

CITY OF YUBA CITY
STAFF REPORT

Date: March 2, 2010
To: Honorable Mayor & Members of the City Council
From: Community Development Department
Presentation By: Aaron M. Busch, Community Development Director

Summary

Subject: Council consideration of the request from Aztec Developers who have requested that they be relieved of the requirement to prepare a Master Plan for the El Margarita Road area so that they can apply for the development of their property with an Independent Living Facility and office complex.

Recommendation: Staff recommends that the City Council authorize Aztec Developers to proceed with the development of their property without the requirement for the preparation of a Master Plan.

Fiscal Impact: None.

Background:

On March 15, 2005, the City Council approved a resolution adopting 12 growth policies for the City's Sphere of Influence (SOI) including the requirement to prepare either a Specific Plan or Master Plan prior to annexing into the City as shown in Attachment 1. The purpose for these growth policies was to ensure that as the City expanded into the SOI, new development would be comprehensively planned and designed to ensure that there was adequate infrastructure and public facilities to serve the new area. The 12 growth policies specifically focus on new development projects including provisions for the following elements:

- funding and infrastructure for schools;
- an affordable housing component;
- master drainage plans;
- financing mechanisms for roads, parks, public facilities, water, sewer infrastructure;
- residential design guidelines;
- water and sewer connection fees for trunk lines and plant improvements;
- development paying their own way for roadway improvements;
- payment of impact fees;
- payment of fees for levee improvements;
- formation of a Community Facilities District;
- community design policies in accordance with the General Plan; and
- extension of services when property annexed into the City.

One such area designated for the preparation of a Master Plan is the area located north of Franklin

Road, bisected by El Margarita Road (see Attachment 2). On December 19, 2006 the City Council approved a Rezone request by Valley Development to approve pre-annexation zoning for the majority of property within the Master Plan boundaries. The properties within the El Margarita Estates and Wilder Estates subdivisions (along with the 40 acres located between subdivisions) were excluded from the pre-annexation zoning approval due to concerns voiced by property owners within those respective subdivisions (see Attachment 2).

On April 26, 2007 the Local Agency Formation Commission (LAFCO) approved the reorganization of territory to annex the subject property to the City of Yuba City and detach the land from Sutter County.

Now that the subject area is annexed into city limits, the expected next step for the future development of any of the properties within the boundaries is the preparation of a Master Plan for the entire area. Recently however, staff was approached by Aztec Developers who represents the ownership of 20 plus acres at the north end of the Master Plan boundary along El Margarita Road as shown on Attachment 2. Aztec Developers is seeking City Council approval to be exempt from the requirement to prepare a Master Plan prior to the development of their property with an Independent Living Facility and office complex.

Analysis

The Master Plan and Specific Plan process ensures that all components associated with land development are comprehensively addressed. The City's 12 growth policies identify specific issues that must be addressed in order to proceed with the development of property designated within either a Master Plan or Specific Plan area. Regrettably, the preparation of a Master Plan (or Specific Plan) can be a lengthy and costly process to complete which is why Aztec Developers is seeking Council approval to exempt their property from the completion of a Master Plan in order to construct their project that they believe will provide an important benefit to the community.

Aztec Developers in their request to the City (Attachment 3) has indicated that they are partnering with Unity Health Care, LLC to construct a 126,000 square foot independent living facility with 88 apartment units, plus 21 duplex and triplex units, and 48,000 square feet of office space on their subject property at the northern boundary of the Master Plan area. According to Aztec, there is a very large demand for this type of project, but the timing for the financing of the proposed project is "extremely time sensitive". The requirement to prepare a Master Plan for their project, along with all of the other properties identified in the Master Plan area could eliminate their opportunity to develop the proposed project.

Aztec states in their letter, that concerns about proper infrastructure planning are already addressed as a result of the prior development of the River Valley High School project located immediately northeast of the subject property (across El Margarita Road). Water and sewer infrastructure, as well as drainage improvements are in place along the frontage of the subject property which allows the proposed project the opportunity for connection with those improvements which is consistent with the City's Master Utility Plans. Aztec has also prepared a preliminary traffic analysis of the proposed project which reveals that there should not be a significant increase in traffic on either El Margarita Road or Highway 20 as a result of this project.

Staff has performed a preliminary evaluation of the materials provided by Aztec and generally supports their findings. A more detailed evaluation will be necessary during the entitlement process should Aztec be allowed to proceed. In that regard, in order for the project to move forward without the requirement for a Master Plan, Aztec will be required to submit a Rezone request, General Plan

Amendment, Development Plan, and possibly a subdivision map. Through these various entitlement applications, staff will ensure that the project does not adversely impact surrounding properties, or affect the ability for other properties within the boundary of the Master Plan to develop. As part of the review of the above entitlements, staff will also ensure that the proposed project complies with the other components identified in the 12 growth policies, such as quality design, payment of impact fees and school fees, and formation (or annexation) of a Communities Facilities District in order to provide the necessary City services such as police and fire.

