
TO ADDRESS THE COMMISSION
PLEASE STEP TO THE ROSTRUM &
STATE YOUR NAME & ADDRESS

Regular Meeting
July 9, 2008 - 7 p.m.
City Hall Council Chambers
1201 Civic Center Boulevard

YUBA CITY PLANNING COMMISSION
AGENDA

Commissioner Craig Starkey (Chairman)
Commissioner Preet Didbal (Vice Chair) Commissioner John Sanbrook
Commissioner Satwant Takhar Commissioner Mike Tomlinson
Commissioner John Dukes Commissioner Jana Shannon

Roll Call

Pledge of Allegiance

Approval of minutes from meeting held on June 25, 2008

Appearance of Interested Citizens*

Correspondence: - None

Commission Consideration: - None

Public Hearing:

1. Consideration of an Update to the Harter Specific Plan Financing Plan and an Amendment to the Harter Specific Plan Development Agreement regarding infrastructure obligations and fee credits.

Commission Discussion: - None

Other Business: - None

Report on Actions of the City Council

Adjournment

Persons dissatisfied with any decision of the Planning Commission may appeal such action to the City Council. Appeals, accompanied by a fee of \$620, must be filed with the City Clerk, 1201 Civic Center Boulevard, Yuba City, CA 95993 within 10 days of such action. If no appeal is filed within this time limit, the Commission action becomes final. The exception to this is rezonings--please check with the Planning Department, 1201 Civic Center Boulevard, Yuba City for the procedure. Mailed notices of the Council hearings will be accomplished in the same manner as the Planning Commission hearings unless additional notice is deemed necessary.

If you require auxiliary aids or services (e.g., signing services) to make a presentation to the Planning Commission, the City will be glad to assist you. Please contact the City offices (530/822-4601) at least 72 hours in advance so such aids or services can be arranged. City Hall TDD: 530/822-4732.

*Members of the public may address the Planning Commission on items of interest that are within the City's jurisdiction whether or not such items of interest are on the agenda for this meeting. Members of the Commission will respond as best as they can to public comments but cannot take action or enter into a discussion on items not contained on the agenda. Public comment on public hearing agenda items will be permitted during the hearing.



City of Yuba City
Planning Division Agenda Report
Planning Commission Meeting

July 9, 2008

DATE: July 3, 2008
TO: Yuba City Planning Commission
FROM: Community Development Department
SUBJECT: Agenda Report – Meeting of July 9, 2008

PUBLIC HEARINGS:

- 1. CONSIDERATION OF AN UPDATE TO THE HARTER SPECIFIC PLAN FINANCING PLAN AND AN AMENDMENT TO THE HARTER SPECIFIC PLAN DEVELOPMENT AGREEMENT REGARDING INFRASTRUCTURE OBLIGATIONS AND FEE CREDITS.**

Project Description:

The applicant, Harter Packing Company and the City of Yuba City are proposing the following applications for the Planning Commission's review and consideration:

1. An Amendment to the Harter Specific Plan Development Agreement regarding infrastructure obligations and fee credits.
2. An update to the Harter Specific Plan Financing Plan related to the Harter Fee calculations and credits.

Background:

In October of 2004, the City of Yuba City approved the *Harter Specific Plan* for the development of approximately 180 acres located generally between Butte House Road to the North and Highway 20 to the south, and Tharp Road to the east and Ruth Avenue to the west. A copy of the land use diagram is provided in Attachment 1. The Specific Plan is intended to provide for the orderly development of the subject property and includes proposed land uses, design guidelines, specific plan policies and standards, location of proposed infrastructure including roads, and an implementation/financing element.

At the same time, the City also approved the *Harter Specific Plan Financing Strategy and Phasing Plan* ("Finance Plan") that was designed to assign costs associated with the necessary infrastructure improvements fairly and proportionately to those properties within the plan area. The Finance Plan addresses such issues as timing, phasing, cost of infrastructure improvements,

and resulting cash flow issues. Additionally, the Finance Plan created the “Harter Specific Plan Infrastructure Fee” (Harter Fee) to provide for the developers “pay as you go” funding of infrastructure cost. This fee attributes the cost of infrastructure to each parcel as a prorated portion of anticipated construction cost. The Harter Fee is a developer imposed financing fee and is not related to Yuba City’s Development Impact Fee (DIF). The Harter Fee was last modified by City Council action on July 17, 2007.

On November 2, 2004, the City of Yuba City, Harter Packing Company, and Brown Yuba City, LLC entered into a Development Agreement (DA) which provides for the terms and conditions of the development of the plan area. This DA addresses among other items, the developer’s obligations for the development of the plan area including infrastructure improvements, park improvements, fee obligations, and credits.

Two years ago, Yuba City initiated a process to update its Development Impact Fees. This process followed the revision to the City’s General Plan, which was a necessary step in validating the basis for the development fee studies. State law (AB 1600) requires that a direct relationship be established between fee charges and the impacts created by new development. The City Council formed an Ad-hoc Committee to establish the basis for the Impact Fee revisions. This process resulted in the establishment of revised Development Impact Fees adopted by the City Council on October 16, 2007.

The establishment of revised Developer Impact Fees included establishing new fees for levees and community facilities. Adoption of the new Impact Fees included discontinuing City reimbursements for the oversizing of water, sewer, and roadways. Reimbursement for the cost of oversizing infrastructure is now predicated on future development paying their pro rata cost share to the original developer at the time of their future development. A few ongoing development projects, such as Harter, were identified as “pipeline projects,” which were to be revisited in relationship to the new development fees and policy changes.

