SECTION 8.0 IMPLEMENTATION

IMPLEMENTATION CONCEPT

New development is expected to "pay its own way", both in terms of capital costs (financing of infrastructure) and ongoing costs (generation of sufficient general fund revenue to support ongoing maintenance and operational costs). The General Plan goal for new development is "fiscal and financial neutrality" to the greatest feasible extent (General Plan Policy 4.B.1 and 4.B.3) in terms of impacts to the general fund, and financing of infrastructure. However, it is also important to note, that typically only "high end" housing would be able to do this assuming a primarily residential community. The clear goal of the General Plan, and the people of Woodland for this new growth area, is a rich, diverse, balanced community with a variety of housing and neighborhood opportunities, and a very large school component. As such, the General Plan policies also allow for leniency from the "neutrality rule" for development that generates "significant public benefit" provided an alternative source of funding can be obtained to offset foregone revenues.

As described herein, assuming full implementation of the vision and intent of this Plan, this test would clearly be met in the Specific Plan boundaries. The new community will offer significant housing opportunities for all economic segments with affordability by design as well as by market manipulation. It will also offer responsibly designed neighborhoods that minimize the need for vehicles, emphasize sustainable design, encourage defacto neighborhood policing by increasing activity, and replicate in the modern world the best characteristics of Woodland's favorite original neighborhoods. If adhered to and accomplished, these are significant public benefits.

It is also important to point out that full build-out of the General Plan was determined to be fiscally balanced when the General Plan adoption occurred in 1996, and this Specific Plan is consistent with that Plan. Revenue-generating land uses (e.g. commercial and industrial) designated elsewhere in the City (e.g. the Mall expansion property and the commercial property on the north side of Gibson Road) were found to balance the location of this mixed density, primarily residential community at the subject location. Additionally, the large acreage of public sector and exempt land uses which generate no property taxes, and the high level of development amenities expected from this development are highly relevant factors. Both affect fiscal balance, as well as the ability to finance the Plan.

Therefore, the final determination regarding net fiscal impact must look at how the General Plan balanced land uses overall, and acknowledge as well, the contribution this Plan will make to the livability and social health of the community.

IMPLEMENTATION GOALS AND POLICIES

The General Plan Land Use Element growth policies and the Public Services and Facilities funding policies provide relevant policy direction and information regarding programming of public facilities and services. Consistent with this direction, the SLSP requires that all development within the Plan area accomplish the following plan-specific objectives:

Objective I-1: The Specific Plan shall be consistent with the General Plan directive

to manage growth so as not to exceed a population of 60,000 by 2015

(General Plan Policy 1.A.7).

Objective I-2: The Specific Plan shall be consistent with the 1996 Measure B

Referendum analysis by the City Attorney that indicated population growth will be limited to an average of 1.7 percent annually, 60,000

population in 2015, and 66,000 population in 2020.

Objective I-3: The Specific Plan shall be fiscally and financially neutral (General

Plan Policies 4.B.1 and 4.B.3).

Objective I-4: A plan for adequate financing (Financing Plan) and installation of

facilities and services (Capital Improvement Plan), is required prior to

approval of the first tentative map or development in the area.

Objective I-5: New development shall be fiscally and financially responsible.

Objective I-6: New development shall occur in an orderly sequence.

Objective I-7: Bonded indebtedness in the Plan area shall be reasonable in terms of

protecting the tax base for purposes of future public endeavors.

PHASING/SEQUENCE OF DEVELOPMENT

Phasing of Development

Appropriate phasing for development within the Specific Plan area was a topic of some debate during the public hearings on the Plan. General Plan Policy 1.C.4 speaks to this issue indirectly by identifying the following criteria for the Specific Plan process: contiguity to existing City limits, logical service extension, community benefits, lack of development impediments, commitment of property owners, and ability to finance the specific plan preparation process. General Plan Policy 1.B.3 is also relevant in discouraging the development of isolated or remote communities that do not contribute to the sense of an integrated community.

Consistent with these parameters, the City Council determined (November 13, 2001) that the following factors are relevant regarding phasing within the SLSP:

- General Plan cap of 60,000 population at 2015.
- City policy to maintain 1.7 percent average annual growth citywide.
- Need for estate lots.
- Property owner financial commitment and participation.
- Shortfall in bond financing needed for first-house infrastructure.
- Need to create near-term development certainty in order to secure bond financing.
- Need to create equity between property owners in order to secure cooperation.
- Logical path for extension of utilities and services.

