



3.8

DEVELOPMENT SERVICES
DEPARTMENT

DEVELOPMENT ENGINEERING
AND FINANCE

CITY OF SACRAMENTO
California

Special Districts
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June 10, 2005

City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: JACINTO CREEK PLANNING AREA (JCPA) DEVELOPMENT IMPACT FEE
-- REVISION TO FEES**

LOCATION AND COUNCIL DISTRICT: Jacinto Creek Community Plan Area, Council District 8 (Attachment A).

RECOMMENDATION: This report recommends that the City Council adopt the attached resolution revising certain fees relative to the Jacinto Creek Planning Area.

CONTACT PERSON: Rita Goolkasian, Program Specialist, 808-5236
Edward Williams, Manager, 808-5440

FOR COUNCIL MEETING OF: June 28, 2005

SUMMARY: On June 29, 2004, City Council adopted a resolution updating the original Jacinto Creek Planning Area development fees enacted in 1997 to address financial shortcomings in the fees. A commitment was made at that time to annually review the program to ensure the Public Facilities Fee (PFF), Channel, and Drainage Fee Programs are collecting adequate revenues to fund required public facilities. Adoption of the attached Resolution will revise the current Channel, Drainage and PFF fees to reflect current costs for all the improvements.

COMMITTEE/COMMISSION ACTION: None

BACKGROUND INFORMATION: City Council adopted the JCPA Development Impact Fees in January 1997 and established fees relative to the various improvements needed to sustain development in the area. These fees were based on a nexus study in accordance with AB 1600 guidelines.

The three fees consist of:

1. Channel Fee – funds the construction and land needed for the widening of Jacinto Creek to ensure adequate drainage flow. It also funds three water quality basins and drainage pipes connecting drainage from the east side of Hwy 99 to the channel in the JCPA.
2. Drainage Fee – funds storm drainage improvements for each of the designated 7 watersheds in the JCPA.
3. PFF – partially funds the roadway widening of Bruceville Road, one half the cost of 1 traffic signal along Sheldon Road, the water distribution loop system in the finance plan area, reimbursement for up-front planning costs, and on-going administrative costs.

On June 29, 2004 City Council adopted a resolution updating the original Jacinto Creek Planning Area development fees enacted in 1997 to address financial shortcomings in the road fees needed to construct Bruceville Road. A commitment was made at that time to annually review the program to ensure that there are adequate revenues to fund required public facilities. The primary focus of this year's review was the drainage and water infrastructure that developers are required to build and to address the trend toward land use changes. There was no need to address changes to the road impact fee, as road infrastructure costs have not changed.

Fee Analysis: In accordance with AB1600, staff reviewed the infrastructure built and to be built, outstanding credit balances, updated project costs and spread the revised costs to remaining developable acreage to arrive at revised fees. The estimates were based on recent bids seen within Sacramento and the greater San Joaquin Valley.

Some fees increased while others decreased. (Refer to the Proposed Fee Schedule, Exhibit A to the Resolution). Land use shifts in park acreage from one watershed to another created a disproportionate burden on Watershed 6 as it lost developable acreage to spread its drainage cost. Since Watersheds 5 and 7 benefited from the land use shift by gaining developable acreage, staff mitigated this somewhat by spreading some of Watershed 6's drainage cost to them. The proposed cost shift ensures that no one area of development is overburdened due to land use changes. The analysis is described in the Storm Drainage section of the May 2005 JCPA Finance Plan Update on file in the City Clerk's office.

Summary of Today's Action: Given the increased project activity in the area, the fee increases reflect not only adjustments for inflation but are also a comprehensive review of remaining developable acreage and project costs. Today's action updates the costs and fees, which if approved, become effective 60 days from today.

Annual Monitoring: To ensure the PFF, Channel and Drainage Fee Programs are collecting adequate revenues to fund required public facilities, staff will continue to perform annual reviews of the fee program in which project costs are monitored and subsequent fee adjustments are made. The next review and update will occur June 2006.

FINANCIAL CONSIDERATIONS: There is no cost to the general fund. JCPA landowners/developers pay for the required infrastructure identified in the plan through development impact fees established for this fee district. Developers building JCPA improvements enter into credit/cash reimbursement agreements with the City as payment for the facilities. Fees are collected to either pay for city built infrastructure or to reimburse developer his/her costs for building the public improvements identified in the JCPA finance plan.

Attachment B shows the JCPA Facility Cost Summary compared to the current finance plan cost.

