



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Albert Balagso  
Larry D. Lisenbee

**SUBJECT:** SEE BELOW

**DATE:** 05-14-07

Approved

Date

5/17/07

**COUNCIL DISTRICT:** 7

**SUBJECT: ADOPTION OF APPROPRIATION ORDINANCE AMENDMENTS IN THE SUBDIVISION PARK TRUST FUND, AND APPROVAL OF A TURNKEY PARKLAND AGREEMENT WITH KB HOME, SOUTH BAY, INC.**

## RECOMMENDATION

- 1) Adoption of the following Appropriation Ordinance Amendments in the Subdivision Park Trust Fund:
  - a. Establish an appropriation to the Department of Public Works in the amount of \$154,000 for the Tuscany Hills Parks and Neighborhood Trail Turnkey project;
  - b. Establish an appropriation to the Parks, Recreation and Neighborhood Services Department in the amount of \$771,000 for the KB Home Reimbursement for Tuscany Hill Parkland Fees project;
  - c. Decrease the Reserve: Communications Hill by \$925,000.
- 2) Approve a Turnkey Park Agreement with KB Home, South Bay, Inc., for Planned Development Permit PD03-022, associated with Tentative Map No. PT00-152.

## OUTCOME

Approval of the recommendations in this memorandum would allow the construction and dedication of two new turnkey park sites and a neighborhood trail within the Communications Hill Specific Plan ("CHSP") area of the City. The estimated completion of the parks and trail is approximately six months from the date the City executes the Turnkey Parkland Agreement with the Developer.

## **BACKGROUND**

KB Home (“Developer”) has proposed development of 126 single-family detached, 245 single-family attached and 362 multi-family units on an approximately 129.2-gross-acre site located near the corner of Communications Hill Boulevard and Hillsdale Avenue. This phase of the CHSP residential build-out is known as the Tuscany Hills project. To fulfill its parkland obligation for PD03-022, the Developer is proposing to dedicate two park sites totaling 1.8 acres and a 1.4-acre neighborhood trail to serve residents of the project. The proposed park elements will consist of picnic and seating areas, security lighting, turf and irrigation, landscaping, walkways as well as trail improvements. A copy of the Proposed Park Concept Plan is attached as Exhibits A1, A2 and A3. The Developer presented the current master plan for the park and trail improvements to the Parks and Recreation Commission at their April 18, 2007 meeting.

## **ANALYSIS**

The Tuscany Hills housing project consists of a total of 733 mixed-unit types on the hilltop portion of the CHSP development area. The housing project is nearly completed to date and the Developer has prepared bid and contract documents for the two park sites and neighborhood trail facilities as part of their original zoning and planned development permit requirements. The Developer would like to begin construction of the park/trail facilities by spring 2007 with an anticipated finish date sometime in mid to late fall 2007. In addition to credits for the park and trail improvements, the Developer will receive credits for a small swim pool/courtyard area in Block 7 as eligible on-site recreation amenities for the housing project.

The Developer paid a total of six payments to the City for their parkland fees for the first phases of the housing project. The City collected a total of \$1,217,400 for 234 units between late 2001 and mid-2003, which allowed the City to issue building permits for the initial project phases. On January 23, 2004, the Developer entered into an interim parkland agreement with the City to cover the remaining unit fees due for the housing project and to ensure that there would be a future Turnkey Agreement executed for the project. This interim parkland agreement required the Developer to provide the City with a Letter of Credit (“LOC”) in the amount \$2,213,450 to cover parkland fees for the remaining 448 residential units under the initial zoning. The LOC will be returned to the Developer once the final Turnkey Parkland Agreement is executed.

The Developer received approval for Planned Development Permit (PD03-022) for the park and trail improvements on January 7, 2004. Since that time, the Developer and the City have worked together to refine the park designs and prepare construction documents for the park/trail improvements. Project construction plans and specifications will be approved by the Public Works Department after the Turnkey Agreement is approved by the City Council.

The Turnkey Parkland Agreement provides for the dedication and improvement of a 1.3-acre block park, a 0.5-acre overlook park and a 1.4-acre neighborhood trail easement, which meets the Developer’s parkland dedication obligation for 126 single-family detached and 228 single-family attached units. Park construction, design, and contingencies as well as the City’s design

review and inspection costs, in the amount of \$1,390,052, will be further added to the Developer's credits, resulting in additional equivalency credits for 312 multi-family attached units. The Developer will also receive equivalent unit credits on 16 single-family attached units for installation of approximately 5,958 square feet of private recreation amenities associated with the Block 7 swim pool area improvements.