While staff strongly endorses the use of the Master Plan (and Specific Plan) process for those properties identified in Attachment 1, staff does support this request because of its proximity to existing city services and the relative ease it can connect with existing infrastructure. As Aztec notes in their request letter, the project will help meet several important needs for the community by providing quality living facilities for seniors, as well as new jobs and economic development opportunities. Therefore, staff supports the proposed request. However, to ensure that the property owner contributes their fair share of preparing a Master Plan document, Aztec Developers has agreed to contribute six percent of the cost of a typical Master Plan document. A typical Master Plan of this nature would cost approximately \$300,000, so Aztec's share would be \$18,000. The six percent figure was derived based on the fact that the 21 acre project represents six percent of the overall 352 acre Master Plan boundary. The details for payment of these funds will be finalized as part of the future entitlement process.

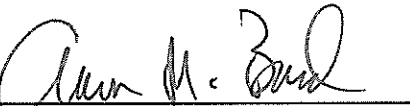
Fiscal Impact:

None. The developer of the proposed project will be required to pay all applicable application fees associated with the processing of their application requests.

Recommendation:


Staff recommends that the City Council authorize Aztec Developers to proceed with the development of their property without the requirement for the preparation of a Master Plan.

Prepared By:



Aaron M. Busch
Community Development Director

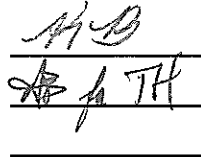
Submitted By:



Steven R. Jepsen
City Manager

Reviewed By:

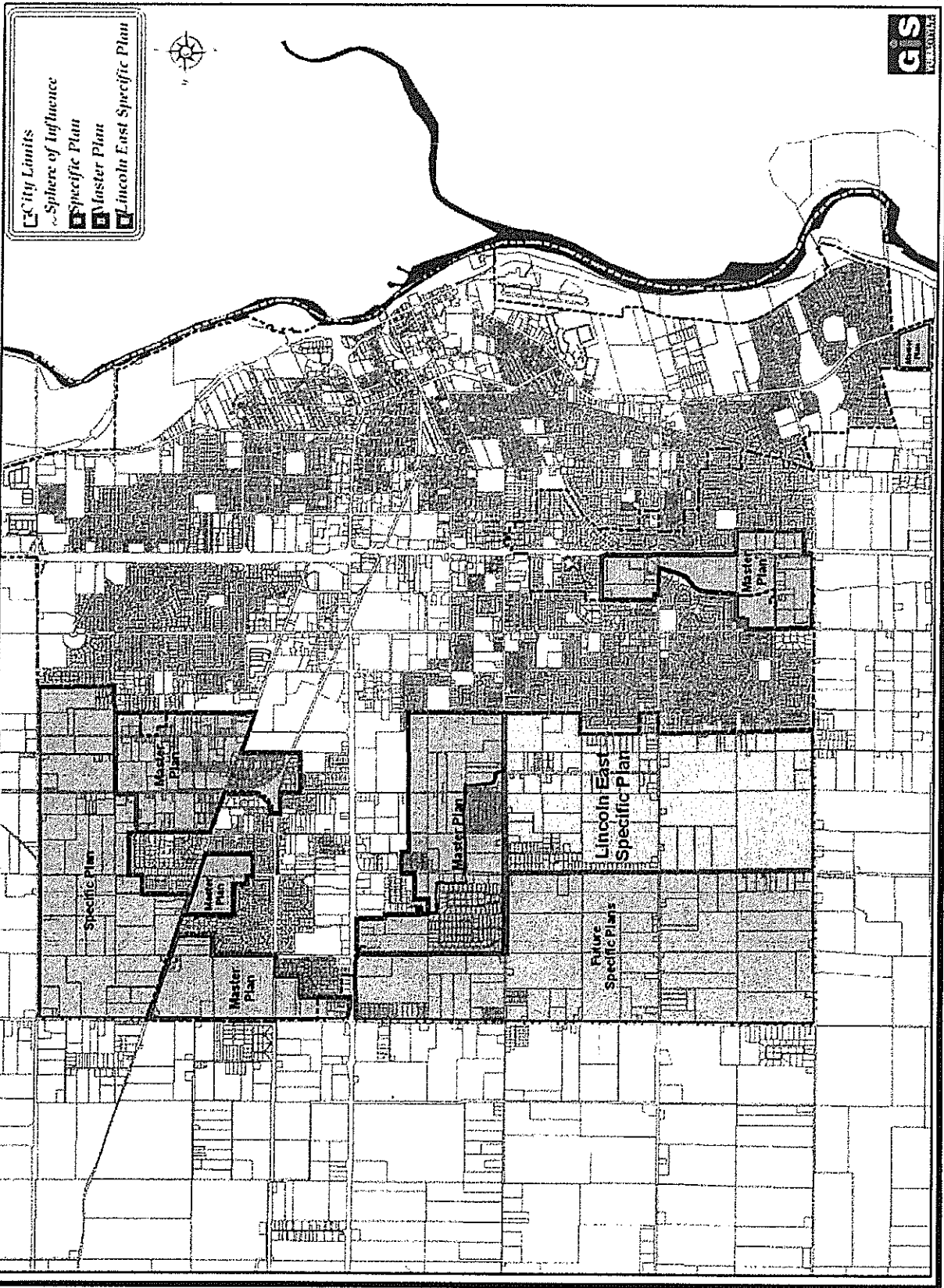
Finance
City Attorney
Other: (Name, Title)



