planned Development application.

I will also expand upon the work products completed to date, introduce the design team, identify additional items necessary to the project as it is currently proposed and summarize the approval process for this application.

Enclosed are documents that will support many of the discussion items below as follows:

- A) Existing zone code for R-4;
- B) Existing General Plan for Commercial;
- C) Existing zone code for PD;
- D) Tentative Map;
- E) Architectural plans;
- F) Landscape plan;
- G) County pre-application review summary;
- H) Cal-Trans initial comments;
- I) Filing fee breakdown;

PROJECT BACKGROUND

The parcel is located near Lake Oroville, is not owned by the major land ownership group headed by Dan Kohrtdt, (holding several surrounding parcels), and is one of only three R-4 (High Density) zoned parcels in the Oroville area, see item **A**, which is consistent with the General Plan designation of Commercial, see item **B**.

)

In order to achieve the allowed higher density, residential uses would be limited to condominiums, townhouses, duplexes or apartments. The design team, including Carl Von Barga of The Property Network and other interviewed local real estate professionals, discussed the viability of attached, for sale, high density residential units in the Oroville and/or Lake Oroville area. The owner concurred with the apparent product need, and while very few of these type of products have been constructed and marketed successfully in the area, market conditions appeared more favorable for second homes, vacation rentals and for “empty nesters” and “weekend warriors” desirous of high quality housing in a secure, recreational environment. The idea of no landscape maintenance responsibilities and the on-site recreational facilities were also well received. The owner felt there could be a niche for this product and the team pursued a design for high density, for sale townhouses.

The units are clustered in groups of duplexes and four-plexes, to minimize side-yard spaces, are two-story with attached two-car garages and are slightly less than 1500 square feet each.

The slope of the site also affected design criteria for garage access, therefore four floor plans were developed providing uphill, downhill and side-hill garage accessibility, see items E and F.

While the R-4 zoning allows a maximum of twenty units to the acre, the team chose twelve units to the acre to better fit this site, which preserves some of the mature oak trees and complies with PD open space requirements, see item C, for a total of 60 units on the five acres.

Given the site is located adjacent to a state highway and on a somewhat steep hill, access to the highway provides a challenge we chose to avoid, see item H.

The parcel is served by a single, private, unconstructed access easement on the north side of approx. 500 feet in length to Heritage Road, a County maintained road.

Current county code requires a secondary or emergency access when more than twenty parcels are served, thus requiring acquisition of a second access easement or an exception for cause, such as a connection to the future development of adjacent commercial lands to accommodate the required circulation (as proposed).

Phasing of the project for twenty units until said circulation is provided can also be proposed and may be allowed. State fire code changes may restrict the maximum cul de sac length to be 800 feet in this zoning designation, and is scheduled for adoption this summer.

Included in the plan are a recreation center with a pool and putting green, highlighting a landscape and architectural theme that utilizes the site features and the above concepts. The team has moved the application very near to the point of submittal to Butte County as the Heritage Circle plan depicted on the Tentative Map, see item D.

APPLICATION STATUS

To date, several investigations and work products have been produced, including:

- 1) Aerial topographic survey;
- 2) Boundary and tree survey;
- 3) Preliminary grading and drainage plans;
- 4) Arborist's oak tree report;
- 5) Wetlands delineation and biological survey;
- 6) Architectural design for buildings, streetscape, community center;
- 7) Artist's rendering;
- 8) Soils report;
- 9) Landscape plan;
- 10) Pre-application review by Butte County, see item G;
- 11) PD application component identification and 80% application formulation;
- 12) Will-serve letters from water and sewer districts (require updating).

DESIGN TEAM

Entitlements: *Evans Fun Works*

Engineer/Surveyor: Cranmer Engineering Inc., Oroville

Arborist: Howell It Is, Gridley

Environmental: Gallaway Consulting, Inc., Chico

Architect: Arcademe Architects, Chico

Soils: Holdrege & Kull, Chico

Landscape Architect: Land Image, Chico

APPLICATION COMPONENTS NEEDED

The County pre-application review uncovered Cal-Trans right of way concerns for the location of the southerly buildings and potential noise issues. Noise and traffic studies will need to be performed, either prior to or at the request of Butte County. Due to processing time delays at the County, we would recommend undertaking these items immediately and concurrently with submittal.

Since the PD zoning allows adjustments to setbacks, the design team felt the project as laid out would be submitted wherein the construction parameters of the walls along the south side would be adjusted to address noise issues and the setback minimized to accommodate the current design.

Legal documents for the organization of the Homeowner's Association and preliminary CCR's also need to be developed, with assistance from legal council or an experienced PD developer.

Butte County is very close to amending the minimum lot sizes to allow for PD's with footprint lot sizes and they have indicated the application may be submitted prior to final amendment to the General Plan for this error.) Minimum lot sizes should not be in the General Plan, they are zoning issues, and the erroneous inclusion renders the PD zone code useless, thus the need for the amendment.

Tellis, May 21, 2008

Pg. 4

Also required will be filing fees, see item I, Owner Authorization, updated title report, updated will-serve letters for water and sewer, off-site oak mitigation/or adoption of an in lieu of fee schedule (also currently in discussion at the County level) and the sewer and emergency road easement acquisitions from Heritage Road to project (previously discussed), see TPM at NE corner.

I expect some re-start expenses from the Architect and Engineer of approx. \$6000.00 to \$10,000.00 and application completion and processing, reproduction expenses, and possibly public meeting exhibits in the approx. amount of \$15,000.00 to \$20,000.00.

Please review the enclosed and let's further discuss. We can also introduce you to the design team members for additional discussions.

Thank you for the opportunity to assist you.

Sincerely,

Michael G. Evans

EVANS FUN WORKS