Instead of paying fees, the Developer is now dedicating land and providing two developed parks and a neighborhood trail. As a result, the City will return \$770,093 in fees originally paid by the Developer to the City. This amount is calculated by subtracting \$447,307 (composed of \$294,100 in fees due to the City for 51 units remaining in the project and \$153,207 in City design review and inspection fees) from \$1,217,400 in fees already paid by Developer. This memorandum includes recommendations for several appropriation actions. First, it is recommended to appropriate funds totaling \$154,000 for the design, review and inspection of the turnkey parks and neighborhood trail by the Public Works Department. A second recommendation appropriates funds totaling \$771,000 to reimburse the Developer.

#### **PUBLIC OUTREACH/INTEREST**

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

In conjunction with the adoption of the Horizon 2000 General Plan in 1984, Communications Hill was recognized as a suitable location of a high-density residential urban community, due to its proximity to major transportation facilities and employment centers, its approximate 400 acres of vacant land, and its hilly topography, which precludes most commercial and industrial uses.

In 1992, the City adopted the Communication Hill Specific Plan (CHSP), which provided a comprehensive planning framework for the development of a unified, high-density, pedestrian-oriented, urban community with a mix of uses. The planning process included the active participation of a citizen's task force, City staff, and a consultant planning team. The property owners within the CHSP area were also involved in formulation of the Plan. The Plan also provides for a comprehensive design and phasing plan for utilities and services, financing mechanisms for improvements, as well as consistent guidelines and standards for the hillside community, including standards for parks and open space.

Two community meetings were held at Hillsdale Church and the Mountain Springs Mobile Home Park in February 2001 to introduce the Tuscany Hills project to local residents. Approximately 25-35 residents attended these meetings, discussing a number of potential project issues and impacts including traffic impacts and enforcement, construction schedules, project circulation, architecture, access issues, and grading/drainage impacts. Most residents in attendance were pleased with the layout and architecture of the project.

**COORDINATION**

Preparation of the Turnkey Parkland Agreement and this memorandum has been coordinated with the City’s Attorney’s Office, the Department of Public Works, and the Department of Planning Building and Code Enforcement.

**COST SUMMARY/IMPLICATIONS**

To meet their parkland dedication ordinance requirements for Planned Development Permit PD03-002, KB Home, South Bay, Inc. will be dedicating and improving 1.8-acres of neighborhood parkland and a 1.4-acre trail.

After deducting credits due to the Developer for land dedications, the construction of the turnkey parks and the neighborhood trail, only \$447,307 of the \$1,217,400 paid by the Developer to the City is due to the City for following items:

- \$ 294,100 for 51 units remaining in the project not receiving parkland credits.
- \$ 153,207 for City’s Design Review and Inspection Fee (15% of construction costs)

The remaining \$770,093 in fees collected by the City from the Developer will be returned because turnkey parks and a neighborhood trail are being provided by the Developer in lieu of the park fees.

The annual maintenance cost to the City is estimated to \$18,000 for the first year (FY07-08). City maintenance staff will begin maintaining the sites after a notice of completion is issued for the park construction and after project completion estimated in mid- to late fall 2007.

**BUDGET REFERENCE**

Fund #	Appn. #	Appn. Name	Total Appn.	2007-2008 Proposed Capital Budget (Page)	Last Budget Action (Date, Ord. No.)
375	7210	Reserve: Communications Hill	\$5,739,000	V-551	

**CEQA**

CEQA: Resolution No. 70194.