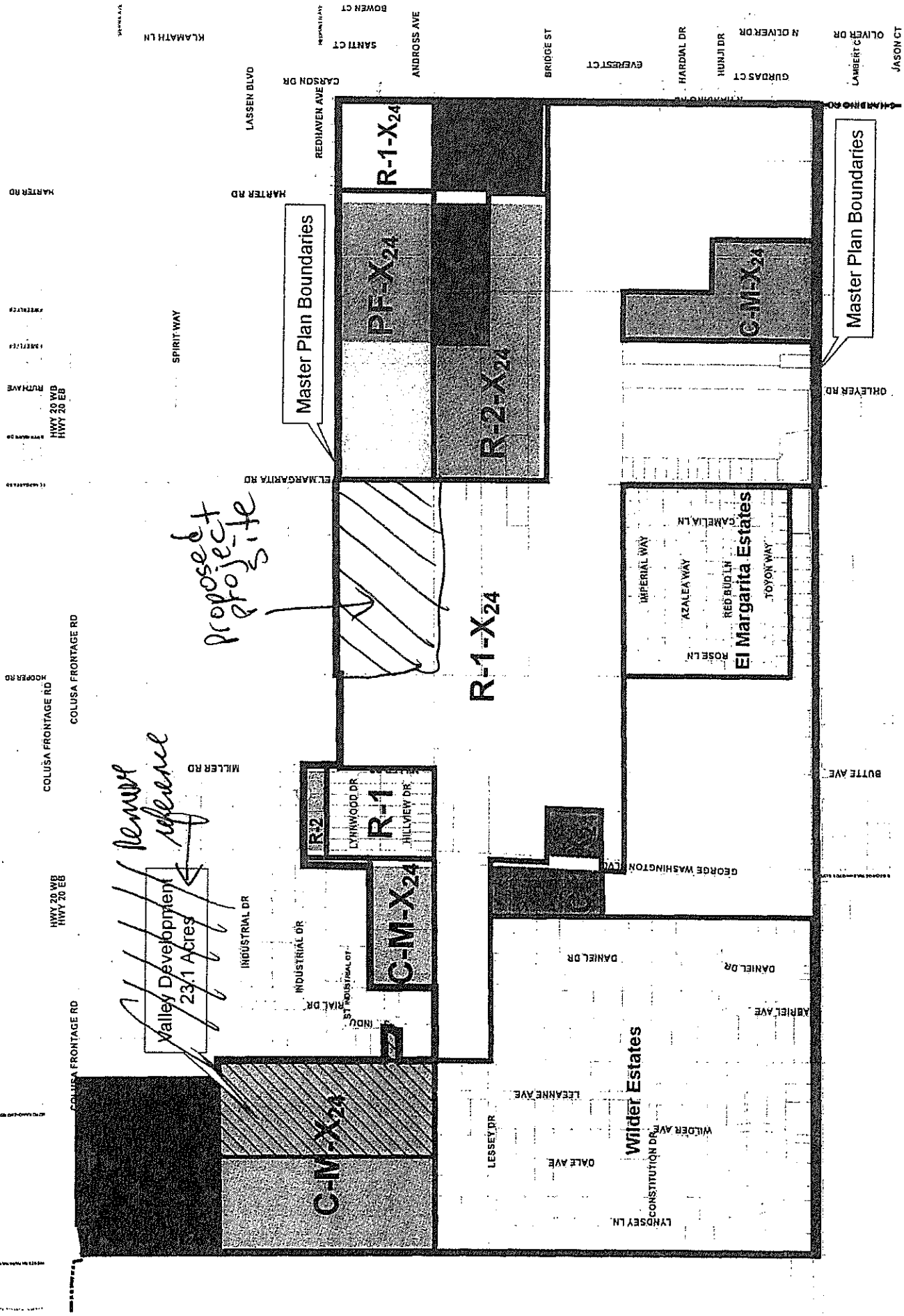
Attachments

- 1. Citywide Master Plan and Specific Plan Exhibit
- 2. El Margarita Road Master Plan Exhibit
- 3. Request from Aztec Developers

Yuba City Master Plan & Specific Plan Areas



Revised Pre-Annexation Area





February 10, 2010

Mr. Aaron Busch
City of Yuba City
1201 Civic Center Boulevard
Yuba City, CA 95993

Subject: El Margarita Independent Living and Office Park (APN 63-010-106 and 107)
Request for Exclusion from Master Plan Requirement.

