

Lompoc City Council Agenda Item



City Council Meeting Date: January 17, 2017

TO: Patrick Wiemiller, City Manager

FROM: Dean Albro, Accounting and Revenue Manager
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Lucille Breese, Planning Manager
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SUBJECT: Adoption of Resolution No. 6087(17) Approving the Deposit and Reimbursement Agreement for the Burton Ranch Development Project and Authorizing its Execution

Recommendation:

Staff recommends the City Council:

- 1) Adopt Resolution No. 6087(17), approving the Deposit and Reimbursement Agreement (Agreement) for the Burton Ranch Development Project (Project) and authorizing the execution of the Agreement by the City Manager (Attachment 1); or
- 2) Provide alternate direction.

Background:

On February 7, 2006, the City Council certified the Revised Final Environmental Impact Report (Revised FEIR 02-01 – SCH No. 2002091045) and adopted the Burton Ranch Specific Plan (SP 04-01). SP 04-01 allows the construction of 476 residential dwelling units at the corner of Harris Grade Road and Highway 1 (Project), commonly known as the Wye Intersection.

There are three separate Vesting Tentative Maps (VTM) associated with the Project:

- LOM 567 – The Cottages at Burton Ranch, a 55-unit residential subdivision approved on May 14, 2008, with a Vesting date of March 15, 2007;
- LOM 570 – The Towbes Group at Burton Ranch, 210 residential units in four distinct neighborhoods approved on May 14, 2008, with a Vesting date of March 15, 2007;

- LOM 571 – Harris Grade Partners at Burton Ranch, a 64-residential unit development with a multi-family component approved on July 13, 2016, with a Vesting date of May 2, 2016.

The property owners of the three VTMs are:

- Gus Thomas Signorelli
- Harris Grade Partners, LP
- MJ Land, LLC
- Lompoc Ranch Joint Venture
- Joe A. Signorelli, Jr.
- Adam Peter Signorelli

Managers and developers for the Project are:

- Martin Farrell Homes, Inc.
- The Towbes Group, Inc.

A VTM allows the developer to pay development impact fees the jurisdiction has in place at the time the completed application is accepted. In the case of LOM 567 and LOM 570, the development impact fees that will be paid once home construction commences would be based on the development impact fee schedule effective July 1, 2006, while LOM 571 would use the development impact fee schedule in effect at July 1, 2015.

Following the economic downturn in 2008, the State of California passed legislation that automatically extended all VTMs. The specific extension bills are as follows:

- July 15, 2008 – Senate Bill 1185 granted an automatic one-year extension to all active maps;
- July 15, 2009 – Assembly Bill 333 granted an automatic two-year extension to all active maps;
- July 15, 2011 – Assembly Bill 208 granted an automatic two-year extension to all active maps.

If no additional time extensions are granted by the City of Lompoc (City), then Vesting of the VTM for LOM 567 and LOM 570 is due to expire on May 14, 2017, and vesting for the VTM for LOM 571 would expire on July 13, 2018. The automatic time extensions provided additional time for the various owners of the property included in the Project to secure necessary financing and to develop a project that would be financially feasible to the owners.

On January 19, 2016, representatives of the Project made a presentation to the City Council related to the implementation of a Community Facilities District (CFD) to fund infrastructure necessary for the Project. One aspect of a CFD is it is required to be a district created by a governmental agency such as the City. The Project would not be able to implement a CFD unilaterally but rather would need a governmental sponsor for its creation.

Discussion:

Shortly after the January 19, 2016, City Council presentation, Project managers approached the City requesting assistance with creation of a CFD to fund Project infrastructure. Due to the complexity of the ownership (five different property owners representing three different VTMs for the Project) and the need for the Project to have common infrastructure constructed prior to any development, the Project managers and staff determined the Agreement would be the most efficient means to provide for the funding of the process to create the CFD and the related reimbursement of costs of implementing the CFD. The Agreement has been drafted by the City Attorney's Office in conjunction with legal counsel for the Project. The Agreement identifies the mechanism for reimbursements for costs in developing the CFD.

The Agreement provides for an initial deposit to be made to the City and a mechanism for the Project owners to reimburse the City, periodically, for CFD creation costs during the term of the Agreement. A \$100,000 deposit has been made and the Agreement would account for the expenditure of the funds deposited. Once the CFD is created and activated, any remaining deposit, less reimbursements of costs, will be refunded to the Project owners as outlined in the Agreement.

Fiscal Impact:

The approval of the Agreement providing for reimbursement to the City of costs related to the creation of a CFD for the Project does not have any fiscal impact to the City. The Agreement is a necessary task for the creation of the CFD due to the multiple ownership interests in the Project. Without the Agreement, the City's General Fund would be at risk if the City were to proceed with the Project's creation of the CFD as no reimbursement mechanism would be in place for costs to create the CFD.

Conclusion:

Approval of the Agreement does not legally require the City Council to move forward with the formation of a CFD or otherwise support land development activities of the parties to the Agreement. It does protect City funds from risk in the event the Project is commenced but does not move forward to completion and costs have been incurred.

Respectfully submitted,

Dean Albro, Accounting and Revenue Manger

Lucille T. Breese, Planning Manger

APPROVED FOR SUBMITTAL TO THE CITY MANAGER:

Brad Wilkie, Management Services Director

Teresa Gallavan, Economic Development Director / Assistant City Manager

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Patrick Wiemiller, City Manager

Attachment: Resolution No. 6087(17)