



City of Chula Vista

Staff Report

File#: 17-0025, **Item#:** 4.

- A. RESOLUTION NO. 2017-024 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING A PUBLIC BENEFIT AGREEMENT BETWEEN THE CITY OF CHULA VISTA, FLAT ROCK LAND COMPANY, LLC, AND OTAY LAND COMPANY, LLC
- B. RESOLUTION NO. 2017-025 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING A PUBLIC BENEFIT AGREEMENT BETWEEN THE CITY OF CHULA VISTA AND HOMEFED VILLAGE III MASTER, LLC

RECOMMENDED ACTION

Council adopt the resolutions.

SUMMARY

HomeFed (representing its subsidiaries; Flat Rock Land Company, LLC, Otay Land Company, LLC and HOMEFED VILLAGE III MASTER, LLC) initiated discussions with the City to determine if there was an interest in exchanging park lands in Villages 4 and 8 West (part of the planned 70-Acre Community Park) for active recreation lands in the Otay River Valley (the western portion of Planning Area 20) (see Attachment 1 - Location Map). Ultimately, HomeFed would like to build housing on a portion of the planned 70-Acre Community Park site. Staff worked with HomeFed to negotiate an agreement that lays out the process for consideration of these land exchanges provided certain conditions be met. If the conditions are met the exchange would trade 35.2 acres of the Community Park Site (Parcels A and B) for 96.7 acres of active recreation lands (Parcels C and D). The specific exchange conditions are detailed in the body of this report and the subject agreements are but the first step in the exchange process. Any final actions on this matter will come back to the Planning Commission and City Council for consideration.

ENVIRONMENTAL REVIEW

Environmental Notice

The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required. In addition, notwithstanding the foregoing, the "Project" also qualifies for an Exemption pursuant to Section 15061(b)(3) of the California Environmental Quality Act State Guidelines.

Environmental Determination

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. In addition, notwithstanding the foregoing, the Director of

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Development Services has also determined that the “Project” qualifies for an Exemption pursuant to Section 15061(b)(3) of the California Environmental Quality Act State Guidelines. Thus, no environmental review is required.

BOARD/COMMISSION RECOMMENDATION

Not applicable.

DISCUSSION

During the development of the Village 8 West Sectional Planning Area (SPA) Plan, HomeFed (the “Applicant”), became concerned with the City’s proposal to use the planned 70-Acre Community Park for competitive sports fields. The Applicant’s primary concern was that the park would operate like a private facility and would limit access to its nearby residents. With that in mind, the Applicant approached the City to determine if there would be any interest in exchanging a portion of the community park for lands that they owned in the Otay River Valley (part of Otay Ranch Planning Area 20) that could be used for a competitive sports facility. Since then, the Applicant has acquired additional land adjacent to both the community park and the river valley property and has made it part of this proposal. Ultimately, the Applicant would like to rezone the parkland and build homes on it.

If a 35.2 acre portion of the community park were to be re-designated for housing, an approximate 46 -acre community park would remain in Village Four and would potentially include ball fields, soccer fields, play areas, restrooms, etc. The active recreation parcels in the Otay River Valley would be used for tournament facilities that may include soccer, ball fields and other facilities.

The Applicant (representing its subsidiaries; Flat Rock Land Company, LLC, Otay Land Company, LLC and HOMEFED VILLAGE III MASTER, LLC) initiated discussions with the City to determine the conditions that would have to be met in order for the City to consider the land exchange. Because different subsidiaries of HomeFed own each of the parcels, two similar agreements were negotiated and are attached (Attachments 2 and 3). The parcels included in these agreements, including their size, land use designations, zoning and ownership are described in Table 1 below and shown on Attachment 1.

Table 1 - Public Benefit Agreement Parcels

Parcel	Size	GP/GDP Land Use Designation	Zoning	Owner
A	17.8 acres	Park/Community Park	Park	HOMEFED VILLAGE III MASTER, LLC (to be dedicated as parkland with Village 3 development)
B	17.4 acres	Town Center (with floating Park)/Community Park	Park	Otay Land Company, LLC (to be dedicated as parkland with Village 8 West development)
C	46.7 acres	Open Space-Active Recreation/Active Recreation	PC	HOMEFED VILLAGE III MASTER, LLC
D	50.0 acres	Open Space-Active Recreation/Active Recreation	PC	Flat Rock Land Company, LLC

The agreements require, that as a precedent to the City considering approvals of entitlements that would result in the removal of parcels from the City's park system, the following conditions would have to be met (see Section 3.1 of the agreements)

- Alternative park land must be identified that is acceptable to the City; and
- Said park land must be suitable for use as a regional active-recreation community park and must be capable of supporting tournament level sports fields and activities; and
- Said park land must be free and clear of any environmental conditions and not subject to any remaining Remediation Measures; and
- The property must be free and clear of all liens and encumbrances [other than those identified in Section 3.1(d)]; and
- Ninety (90) days prior to any consideration of entitlement, the Applicant will have to provide evidence that it owns all of the land included in the agreements.

