



City of Wheatland

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PLANNING COMMISSION MEETING STAFF REPORT

Date: November 7th, 2023
Agenda Item:

Subject: Consideration to recommend City Council approval of the proposed Amendment No. 3 to the Third Amended and Restated City of Wheatland Development Agreement Concerning the Caliterra Ranch (formerly known as Jones Ranch) Subdivision and Dale Investments, LLC.

Prepared by: Tim Raney, Community Development Director

Recommendation

Staff recommends that the Wheatland Planning Commission hold the public hearing on the proposed Development Agreement Amendment, and upon close of the public hearing, adopt the Resolution recommending the Wheatland City Council approve the Amendment No. 3 to the Third Amended and Restated City of Wheatland Development Agreement Concerning Caliterra Ranch (formerly known as Jones Ranch) Subdivision and Dale Investments, LLC (see Attachment 1).

Background

On May 4, 2023, the City of Wheatland received a letter from Dale Investments, LLC, requesting a modification to the current Development Agreement for Caliterra Ranch. On July 25, 2023, the Wheatland City Council approved a resolution of intent providing staff direction to begin negotiating the deal points of the development agreement with the property owner, Dale Investments, LLC.

The Caliterra Ranch Project (formerly known as Jones Ranch) is an approximately 193-acre site consisting of 552 single-family residential units, located on the south side of Wheatland Road, between the existing High School and Ace Hardware. Oakley Lane bisects the property, which is agricultural in appearance, characterized by grasslands and open space. The project site is zoned Planned Development (PD) and designated for Low-Density Residential (LDR) and Commercial (C).

A list of all the previous City approvals for the Caliterra Ranch Project (formerly known as Jones Ranch) is included as Attachment 2.

Third Amended and Restated Development Agreement

On November 25, 2014, the City of Wheatland approved the Third Amended and Restated Development Agreement with Dale Investments regarding the Caliterra Ranch (formerly known as Jones Ranch) Subdivision (recorded by Yuba County in 2015). Section 2.21 of this Development Agreement includes the following term:

If, prior to December 31, 2023, final subdivision maps have been recorded for 276 or more parcels of the Project, then the termination date will be extended to December 31, 2026.

Since 2014, the Third Amended and Restated Caliterra Ranch Development Agreement has been amended two additional times. Amendment No. 1, which was approved by the Wheatland City Council on June 30, 2017, provided development impact fee protections and extended the deadline for the recording of the final map for the first 50 lots. Amendment No. 2, which was approved by the Wheatland City Council on December 8, 2020, reduced the development impact fees by 50 percent for the first 145 units and included the following additional terms.

Specific Performance Standards:

- Requires the Caliterra Ranch property owner to record the sale of the phase 1 site of 145 lots to a home builder by March 31, 2021.
- Requires home builder to enter into a new subdivision improvement agreement with the City of Wheatland and begin construction by September 30, 2021.
- Requires completion of the subdivision improvements for the 145 lots in phase 1 and acceptance by the City by September 30, 2022.
- Requires the home builder to receive approval and fund building permits for a minimum of 10 of the 145 units by December 31, 2022.

Discussion

To date, the Final Maps for Phase 1 (Village I and Village II) have been approved and 145 lots have been sold to the home builder K. Hovnanian Homes (KHOV). Internal streets and improvements to Wheatland Road have been constructed, 76 building permits have been approved, and 45 final inspections have been approved. Dale Investments and the project engineers have been working with City staff on Phase 2 of the project and preparing to sell the next phase to KHOV or another builder.

The housing market has slowed in the region due to the rise in interest rates. Currently, the pace of sales for the Caliterra Ranch project is 0.5 sales per week or 26 sales per year. Using that sales rate, it is projected that Caliterra Ranch would meet the required 276 recorded lots by December 2027 rather than December 2023. Due to the slower than anticipated sales, Dale Investments has indicated it needs additional time to continue with the project. City staff has met with the Dale Investments representatives on several occasions to discuss the framework for a

third amendment to the Third Amended and Restated Development Agreement that would provide a time extension from December 31, 2023 for another seven years (December 31, 2030). Based on City staff's discussion, Dale Investments provided the May 4, 2023 letter to the City outlining these deal terms.