Dear Aaron,

Aztec Developers Incorporated is proposing an Independent Living and Office Park project on El Margarita Road (APN 63-010-106 and 107). The project consists of an age restricted housing complex of duplex and triplex units incorporated around an independent living center. The project will also include an office park consisting of four buildings ranging from 8,000 sq. ft. to 16,000 sq. ft. The community of Yuba City is in need of both types of senior housing.

The property is currently located within the recently annexed land located north of Franklin Road. The annexation included a requirement that a Master Plan be prepared to address infrastructure needs for the entire area. This proposed project in today's economic climate is extremely time sensitive. Market and financing are favorable today but are susceptible to change. We are concerned that if this project had to wait for a Master Plan to be prepared, this project may never materialize. We feel this requirement should not apply to our subject properties because of previous constructed infrastructure and planning. The same conclusion could apply to the property directly across the street (APN 63-010-105) but we have not included the property in our request. We would understand if the City elected to include the property in the request and would have no objections. The main concern of a Master Plan is the technical portion to insure the utilities are properly sized and extended. This includes water, sewer, and storm drainage along with the roadways. During the development of the River Valley High School and the River Valley Commercial project, infrastructure was constructed which can serve our property. The property is part of the North Service Area of Sutter County Water Agency Zone 8 which provides storm drainage. The infrastructure has already been constructed and there is a 30 inch storm drain pipe stub at the project frontage. The other services stubs located at the project frontage are a 12 inch sanitary sewer pipe over 10 feet in depth and a 14 inch domestic water line. Both of these lines can easily serve the property plus additional lands. As for the roadway, it has been improved to the project frontage. Our project will dedicate and



AZTEC

construct the roadway to the required width and include extending all improvements to the southern boundary of the property. This will allow flexibility when master planning the area to the south. Based on our property and the property across the street being included in the North Service Area of Sutter County Water Agency Zone 8 and the other service stubs, we feel this property should be excluded from the Master Plan requirement since it meets the goals of the Master Plan concept. Our project will not affect the ability of the remaining area to Master Plan and may provide the remaining Master Plan additional flexibility. Our project will pay for the City wide impact fees, the sewer and water connection fees, Zone 8 drainage fees, and the Harter Road Signal reimbursement fee to insure we pay our fair share. We have provided City staff calculations addressing the property. The goal of our calculations was to show that the property, even though different than the current zoning, has the same or less demand on the infrastructure. The property is currently zone Low Density Residential.

The proposed project will be a well planned and designed project to ensure compliance with all zoning and developmental standards. We understand that the project will have to go through the City of Yuba City's normal entitlement process. This exclusion from the Master Plan requirement does not grant the project any special entitlements. The project entitlement process will include tentative subdivision map, zoning change, and general plan amendment as a minimum.

We have attached Unity Health Care L.L.C. Executive Summary and a copy of the APN map showing the two subject parcels totaling 20.43 acres and the proposed land use plan.

Please contact John Ochipinti at 530-674-2370 with any questions and or to schedule a meeting. Any technical questions should directed to Sean Minard with MHM Incorporated at 530-742-6485.