Negotiations between staff and the Harter representatives resulted in a tentative agreement on the main points associated with the modification of the Harter Specific Plan Development Agreement and Financing Plan. This conceptual agreement was forwarded to the City Council at their May 20, 2008 meeting for review and consideration. The Council approved the concept of the proposed amendments to the Harter Development Agreement and Finance Plan and directed staff to proceed with the formal revisions. The proposed amendments require Planning Commission review prior to being forwarded to the Council for final action.

Analysis:

Provided below is a summary of the proposed changes to both the Development Agreement related to park construction phasing, fees and credits, and the Financing Plan regarding the Development Impact Fee phase-in and the extension of “Fee Credits” for oversizing infrastructure components.

Development Agreement Modifications

Amendments or addendums to the Development Agreement require the Planning Commissions’ review and approval. The first proposed modification to the Development Agreement would

allow for the construction of the required five acre park in two phases. Park construction is now tied to completion by the 60th residential permit. Revised construction phasing would provide for the construction of the park in two phases coinciding with the issuance of final residential certificates of occupancy for Harter North and Harter South subdivisions, respectively. The other change that involves the Finance Plan, is the implementation schedule (phasing) of the Development Impact Fees for the plan area. Per the City Council’s direction when the Development Impact Fees were approved, the Council ordered a one year freeze of the new fees for residential projects, and a re-evaluation of the fees after a one year freeze for commercial projects. Since the Harter Specific Plan was identified by the Council as a “pipeline” project, a different phasing schedule was negotiated.

The proposed implementation of the revised Development Impact Fees would allow for a one year freeze on existing fees and a 15% per year phase-in of impact fee increases. All fees are subject to the annual cost of living adjustment (COLA) and the new levee fees become effective immediately. Sierra Central, an original Harter site project, would be given an extension holding existing fees through January 1, 2010. For further details of the proposed phasing schedule, refer to Exhibit A of the proposed amended DA.

Financing Plan Modifications

The modifications to the Financing Plan require an annual review and adjustment of the Harter Fees, as necessary, to provide for Developer imposed infrastructure cost. The Harter Fees are impacted by the extension of “Fee Credits” for infrastructure oversizing, as required by Yuba City’s General Plan, for water lines, sewer lines and roadways.

The Harter Fees are developer imposed and administered by the City as provided for in the Development Agreement. The City’s consultant, Joanne Brion, has developed the Harter Fee spreadsheet model to calculate and attribute Harter fees by parcel. Harter fees reflect the cost of construction and the application of Developer Impact Fee Credits for the oversizing of sewer lines, water lines and roadways as required by the City’s General Plan.

The approach used to determine the Harter Financing Plan and Harter fees has been consistent since the adoption of the Development Agreement in 2004. The current update reflects changes in the construction cost index and credits based on the oversizing of infrastructure. The revised “Harter Fee” by land use type is summarized in Table 1.

**Table 1
Comparison of 2007 to 2008 Harter Fee Rates**

| Land Use | 2007 Rate | 2008 Recommended | Change (%) |
|-----------------|------------------|-------------------------|-------------------|
| Single family | \$14,404/unit | \$13,104/unit | -15% |
| Multi family | \$ 8,292/unit | \$7,510/unit | -14% |
| Commercial | \$17.65/sq. ft. | \$14.53/sq. ft. | -30% |
| Office | \$15.85/sq. ft. | \$13.05/sq. ft. | -30% |
| Business | \$9.20/sq. ft. | \$7.82/sq. ft. | -26% |

The other issue associated with the amended Finance Plan is the subject of Fee Credits. The adoption of the revised “Development Impact Fees” last year provided for the elimination of “City Reimbursements” for oversizing water, sewer and/or roadway infrastructure. Future development is now required to enter into a “Reimbursement Agreement” for utility/roadway extensions or oversizing. The extension of “Fee Credits” is being proposed as the mechanism to reimburse the developer out of the development’s own impact fees for infrastructure oversizing. The Harter Development would be eligible for categorical fee credits, as a new development, as provided in Table 2.

Table 2
Harter Impact Fee Credit
Eligibility by Category
(\$ Millions) 2008 dollars

| Fee Category | Impact Fees | Fee Credits |
|---------------------|--------------------|--------------------|
| Roads | \$3.5 | \$2.2 |
| Sewer | 4.9 | .6 |
| Water | 3.6 | .7 |
| Other | 2.5 | 0.0 |
| Total | \$14.5 M | \$3.5 M |

The Harter Development, as proposed, will generate \$14.5 million in impact fees. Under the new Development Fee Impact structure, the developer would be eligible for \$3.5 million in fee credits. Such credits would be used in lieu of “City Reimbursements” for infrastructure oversizing to meet the City’s General Plan requirements. The funding for the proposed fee credits would be generated by the Harter Development as it is built out. The fee credits would be issued based on actual construction cost only at the time of improvement completion. Total fee credits would not exceed the amount of fees owed by the Harter Development by category. No credit will be given for the Development of Marketplace or the construction of Poole Boulevard or Jefferson Avenue within the Harter Development.

Environmental:

An Environmental Impact Report (EIR) was approved for the Harter Specific Plan project. The proposed amendments to the Development Agreement and Finance Plan are consistent with the assumptions of the EIR and therefore there is no additional environmental review required.

Recommended Actions:

The Planning Division recommends that the Planning Commission take the following actions:

- A. Recommend that the City Council approve the First Amendment to the Harter Specific Plan Development Agreement as shown in Exhibit A.
- B. Recommend that the City Council approve the Update to the Harter Specific Plan Financing Strategy and Phasing Plan as shown in Exhibit B.