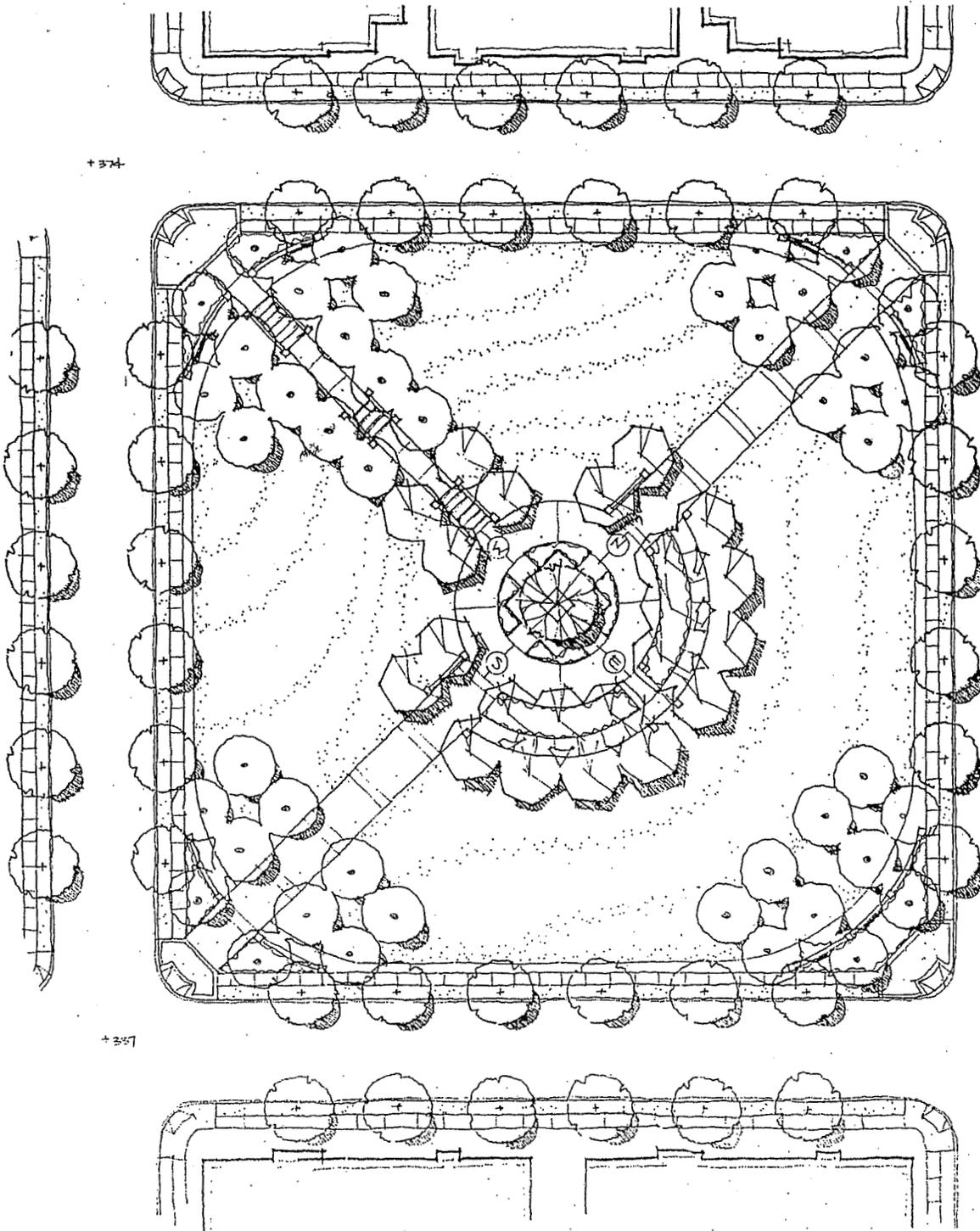
LARRY D. LISENBEE  
Budget Director



ALBERT BALAGSO  
Director of Parks, Recreation  
and Neighborhood Services

Attachments

For questions, please contact Brad Brown, Park Planner, at (408) 793-4178.



**SITE AMMENITIES**

- 2' High Poured-in-Place Concrete Seatwalls with Decorative Pilasters
- Plaza Seating Area with Tables and Benches
- Trash Receptacles
- Decomposed Granite Jogging Path
- Bermed Turf Amphitheater
- Large Open Turf Areas
- 'Heritage' Oak Tree
- Accent Trees at Park Entries
- Accent Shrubs
- Concrete Stairs with Seatwalls
- Street Trees

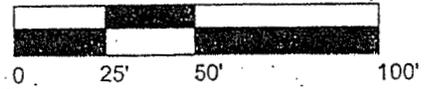
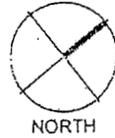
**PARK SITE PLAN**

**EXHIBIT A1**

PRELIMINARY LANDSCAPE CONCEPT PLAN

**PUBLIC PARK, BLOCK 5 (1.03 ACRES)  
 (NORTHERN SQUARE PARK #2)  
 COMMUNICATION HILLS-MASTER PD PERMIT  
 (TUSCANY HILLS)**