ENVIRONMENTAL CONSIDERATIONS: Under the California Environmental Quality Act (CEQA) guidelines, updating development impact fees does not constitute a project and is therefore exempt from review.

POLICY CONSIDERATION: Adoption of the resolution to revise fees is consistent with Chapter 18.28 of the Sacramento City Code, relative to the 1997 JCPA Development Impact Fees. They are also consistent with the City's Strategic Plan in preserving and enhancing the City's quality of life by providing the necessary infrastructure for current and future residents.

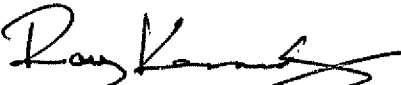
ESBD CONSIDERATIONS: None. No goods or services are being purchased.

Respectfully submitted,



Edward Williams, Manager
Development Engineering and Finance

RECOMMENDATION APPROVED:



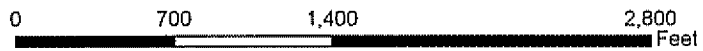
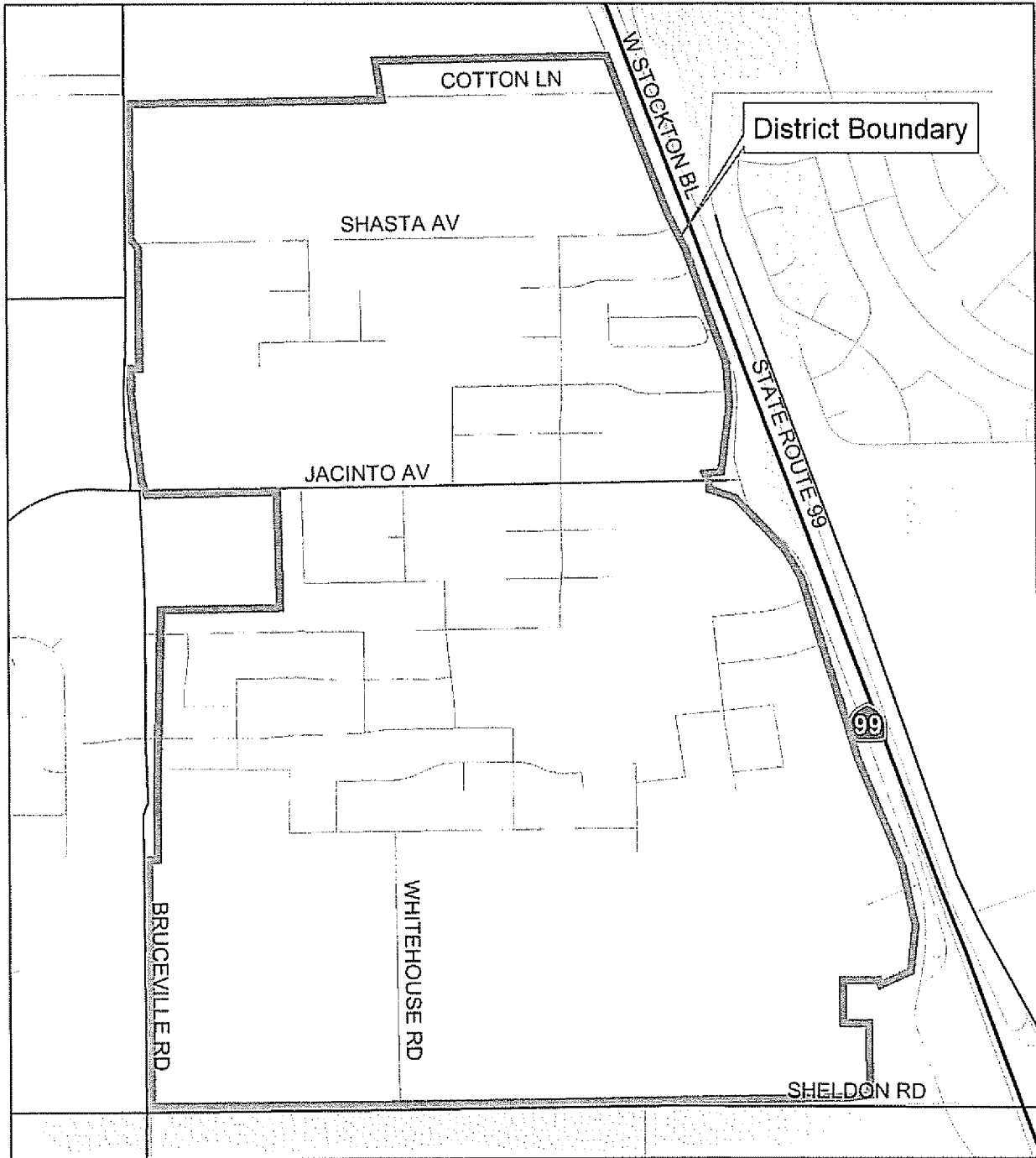
ROBERT P. THOMAS
City Manager

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2. Attachment B – JCPA Cost Summary, pg. 6
3. Resolution Establishing Revised Amounts to the JCPA Development Impact Fees, pg. 7
4. Exhibit A to Resolution – Proposed Fees, pg 12.