While the agreements do not assume the approvals necessary to rezone parkland, they do lay out a process for analyzing the properties prior to moving anything forward for Planning Commission and City Council consideration. In order for the City to determine if the parcels meet the criteria listed above, compliance with the following provisions will be required as identified in the agreements:

- Applicant will submit a Phase I Environmental Assessment Report for Parcels "C" and "D" within 60 days (on or about April 9, 2017); and
- Applicant shall submit an opportunity and constraints analysis to determine if Parcels "C" and "D" are suitable for use as a regional active-recreation community park within 90 days (on or about May 9, 2017); and
- Applicant will submit a Phase II Environmental Assessment Report for Parcels "C" and "D" within 120 days (on or about June 8, 2017); and
- In the event that the Applicant and City determine that there are no fatal flaws identified in the opportunities and constraint analysis, the Applicant and City shall enter into an agreement with a consultant to prepare a feasibility study for Parcels "C" and "D" within 150 days (on or about July 8, 2017); and
- Applicant shall provide an updated Phase II for Parcels "C" and "D" 60 days prior first public hearing for entitlements; and
- Applicant shall submit an irrevocable offer of dedication (IOD) for Parcels "C" and "D" 30 days in advance of public hearing for entitlements with encumbrances removed from title; and
- Applicant shall provide an updated title report showing that all liens, encumbrances and any other exception has been removed 15 days prior to the last public hearing.

Should all of the above occur to the City's satisfaction, the Applicant will need to submit applications (Sectional Planning Area Plan Amendments to Villages 8 West and 3 North) for City Council consideration. If, and when, entitlements to rezone park land are approved by the City Council the agreements also require the Applicant to:

- Prepare a mass grading plan for Parcels "C" and "D"; and

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- Prepare two (2) improvement plans for public access and public utilities to Parcels “C” and “D”, including potable water, reclaimed water, sewer tie-ins, etc. prior to City approving first final map on Parcels “A” and “B”; and
- Improve and deliver Parcels “C” and “D” to the City within one year of City’s written request to provide Parcels “C” and “D” as a park site or submit a material and labor bond, or other form of security to the City to ensure delivery per Section 4.3 of the agreements.

In summary, the agreements allow for a process by which the City can analyze Parcels “C” and “D” to determine if they are suitable for use as a regional active-recreation community park. If, at the City’s sole discretion, Parcels “C” and “D” are determined to be suitable, the Applicant will submit further entitlements to rezone a portion of the 70-Acre Community Park for City Council consideration.

DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City Council members and has found no property holdings within 500 feet of the boundaries of the properties which are the subject of this action. Consequently, this item does not present a disqualifying real property-related financial conflict of interest under California Code of Regulations Title 2, section 18702.2(a)(11), for purposes of the Political Reform Act (Cal. Gov’t Code §87100, *et seq.*).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

LINK TO STRATEGIC GOALS

The City’s Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. The proposed agreements would implement the Healthy Community Goal. In particular, the project would implement Strategy 3.3, “provide parks, open space, outdoor experiences, libraries and recreational opportunities that residents can enjoy,” by continuing to analyze the subject properties to provide additional parkland.

CURRENT YEAR FISCAL IMPACT

The processing for the Public Benefit Agreements and all supporting documents were funded by a developer deposit account. This account funded City staff on this project.

ONGOING FISCAL IMPACT

The ongoing expenditures for staff time and other City costs associated with these Public Benefit Agreements will be funded by a developer deposit account.

ATTACHMENTS

1. Location Map
2. Public Benefit Agreement Between Flat Rock Land Company, LLC, Otay Land Company, LLC and the City of Chula Vista
3. Public Benefit Agreement Between HOMEFED VILLAGE III MASTER, LLC and the City of Chula Vista

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