As stated previously, on July 25, 2023, the Wheatland City Council approved a resolution of intent providing staff direction to continue negotiating the deal points of the development agreement with the property owner, Dale Investments, LLC. The Wheatland City Council also appointed two Councilmembers forming an Ad-Hoc Committee to work with staff on the proposed deal points. The Ad-Hoc Committee met with staff on August 15, 2023 and September 5, 2023, and staff has prepared the attached Amendment No. 3 to the Third Restated Development Agreement between the City of Wheatland and the applicant, Dale Investments, LLC. The proposed deal points are summarized below.

With the potential of extending the expiration date of the Development Agreement, City staff expressed concerns that the neighborhood park might not be constructed for another seven years. As a result, City staff and the Ad-Hoc Committee has negotiated with the applicant that the park will be constructed with the next phase of lots to be developed, beginning with lot 146.

In the event that the next phase of lots is not developed within the next three years, Dale Investments will ensure that if the proposed 5-acre park is not constructed as part of the next phase of lots within the next three years, at least 2.6 acres of the proposed 5.0-acre park consisting of grading, irrigation, and planting turf would be constructed by December 31, 2026. This will provide a usable area for the existing homeowners within the Caliterra Ranch community.

In addition, Dale Investments shall prepare a park site improvement plan and submit it for City Manager review for the 2.6-acre portion of the 5.0-acre park by December 31, 2025. In the event the next phase of development does not develop within the next five years, Dale Investments will complete the remaining improvements for the 2.6-acre portion of the park site, consistent with the approved park site improvement plan by June 30, 2028.

Conclusion

Based on the information contained in the staff report, staff recommends that the Planning Commission adopt the attached resolution recommending City Council approve the Amendment No. 3 to the Third Amended and Restated City of Wheatland Development Agreement to the Caliterra Ranch (formerly known as Jones Ranch) Subdivision and Dale Investments, LLC.

Attachments

1. Resolution No. 2023-** recommending City Council approve the Amendment No. 3 to the Third Amended and Restated City of Wheatland Development Agreement to the Caliterra Ranch (formerly known as Jones Ranch) Subdivision and Dale Investments, LLC

Exhibit A: Draft Amendment No. 3 to the Third Amended and Restated City of Wheatland Development Agreement to the Caliterra Ranch (formerly known as Jones Ranch) Subdivision and Dale Investments, LLC

2. Previous Wheatland Approvals for Caliterra Ranch.

**PLANNING COMMISSION
RESOLUTION NO. 2023-13**

**RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF WHEATLAND
RECOMMENDING CITY COUNCIL AMEND THE CALITERRA RANCH (FORMERLY KNOWN
AS JONES RANCH) DEVELOPMENT AGREEMENT.**

WHEREAS, on May 4 2023, the City of Wheatland received a letter from Dale Investments, LLC (applicant) requesting a third amendment to the Third Amended and Restated City of Wheatland Development Agreement Concerning Jones Ranch Subdivision; and

WHEREAS, on July 25, 2023, the City of Wheatland approved the Resolution of Intent to give staff direction to prepare the third amendment to the Third Amended and Restated Development Agreement between the City of Wheatland and Dale Investments Concerning the Caliterra Ranch (formerly known as Jones Ranch) Subdivision; and

WHEREAS, on November 24, 2014, the City of Wheatland approved the Third Amended and Restated Development Agreement with Dale Investments regarding the Caliterra Ranch Subdivision; and

WHEREAS, on June 30, 2017, the City of Wheatland approved Amendment No. 1, which provided development impact fee protections and extended the deadline for the recording of the final map for the first 50; and

WHEREAS, on December 8, 2020, the City of Wheatland approved Amendment No. 2, which, reduced the development impact fees by 50 percent for the first 145 units; and

WHEREAS, the City and Dale Investments, LLC have negotiated the Amendment No. 3 to Third Amended and Restated City of Wheatland Development Agreement Concerning Jones Ranch Subdivision; and

WHEREAS, the adoption of this Amendment No. 3 to Third Amended and Restated City of Wheatland Development Agreement Concerning Jones Ranch Subdivision will not adversely affect the comprehensive General Plan and it is consistent with the General Plan and carries out the purposes of the General Plan.

