

City of Hesperia

STAFF REPORT



DATE: December 19, 2017

TO: Mayor and Council Members

FROM: Nils Bentsen, City Manager

BY: Mike Blay, Director of Development Services
Dave Reno, Principal Planner

SUBJECT: Development Agreement – Tapestry Specific Plan

RECOMMENDED ACTION

The Planning Commission recommends that the City Council adopt Ordinance No. 2017-21, authorizing the City to enter into a Development Agreement with Hesperia Venture I, LLC regarding the Tapestry Specific Plan. (DA13-00002)

BACKGROUND

On January 26, 2016, the City Council adopted the Tapestry Specific Plan and certified the Environmental Impact Report. The Council also approved three tentative maps associated with the plan to create the phases as well as the subdivision for the first phase consisting of 2,104 dwelling units.

On November 27, 2017, the Planning Commission considered the draft Development Agreement. Five people spoke regarding the public hearing and addressed issues such as traffic impacts on Ranchero Road, emergency access, access to adjacent vacant properties, oversizing of infrastructure to accommodate future development and the sewer treatment plant. Following an explanation by the Developer's representative and City staff, the Commission voted 4-0-1 (Commissioner Heywood absent) to recommend that the City Council approve the Development Agreement.

ISSUES/ANALYSIS

City staff has completed negotiations with Hesperia Venture I regarding the attached Development Agreement. This agreement establishes general parameters under which the project may be developed and extends the term of entitlement for 25 years. Should the necessary infrastructure for the first six phases be completed, then the agreement may be extended for an additional 10 years. Finally, the City may also grant up to eight, one-year tolling periods upon request and upon approval of the City Council. The purpose of these tolling periods is in case the economy stalls and the conditions for development would prevent the timely progress on the project.

The Developer and City have agreed to establish a community facilities district ("CFD") that will levy a special tax on the Property, or portions thereof. The amount of the special tax levied by the CFD for Public Safety Services shall be in an amount necessary to make the Project "revenue neutral" to the City, i.e., sufficient to cover the gap between the cost of the Public Safety Services for the Project and the amount of ordinary property tax received by the City and

appropriated for such services, and shall include an annual automatic CPI adjustment with a minimum of 2% and maximum of 5%. Further, the developer has agreed to minimum staffing ratios for public safety services, including sheriffs deputies, code enforcement officers and animal control personnel.

Development Impact Fees (DIF) for street improvements shall be paid in two installments for each phase. For Phase 1, \$12 million shall be paid upon recordation of the first final tract map in Phase 1. The balance of the impact fees shall be due prior to the issuance of the building permit for the first production residential unit in Phase 1. For the remaining phases, 50 percent of the DIF shall be due upon recordation of the first map within that phase and the balance shall be due prior to issuance of the building permit for the first production residential unit within that phase.

The Developer will construct a wastewater treatment facility in Phase 1 of the Project, which may be expanded or modified during development of the Project. The wastewater treatment facilities constructed as part of the Project shall be transferred to City or City's designee. Therefore, all wastewater treatment facilities serving the Project shall be constructed to the standards established by the Victor Valley Wastewater Reclamation Authority ("VWVRA") or any successor agency.

The wastewater treatment facility must be completed prior to any occupancy in Phase 1 unless the City and the Developer agree to an alternate method for treating wastewater for Phase 1, such as connecting units to the City's sewer system.

As the Developer will indemnify the City and/or the Hesperia Water District ("District") for any costs incurred by City or the District to furnish water to the Project, the Developer shall be responsible for acquiring water rights in the Mojave Basin necessary to serve the Project. Such water rights may be acquired by Developer or City, at Developer's cost. Water rights acquired by Developer for the Project shall be conveyed to City as required during development of the Project. All acquisition of water rights is subject to approval by the Mojave Water Agency.

Similar to the street development impact fees, water connection fees shall be paid in two installments for each phase. The first 50 percent shall be paid upon recordation of the first final map within the phase. The balance shall be paid prior to issuance of the first building permit for a production residential unit within that phase.

Finally, the Developer has agreed to pay an annual development agreement fee. The Developer will pay \$50,000 annually during the effective term of the agreement. The first installment shall be paid to the City upon execution of this agreement.

The Development Agreement is consistent with the project analyzed in the Environmental Impact Report. In order to include the Agreement as part of the project, an addendum has been prepared. The addendum concludes that there are no significant impacts that will occur as a result of the development agreement that were not already discussed and disclosed in the previously-certified Environmental Impact Report.

FISCAL IMPACT

As mentioned above, the Developer has agreed to pay \$50,000 annually to cover the costs of administering this agreement. Additional costs to review subsequent applications for land use approvals and subdivisions will be addressed in the City's fee schedule and covered under a separate agreement with the Developer concerning plan review and inspections for public works and facilities within the Specific Plan. The Developer is responsible for paying all costs associated with these services.

ALTERNATIVE(S)

1. Provide alternative direction to staff

ATTACHMENT(S)

1. Draft Development Agreement
2. Exhibit "D" - Phase 1 Concurrency Plan
3. Exhibit "E" – Planning and Engineering Conditions of Approval
4. Addendum to the EIR
5. Ordinance No. 2017–21