

TO: JAMES L. APP, CITY MANAGER  
FROM: ED GALLAGHER, COMMUNITY DEVELOPMENT DIRECTOR  
SUBJECT: OLSEN RANCH BEECHWOOD SPECIFIC PLAN – COST RECOVERY CONTINUED  
DATE: MARCH 6, 2012

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Needs: For the City Council to provide direction on recovery of costs for preparing the Olsen Ranch Beechwood Specific Plan (OBSP).

- Facts:
1. The City Council considered options for payment of costs associated with preparation of the OBSP at the Council meeting on February 7, 2012. See Attachment 1, Staff Report dated February 7, 2012.
  2. At the February 7 meeting, Council members expressed concern regarding options payment identified in the Council report and potential conflicts with Resolution 09-055.
  3. On May 5, 2009, the City Council adopted Resolution 09-055 (Attachment 2), which requires property owners in the OBSP to pay all costs for preparation of this specific plan, including staff time, and to maintain deposits with the City adequate to cover all costs.
  4. On December 30, 2005, Mike Harrod deposited \$2,790 for preparation of a biological study.
  5. On August 3, 2009, following adoption of Resolution 09-055, Tom Erskine and Neil Olsen deposited \$10,000 to be used toward processing this project.
  6. Staff was unaware of the two above-listed deposits until after the February 7 Council meeting.

Analysis and

Conclusion: This Specific Plan was initiated prior to adoption of Resolution 09-055. The practice of cost recovery used by the City at that time was to include the cost of consultant services to prepare the plan and its Environmental and Fiscal Impact Reports, but not staff time, among items to be included in specific plan fees, which would be collected at the time of development.

This project was re-initiated after Resolution 09-055 was adopted. Per this resolution, property owners are required to enter into a reimbursement agreement, which will require them to deposit funds with the City adequate to cover all City costs associated

with their specific plan. In this practice, the property owners will be required to maintain a positive balance in the deposit fund, or staff work on the project will be halted until sufficient funds are deposited.

Since the City received the \$2,790 and \$10,000 deposits, and mostly since May 2011, it has spent about \$44,000 in City Attorney fees (\$3,000 between July 1 and December 31, 2011) and staff time (\$41,000 between May 1, 2006 and January 31, 2012) for meetings with property owners and the ad hoc committee, preparation of requests for proposals for a revised environmental impact report and specific plan, preparation of Council staff reports, and meetings with biologists.

Staff is committed to expediting preparation of this specific plan in the most cost-efficient manner. However, there are several factors that make preparation of an estimate of future staff time complicated. These would factors include: negotiating with prospective consultants, the conflicts between the General Plan and property owner desires for increased density, and unknown constraints related to avoiding significant impacts to Fairy Shrimp habitat. A very rough estimate of staff time expenses would range between \$100,000 and \$150,000 above the \$44,000 cited above. However, this would be subject to a caveat that there could be unforeseen delays and problems that could further increase costs.

#### Options for Staff Time Expenses

- A. Conformance with the terms of Resolution 09-055 would require the property owners to deposit fund to cover: (a) expenses made to date and (b) expected expenses to continue work on a monthly basis before City staff undertakes any more effort. The former amount (a) would be \$32,200 (\$44,000 - \$12,800). It is suggested that the first monthly deposit (b) be \$10,000 to cover February 2012 expenses and anticipated March 2012 expenses. Staff can update its estimates on a monthly basis.
- B. Should the Council wish to amend the direction set forth in Resolution 09-055, which could include recovery of staff time costs as part of specific plan fees, it would need to adopt a new resolution that provides for such an approach.

It should be noted that costs accrued toward this project from preparation of the prior iteration of the specific plan would still be required to be reimbursed with specific plan fees. These total about \$660,000.

#### Policy

Reference: City Council Resolution 09-055.

#### Fiscal

Impacts: Option A would have no impact on the General Fund. Option B would create an interim impact that would eventually be recovered via specific plan fees.

Options: Via minute action, take one of the following actions:

- a. Direct that, consistent with the provisions of Resolution 09-055, property owners in the Olsen/Beechwood Specific Plan Area shall execute a reimbursement agreement and maintain deposits sufficient to cover all City costs, including staff time, City Attorney expenses, consultant fees, and incidental expenses (e.g. printing, postage, and public notices) for the preparation of this specific plan. Prior to any further use of City staff time for the preparation of this specific plan, property owners shall deposit all staff time and expenses incurred since May 2006 and January 31, 2012.
- b. Direct staff to prepare a resolution to supersede Resolution 09-055 that provides an option to recover staff time costs by Specific Plan fees.
- c. Amend, modify, or reject the above option.