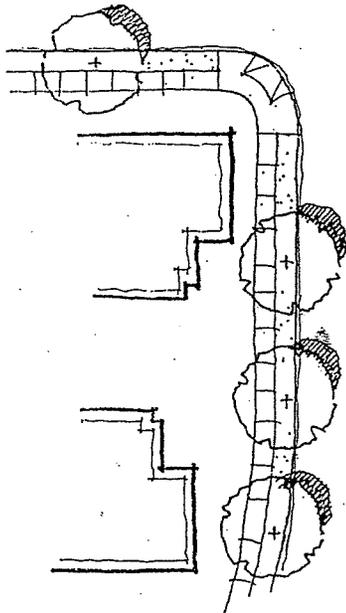
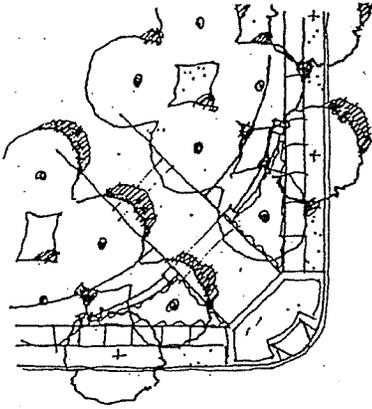
DEVELOPER: KB HOME - SOUTH BAY, INC.



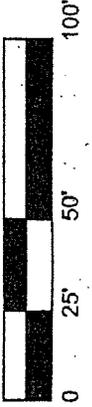
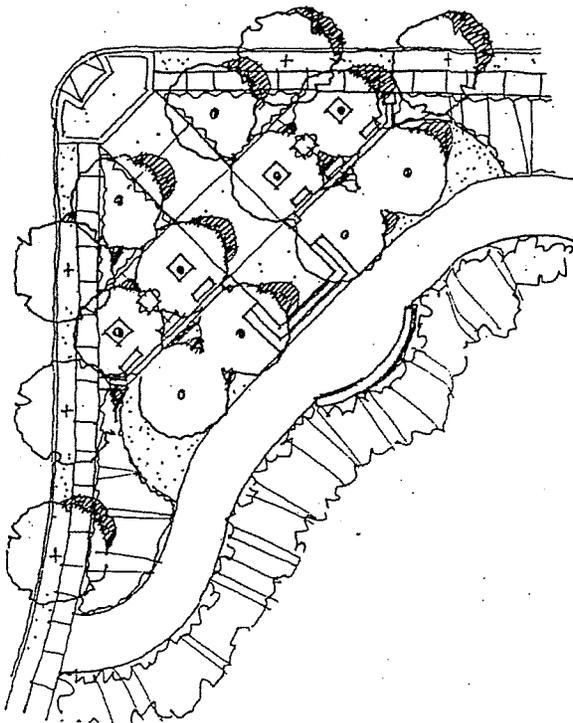
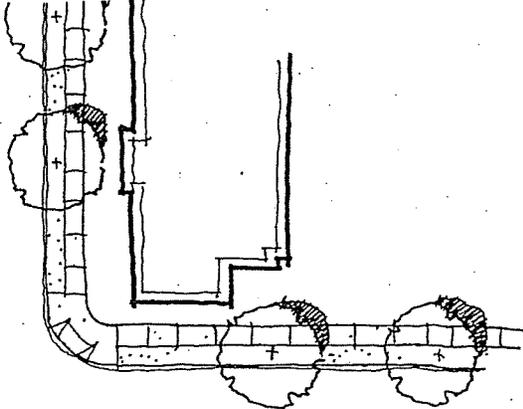
**SITE AMMENITIES**

- 2' High Poured-in-Place Concrete Seatwalls with Decorative Pilasters
- Seating Area with Tables and Benches
- Trash Receptacles
- Turf areas along Trail
- Accent Trees at Plaza in Tree Wells.
- Accent Shrubs
- Concrete Stairs to Trail
- Street Trees