NOW THEREFORE, BE IT RESOLVED that the Wheatland Planning Commission recommends the Wheatland City Council Amend the Development Agreement between the City of Wheatland and Dale Investments Concerning the Caliterra Ranch Subdivision, which are based on its review and consideration of the entire record, including the recitals above and any oral or written testimony provided at the hearing:

1. There have been no substantial changes to the project through the Development Agreement. Therefore, the Jones Ranch program-level Environmental Impact Report and the Jones Ranch project-level Mitigated Negative Declaration are the appropriate environmental documents for the proposed project.
2. The Development Agreement is consistent with the General Plan, as it carries out the purposes of the General Plan and is consistent with the land use and development designation in such plans.

NOW THEREFORE BE IT FURTHER RESOLVED that the Planning Commission recommends the City Council Amend the Development Agreement between the City of Wheatland and Dale Investments Concerning the Caliterra Ranch (formerly known as Jones Ranch) Subdivision, in the form attached as Exhibit A, subject to such changes as may be approved by the City Council.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Planning Commission of the City of Wheatland at a regular meeting thereof held on the 7th day of November 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Planning Commission Chairperson

ATTEST:

City Clerk

EXHIBIT A

**AMENDMENT NO. 3 TO THIRD AMENDED AND RESTATED CITY OF WHEATLAND
DEVELOPMENT AGREEMENT CONCERNING JONES RANCH SUBDIVISION**

Recording requested by, and when
recorded return to:

City of Wheatland
111 C Street
Wheatland, CA 95692

Exempt from recording fees (Government Code §§ 6103, 27383)

**AMENDMENT NO. 3 TO THIRD AMENDED AND RESTATED
CITY OF WHEATLAND DEVELOPMENT AGREEMENT
CONCERNING JONES RANCH SUBDIVISION**

This Amendment No. 3 to the Third Amended and Restated Development Agreement (the "Amendment") is made and entered into this _____, 2023 by and between the City of Wheatland, a general law city ("City"), and Dale Investments, LLC, a California limited liability company ("Developer") ("collectively the "Parties"), who agree as follows:

1. Recitals. This Amendment is made with reference to the following background recitals:

- 1.1. On November 25, 2014, the parties entered into the *Third Amended and Restated City of Wheatland Development Agreement Concerning Jones Ranch Subdivision* (the "Agreement"), a copy of which is on file in the City Clerk's office. The Agreement was recorded in the Yuba County Recorder's Office on February 3, 2015 as Document No. 2015-001148.
- 1.2. On June 30, 2017, the parties entered into an Amendment No. 1 to the Agreement, a copy of which is on file in the City Clerk's office. That amendment was recorded in the Yuba County Recorder's Office on December 14, 2017 as Document No. 2017-016375.
- 1.3. On December 8, 2020, the parties entered into Amendment No. 2 to the Agreement, a copy of which is on file in the City Clerk's Office. That amendment was recorded in the Yuba County Recorder's Office on January 27, 2021 as Document No. 2021-001587.
- 1.4. At Developer's request, City and Developer have agreed to amend the Agreement's provisions related to park facilities, as set forth below.

2. Amendment to Agreement. The Parties amend the Agreement as follows:

2.1. Section 2.2.1. is amended to read as follows:

- 2.2.1.1. Section Commencement; Expiration. The term of this Agreement shall commence upon the date set forth above and shall expire on December 31, 2030, unless the term is terminated, modified or extended as provided by this Agreement or by mutual written consent of the

Parties. Developer agrees that a final subdivision map for a first phase of a minimum of 50 parcels must be recorded prior to April 30, 2018 or this Agreement will be terminated on that date. If litigation is filed against City and/or Developer challenging the approval of this Agreement and/or the Entitlements, then the term of this Agreement shall be extended for the period of time from the date of filing the complaint until the date that the litigation is dismissed or otherwise finally concluded. If a federal or state agency with jurisdiction issues an order that prohibits development of the Project, then the term of this Agreement shall be extended for the period of time that the order and prohibition are in effect. If there is uncertainty regarding the date of final conclusion of any litigation or the time period that a federal or state agency order and prohibition are in effect, then that uncertainty shall be decided by the City Attorney.