Sincerely,

Aztec Developers

John Ochipinti
Owner

Enclosures

Unity Health Care, LLC

Independent Living Community

Phase 1: Independent Living Facility

Executive Summary

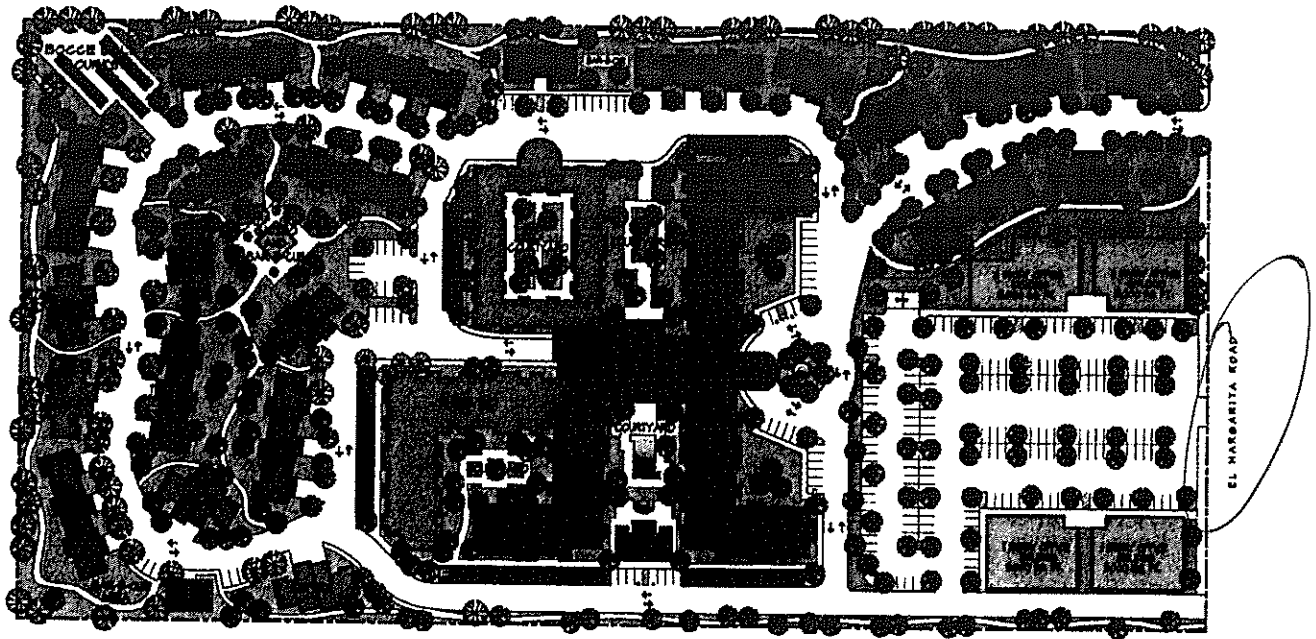
Project Summary

Unity Health Care, LLC
 Phase 1: Independent Living Facility
 Estimated Project Cost: \$14 Million
 Construction Start Date: June 2010
 Completion Date: June 2011

Proposal Background and Summary

Market research of existing senior housing in Yuba and Sutter counties and surrounding areas finds a shortage of senior housing options for independent living. Currently, only one independent living facility exists in the area, creating an opportunity for Unity Health and our community to address the lack of senior housing and move forward with the building of an Independent Living facility.

Unity Health Care, LLC, proposes to construct a 126,000 square-foot independent living facility in Yuba City on a 20 acre parcel located on El Margarita Road (see plot map below). Estimated project cost is \$14 million.



EXERCISES AND TRAILS
 8 EXERCISES + 20 UNITS
 10 EXERCISES + 30 UNITS

PHASE ONE INDEPENDENT LIVING
 TOTAL SQ. FT. - 55,000 SQ. FT.
 30 ONE BEDROOM UNITS
 28 TWO BEDROOM UNITS
 32 SUITE UNITS
 146 PARKING SPACES

PHASE TWO INDEPENDENT LIVING
 TOTAL SQ. FT. - 45,000 SQ. FT.
 -- 80 UNITS

OFFICE BUILDINGS
 TOTAL SQ. FT. - 48,000 SQ. FT.
 PARKING - 171 SPACES

SITE PLAN

Project Description

Unity Health Care, LLC, proposes to construct a 126,000 square-foot, 2 story residential independent living facility. Offering 88 beautifully appointed apartments, residents will enjoy a full line of services and amenities found only in the finest independent living facilities in the region.

Program Amenities

- Studio, One and Two bedroom units ranging from 600 to 1,100 square feet
- Pool side patio option will be available to select first floor apartments
- Each apartment will have a full kitchen, washer/dryer, and patio or balcony
- Multiple common areas including library/business center, movie/game room, art studio, country kitchens, salon services, and dining options
- Fitness facility with separate locker rooms and outdoor pool
- Weekly housekeeping and transportation services provided
- Social activities, entertainment, and meal program options
- Onsite convenience store with pharmacy service option

Market Demand

Based on recent market research of the 65 and older population of Sutter and Yuba counties, including consideration of financial affluence and affordability factors, approximately 3,600 seniors are potential candidates for residential independent living and, thus, make up our "market universe" for sales. This estimate included the following variables:

- Location to project – those seniors currently living within a 10 mile radius from the proposed project site.
- Household Income – those seniors with incomes that would enable them to afford to live in the proposed Independent Living facility.

The Yuba Sutter area currently has multiple senior living senior apartments, however, only one, Sutter Estates, is considered an actual "congregate" Independent Living facility. Sutter Estates is an aging 20 year old, 64 unit community that is not a realistic comparison to the proposed Unity Health Care project. Sutter Estates consistently maintains a 95% and above census.