Attachments:

1. Staff Report, February 7, 2012
2. Resolution 09-055

TO: JAMES L. APP, CITY MANAGER

FROM: ED GALLAGHER, COMMUNITY DEVELOPMENT DIRECTOR

SUBJECT: OLSEN RANCH BEECHWOOD SPECIFIC PLAN – SPECIFIC PLAN COST RECOVERY

DATE: FEBRUARY 7, 2012

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Needs: For the City Council to reconfirm recovery of costs for preparing the Olsen Ranch Beechwood Specific Plan (OBSP) through Specific Plan fees.

- Facts:
1. The City's 2003 General Plan, Land Use Element includes Action Item 3, which requires new development in annexation areas and/or specific plan areas be conditioned so as to ensure that they will be fiscally neutral and not result in a net loss for the City.
  2. Consistent with the above policy, when the OBSP was originally initiated, the project work scope included preparation of a fiscal analysis to determine the costs for providing City services to future development in the OBSP planning area. It also included provisions for the City to recover costs for preparing this Specific Plan.
  3. Cost recovery for provision of City services occurs through collection of property taxes, Community Services District (CFD) assessments for new development, and Development Impact Fees for impacts to infrastructure from new development. Cost recovery for preparation of the Specific Plans is recovered through Specific Plan fees.
  4. Costs associated with preparation of Specific Plans include: (a) consultant fees to prepare the specific plans and environmental studies, (b) staff time to administer consultant contracts, review and comment on draft plans, prepare staff reports and public notices, and (c) related administrative costs for newspaper notices, postage for mailed notices, and printing of staff reports.
  5. Staff time costs were not charged for the preparation of Union/46, Borkey Area, and Uptown/Town Centre Specific Plans, all of which were City-initiated. However, staff time costs were charged for the applicant-initiated amendments to those Specific Plans.
  6. Prior to 2011, staff time costs were neither charged nor accounted for the Chandler Ranch Specific Plan as up to those years, that specific plans was city-initiated.
  7. In 2010, some of the property owners in the Chandler Ranch Specific Plan Area received permission from the City Council to proceed to prepare a plan

for their properties only. At that point, the specific plan became applicant-initiated, and the City has charged the applicants for its time to process the draft specific plan for those properties.

8. The Olsen Ranch/Beechwood Area Specific Plan is still a City-initiated plan. However, the City has notified the property owners that, given the current economic recession, should they wish to proceed to have a plan prepared, they would need to deposit sufficient funds to pay for consultant costs for preparing the plan and its necessary environmental documents.
9. To date, the City has not charged property owners within the Olsen Ranch/Beechwood Area Specific Plan for City staff and related administrative costs for preparing this plan.

**Analysis and  
Conclusion:**

When the OBSP is complete, Specific Plan fees will be calculated to determine the total costs for preparing this plan. These fees will be collected at the time of development.

With regard to recovery of staff time and related expenses, the options available to the City Council would be:

- a. Beginning at the time of execution of a contract with a consultant to prepare the specific plan, account for all staff time and expenses for this plan and add them to the consultant costs to be recovered via specific plan fees.
- b. Beginning at the time of execution of a contract with a consultant to prepare the specific plan, account for all staff time and expenses for this plan and require property owners to deposit sufficient funds to cover staff time and related expenses.
- c. Since the Olsen Ranch/Beechwood Area Specific Plan is still a City-initiated plan, find that property owners would not have to pay for the cost of staff time and related expenses for preparation of this plan.

Option “a” would implement the City’s policy of fiscal neutrality and reduce the amount of funds that property owners would have to advance to prepare the specific plan because the staff costs would be recovered at the time of development via specific plan fees. Option “b” would implement the City’s policy of fiscal neutrality but would require the property owners to advance substantially more funds up front. Option “c” does not implement the City’s policy of fiscal neutrality.

The Union/46 and Borkey Area Specific Plans were prepared prior to 2003, when the fiscal neutrality policy was adopted. The Uptown/Town Centre Specific Plan consists of already-developed land, and recovery of costs via specific plan fees was not feasible. The costs of that plan were covered by Redevelopment Funds as most of the planning area was within the Redevelopment Project Area.

Fiscal  
Impacts: None.

Options: Via minute action, take one of the following actions:

- a. Direct that, beginning at the time of execution of a contract with a consultant to prepare the Olsen Ranch/Beechwood Area Specific Plan, all staff time and expenses for this plan will be accounted for and added to the consultant costs to be recovered via specific plan fees.
- b. Direct that, beginning at the time of execution of a contract with a consultant to prepare the Olsen Ranch/Beechwood Area Specific Plan, property owners will be required to deposit sufficient funds to cover all staff time and related expenses.
- c. Direct that the Olsen Ranch/Beechwood Area Specific Plan is still a City-initiated plan, and determine that property owners will not have to pay for the cost of staff time and related expenses for preparation of this plan.
- d. Amend, modify, or reject the above option.