2.2. Section 2.7.2. is amended to read as follows:

2.7.2 Development Fees. The parties acknowledge that at the time of the initial development agreement City had recently begun preparation of a thorough study, review and update of City development fees, impact fees, capital facilities fees and connection charges (collectively “**City Development Fees**”). At the time of the initial development agreement, the final amount of and details concerning the City Development Fees were uncertain because of the need to first complete development fee studies and adopt the fees. As a condition of this Agreement, it is important to City that Developer commit to pay the future City Development Fees or some other agreeable amount, and it is important to Developer that its obligation to pay City Development Fees be certain and finite through December 31, 2026. Consequently, the Parties have negotiated a flat rate amount to be paid by Developer as City Development Fees for all City Development Fees incurred on or before December 31, 2026, and Sections 2.7.2.1. through 2.7.4.4. shall apply to all City Development Fees incurred on or before December 31, 2026.

2.3. Existing Section 2.8 of the Agreement is renumbered Section 2.9, and Section 2.8 is added to the Agreement, as follows:

2.8 Sections 2.7.2.1. through 2.7.4.4. shall not apply to any City Development Fees incurred on or after January 1, 2027. Developer agrees to pay any City Development Fees incurred on or after January 1, 2027 at the then-applicable rates for such fees, less any park fee credits allowed for park construction completed under Section 3.2.1.1.

2.4. Existing Section 3.2.1.2. is deleted, and Section 3 of the Agreement is amended to read as follows:

3. DEVELOPER'S OBLIGATIONS. Developer's obligations under this section 3 shall be at Developer's sole cost and expense, unless expressly provided otherwise.

3.1 Development, Connection and Mitigation Fees. Except as otherwise provided herein, any and all required payments of City Development Fees by Developer under section 2.7 shall be made at the time and in the amount specified by section 2.7.2.1. Any and all required payments of City Development Fees by Developer under section 2.8 will be made as required by then-applicable City statutes, regulations, codes, ordinances and other laws (including permit and license requirements) relating to the development of the Property and including those pertaining to the design and construction of subdivision improvements and City infrastructure.

3.2 Parks and Open Space. In satisfaction of the City's General Plan parks and open space policies, Developer shall dedicate acreage to the City's parks program, and provide park facility improvements, all as set forth in this section 3.2.

3.2.1. Park Improvement. Developer agrees to dedicate park land and design, install and construct the park and recreation improvements to Project parks as follows:

3.2.1.1. No later than December 31, 2025, Developer shall prepare a park site improvement plan and submit it for review and approval by the City Manager or his or her designee for the 2.6-acre portion of the 5.0-acre park (as shown on the Preliminary Bubble Concept Plan #3 dated August 7, 2013 (the "**Concept Plan**"), which is on file with the City Clerk of City, and to be shown on the updated Tentative Map (see section 3.14) and Design Guidelines). No later than December 31, 2026, Developer shall grade the park site and improve it with drainage, irrigation, turf, trees, and walkways in accordance with the approved park site improvement plan and Design Guidelines, and to the satisfaction of the City Manager or his or her designee. No later than June 30, 2028, Developer shall complete construction of all remaining park amenities, including, but not limited to, playground equipment, in accordance with the approved park site improvement plan and Design Guidelines, and to the satisfaction of the City Manager or his or her designee.

3.2.1.1.1. Provided that Developer satisfies the conditions set forth in section 3.2.1.1. or the City agrees to waive any conditions of 3.2.1.1. that the Developer has not satisfied, Developer shall be entitled

to a reduction of City Development Fees related to the park facilities. The amount of the reduction shall be calculated by determining the proportion of the City Development Fees that are attributable to park purposes and applying that percentage of reduction to the City Development Fees that Developer owes. Such determination shall be made in the City's sole discretion based upon its most recent development impact fee studies or reports. For example, given the City Development Fees for 2023 under section 2.7.2.1 would be \$45,761.84 (as adjusted) per lot, if park purposes comprise 10% of the City's total current per lot City Development Fees, then under this section Developer would be entitled to a reduction of 10% (\$45,761.84 less \$4,576.18), such that the total amount of the reduced fee would be \$41,185.66 per lot. This reduction, and method of calculating the reduction, shall apply to City Development Fees incurred from the Effective Date of this Amendment Number 3 through December 31, 2026 under sections 2.7.2.1. through 2.7.4.4., and, beginning on January 1, 2027, to City Development Fees incurred under section 2.8.

3.2.1.1.2. City may, in its sole discretion, waive any of the conditions in section 3.2.1.1.

3.2.1.1.3. Should any of the conditions set forth in section 3.2.1.1. not be satisfied by Developer or waived by City prior to the time that any City Development Fee is due, then Developer shall not be entitled to pay the reduced City Development Fee calculated under section 3.2.1.1.1. Nothing in this section shall be construed to limit City's default rights and remedies in the event of a default by Developer.

