

STAFF REPORT
City of Lancaster, California

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Date: October 9, 2007

To: Mayor Hearn and Members of the City Council

From: Brian S. Ludicke, Planning Director

Subject: **Development Agreement No. 07-01**
City of Lancaster and Kaiser Foundation Hospitals

Recommendation:

Introduce Ordinance No. 888 approving Development Agreement No. 07-01.

Fiscal Impact: \$ 5,118,000.00 in costs for drainage improvements to Amargosa Creek.

Background:

The City Council approved the Amargosa Creek Specific Plan on August 14, 2007. One of the project stakeholders, Kaiser Foundation Hospitals, is proposing the construction of a hospital and related medical facilities on 44 acres of the overall site over a period of approximately 25 years. Both the City of Lancaster and Kaiser believe it is in their mutual interest to enter into a development agreement for the development of this proposed facility.

Development agreements are permitted under Section 65865 of the California Government Code. A development agreement essentially grants to the applicant a vested right to proceed with a proposed project for a set period of time. Development agreements are often entered into when a project will take a significant amount of time to finish or there are public improvement issues that need to be addressed outside of the normal development review and approval mechanisms. Various conditions and terms related to the development, including phasing, schedule, and improvements can be included within the agreement.

The agreement must be consistent with the City's general plan and any applicable specific plan, which in this case is the Amargosa Creek Specific Plan. Section 65867.5 of the California Government Code requires that the Planning Commission review any proposed development agreement through a public hearing. The Planning Commission conducted this review on September 17, 2007 and recommended to the Council approval of Development Agreement No. 07-01; the Commission also found that the potential environmental effects of the development agreement are adequately disclosed within the environmental impact report certified for the Amargosa Creek Specific Plan; therefore, no additional environmental review is required.

Discussion:

The basis for the agreement is that the hospital and related medical facilities proposed by Kaiser will provide a substantial long-term benefit for the City and its residents. In exchange, the City agrees to grant vested rights to the project for a set period of time, provide improvement of the Amargosa Creek channel, and provide limitations on the imposition of new impact fees. Should Kaiser not build the hospital facility in a timely manner, the City would be entitled to reimbursement for certain of the channel improvement costs. The agreement also contains other provisions related to the obligations of both the City and Kaiser, as well as providing for the annual review of the agreement in accordance with State law. The key elements of the proposed agreement are provided in the attached Planning Commission staff report.