



PLANNING AND BUILDING
DEPARTMENT

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June 22, 2005

City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: ORDINANCE RELATING TO THE NORTH NATOMAS PUBLIC FACILITY FEE
AND TRANSIT FEE WITHIN THE NORTH NATOMAS FINANCING PLAN AREA**

LOCATION AND DISTRICT: Council District 1; North Natomas Neighborhood Service Area 4

RECOMMENDATION:

It is recommended that the City Council adopt the attached ordinance that would establish a "catch up" fee requirement for landowners paying Public Facility fees and Transit fees prior to amendment of those fees by the City Council. The ordinance will "sunset" six months from adoption unless renewed by City Council action before expiration, and is an emergency measure requiring a 2/3 vote of the City Council.

(Two thirds vote required for emergency ordinance)

CONTACT PERSON: Mark Griffin, Fiscal Manager, 808-8788
Carol Shearly, New Growth Manager, 808-5893

FOR COUNCIL MEETING OF: June 28, 2005

SUMMARY:

This ordinance amendment relating to North Natomas Public Facility Fee and Transit Fee provides a mechanism to allow collection of an additional or a "catch-up" amount if, within the effective period of the ordinance, the City Council increases those fees.

COMMITTEE/COMMISSION ACTION:

None

BACKGROUND INFORMATION:

The North Natomas Financing Plan and Nexus Study require periodic revision to reflect changes in land uses and infrastructure costs and to set the appropriate fees. Two previous revisions have occurred in 1999 and 2002. For the 2005 update, North Natomas landowners, City staff, Regional Transit staff and consultants have been meeting since December to review the proposed revisions.

There is consensus on most issues among staff and North Natomas landowners. Staff anticipates bringing the update to the City Council on August 2, 2005. In the interim, potentially significant fee changes that had been anticipated to be effective July 1 will not be collected. As a result, landowners who are issued building permits prior to the actual fee increase will be paying too little, thus imposing a greater fee burden on later-developing landowners. Because of the number and size of building permits expected between July 1 and August 2, the cost to the Finance Plan and future developers is estimated at \$250,000 to \$500,000.

Because of the impact of a delay in fee changes July 1, there is general consensus among staff and landowners that an urgency measure is needed. The ordinance before you establishes that, effective July 1, the fee due from a developer is the fee in place at the time of issuance of the building permit and any increase adopted by the City Council. This latter aspect is the "catch-up" provision. The ordinance also contains a "sunset" provision, which will cause it to expire automatically six months from its adoption unless it is extended in time prior to its expiration date. The ordinance is designated as an emergency ordinance because fee increases are imminent and the catch up provision will eliminate inequity between landowners and preserve the ability of the Finance Plan to fund needed infrastructure.

FINANCIAL CONSIDERATIONS:

There is no impact to the General fund. The North Natomas Public Facility Fee and Transit Fee (Fund 780) are paid by landowners or developers. Approval of the proposed ordinance will provide the City the ability to collect a catch-up increment of the fee from all building permits applied for between July 1, 2005 and the date the actual fee is approved by City Council, which is anticipated to be August 2, 2005. The estimated cost without this ordinance to the Finance Plan and future developers is estimated at \$250,000 to \$500,000 a month.

ENVIRONMENTAL CONSIDERATIONS:

The attached ordinance relates solely to clarification of existing procedure under existing City ordinance, and is itself therefore not a project for the purpose of the California Environmental Quality Act.

POLICY CONSIDERATIONS:

Adoption of the catch-up fee is consistent with the 1994 Financing Plan and Nexus Study and as amended in 1999 and 2002. This is also consistent with the City's Strategic Plan to preserve and enhance the City's quality of life.

ESBD CONSIDERATIONS:


None. No goods or services are being purchased.

Respectfully submitted,



Carol Shearly
New Growth Manager

RECOMMENDATION APPROVED:



ROBERT P. THOMAS
City Manager

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ORDINANCE NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

AN ORDINANCE REQUIRING PAYMENT OF ADDITIONAL PUBLIC FACILITY AND TRANSIT DEVELOPMENT IMPACT FEES FOLLOWING ISSUANCE OF A BUILDING PERMIT, FOR CERTAIN PROJECTS IN THE NORTH NATOMAS COMMUNITY PLAN AREA, AND DECLARING THE ORDINANCE TO BE AN EMERGENCY ORDINANCE TO BECOME EFFECTIVE IMMEDIATELY

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1.

The North Natomas Financing Plan and Nexus Study require periodic revision to reflect changes in land uses and infrastructure costs and to set the appropriate fees. Changes in land uses and infrastructure costs since the last update of the North Natomas Financing Plan and Nexus Study in 2002 indicate the potential for significant fee changes. These changes have been anticipated to be effective July 1, 2005 but have been delayed do to continuing discussions between North Natomas landowners, City staff, Regional Transit staff and consultants. The impact of the delay is a potential shift of fee burden to future fee payers or a reduction in revenue for needed infrastructure. The cost of this delay is potentially \$250,000 to \$500,000 per month.

It is the intention of the City Council to undertake proceedings to amend the North Natomas Public Facility Fee and Transit Fee in the near future in order to take into account changes in land uses and infrastructure costs since the last review in 2002.

It is contemplated that a large number of building permits will be issued before the process for amending the fees is completed. Because the Public Facility Fee and Transit Fee are payable at the time of issuance of a building permit, landowners receiving permits before the fee amendment process is completed will pay inadequate fees, and those landowners developing later will be forced to pay inordinately high fees. If, in this eventuality, fees were not set higher, needed infrastructure would be underfunded. To address these potential problems, it is necessary to immediately adopt an ordinance that requires landowners receiving building permits prior to the amendment of the Public Facility Fee and Transit Fee to pay the difference between the fee actually paid at building permit issuance and any new fee adopted by the City Council in the near future.

FOR CITY CLERK USE ONLY

ORDINANCE NO.: _____

DATE ADOPTED: _____

SECTION 2.

Effective July 1, 2005, landowners or developers who receive building permits within the North Natomas Financing Plan area prior to amendment of the North Natomas Public Facility Fee and Transit Fee shall, as a condition of receiving a building permit, enter into an agreement satisfactory to the City Attorney, to pay the difference between the Fee paid at building permit issuance and the Fee as thereafter amended.

SECTION 3.

This ordinance shall expire six months from its effective date, unless extended by action of the City Council before the end of the six-month period.

SECTION 4.

This ordinance is declared to be an emergency ordinance to become effective immediately upon its adoption. The facts constituting the emergency are as set forth in the findings and intent as expressed in Section 1 of this ordinance.

DATE PASSED FOR PUBLICATION:
DATE ENACTED:
DATE EFFECTIVE:

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

ORDINANCE NO.: _____

DATE ADOPTED: _____