**EXHIBIT A2  
PARK SITE PLAN**



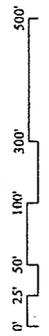
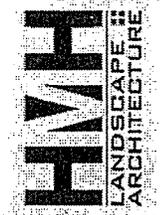
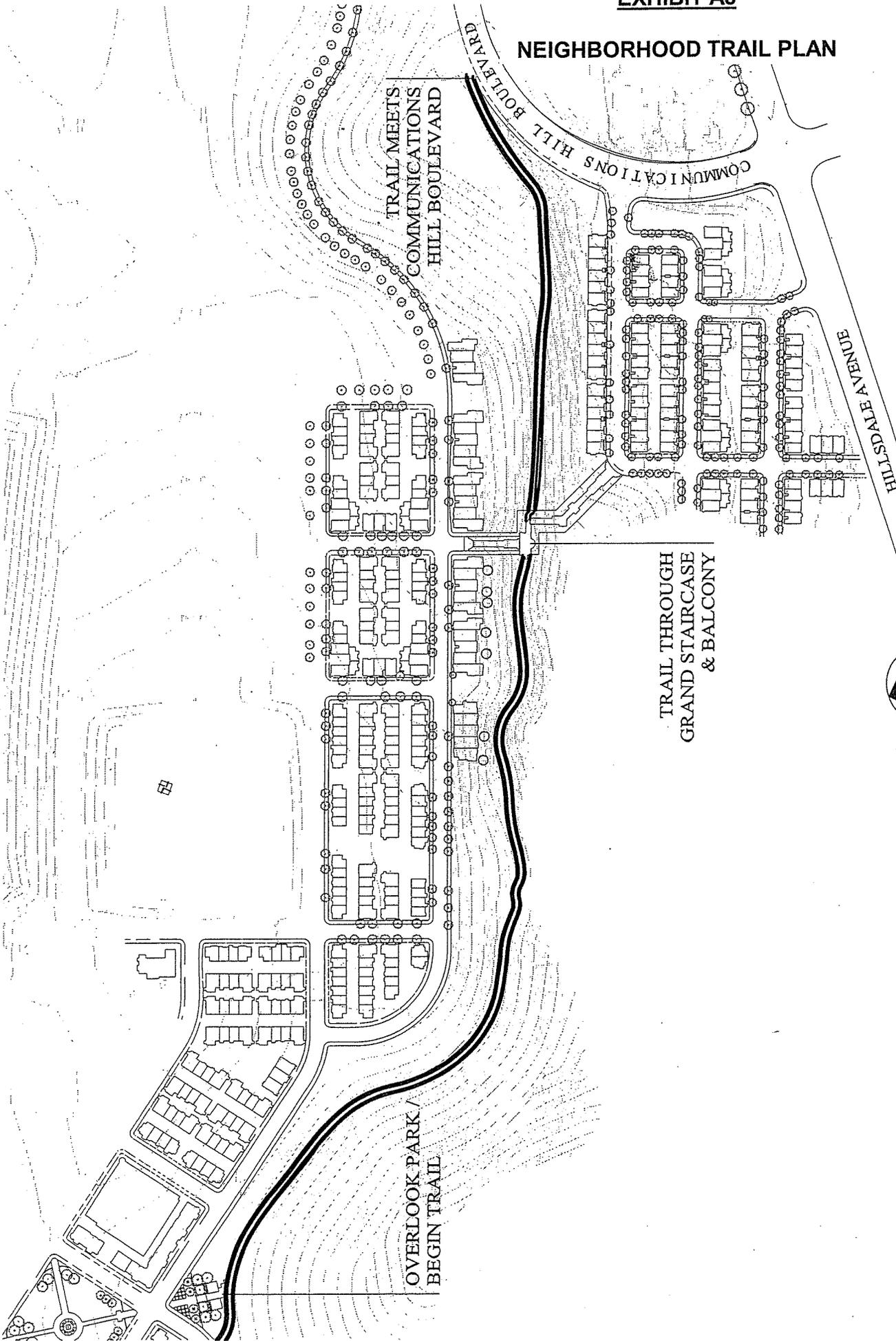
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PRELIMINARY LANDSCAPE CONCEPT PLAN  
**PUBLIC OVERLOOK PLAZA (.15 ACRES)**  
 COMMUNICATION HILLS-MASTER PD PERMIT (TUSCANY HILLS)

DEVELOPER: KB HOME - SOUTH BAY, INC.

NEIGHBORHOOD TRAIL PLAN



OVERLOOK PARK & TRAIL (3,300 LF ±)  
 COMMUNICATIONS HILL - MASTER PD PERMIT  
 (TUSCANY HILLS)

DEVELOPER: KB HOME - SOUTH BAY