

**BUDGET AND FINANCE/TRANSPORTATION & COMMUNITY DEVELOPMENT COMMITTEES
AGENDA**

Tuesday, December 6, 1988

2:00 p.m.

Planning Commission Hearing Room
1231 I Street, First Floor
Sacramento, CA

1. Report regarding schedule for the adoption of First Year Projects for Sacramento County Transportation Expenditure Plan (Measure A). (D-All)

RECOMMENDATION OF STAFF: FILE

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2. Various matters regarding the Housing Trust Fund (HTF) Ordinance: (D-All) (Continued from 11-29-88 #2)
 - A. Res. amending the Fee and Charge Report to establish fees for administering Housing Trust Fund requirements;
 - B. Res. amending the FY 1988-89 Operating Budget for Housing Trust Fund contribution processing revenue;
 - C. Ord. adding Section 33 to the Comprehensive Zoning Ordinance of the City of Sacramento, Ordinance No. 2550, Fourth Series, relating to Housing Trust Fund requirements for non-residential development projects.

RECOMMENDATION OF STAFF: RECOMMEND APPROVAL AND FORWARD TO COUNCIL

COMMITTEE MEMBERS: Robie (Chair), Chinn, Ferris, Kastanis, Mueller, Pope, Serna, Shore

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CITY OF SACRAMENTO
STATE OF CALIFORNIA

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In re the matter of)
)
Various matters regarding)
the Housing Trust Fund)
(HTF) Ordinance: (D-All))

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Joint Meeting of the
Transportation and Community Development Committee
and the
Budget and Finance Committee

December 6, 1988

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(Transcription from Taped Proceedings)

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TRANSPORTATION AND COMMUNITY DEVELOPMENT COMMITTEE
MEMBERS PRESENT

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Lynn Robie
Lyla Ferris
Terry Kastanis
David Shore

BUDGET AND FINANCE COMMITTEE MEMBERS PRESENT

Joe Serna
Tom Chinn
Doug Pope

Also present:

Mayor Rudin

1 Ordinance, the negative declaration, the advisory
2 recommendation to increase the minimum fee from 20 to 40
3 percent, and the two resolutions covering the administering
4 of costs associated with the Ordinance.

5 Staff is also available to respond to any comments
6 that are raised, either today or in response to last week's
7 Committee meeting.

8 Also, Mark Mihaly and Kate Funk from Keyser,
9 Marston, are here to explain the legal and economic bases
10 for the proposed Ordinance.

11 CHAIRPERSON ROBIE: Let's do plan on having Mark,
12 at some point at the end of this, actually talk about the
13 legal implications.

14 Okay. Let's go ahead and start where we left off
15 last week. Who would like to be first?

16 MS. HARRIS: I'm Kathleen Harris, representing the
17 Building Industry Association as a whole.

18 I have nothing new to add, other than that we fully
19 concur with the testimony presented last Tuesday by Christy
20 Savage, representing our builder -- Commercial Builders
21 Council of our Association. Thank you.

22 CHAIRPERSON ROBIE: Any questions? Good. Thank
23 you.

24 UNIDENTIFIED COUNCILMEMBER: (Inaudible).
25 Katherine makes some very good arguments.

1 CHAIRPERSON ROBIE: Oh, Kathy does very well.

2 MR. COOK: For the record, Michael Cook of Hefner,
3 Stark & Marios, appearing on behalf of the Nelson Rogers
4 Company and the I-80 Industrial Investors.

5 On behalf of those clients, we wish to state their
6 opposition, both generally, and as this Ordinance would
7 impact one specific project, which was mentioned by
8 Councilman Pope last week.

9 Generally, the Ordinance is opposed, as it will add
10 to the already high development cost borne by City
11 developers. And unless the Ordinance is conditioned upon
12 similar enactment by the County, would put City developers
13 at a competitive disadvantage with County developers.

14 The proposed Ordinance would impose fees of 60 to
15 80 cents per square foot on industrial, commercial and
16 research and development projects.

17 In this market, a three to five cent per square
18 foot rate differential in lease rates makes or breaks
19 projects.

20 And, if the City developers are put at the
21 competitive disadvantage, as opposed to County developers,
22 that's a serious impact upon the City developers.