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Jacinto Creek Planning Area Fee District



ATTACHMENT B

JCPA COST SUMMARY

Cost Item	Current Estimated Costs	2005 Estimated Cost
Traffic Improvements	\$ 4,287,096	\$ 4,287,096
Drainage	\$ 2,942,189	\$ 3,177,818
Channel Improvements	\$ 2,335,430	\$ 2,352,463
Water Facilities	\$ 1,512,244	\$ 978,666
City & Developer Planning Costs	\$ 561,100	\$ 600,356
City Administrative Costs	\$ 405,030	\$ 450,783
Total Costs (a)	\$ 7,755,993	\$ 7,560,087

a. Park Fees are not shown. These fees are now collected through a separate fee program.

CITY OF SACRAMENTO
CITY COUNCIL AGENDA ITEM - TRANSMITTAL FORM

Agenda Items are due to the Budget Office by 3:00 PM Thursday, 2 weeks (12 days) before the Council meeting

FROM

Department: Development Services Department
 Contact Name / Phone #: Rita Goolkasian 808-5236
 Ed Williams 808-5440
 COUNCIL MEETING DATE: June 28, 2005

REVIEWED BY (Initials):

1) Dept Fiscal Officer
 2) Admin/Policy (Budget) *[Signature]*
 3) City Clerk *6/22/05*

SUBJECT: JACINTO CREEK PLANNING AREA (JCPA) DEVELOPMENT IMPACT FEE - REVISION TO FEES

AGENDA PLACEMENT

Time Needed for Item? 5 minutes
 (Include time for Council questions and discussion)
 (Not applicable to Consent Items)

Controversial? No Yes...
 Why? _____

Afternoon Meeting

- Consent
- Special Presentation
- Public Hearing
- Staff Report
- SHRA
- Regional Issue

Evening Meeting (Controversial/Public Concern)

- Special Presentation
- Public Hearing
- Staff Report
- SHRA
- Regional Issue

Committee Agenda:

- Law & Legislative
- P & P E
- Other _____

Votes Required for Passage:

- Majority
- 2/3
- Suspend Competitive Bidding
- Other _____

Graphics Display System Needed
 (arrange with City Clerk)

FORM COMPLETED BY:

Jason Hunter 06/13/05 808-8493
 Name Date Phone

FISCAL IMPACT

- Budget Change? \$ N/A
- General Fund Yes No
- Other Fund Yes No
- Fund Number(s) N/A
- Contract Approval? N/A
- Change Order? N/A
- Change in FTE? N/A
- Supplemental Agreement? \$ N/A

BUDGET OFFICE REVIEW

- Resolution Yes No
- Budget Impact Yes No
- EB/RB Needed Yes No

BUDGET OFFICE COMMENTS:

POLICY ISSUES

- ESDD ISSUES?
- Environmental?
- Legal?
- Other?

ADDITIONAL COMMENTS

SPECIAL INSTRUCTIONS TO CITY CLERK

>>Don't forget to review the checklist on back!

April 2004

This cover sheet must be completed and attached to the front of your City Council Agenda Item

RESOLUTION NO. 2005-_____

ADOPTED BY THE SACRAMENTO CITY COUNCIL
ON _____

RESOLUTION AMENDING THE DEVELOPMENT-IMPACT
FEE WITHIN THE JACINTO CREEK PLANNING AREA

BACKGROUND:

- A. Chapter 18.28 of the Sacramento City Code (Chapter 18.28) establishes and imposes a development-impact fee for the Jacinto Creek Planning Area (JCPA). It further directs that the amounts of this fee be established and amended by resolution. The predecessor of Chapter 18.28 was former chapter 84.06 of the Sacramento City Code, enacted on January 7, 1997, by Ordinance No. 97-002.
- B. On January 7, 1997, the city council adopted Resolution No. 97-012, which established the initial amount of the JCPA fee in accordance with the Mitigation Fee Act and the predecessor of Chapter 18.28. The initial amount was described in the Jacinto Creek Planning Area Financing Plan and Nexus Study dated November 20, 1996, and approved by Resolution No. 97-011 on January 7, 1997 (the 1996 Finance Plan & Nexus Study). A finance plan identifies the public infrastructure needed to support new development, as well as the means of financing that infrastructure. A nexus study identifies how much of the cost to construct the public infrastructure is properly attributable to the properties that will pay the cost through development-impact fees.
- C. The city uses the JCPA fee to offset the costs of designing, constructing, installing, and acquiring the public infrastructure described in the 1996 Finance Plan & Nexus Study (the Public Infrastructure). The intent is that landowners in the JCPA pay for the Public Infrastructure, which is required to meet the needs of, and address the impacts caused by, their development activity. The JCPA fee consists of three components: a *channel-improvement component* that, among other things, funds the widening of Jacinto Creek; a *drainage component* that funds storm-drainage improvements; and a *public-facilities component* that, among other things, funds the widening of Bruceville Road, the construction of a water system, and the reimbursement of planning and administrative costs. The channel-improvement component is collected when final subdivision maps are submitted to the city. The balance of the fee is collected when the city issues building permits for development within the JCPA.

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RESOLUTION NO. _____

DATE ADOPTED: _____

- D. Since January 1997, the JCPA fee has been increased annually to account for inflation, as Chapter 18.28 provides. But these increases have not kept up with increases in the cost to construct the Public Infrastructure. As a result, the amount of the JCPA fee has become inadequate.
- E. To redress this inadequacy, on June 29, 2004, the city council adopted a resolution amending all components of the JCPA fee, with a focus on the roadway portion of the public-facilities component. The city council also committed itself to annually review the fee amounts for adequacy.
- F. Harris & Associates has completed a Draft Jacinto Creek Planning Area (JCPA) Finance Plan Update dated May 2005 (the 2005 Update). The 2005 Update focuses on the channel-improvement and drainage components of the fee, and on the water and planning portions of the fee's public-facilities component. Among other things, it (1) confirms that no changes have been made to the Public Infrastructure, (2) identifies the fee increase needed to ensure that the Public Infrastructure can be constructed at current costs, and (3) concludes that the methodology used in the 1996 Finance Plan & Nexus Study to set the amount of the JCPA fee is still valid (as are the findings in the 1996 Finance Plan & Nexus Study and Resolution No. 97-011).
- G. Chapter 18.28 requires the city council to hold a public hearing on any increase in the JCPA fee other than the annual adjustment for inflation. The hearing must be held in the manner required by Government Code sections 66016, 66017, and 66018. Accordingly, the city clerk scheduled a public hearing for the city council's regularly scheduled meeting on June 28, 2005; published and mailed notice of the hearing in accordance with Government Code sections 6062a, 66016, and 66018; and made the 2005 Update, including all background data and studies referenced in it, available for public review at her office for at least 10 days before the hearing.
- H. On June 28, 2005, during a regularly scheduled meeting at 2:00 p.m. in its chambers on the first floor of the Sacramento Interim City Hall (730 "I" Street, Sacramento, California), the city council held a public hearing on the proposed fee revision.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. Findings. The city council finds as follows:

- (a) The recitals set forth above are true and are incorporated into this section as findings in support of the fee increase.

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RESOLUTION NO. _____

DATE ADOPTED: _____

- (b) The amended amount of the JCPA fee has been determined and calculated in a manner consistent with the methodology set forth in the 1996 Finance Plan & Nexus Study, using the data and methodology set forth in the 2005 Update.
- (c) The purpose of the amended JCPA fee is to finance the Public Infrastructure, which is required to meet the needs of persons living and employed within the JCPA and to mitigate the impacts on public services and infrastructure caused by development within the JCPA.
- (d) The amended JCPA fee will be used to finance the Public Infrastructure, which is required to meet the needs of persons living and employed within the JCPA and to mitigate the impacts on public services and infrastructure caused by development within the JCPA.
- (e) The 1996 Finance Plan & Nexus Study and the 2005 Update demonstrate that a reasonable relationship exists between the use of the amended JCPA fee and the type of development project on which the fee is to be imposed.
- (f) The 1996 Finance Plan & Nexus Study and the 2005 Update demonstrate that a reasonable relationship exists between the need for the Public Infrastructure and the types of development projects on which the fee is to be imposed.
- (g) The 1996 Finance Plan & Nexus Study and the 2005 Update demonstrate that a reasonable relationship exists between the amount of the amended JCPA fee and the costs of the Public Infrastructure attributable to the development projects on which the fee is to be imposed.
- (h) The amended JCPA fee and the provisions, procedures, and policies adopted by this resolution are consistent with the city's general plan and the South Sacramento Community Plan as they exist on the date this resolution is adopted, as well as with the 1996 Finance Plan and Nexus Study. In addition, the city council has considered the effects of the amended fee on the city's housing needs and on regional housing needs.