3.2.1.2. The paseos, basin areas and landscape corridors/open space (as shown on the Concept Plan and to be shown on the updated Tentative Map, and collectively referred to as "landscape corridor improvements") shall be graded and improved with drainage, irrigation, turf, walkways and other improvements in accordance with the approved Design Guidelines and to the satisfaction of the City Manager or his or her designee. For each site, prior to construction, Developer shall prepare a site improvement plan for review and approval by the City Manager or his or her designee. The landscape corridor improvements shall be installed pursuant to the approved site plan at the same time as the subdivision

improvements for the final subdivision map phase containing or adjacent to the landscape corridor and shall be completed within 45 days after the issuance of the first certificate of occupancy for that phase.

2.5 Wherever the Agreement refers to “\$39,690 (as adjusted by the ENR index)” or “\$39,690 (as adjusted),” the phrase is amended to read “\$45,761.84 (as adjusted by the ENR index under section 2.7.2.1).”

3 **No Effect on Other Provisions.** Except for the amendment in Section 2, the remaining provisions of the Agreement shall be unaffected and remain in full force and effect.

CITY OF WHEATLAND

DEVELOPER

By: _____
Bill Zenoni

By: _____
Sundeep S. Dale
Owner, Dale Investments, LLC

Attachment 2

Previous Caliterra Ranch (formerly known as Jones Ranch approvals)

- 2002: The City certified the Jones Ranch program-level Environmental Impact Report.
- 2003: The City adopted the Jones Ranch Tax Sharing Agreement.
- 2003: The City approved the annexation of the approximately 193-acre Jones Ranch project site.
- 2005: The City approved the Jones Ranch project-level Mitigated Negative Declaration and the Jones Ranch Tentative Subdivision Map.
- 2006: The City recorded the Jones Ranch Development Agreement between the City of Wheatland and Lakemont Overland Crossing, LLC.
- 2006: The Yuba County Local Agency Formation Commission (LAFCo) approved the annexation into the City.
- 2007: The City approved an extension of the approved Jones Ranch Tentative Subdivision Map, which extended the life of the Tentative Subdivision Map for a ten-year period, matching the terms of the Development Agreement.
- 2008: The City approved the Amendment No.1 to the Jones Ranch Development Agreement between the City of Wheatland and Lakemont Overland Crossing, LLC.
- 2010: The City recorded the Second Amendment to the Jones Ranch Development Agreement between the City of Wheatland and RBC Real Estate Finance Inc.
- 2015: The City recorded the Third Amended and Restated Development Agreement between the City of Wheatland and the applicant, Dale Investments, LLC.
- 2015: The City determined the 2015 Jones Ranch Tentative Subdivision Map was in substantial compliance with the 2005 Jones Ranch Tentative Subdivision Map pursuant to Section 17.05.200 of the Wheatland Municipal Code.
- 2017: The City recorded Amendment No. 1 to the Third Amended and Restated Development Agreement between the City of Wheatland and the applicant, Dale Investments, LLC.
- 2017: The City determined the 2017 Caliterra Ranch Tentative Subdivision Map was in substantial compliance with the 2015 Jones Ranch Tentative Subdivision Map pursuant to Section 17.05.200 of the Wheatland Municipal Code.
- 2018: The City executed the Subdivision Improvement Agreement, accepted utility easement grant deeds, and approved the Village I Final Map and Improvement Plans.
- 2018: The City amended the Subdivision Improvement Agreement for the substitution of improvement security.
- 2019: The City further amended the Subdivision Improvement Agreement to extend the timelines provided in the Subdivision Improvement Agreement.
- 2020: The City approved Amendment No. 2 to the Third Amended and Restated City of Wheatland Development Agreement Concerning Jones Ranch Subdivision Amendment No. 2, reduced the development impact fees by 50 percent for the first 145 units.
- 2021: Construction of Phase 1 consisting of Village I and Village II (145 single-family homes) began.
- 2023: The Wheatland City Council approved a Resolution of Intent directing City staff to begin preparing Amendment No. 3 to Third Amended and Restated Development Agreement between the City of Wheatland and the applicant, Dale Investments, LLC.