23 As a result, you may encourage development flight
24 to the County, which is in direct contravention of the
25 in fill policy that's stated within the Ordinance.

1 More important to our client, is the specific
2 impact upon its project, located in the North Sacramento
3 area, at the intersection of Bell Avenue and Raley
4 Boulevard.

5 This is a 88 acre project that is being developed
6 by, as I say, Nelson Rogers Company and the I-80 Industrial
7 Associates, and this is the project which Councilman Pope
8 referred to last week.

9 This project is being built in an area that has
10 long been targeted by the City as an industrial
11 manufacturing development area, in an effort to provide
12 jobs in what is basically a high unemployment area.

13 It has additionally been targeted as an area for
14 additional housing, as again is indicated within the
15 Ordinance.

16 Over the past years, neither of those two goals has
17 been able to be met, due to a serious lack of infra
18 structure in the North Sacramento area.

19 In pursuing their project, the Nelson Rogers
20 development team has provided the necessary infra structure
21 for the surrounding properties to develop.

22 Specifically, they had to expend, or advance, one
23 million one hundred thousand dollars for necessary water,
24 sewer and drainage extensions along Bell Avenue.

25 They also expended over 350 thousand dollars for

1 the re-working of Bell Avenue, which is a deteriorating
2 street.

3 That amounts to expenditures in excess of a million
4 and a half dollars before you even examine their on-site
5 costs, which are in excess of -- or close to two and a half
6 million dollars.

7 At this point, after attempting to provide a
8 development in an area that the City targeted for the exact
9 uses which are being provided, after providing the
10 necessary infra structure to allow housing to develop in
11 the area -- as was targeted by the City and which was
12 impossible prior to this development taking place and
13 footing the bill, basically, for the necessary infra
14 structure -- we basically feel it's just inequitable to
15 impose an additional fee upon this project.

16 They have really already subsidized residential
17 development in that area, and it's simply an extra burden
18 to place on top of them.

19 We would, therefore, ask for an exemption from this
20 Ordinance from the very outset.

21 We've been through the Ordinance, and we understand
22 that there is a hardship and variance procedure, as was
23 mentioned at the meeting last week.

24 However, we're confused by that hardship variance
25 exemption, and I think that the comments of staff last

1 week, which went from, it's a very liberal variance
2 procedure, to it's going to be very strictly enforced.

3 It somewhat underscores the confusion. To us, it's
4 not a liberal provision. It looks, to us, very difficult
5 to me. It look ambiguous to us, and it's a four part test
6 that all four parts must be met.

7 In addition, there was some indication that the
8 Planning Director could provide you a variance. We don't
9 see that in the Ordinance.

10 It looks to us that the Planning Commission must
11 grant the variance and that you must provide the findings
12 to meet the four criteria.

13 We don't know if we can do that. We don't think
14 that any project in Sacramento -- in the City of Sacramento
15 would be able to determine at this point whether they could
16 do that or not.

17 And given the equities of the situation, we
18 certainly feel that if a variance procedure is to be made
19 available, it should be one that we could meet. If anybody
20 deserves a variance, it would be us. And we simply don't
21 know whether we can meet it.

22 We would, therefore, request that in the event you
23 are to deny our request for an exemption, that the variance
24 procedures be dramatically re-worked to include criterion
25 that would make variances available to developments that

1 fall within our client's situation and others.

2 Those that have expended substantial sums to
3 provide necessary infra structure, to allow and provide for
4 the development of residential housing, which is the goal
5 underlying the Ordinance. I thank you for your time.

6 CHAIRPERSON ROBIE: Any questions?

7 COUNCILMEMBER KASTANIS: I have a question, Mike.

8 CHAIRPERSON ROBIE: Okay. Terry.

9 COUNCILMEMBER KASTANIS: Michael, you indicated
10 that Nelson Rogers has substantially supported housing in
11 the North Sacramento region.

12 Did you say you subsidized it -- or this firm
13 subsidized it? What was --

14 MR. COOK: What -- if I was unclear, I apologize.

15 What we're saying, is along Bell Avenue was a large
16 amount of vacant, residentially zoned property which had
17 been precluded from development because of a lack of infra
18 structure.