## RESOLUTION NO. 09-055

A RESOLUTION OF  
THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES  
PROVIDING DIRECTION AND PROCESSING PRIORITIES  
FOR VARIOUS SPECIFIC PLANNING EFFORTS

WHEREAS, the City is processing or has received applications for four specific plans including Uptown/Town Centre, Chandler Ranch, Olsen Ranch/Beechwood, and River Oaks II; and

WHEREAS, the City's current General Plan and Economic Strategy call for master planning the Uptown/Town Centre, Chandler Ranch, and Olsen Ranch/Beechwood areas and provides density targets that are within the City's buildout population planning threshold of 44,000 residents; and

WHEREAS, the City has sized its physical and human resources to serve a target population of 44,000 persons; and

WHEREAS, the four proposed specific plans have the potential to increase the City's buildout population to 52,000 persons, which would exceed the City's ability to adequately serve its residents; and

WHEREAS, the Council understands the need to focus staff's efforts on those specific plans which will meet the City's General Plan and Economic Strategy objectives in order to have new residential capacity ready to be built in a timely manner.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED, by the City Council of the City of El Paso de Robles as follows:

1. The City will focus its efforts and resources to process only those specific plans called for in the current General Plan and Economic Strategy, namely: Uptown/Town Centre, Chandler Ranch, and Olsen Ranch/Beechwood Specific Plans. Any additional specific plans or amendments to existing specific plans that would increase the existing population threshold may not be processed without an amendment to, at a minimum, the Land Use element of the General Plan.
2. The development within these three specific plan areas will be limited to the densities set forth in the current General Plan unless and until the City, in its discretion, determines to comprehensively amend the Land Use Element of the General Plan that would allow for increased densities and an increased population threshold.
3. Because the environmental review of the Chandler Ranch and Olsen Ranch/Beechwood Specific Plans cannot be completed until the updated Circulation Element of the General Plan is completed, the completion of the Circulation Element shall remain a top priority for City staff. The processing of the Uptown/Town Centre Specific Plan is not dependent upon an updated Circulation Element being completed as it addresses infill development within an area with a completed street network, and any circulation or traffic issues shall be addressed in the environmental review of that specific plan.
4. Specific Plans shall have a priority processing order as follows:
  - a. Uptown/Town Centre
  - b. Chandler Ranch
  - c. Olsen Ranch/Beechwood
5. City staff shall provide the Council with quarterly status reports regarding the processing of all specific plans. The Council reserves the right to change processing priorities among the Uptown, Chandler Ranch and Beechwood-Olsen specific plans should there be extended

delays caused by property owners. Such delays may include, but are not limited to, the failure to make timely or adequate deposits to cover City costs in processing the specific plan or provide timely information.

6. The property owners within the Chandler Ranch and Olsen Ranch/ Beechwood Specific Plan areas shall be responsible for paying for all costs related to the processing of their respective specific plan; the costs of the Uptown/Town Centre Specific Plan are being borne primarily by the Redevelopment Agency of the City. Such costs shall include, but are not limited to, all third-party consultant and City staff time costs incurred from the effective date of this resolution. Property owners or their representatives or agents for each specific plan shall be required to enter into reimbursement agreements which will require them to timely make and maintain deposits with the City adequate to cover all City costs associated with their respective specific plans.
7. Any proposed applicant-driven new specific plan or specific plan amendment shall be subject to preliminary community input and review prior to its acceptance for processing as follows:
  - a. Draft specific plans or specific plan amendments shall first be submitted to staff for review and feedback to applicant
  - b. Community workshop(s) will be held before the Planning Commission and City Council before a proposed specific plan or specific plan amendment is accepted for processing
  - c. Environmental review of a new specific plan or specific plan amendment will begin only after community input and City Council direction on the proposed specific plan or specific plan amendment.
  - d. The City Council retains the discretion as to whether to accept a new specific plan or specific plan amendment. Any new specific plan or specific plan amendment that is accepted for processing shall be subject to all normal environmental review, public comment and hearing process.
8. Nothing in this resolution shall affect the rights of other property owners in the City to submit a new specific plan or specific plan amendment to the City for processing provided, however, that the processing of any such specific plan or specific plan amendment shall be subject to the priorities set forth above and consistent with population planning thresholds contained in the current General Plan, and may be limited by the resources available to the City. The property owners included within an area covered by a new specific plan or specific plan amendment shall be responsible for paying for all costs related to the processing of such new specific plan area or specific plan amendment.

PASSED AND ADOPTED THIS 5<sup>th</sup> day of May, 2009 by the following Roll Call Vote:

AYES: Gilman, Hamon, Steinbeck, Strong and Picanco  
NOES:  
ABSENT:  
ABSTAIN:

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Duane Picanco, MAYOR

ATTEST:

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CATHY DAVID, DEPUTY CITY CLERK

RESOLUTION 09-055