



CITY COUNCIL

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October 2, 2006

Via Hand Delivery
Planning Commission
Town of Moraga
329 Rheem Boulevard
Moraga, CA 94566

Re: General Development Plan - Palos Colorados

Honorable Commissioners of the Town of Moraga Planning Commission:

I am writing to state the City of Lafayette's continued objection under the Settlement Agreement to the Palos Colorados Project ("Project"). The Moraga Planning Commission should not approve the General Development Plan and Conditional Use Permit applications for several reasons.

First, the Planning Commission does not have authority to set the value of the Golf Course Fund. The Golf Course Fund arises out of a Settlement Agreement signed by three parties. Setting the value of the Golf Course Fund establishes policy for the Town, thereby exceeding the Planning Commission's limited authority to recommend and implement policy. Notably, as provided in section 20(e) of the Settlement Agreement, a decision by the Planning Commission on the Project that exceeds its lawful discretion is a breach of the Settlement Agreement.

Second, regarding the Golf Course Fund component of the Project, Lafayette notes that the conclusion of Richfield Investment Corporation's ("Richfield") analyst regarding the net present value of the Golf Course Fund is inaccurate. Among other deficiencies, Richfield's Report delays the start date for payments too long, sets the discount rate too high, and underestimates the rounds of golf and growth in greens fees.

Also, any cursory analysis would suggest that the start date selected by Richfield's analyst and the Town's peer reviewer is set too far in the future. The standard practice for golf course subdivision development is to construct the golf course first, in advance of the homes because the golf course serves as the primary sales attraction for home buyers. To presume that the golf course would be constructed after the homes are completed and occupied does not reflect real world practice, as homeowners would not stand for the dust and disruption. At the very least, then, the Planning Commission should demand that the peer review be recomputed to reflect an earlier golf course construction start and completion date that reflects real world practice.

Third, there is insufficient information regarding the Project's potential visual impacts. Specifically, Richfield has not yet completed photo simulations and story poles to demonstrate the visual impact of Lots 15-25, and has indicated that it will be several weeks before it can do so. Without such information, the Planning Commission cannot conclude that the Project is consistent with the Settlement Agreement.

Fourth, it is unclear whether the proposed Conditions of Approval for the Project include those conditions specified in Exhibit 2 of the Settlement Agreement because the proposed Conditions of Approval have not been provided to Lafayette.

Lafayette's objections to the Project as expressed in this letter are, of course, preliminary. Lafayette has only recently received: (1) Moraga's peer review of Richfield's Valuation Report, (2) Richfield's Valuation Report; (3) the Addendum to the EIR for the Project, (4) the Planning Department's Staff Report, and (5) the proposed Conditions of Approval. Consequently, Lafayette has not had the opportunity to prepare and submit its own golf course fund report and detailed analysis of the Staff Report and accompanying documents. Moreover, the photographic simulations and story poles illustrating the Project's potential visual impacts have not yet been prepared.

While we appreciate your desire to process this application expeditiously, Lafayette urges the Planning Commission to delay action on the Project until all the parties have had an opportunity to review and comment on the recently submitted information and receive and comment on the photographic simulations and story poles that have yet to be completed.

Most sincerely,

A handwritten signature in black ink, appearing to read "S.B. Falk". The signature is fluid and cursive, written in a dark ink on a white background.

Steven B. Falk
City Manager

cc: Michelle Kenyon, Esq.
Alicia Guerra, Esq.