Due to the large size of the Plan area and the likely extension of infrastructure south down CR 102, and west into the Plan area, the City has determined that phasing will radiate out from the college boundaries, from the northeast to the southwest (see Figure 8.1, Phasing Schematic). The following regulations shall apply:

- 8.1 In terms of sequencing of development, new development must be contiguous to existing development (e.g. along Gibson; adjoining the College or private school) or contiguous to other new development as growth radiates outward.
- 8.2 Neighborhood parks shall be triggered at 60 percent build-out of each neighborhood. Additionally, neighborhood park construction shall be tied to the overall level of single-family equivalent building permits issued throughout the Specific Plan as follows:

Single Family Dwelling Unit Equivalent For Park Construction Calculation

Unit Type	Number DUs	Factor	Single Family Dwelling Unit
			Equivalent (DUE)
Single Family	2,866 DUs	1.0	2,866 DUEs
Multifamily	1,171 DUs	0.833	975 DUEs
Totals	4,037 DUs		3,841 DUEs

- a. With the issuance of the building permit authoring the 650th DUE, construction of the first neighborhood park, which shall be located in the neighborhood with the most building permits issued at that time, shall be triggered and subsequently completed within 15 months.
- b. With the issuance of the building permit authoring the 1,950th DUE, the second neighborhood park shall be triggered and subsequently completed within 15 months. The second neighborhood park shall be located in whichever of the two remaining neighborhoods in the Specific Plan containing parks has the most building permits issued at that time.

c. With the issuance of the building permit authoring the 3,250th DUE, the second neighborhood park shall be triggered and subsequently completed within 15 months.

Unit Allocation Program

In order to ensure that the City will maintain an average annual growth rate of 1.7 percent citywide, yet provide a greater measure of certainty for development within the SLSP so as to meet the needs of the bonding requirements, a SLSP Unit Allocation Program will be developed. The requirements of the program shall be as follows:

- The SLSP Unit Allocation Program shall be established prior to approval of the first tentative map within the SLSP area. This program shall identify how single-family residential units within the Plan area will be allocated among properties.
- Multi-family and affordable units within the SLSP shall be exempt from the allocation program.
- The program shall recognize that the 1.7 percent rate is a citywide rate, and therefore accommodations must be made for infill growth (including within Sycamore Ranch) within the existing City. In other words, the 1.7 percent rate shall not be allocated solely to growth within the SLSP area.
- The program shall include procedural details that will guide the day-to-day implementation of the program by the City, including how the allocation program will be interwoven into the City's standard existing land development entitlement process and the administration of the SLSP as described in Section 9.0 of the Plan.
- Unless otherwise amended, the program shall recognize the General Plan and Specific Plan 2015 and 2020 population caps.
- The allocation program shall not inadvertently create an incentive in early years to build at lower densities than allowed, in order to sell unused allocations to others. To the extent possible, development at planned densities shall be encouraged. Unused allocations on a developed property shall not be transferable.
- The allocation program shall be consistent with the requirements of the SLSP, including the land use designations, development regulations, and densities.
- Implementation of the program shall be recognized/required as appropriate in technical reports and implementation documents (e.g. fiscal and financial studies; Development Agreements).