In 2005, a preliminary marketing campaign was initiated for a similar project in the market that ultimately was not built, and within 3 months a waiting list of over 60 interested, qualified seniors. As our population continues to age we will see a greater number of seniors looking for housing options such as this in the future.

Community Benefits of Unity Health Care Independent Living

The Unity Health Care Independent Living Facility will benefit the Yuba Sutter Communities through each phase of the project:

- 1) ~~Construction – Jobs, wages, and taxes (including permits and impact fees) all are retained at the local level.~~
- 2) **The Multiplier Effect** – Construction wages are then spent in the community on other locally produced goods and services. This spending generates additional income for our local businesses that in turn is recycled back into the Yuba Sutter Community.
- 3) **Ongoing Effect** – When The Unity Health Care Independent Living facility is completed the residents of our communities will have the opportunity to have a premiere Senior Living option in their own backyard. That means all money that would have potentially left our community (taxes and local spending) will all come back to Yuba Sutter. In addition we anticipate many Senior's relocating to the area to be closer to family bringing in future revenue that would have gone elsewhere.

The ability to offer this level of senior housing to the Yuba Sutter Community and prevent displacing our local senior residents from their families is also a tremendous benefit. It is clearly documented that adult children reside primarily in the market area of their employment. When confronting aging parents who live a distance from their adult child, the adult child often has to take a significant amount of time from their job to travel and assist with the care of their parent. The Unity Health Independent Living facility will meet a community demand and at the same time positively impact our local work force.

In general the Unity Health Care Independent Living facility will provide a positive impact to the Yuba Sutter area through job creation (construction and operational), keeping money local both sales and property tax, and promoting greater family networking. Yet this project demands little impact to the Yuba City infrastructure. Studies clearly indicate that a senior housing development impacts sewer and water services to a far lesser degree than single family homes, and keeping our seniors in the community only impacts our school children in a positive way.

About Unity Health Care, LLC

Unity Health Care, LLC, is a limited liability corporation organized under the laws of the state of California. The founding investors ("Members") have come together from geographically diverse communities and backgrounds with a mutual desire to help people and to make their communities better places to live and work through the provision of quality senior residential living and services.

The Members bring impressive credentials to Unity Health Care, including exemplary reputations in the communities where they live and work, as well as records of proven accomplishment in their respective fields of expertise.

The *mission* of Unity Health Care is to serve our fellow man -- improving the lives of the people in our communities through the development and operation of financially profitable healthcare related businesses.

The *vision* of Unity Health Care is to successfully develop and operate healthcare related businesses that provide easy resident/patient access to high quality healthcare services from which the Members experience profitable returns on their invested capital.

Independent Living Six Year Projection
14 Million Total Project Cost (88 Unit)

	FY 2010-2011 40	FY 2011 - 2012 60	FY 2012-2013 76	FY 2013-2014 80	FY 2014-2015 84	FY 2015-2016 84
Census						
Revenue						
Room	1,296,000	2,160,000	2,818,000	3,055,000	3,304,000	3,403,000
Additional	120,000	180,000	180,000	190,000	190,000	190,000
Total Revenue:	1,416,000	2,340,000	2,998,000	3,245,000	3,494,000	3,593,000
Expenses						
Salaries	553,000	651,000	696,000	714,000	739,000	765,000
Benefits	140,000	160,000	165,000	170,000	179,000	186,000
Depreciation	466,000	466,000	465,000	465,000	464,000	464,000
Finance Cost	700,000	700,000	700,000	698,000	697,000	697,000
Supplies	120,000	160,000	220,000	250,000	260,000	280,000
Utilities	120,000	154,000	176,000	190,000	200,000	205,000
Tax/Lic/Ins-1.1%p. tax	172,000	172,000	172,000	172,000	172,000	172,000
Marketing	25,000	20,000	20,000	20,000	10,000	5,000
Repairs/Maint. Other	10,000	10,000	30,000	50,000	50,000	50,000
Total Expenses:	2,306,000	2,493,000	2,644,000	2,729,000	2,771,000	2,824,000
Net Profit:	\$ (890,000)	\$(153,000)	\$ 354,000	\$ 516,000	\$ 723,000	\$ 769,000

