



CITY COUNCIL

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Reso No. _____ File No. _____

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Agenda Item No.: 8
Date: October 12, 2011
Continued from October 5, 2011

TO: Honorable Mayor and Members of the City Council
FROM: Barbara J. Redlitz, Director of Community Development
SUBJECT: Request to Initiate an Annexation, Sphere of Influence Amendment, Prezone, General Plan Amendment, and the preparation of Specific Plans and Development Agreements for approximately 1,700 acres located near the northeastern area of the City (Sager/Von Seggern Annexation Initiation)

STAFF RECOMMENDATION:

It is requested that Council consider the request and provide direction to staff.

PROJECT DESCRIPTION:

A request from the Sager and Von Seggern families to initiate an Annexation, Sphere of Influence Amendment, Prezone, General Plan Amendment, and the preparation of one or more Specific Plans and Development Agreements for their properties, other privately-owned properties and approximately 972-acres of city-owned land in an area generally located between Daley Ranch and Lake Wohlford. The Sager development proposal would include a rural resort and up to 107 single-family homes on 194 acres. The Von Seggern proposal would include up to 81 single-family homes on 282 acres and would require the purchase and transfer of residential density from city-owned lands currently preserved as open space. There are no requests to develop any of the other five privately owned properties that have been included in the proposed annexation based on their expressed interest or a desire to enhance connectivity.

FISCAL ANALYSIS:

The Von Seggern proposal relies on annexing city-owned lands to provide connectivity to the city boundary, but also to increase the allowable residential density on their property through a density transfer. The proposal would include purchasing up to 36 density transfer units from the city similar to what has occurred in the Northeast Gateway Specific Plan area. The price for each unit is unknown at this time and would be negotiated as part of the Development Agreement. The most recent density transfer agreement in the Northeast Gateway area netted a fee payable to the city of \$51,000 per unit.

Future development of the two proposed projects would require substantial sewer and water extensions and the installation of significant new infrastructure to serve the new residents. While the

applicant would be responsible for constructing the improvements, the city would be responsible for long-term maintenance. It is unknown whether the increase in tax revenue from the annexation and the collection of development agreement fees would offset the city's costs of providing and maintaining services in the area. It is expected that a fiscal impact analysis would be submitted concurrently with the annexation application should it be initiated.

GENERAL PLAN ANALYSIS:

The properties proposed for inclusion into the annexation are currently under three General Plan designations. A portion of the Sager property is within SPA #2 (Daley Ranch Specific Planning Area). The rest of the Sager property and all of the other privately-owned properties are located in the Rural I designation (one dwelling unit per 4, 8 or 20 acres), which allows the lowest density for residential designations in the General Plan. Most of the city-owned land is located in the Public Lands/Parks designation, although some of the more recently acquired properties are still in the Rural I designation. The Von Seggern proposal involves changing the General Plan designation for their property and the majority of city properties currently designated as Rural I to Specific Plan. This is necessitated by their desire to increase residential density on their property through a transfer of density from city-owned land.

BACKGROUND:

On April 21, 2009, representatives of the Sager and Von Seggern families submitted a letter requesting that the city initiate annexation of approximately 1,631 acres of property in the northeastern area of the city's General Plan, including privately-owned parcels with multiple ownerships and approximately 23 parcels of vacant land owned by the city. Two city-owned parcels targeted for annexation are outside the city's Sphere of Influence and would require a sphere amendment. The Von Seggern property is located outside of the San Diego County Water Authority (SDCWA) boundaries. LAFCO has noted that any proposal to develop that property would also involve annexation into a SDCWA member agency and annexation into the SDCWA and the Metropolitan Water District of Southern California. The request for initiation notes the Sager family intends to process a residential subdivision and rural resort development proposal to complete their long-standing plans that have stalled since the city adopted a specific plan for their property in 1987. The Von Seggern proposal would similarly include a residential subdivision with up to 81 rural residential lots.

A month after the request was received, staff responded back with a request for additional information to further assess and determine the feasibility of the request. There followed an extended period of time where the applicant and staff met and traded information on the numerous issues the proposal presents regarding residential density and transfers, rural resort development, utility service and infrastructure needs, city maintenance costs, and emergency services and access. As discussions progressed, it became apparent that the Von Seggern proposal raises more issues and complications than the Sager proposal. It should be noted that aside from an opportunity to share some costs, there is no real link between the Sager and Von Seggern requests, and the Council could choose to initiate one, both or neither proposal.

ANALYSIS:

While the majority of land included in the annexation is owned by the city, the annexation request is privately initiated and intended to foster future development of the Sager and Von Seggern properties. Both of these properties were considerably downzoned by the recent adoption of the County General Plan and the owners are looking to recapture development potential. Potential benefits that could be realized by the city from the proposal include an opportunity place large amounts of city-owned land under city control, an opportunity to extend the city limits to the western end of Lake Wohlford which could facilitate the processing of future permits for dam improvements, and the ability to connect northern open space areas to eastern open space areas to facilitate regional trail and conservation efforts.

Questions for consideration by the Council include whether some or all of the targeted city properties should be annexed with the applicant's properties, whether the city wants to promote development requiring considerable extension of utilities and services when the General Plan Update is focusing on infill under smart growth principles, whether residential density is actually available to be sold from city land already dedicated as public open space; and whether density should be transferred to develop properties on the periphery of the city or reserved for centrally located properties where services already exist. Other issues will include the feasibility of maintaining acceptable emergency response times to these areas, the potential for noise complaints to be generated by the new city residents located closest to the police firing range, and whether the proposed specific plan approach to transfer residential density conflicts with Proposition "S." Potential financial impacts to the city remain unknown and could involve reviewing emergency services, staffing levels and facilities, long-term maintenance of extended utility lines and water facilities, annexation of a substandard Lake Wohlford Road and the assumption of financial responsibility for future Lake Wohlford Road improvements.

It is expected that the city's work effort across multiple departments will be quite extensive should the Council initiate the applicant's request. This would likely include the preparation of an Environmental Impact Report, review and input into multiple technical, engineering and financial feasibility studies, negotiation of Development Agreement terms, coordination with multiple outside agencies, and review of project entitlement plans and documents. With the number and complexity of issues associated with the request, combined with the on-going focus on priority development proposals already located within the city and mandatory processing times for development applications (excluding annexations and zone changes), Planning staff believes that current staffing levels are inadequate to meet the applicant's anticipated timeframes. It is therefore expected that the applicant would provide additional funding for a contract planner or private consultant to serve as an extension of Planning staff for the purpose of review and coordination of all aspects of the annexation proposal. This approach would still necessitate a significant amount of staff time for project management and administration through the anticipated multi-year processing timeframe that will be needed to complete environmental and agency reviews. Anticipated costs to the applicant for these services are unknown at this time.

Respectfully submitted,

Barbara J. Redlitz
Director of Community Development

Bill Martin
Principal Planner