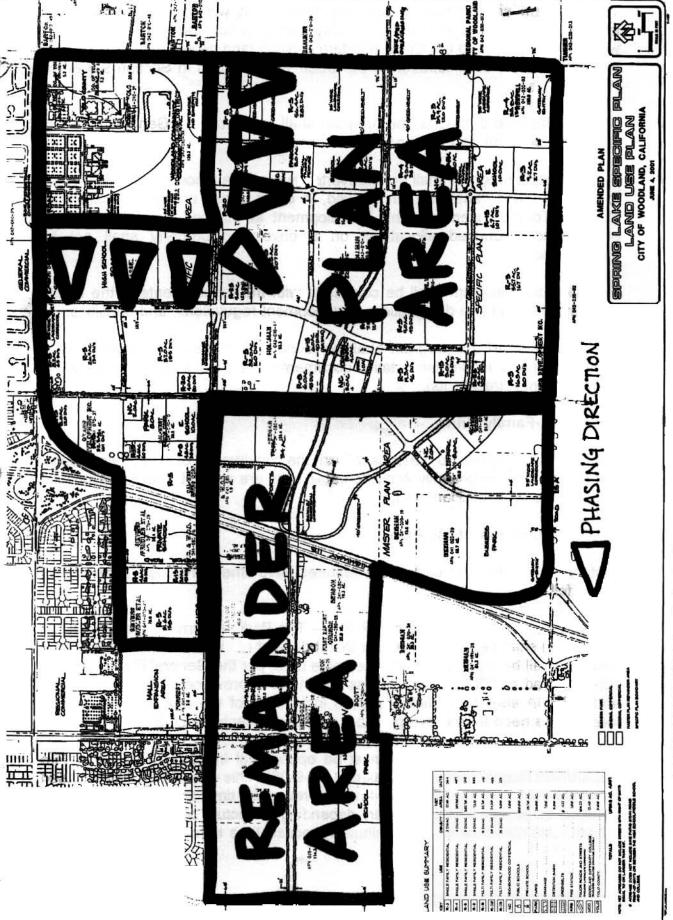


FIGURE 8.1 Phasing Schematic

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Phasing of Multi-Family Units

Multi-family units are required to "keep pace" with the construction of single family units, to the extent feasible. Multi-family and affordable units are exempt from the allocation program within the Specific Plan area.

Phasing of Components of the Plan

It is the intent of the Plan that certain key features have timely phasing. Examples of these are as follows:

- Parkway Drive Over-crossing of SR 113 -- The Parkway Drive Over-crossing of SR 113: a) shall be in place no later than build-out of the Master Plan remainder area; b) shall be triggered by unacceptable LOS, per the General Plan, on either Gibson Road or CR 25A; and c) less expensive improvements to Gibson Road and CR 25A shall be installed prior to installation of the overpass in order to forestall the need for the overpass but maintain acceptable LOS.
- Fire Station -- The fire station must be operational in 2007 ("Review of Fire Department Requirements", K. Diekman, 11-9-00). This operational date is based on maintenance of the required 4-minute response time and may change (be required to be operational sooner) depending on actual phasing and pace of growth. Maintenance of the 4-minute response time is mandatory. The road network serving the fire station site must be completed before the fire station operating threshold is reached.
- Sports Park -- Required to be "greened" by build-out of the Specific Plan and fully developed in conjunction with the Master Plan remainder area (see Parks and Recreation Section).
- Central Park -- Required to be developed at the same time as the Fire Station.
- Neighborhood Parks Required to be constructed at 60 percent buildout of each neighborhood and construction shall occur as specified in Regulation 8.2.

PLAN BUILD-OUT

The SLSP is anticipated to be built-out over a 15 year period. The process of preparing this Plan began in 1998. The horizon year for planning purposes is 15 years following the year of adoption. In reality it may be a year or more after adoption before construction of the first home occurs. That could push build-out further into the future.

Population Cap and Rate of Growth

The population of Woodland as of January 1, 2001 was 50,614. The City has in place a population cap of 60,000 by 2015 and 66,000 by 2020, with the rate of growth limited by policy to an average of 1.7 percent annually. Looking at five year increments and using a rate of 1.7 percent per year, maximum growth within the City would be as follows under current General Plan policies:

<u>Year</u>	Population ¹	Population Inc.	No. of Units ² Units Per Year
2001	50,614		
2005	54,1443,530	1,264	316
2010	58,9054,761	1,705	341
2015	64,0845,179	1,855	371
<u>2020</u>	<u>69,7195,635</u>	<u>2,018</u>	<u>404</u>
Totals	19,105	5 6,842	360/year average

¹ January 1.

This maintains the annualized 1.7 growth rate, but results in a Citywide total in excess of the 60,000 population cap sometime in 2011, and in excess of 66,000 population cap sometime in 2016.

Build-out of the Sycamore Ranch area has been slowed due to remapping of the 100-year floodplain. Remaining to be built are 801 single family units and 380 multi-family units. Of the multi-family units in Sycamore Ranch, 240 of those are associated with a 12.5-acre site (APN 027-038-09) on Gibson Road which has now been identified for acquisition by the School District for another elementary school to serve the Sycamore Ranch area. While some of these multi-family units may be built on other School District property to "make up" for the loss of planned multi-family units at the Gibson Road site, this is speculative at this time and therefore, the total number of units to be built in Sycamore Ranch is assumed to be 941 units (801 + 380 - 240). There are no other areas permitted/entitled for growth within the City. Other than an occasional single lot, there are no other remaining residential infill properties within the City.