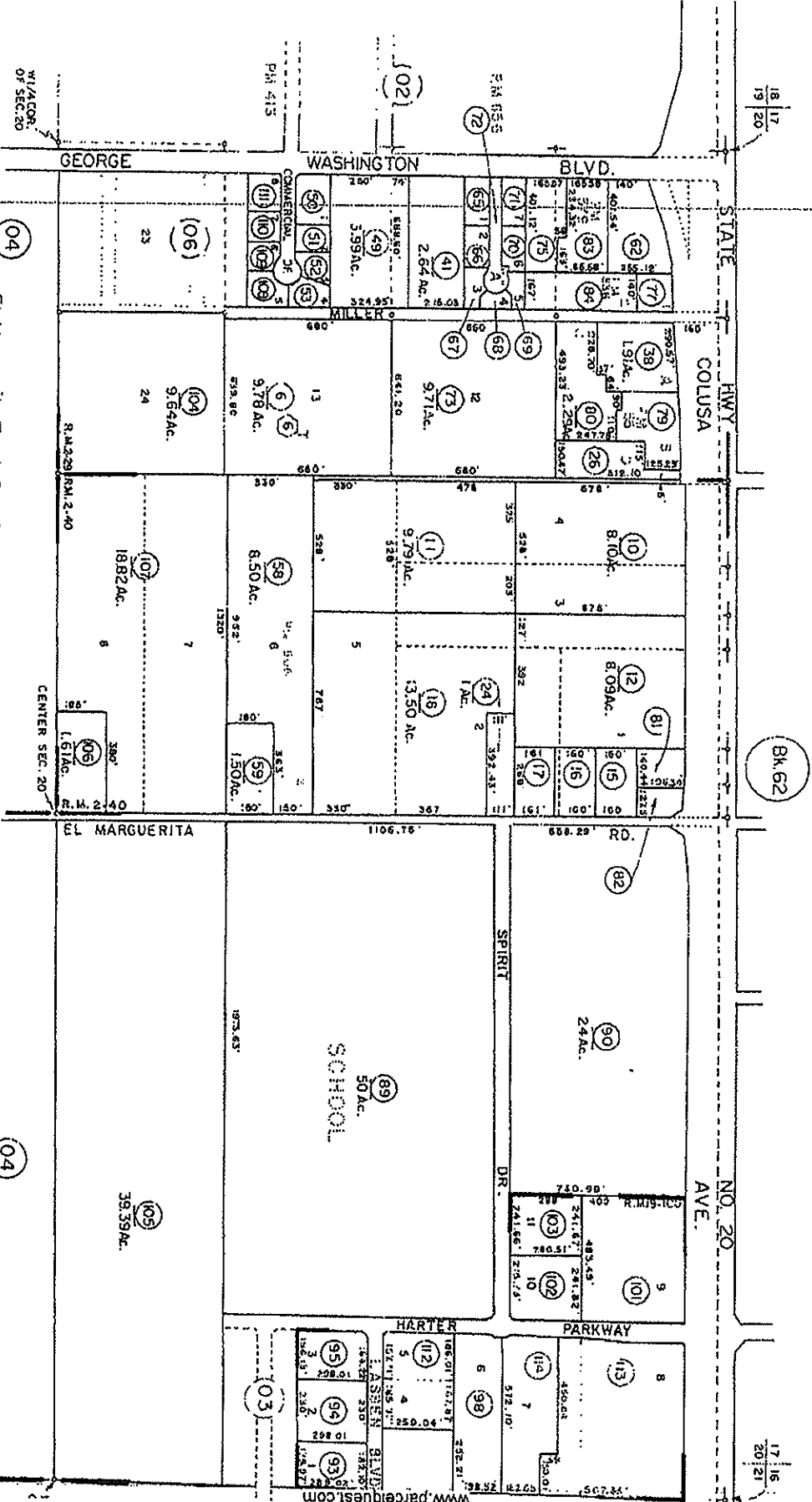
- \$3,000 average monthly room rate
- 3% Annual Increase
- Additional revenue includes: \$900 second occupant fee and additional meal plan purchase

Finance Cost - Based on Borrowing \$12 Million
 Finance Rate - 6% (30 Year Depreciation Schedule)
 Rate Comparison -
 Eskaton Grass Valley - \$3,100 - \$4,100
 Sutter Estates Y.C. - \$1,400 - \$1,775 (No 2 bedroom option)

FTE Recap -

Administration/mktg -	3.8
Dietary/E.S. -	13
Driver -	0.8
Activities -	1.4
Engineering/Grounds -	2
	21

N. 1/2 SEC. 20, T. 15N., R. 3E., M.D.B. 8.M.



04 El Marguerita Tract, R.M. Bk. 2, Pg. 40
 Miller -Eager Tract, R.M. Bk. 2, Pg. 29
 River Valley Commercial Center, R.M. Bk. 19 -Pg. 100