19 Because of the infra structure that had to be
20 provided by the Nelson Rogers projects, which included
21 sewer and water lines along Bell Avenue, you now open up
22 those residentially zoned areas for development, in that
23 the infra structure is now in place, and had not been in
24 place, and would not be in place were it not for this
25 development.

1 What I said was that basically amounts to a subsidy
2 in that they've provided the necessary infra structure.

3 COUNCILMEMBER KASTANIS: Thank you. That covers
4 it.

5 CHAIRPERSON ROBIE: Doug, you had a question?

6 COUNCILMEMBER POPE: I'm just curious, Michael. I
7 don't know if you can answer the question.

8 But I know Nelson Rogers has also done another
9 industrial development in Splinter City and so they've done
10 two similar projects in a similar area -- similar areas.

11 Would -- if this fee were in place today, or in
12 place at the time that they made their decision -- or were
13 making their decision to go forward with this project --
14 would they have made that decision in the affirmative,
15 given all other things being the same?

16 MR. COOK: I can't answer that because we,
17 obviously, don't make the business decisions for them.

18 I can say that, in undertaking the current project,
19 they recognized the infra structure needs that would be
20 required and recognized that they were going to have to
21 come out of pocket, or advance substantial sums, and they
22 have done that.

23 This project could build out to approximately a
24 million square feet. That -- at 60 to 80 cents a foot,
25 that's a tremendous extra burden to add and I think there

1 is a likelihood that this project may not have not gone
2 forward and I think that -- without answering for them,
3 because I can't -- I think that the additional cost would
4 be a substantial impediment to --

5 COUNCILMEMBER POPE: Are you --

6 MR. COOK: -- (inaudible) develop.

7 COUNCILMEMBER POPE: Are you aware of other people
8 looking to do projects out in that similar area?

9 MR. COOK: I am not.

10 COUNCILMEMBER POPE: You're not?

11 MR. COOK: I'm not, no.

12 CHAIRPERSON ROBIE: Well, we may need to spend a
13 little bit more time later in the meeting on the variance
14 process itself. I think there are some questions that we
15 need to deal with with staff.

16 COUNCILMEMBER POPE: Except, Lynn, I think the
17 point Michael's making is they would prefer, and I
18 certainly think it's equitable that they not even be forced
19 to go through that variance proceeding.

20 MR. COOK: That's certainly what we request.

21 CHAIRPERSON ROBIE: I understand.

22 COUNCILMEMBER POPE: That, from the outset, that we
23 not reach back and punish these projects that are already
24 under way.

25 CHAIRPERSON ROBIE: And I think that we need to

1 take all of those questions and concerns together.

2 One of our goals today, I think, is to try to get
3 the public testimony and those concerns on the table.

4 But I do think that we may want to spend some time
5 later in the meeting today, if it goes over again, I think
6 we need to be clear (inaudible) where we are with variance
7 process and what direction we would be going with allowing
8 certain projects to be excluded from the beginning.

9 I'm just trying to get through the public testimony
10 today, or we're going to be here again next week.

11 But, I -- we're making some notes and definitely,
12 Michael, we do understand your concerns.

13 MR. COOK: Okay. Thank you.

14 CHAIRPERSON ROBIE: Uh-huh. Okay. If we have more
15 public testimony.

16 MR. PROVENCIA: Good afternoon. My name is James
17 Provencia. I'm the managing attorney of Legal Services of
18 Northern California. I represent low income renters, and
19 also homeless persons.

20 I'm very much in favor of the Trust Fund proposal.
21 There is a serious shortage of low income housing in
22 Sacramento, which has become worse over the years, partly
23 as a result of development.

24 We've gone from approximately 36 hundred single
25 room occupancy units to less than a thousand units.

1 We've also seen rental rates and non-subsidized
2 housing skyrocket to the point where many people, working
3 poor, people at the minimum wage, people who receive Food
4 Stamps or other type of Welfare assistance, are paying more
5 than half of their income in rent.

6 These people are struggling to stay in their
7 houses, struggling to maintain housing.

8 There is no way to begin to address this problem
9 without adding additional low income units to the housing
10 stock. And the goal of adding a thousand per year, I
11 think, is very commendable.

12 Would also like to point out that with development,
13 development that is not without a profit, comes certain
14 costs.