Looking only at build-out from Spring Lake (4,037 units) and Sycamore Ranch (941 remaining units), total additional units would be 4,978 with a 15-year build-out. Total additional population would be 13,869, resulting in a Citywide total of 64,483 sometime at or after 2016. This maintains the annualized 1.7 percent growth rate, but exceeds the 2015 population cap.¹

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² Assumes 1.7 percent average annual growth.

³ Assumes persons-per-household (pph) of 2.792.

It should be noted that the actual density of development in Spring Lake is likely to be less than the maximum allowed densities, resulting is slightly lower population yield.

The average number of residential building permits (new construction) issued per year in the nine-year period from January 1991 through October 1999 was 228. Under the annualized 1.7 percent growth scenario provided above, an average of 360 units could result, significantly higher (by over 60 percent) than the 1999 average². Despite the allocation program, the actual pace of growth in Spring Lake is likely to vary dependent on what happens with the build-out of Sycamore Ranch and market-demand once development starts in the Specific Plan area. There may be an initial pent-up demand that is reflected in initially higher numbers of permits per year. The General Plan policies allow for variations over time to accommodate market cycles, so long as the 1.7 percent average annualized growth rate is not exceeded.

In order to monitor growth as related to the requirements of the General Plan, the following regulation shall apply:

8.3 The City will monitor growth in the SLSP on an annual basis as related to the 2015 population cap in the General Plan. The City Council will take appropriate action to maintain consistency with the General Plan. Absent a subsequent amendment to the General Plan to modify the 2015 population cap, the City Council will stop growth in the City upon reaching a population of 60,000. Consistency with the 2020 population cap will be re-evaluated in conjunction with growth in the Master Plan remainder area.

CAPITAL IMPROVEMENT PLAN

Development of a capital improvement plan (CIP) and a financing plan for public facilities (described below) are critical components for implementation of this Plan. The CIP is a list of capital improvements identified to be necessary for build-out of the Specific Plan. It will identify sizing, phasing, costs, and timing of construction for each item. It is developed based on the infrastructure plans prepared for the Specific Plan, including the Water Infrastructure Plan, the Sewage Infrastructure Plan, the Storm Water Drainage Infrastructure Plan, the Circulation Plan, and the Parks Plan, all of which will show the alignment and location of facilities.

Facilities to be described in detail include:

- Circulation System (roads, bikeways, transit, SR 113 overpass, roundabout)
- Water Supply and Delivery
- Sewage Treatment and Transmission
- Storm Drainage Collection and Conveyance
- Fire Station
- Parks (neighborhood parks, Central Park, and sports park)

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The number of new residential building permits in 2000 declined significantly due to the 100-year floodplain issues in Sycamore Ranch. Therefore, the Community Development Department has indicated that the 1999 averages should be used as the best reflection of typical permit pattern for new residential construction.

Other community facilities (library)

Because infrastructure cost estimates will change over time as better information becomes available through more precise engineering design and estimates, the CIP will be updated from time to time, as will the Financing Plan discussed below. The final CIP for the Spring Lake Specific Plan must be adopted by the City Council prior to approval of any tentative map within the boundaries of the Plan area.

PUBLIC FACILITIES FINANCING PLAN

Background

A final comprehensive Public Facilities Financing Plan must be adopted by the City Council prior to approval of any tentative map within the boundaries of the SLSP, to ensure that all new development pays its own way. The Financing Plan must be flexible enough to accommodate the development strategies of the diverse set of landowners, yet must ensure that the required facilities (as identified in the CIP) are constructed when necessary.

The cost of improvements, the ability to carry these costs in the area, and the interest and participation of the property owners are all highly relevant to the development of the Financing Plan.

The Financing Plan establishes the framework for acceptable financing of the required major ("backbone")³ public infrastructure in the plan area. It must specify the major public facilities to be constructed or acquired in association with the development of the Plan, costs of construction or acquisition, phasing requirements, and sources of funding.