TRANSITORY UNIT

NOTE:
 Assessor's Parcel Numbers
 Shown in Circles

Assessor's Map Bk. 63 -Pg. C
 County of Sutter, Calif.
 2008-5

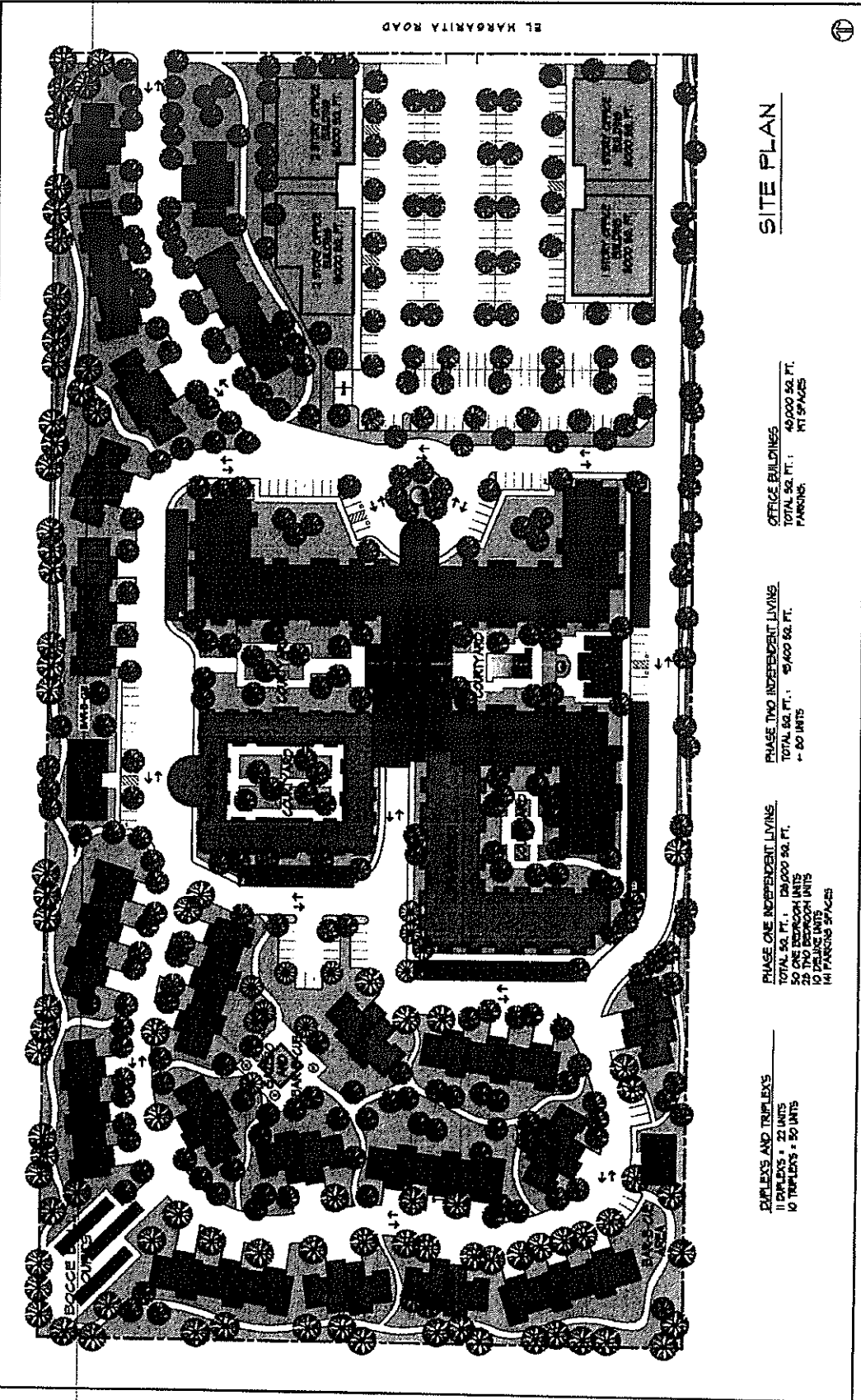


K.D. ASHLEY
ARCHITECTS

CONCEPTUAL SITE PLAN
WEST HEALTH CARE

DATE: _____
SCALE: _____
SHEET NO. _____

PHASE ONE
PHASE TWO
PHASE THREE



SITE PLAN

PHASE ONE INDEPENDENT LIVING
TOTAL SQ. FT. : 40,000 SQ. FT.
PARKING : 141 SPACES

PHASE TWO INDEPENDENT LIVING
TOTAL SQ. FT. : 45,400 SQ. FT.
PARKING : 80 UNITS

PHASE THREE OFFICE BUILDINGS
TOTAL SQ. FT. : 128,000 SQ. FT.
20 ONE BEDROOM UNITS
20 TWO BEDROOM UNITS
10 DUPLEX UNITS
141 PARKING SPACES

DUPLEXES AND TRIPLEXES
11 DUPLEXES = 22 UNITS
10 TRIPLEXES = 30 UNITS