



Council Agenda Report

Department Name: Community Development
Cost Center: 4003
For Agenda of: February 18, 2020
Placement: Consent
Estimated Time: N/A

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SUBJECT: ANNUAL MONITORING OF THE AVILA RANCH DEVELOPMENT AGREEMENT AND COMMUNITY FACILITIES DISTRICT

RECOMMENDATION

Receive and file the annual monitoring report for the Avila Ranch Development Agreement and Community Facilities District.

DISCUSSION

Background

On September 19, 2017, the City Council approved the Development Agreement (DA) between the City and Avila Ranch, LLC. On October 24, 2017, the City Council approved the Avila Ranch Community Facilities District (CFD) Resolution of Formation. Both the DA and CFD require annual monitoring and reporting of activities. Since no activity has occurred on the project, this report serves as the monitoring report. Once activity begins (anticipated next year, 2021) a formal comprehensive monitoring report for the DA and CFD will be provided.

Development Agreement

Implementation of the Avila Ranch project requires substantial new infrastructure to support new development, most of which is the responsibility of the developer. The approved DA for the project describes the developer's responsibilities in that regard. Section 5.05.4 of the DA also requires that a financing mechanism be established to ensure that there is no shortfall to the City's General Fund as public improvements are made and need to be maintained by the City in the future. Section 5.05.4(c) of the DA establishes that the effect on the City's General Fund be monitored annually relative to possible City expenditures needed to make up any shortfalls in the construction of various public improvements that are the responsibility of the developer. Section 5.04.2(i) of the DA establishes that Avila Ranch will pay the City reasonable staff and consultant time associated with monitoring and compliance of the Mitigation Monitoring and Reporting Program, the DA, the financing mechanism (i.e. the CFD) and all other administrative tasks associated with the adoption and implementation of the DA and project. This provision provides the City with an ongoing funding source that will be used to ensure the project is developed, operated and maintained consistent with all applicable requirements.

Community Facilities District

A Mello-Roos CFD was established and approved on October 24, 2017 (“Avila Ranch Community Facilities District No. 2017-1”). The CFD is the mechanism that facilitates the collection of revenue as development occurs, and that revenue is used to construct various public improvements. Section 10(ii) of the CFD resolution also has an annual reporting requirement, similar to the one included in the DA. The City anticipates that the first levy will be made to the CFD in fiscal year 2021-22 with occupancy of the first dwelling unit in the project.

Annual Revenues and Expenditures

For the period October 24, 2018 through October 23, 2019, no revenue was collected through the CFD because no development has occurred. Similarly, no public improvements have been made during that time, so no funds have been expended in that regard, either by the developer or the City. Therefore, there has been no fiscal impact to the City’s General Fund for the period in question.

Policy Context

The Avila Ranch property was originally annexed as vacant commercial land. Therefore, the City’s tax sharing agreement with the County does not provide for property tax increment to be collected on behalf of the City. As a result of this circumstance, the CFD is established to provide the City with sufficient revenues to maintain public facilities within the development area. As a housing project, the past approvals have been previously determined to be consistent with Major City Goals and General Plan policies that call for the City to produce more housing.

Public Engagement

The annual monitoring of the Avila Ranch Development Agreement and CFD have a “notify” level of public engagement, which has been accomplished through the agenda and associated staff report.

CONCURRENCE

The Finance Department concurs that there has been no revenue collected through the CFD and that no funds have been expended.

ENVIRONMENTAL REVIEW

Annual monitoring of the Avila Ranch DA and CFD are categorically exempt from California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15306 (Information Collection) and that the action otherwise qualifies for a “general rule” exemption pursuant to Section 15061(b)(3), which covers activities “where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.” Annual monitoring does not change any aspect of the approved Avila Ranch project, nor does it introduce the potential for any new environmental impacts. Under Section 15306, the Secretary for the California Natural Resources Agency has concluded that “basic data collection, research...and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource” are exempt from CEQA. Therefore, the proposed action is categorically exempt from further analysis under CEQA.

FISCAL IMPACT

Budgeted:
Funding Identified:

Budget Year:

Fiscal Analysis:

Funding Sources	Current FY Cost	Annualized On-going Cost	Total Project Cost
General Fund	N/A		
State			
Federal			
Fees			
Other:			
Total			

No revenue has been collected through the CFD because no development has occurred. Similarly, no public improvements have been made, so no funds have been expended. Therefore, there is no fiscal impact associated with this annual report.

ALTERNATIVES

1. Provide direction to staff regarding the annual monitoring report for the Avila Ranch DA and CFD and continue the item to a future meeting.
2. Reject the annual monitoring report for the Avila Ranch DA and CFD. This is not recommended since annual monitoring is a requirement of the DA and CFD.

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