Section 2. Approval of 2005 Update. The city council accepts and approves the 2005 Update, including all background data and studies referenced in it.

Section 3. Amended Amount of Development-Impact Fee. The JCPA development-impact fee established and imposed by Chapter 18.28 (in section 18.28.050) is

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DATE ADOPTED: _____

amended and established in the amounts set forth in the 2005 Update. A summary of the amended JCPA development-impact fee is attached to this resolution as Exhibit A and is made part of this resolution.

Section 4. Credits and Reimbursements. In accordance with section 18.29.120 of Chapter 18.28, credits against, and reimbursements of, the JCPA development-impact fee are to be calculated in accordance with the 1996 Financing Plan & Nexus Study and the 2005 Update.

Section 5. Automatic Annual Adjustment. In accordance with section 18.29.130 of Chapter 18.28, the amended JCPA development-impact fee will be adjusted automatically each year to account for inflation.

Section 6. Interpretation of Resolution. This resolution is subordinate to Chapter 18.28 and is to be interpreted and applied consistently with Chapter 18.28 as it exists on the date of this resolution or may subsequently be amended.

Section 7. Judicial Action to Challenge this Resolution. In accordance with Government Code section 66022, any judicial action or proceeding to attack, review, set aside, void, or annul this resolution must be commenced within 120 days of this resolution's effective date.

Section 8. Effective Date. In accordance with Government Code section 66017, subdivision (a), this resolution is effective 60 days after its adoption.

Section 9. Severability.

- (a) If a court of competent jurisdiction finds any provision of this resolution to be invalid or unenforceable for any reason, then that provision is to be considered a separate and independent provision, so that the court's finding will not affect the validity of the remaining provisions.
- (b) If a court of competent jurisdiction finds any portion or component of the amended JCPA fee established by this resolution to be invalid or unenforceable for any reason, then that portion or component is to be considered a separate and independent portion or component, so that the court's finding will not affect the validity of the remaining portions and components.
- (c) If a court of competent jurisdiction finds any portion or component of the amended JCPA fee established by this resolution to be invalid or unenforceable because of an insufficient relationship or nexus to a specific public facility for which revenue generated by that portion or component

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RESOLUTION NO. _____

DATE ADOPTED: _____

may be expended in accordance with Chapter 18.28 or any resolution adopted under that chapter, then that portion or component, as it relates to the specific public facility, is to be considered a separate and independent portion or component, so that the court's finding will not affect the validity of the portion or component as it relates to other public facilities.

PASSED AND ADOPTED on June 28, 2005, by the following vote:

Aye:
No:
Abstain:
Absent:

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO. _____

DATE ADOPTED: _____

EXHIBIT A

Table B
Proposed Fees

	Drainage	4% Admin	Drainage (including 4% admin)	Channel	4% Admin	Channel (including 4% admin)	PFF Fee Components				Total PFF	Total Fee	
							Water	Roadways	Developer & City Planning	City Admin (4% of fees)			
Watershed 1													
Low-Density	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Medium/Low Density	\$ 2,593	\$ 104	\$ 2,697	NA	NA	NA	\$ 820	\$ 1,786	\$ 218	\$ 113	\$ 2,937	\$ 5,653	per unit
Medium Density	\$ 2,094	\$ 84	\$ 2,178	NA	NA	NA	\$ 638	\$ 1,450	\$ 149	\$ 90	\$ 2,327	\$ 4,505	per unit
Office/Commercial	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	per ac
School	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	per ac
Watershed 2													
Low-Density (see note 1)	\$ 2,353	NA	NA	NA	NA	NA	\$ 1,076	\$ 1,885	\$ 325	\$ 131	\$ 3,418	\$ 3,418	per unit
Medium/Low Density	\$ 1,883	\$ 75	\$ 1,958	NA	NA	NA	\$ 820	\$ 1,786	\$ 218	\$ 113	\$ 2,937	\$ 4,895	per unit
Medium Density	\$ 1,521	\$ 61	\$ 1,581	NA	NA	NA	\$ 638	\$ 1,450	\$ 149	\$ 90	\$ 2,327	\$ 3,909	per unit
Office/Commercial	\$ 24,005	\$ 960	\$ 24,965	NA	NA	NA	\$ 6,915	\$ 32,345	\$ 1,950	\$ 1,648	\$ 42,859	\$ 67,824	per ac
School	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	per ac
Watershed 3													
Low-Density	\$ 1,954	\$ 78	\$ 2,032	\$ 1,886	\$ 75	\$ 1,962	\$ 1,076	\$ 1,885	\$ 325	\$ 131	\$ 3,418	\$ 7,412	per unit
Medium/Low Density	\$ 1,565	\$ 63	\$ 1,628	\$ 1,509	\$ 60	\$ 1,570	\$ 820	\$ 1,786	\$ 218	\$ 113	\$ 2,937	\$ 6,134	per unit
Medium Density	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	per unit
Office/Commercial	\$ 19,942	\$ 798	\$ 20,740	\$ 19,242	\$ 770	\$ 20,011	\$ 6,915	\$ 32,345	\$ 1,950	\$ 1,648	\$ 42,859	\$ 83,610	per ac
School	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	per ac
Watershed 4													
Low-Density	\$ 996	\$ 40	\$ 1,036	NA	NA	NA	\$ 1,076	\$ 1,885	\$ 325	\$ 131	\$ 3,418	\$ 4,453	per unit
Medium/Low Density	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	per unit
Medium Density	\$ 644	\$ 26	\$ 669	NA	NA	NA	\$ 638	\$ 1,450	\$ 149	\$ 90	\$ 2,327	\$ 2,997	per unit
Office/Commercial	NA	NA	NA	NA	NA	NA	NA	\$ 32,345	NA	NA	NA	NA	per ac
School	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	per ac
Watershed 5													
Low-Density	\$ 2,800	\$ 112	\$ 2,912	\$ 1,886	\$ 75	\$ 1,962	\$ 1,076	\$ 1,885	\$ 325	\$ 131	\$ 3,418	\$ 8,292	per unit
Medium/Low Density	\$ 2,240	\$ 90	\$ 2,330	\$ 1,509	\$ 60	\$ 1,570	\$ 820	\$ 1,786	\$ 218	\$ 113	\$ 2,937	\$ 6,836	per unit
Medium Density	\$ 1,809	\$ 72	\$ 1,882	\$ 1,219	\$ 49	\$ 1,268	\$ 638	\$ 1,450	\$ 149	\$ 90	\$ 2,327	\$ 5,477	per unit
Office/Commercial	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	per ac
School	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	per ac
Watershed 6													
Low-Density	NA	NA	NA	NA	NA	NA	NA	\$ 1,885	NA	NA	NA	NA	per unit
Medium/Low Density	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	per unit
Medium Density	\$ 1,005	\$ 40	\$ 1,045	\$ 1,219	\$ 49	\$ 1,268	\$ 638	\$ 1,450	\$ 149	\$ 90	\$ 2,327	\$ 4,640	per unit
Office/Commercial	\$ 15,866	\$ 635	\$ 16,501	\$ 19,242	\$ 770	\$ 20,011	\$ 6,915	\$ 32,345	\$ 1,950	\$ 1,648	\$ 42,859	\$ 79,371	per ac
School	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	per ac
Watershed 7													
Low-Density	\$ 903	\$ 36	\$ 939	\$ 1,886	\$ 75	\$ 1,962	\$ 1,076	\$ 1,885	\$ 325	\$ 131	\$ 3,418	\$ 6,319	per unit
Medium/Low Density	\$ 723	\$ 29	\$ 752	\$ 1,509	\$ 60	\$ 1,570	\$ 820	\$ 1,786	\$ 218	\$ 113	\$ 2,937	\$ 5,258	per unit
Medium Density	\$ 584	\$ 23	\$ 607	\$ 1,219	\$ 49	\$ 1,268	\$ 638	\$ 1,450	\$ 149	\$ 90	\$ 2,327	\$ 4,202	per unit
Office/Commercial	NA	\$ 584	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	per ac
School	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	per ac
Laguna Vega (2)													
Low-Density	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	per unit
Medium/Low Density	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	per unit
Medium Density	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	per unit
Office/Commercial	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	per ac
School	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	per ac

Note 1: Exempt from Drainage and Channel fees. They built their drainage improvements prior to the finance plan being put together.

Note 2: Built Out