At a minimum, the Financing Plan will address or include:

- Conceptual engineering designs and cost estimates with adequate contingencies for the required public facilities.
- A phasing plan that indicates when each facility will be needed in relationship to Specific Plan areas being developed.
- An allocation of public facilities costs by land use category, in a fair and equitable

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³ "Backbone" infrastructure is defined as major infrastructure improvements such as all major streets (collectors and arterials) including above-ground and underground utilities associated with those streets, all bikeways, greenbelts, open space facilities, drainage channels, detention ponds, water wells, pump stations, and parks that provide Plan-wide connectivity and/or Plan-wide benefit. Infrastructure identified as having Plan-wide benefit are to be financed through a Mello Roos Communities Facility District (CFD), assessment district, or other visible legal mechanism by all property owners receiving benefit. In contrast, subdivision level or "developer" cost items are those improvements necessary to serve only one or a few (typically adjoining) property owners and are paid for only by the specific properties receiving benefit.

manner, so that each owner is paying the appropriate fair share of the public facilities costs.

- Analysis of various funding options and their appropriate application, including but not limited to City-wide development impact fees, Specific Plan area of benefit fees, Mello-Roos Community Facilities Districts (CFDs), traditional assessment districts, Lighting and Landscaping Districts, and private capital.
- An implementation program for each of the recommended funding options, including procedural requirements, timing, and administrative costs.
- Discussion of policies regarding the funding for oversized facilities and associated fee credit/reimbursement policies.
- Discussion of issues related to participation of landowners in any current public financing districts (CFDs or assessment districts).
- Examination of fiscal "gaps" that may result if tax revenues generated from build-out of Plan are determined not to cover general fund expenses. The financing plan should identify feasible mechanism for funding that net deficiency.
- Financing of other key one-time costs⁴ if appropriate, such as land set-asides required in the Mitigation Monitoring Plan for mitigating agricultural and habitat losses.

Draft Financing Plan

A draft Public Facilities Financing Plan (November 28, 2001) has been submitted by the applicant. It identifies a total cost for public facilities of 122.3 million. It also identifies a total cost of approximately \$___ million in infrastructure required for the first house.

The proposed financing strategy for the Plan includes formation of a Mello-Roos Communities Facilities District (CFD), possibly an Assessment District, or other viable legal mechanism to allow for financing of most of the backbone infrastructure and public facilities. The entire Plan area has been preliminarily identified as having a bonding capacity of \$18.9 million through a CFD. Any bond sale is limited by the actual appraised value of the taxable property at the time of the bond issue.

In addition to Mellos-Roos financing, development would be funded by a combination of existing City and county development impact fees, plan area fees, school fees, private

It should be noted that schools are not a part of the financing package because of recent changes in State law regarding the way schools are financed. This is discussed more in the Public Facilities and Services Section under "Schools".

capital from the developer, and possibly other mechanisms. Modifications to existing impact fee schedules will be made as required. Plan area fees are used for public infrastructure and facilities which specifically benefit SLSP development. School fees are established by State regulation. Private funding will be used where advance funding is required, to cover gaps in other types of funding, and/or for "in-tract" subdivision improvements.

Financial Feasibility

A number of financial feasibility analyses have subsequently been prepared by the applicant's consultant to test total cost burden for major infrastructure and public facilities as a percentage of home sales price, residual land value, and total taxes and assessments as a percentage of home sales price. The most recent was completed June 12, 2001 for the Plan described herein. For that analysis total backbone infrastructure, public facilities, and impact fees for the Plan that would be financed totalled \$134 million. Total Spring Lake share of costs for street, water, sewer, and drainage improvements was \$56.1 million.

For an R-5 unit, the following conclusions were reached:

- Total Cost Burden as a Percentage of Sales Price: The first test examines the total cost burden as a percent of sales price. EPS identifies a target range for feasibility of 15 to 20 percent of the home sales price. To perform this test, EPS was required to make specific assumptions regarding size and sales price for homes in the various density categories. For an R-5 home (net lot size approximately 6,000 square feet), EPS assumed a 1,750 square foot house selling at a price range of \$195,000 to \$210,000. The resulting burden for an R-5 home was \$35,986 representing 17 to 18 percent of the assumed sales price. The test indicates that the ratio of total fees and infrastructure costs would be within a range considered feasible. The analysis goes on to note the ratio may, in fact, be closer to 15 to 16 percent, but is higher due to the inclusion of two-lane roads.
- Estimated Residual Land Value: The second test examines the residual land value of a paper lot as compared to the assumed selling price. EPS identified a target range for feasibility of \$15,000 to \$25,000 in residual value. For an R-5 home, EPS assumed backbone infrastructure costs of \$28,968 per unit. In-tract (subdivision) infrastructure is assumed at \$19,700 per lot, and construction is assumed at \$57 per square foot for a total construction cost of \$119,450. For overhead and financing, EPS assumed that construction financing would be 10 percent of the total construction cost, the cost of selling the home would be 5 percent, and builder profit would be 10 percent, for a total overhead and financing cost of \$41,195. Therefore, the total cost of producing an R-5 home was calculated at \$189,613. This fell below the selling price range of \$195,000 to \$210,000 resulting in a positive residual land value of \$5,387 to \$20,387 per lot. The test indicates that the estimated residual land values would fall within a range considered feasible.

Test of 2 Percent of Sale Price: The third test examines total taxes and assessments as a percentage of the home sales price. EPS indicates that as a threshold for feasibility, total taxes and assessments should not exceed 2 percent of the sales price. For an R-5 home, property taxes, existing general obligation bonds (school district), and special taxes and assessment for the Spring Lake Mello-Roos Community Facilities District (CFD) and Lighting and Landscaping District (LLD) were calculated at \$2,929 to \$3,089 per unit, representing 1.47 to 1.50 percent of the assumed sales price range. This falls within the feasibility threshold.

The June 2001 EPS report concludes that the Specific Plan meets all three of the standard feasibility analyses, and is, therefore, a feasible plan for implementation. The report goes on to indicate, however, that a "strong market" will be an important factor to developers and builders considering the SLSP area, given the dependence of the feasibility conclusions on the assumed home prices.

EPS also provided comparisons of proposed Specific Plan units to units in Sycamore Ranch and North Natomas which are identified as the primary market competition, and are understood to meet all three tests of feasibility. An R-5 unit in Sycamore Ranch is identified by EPS as having a value of \$200,000. The same unit in North Natomas is valued at \$225,000.

FISCAL IMPACT ANALYSIS

A fiscal impact analysis is required to be considered by the City Council in conjunction with their deliberation of the Specific Plan.

Background

The objective of the Fiscal Impact Analysis is to determine, over time and at build-out, whether the Specific Plan development will generate adequate revenues to meets costs of providing City and County operation and maintenance services. In other words, whether the net effect will likely be negative or positive to the general fund of both the City and County. In order to prepare such an analysis, several key assumptions must be made including the ultimate tax sharing arrangement negotiated between the City and county, home pricing, residential land use absorption (market), and sales taxes attributable to the development.

Preliminary Analysis

A revised Fiscal Impact Study was submitted November 16, 2001 by the applicant. It was prepared based on the June 2001 (as amended) land use plan and Plan text description. It concludes that the project will generate a net annual deficit to the City General Fund of \$908,000 at build-out (\$225 per unit), and a net annual deficit to the Road Funds of

\$31,000 at build-out. Impacts to the County are not addressed in the revised analysis, however, the prior 1999 analysis calculated a net annual County deficit of \$56,000. Because the SLSP is a primarily residential project, the fiscal results are worse when viewed in isolation from the remainder of the City which has a substantial amount of non-residential development.

Citywide (including development of the entire Master Plan area), the 1996 General Plan Fiscal Analysis showed a projected annual deficit in 2020 of \$880,000 which was reversed to a net annual surplus of \$700,000 if the City put into place citywide impact fees for park maintenance and special taxing districts to fund maintenance of street landscaping and street lighting.

Shortfall Financing

The revised Fiscal Impact Study identifies the advantages and disadvantages of four shortfall financing options:

- Mello-Roos Communities Facilities District for police, fire, park, and recreation.
- Landscaping and Lighting District for parks, landscaping, and drainage services.
- Public Services Mitigation Fee for any of these services.
- Benefit Assessment District for drainage, flood control, street lighting, and street maintenance.

The applicant will be required to identify and implement any one or combination of these items, in a manner satisfactory to the City and consistent with the requirements of the General Plan fiscal policies (4.B.1 and 4.B.3).