15 And the costs of development have been the
16 displacement, have been the homeless people that are
17 walking about the streets looking for a place to stay.

18 I think that it is fair to ask that the developers
19 pay their fair share, and I think that the proposal made,
20 as part of the Trust Fund proposal, is a fair proposal.

21 We have seen a situation develop where things have
22 become steadily worse for the people we represent, the low
23 income renters, as well as the people that are already
24 homeless.

25 We're seeing the repercussions at many levels,

1 including the County level, where the County is having
2 difficulty providing enough money for people to obtain
3 housing.

4 We are also going to be urging that the County pass
5 the Trust Fund proposal, and that this be a true
6 partnership between the City and County, but would urge
7 your wholehearted support for this proposal.

8 CHAIRPERSON ROBIE: Thank you, James.

9 UNIDENTIFIED COUNCILMEMBER: Could I ask -- just a
10 question, or actually a comment.

11 Your office is also representing similar
12 constituents in front of the County on the General
13 Assistance in lieu of fees, as I recollect, and it was your
14 office that asked the continuance; is that correct?

15 MR. PROVENCIA: That's correct.

16 UNIDENTIFIED COUNCILMEMBER: (Inaudible) other
17 attorneys.

18 I just wanted to take it back to the office and
19 give it some thought. That what you have here is the same
20 people who are recommending some changes in the General
21 Assistance Program and wanting -- they were requesting that
22 they take over and administer the Program in the lieu
23 program are the same people who are putting forward this
24 Housing Trust Fund, and the same people that have been
25 working to renovate some of the SROs downtown, including

1 the Ridgeway, which I think is just about back on line.

2 And, so, it's not -- he don't have local government
3 with regard to the General Assistant issue, turning a cold
4 shoulder to the homeless or those that are in need, but
5 trying to have a program that we can effectively manage so
6 that we have a means of both providing assistance, but not
7 losing control.

8 And I know your office is in -- position at this
9 point is to oppose that change to the in lieu and the
10 ending of the cash grants to whoever comes through the
11 County.

12 But, maybe you might just -- because we're -- you
13 see the good faith that we're taking with this Housing
14 Trust Fund and some of the other efforts we've undertaken,
15 and Redevelopment has undertaken, you might give it a
16 second thought, where your office could find, if possible,
17 any position of support with the General Assistance.

18 In light of that, to some extent, some of the
19 people that are your clients -- the low income tenants and
20 homeless persons -- are also victims to people who often
21 pass through and, at times, commit crimes, become vandals,
22 whatever. Same people you represent are also victims.

23 So, I don't say it for discussion today, and I know
24 we're mixing two issues, but because your office will be
25 back in front of the County in another week, opposing the

1 people today that you're supporting on this issue, maybe
2 you can see that there is some common ground and maybe you
3 can see if we can resolve that issue.

4 MR. PROVENCIA: Hopefully a week from now, we won't
5 be on other sides of the fence. We do not totally oppose
6 the proposals that have been made for --

7 UNIDENTIFIED COUNCILMEMBER: Okay.

8 MR. PROVENCIA: -- in kind assistance. We only
9 propose the mandatory nature of the poor house proposal.

10 We are not opposed to housing development and in
11 kind benefits. In fact, we're going to be meeting with
12 SHRA to discuss some of our ideas tomorrow.

13 UNIDENTIFIED COUNCILMEMBER: Okay. Good.

14 CHAIRPERSON ROBIE: Good. Thank you.

15 MR. PROVENCIA: Thank you very much.

16 UNIDENTIFIED COUNCILMEMBER: I just -- I wanted to
17 ask you.

18 You made a statement that was kind of surprising to
19 me. I want to make sure I understood it correctly.

20 Did I understand you correctly to say that homeless
21 people are caused by development?

22 MR. PROVENCIA: To a certain extent, the
23 development that has occurred over the last 20 years, with
24 the reduction of SRO lower priced units in favor of other
25 development, has contributed to the homeless problem, in

1 that the stock of low income housing has been reduced.

2 UNIDENTIFIED COUNCILMEMBER: So, therefore, if we
3 didn't have development, we wouldn't have the problem?

4 MR. PROVENCIA: Not necessarily. There's many
5 causes to the problem. It's a contributing factor.

6 UNIDENTIFIED COUNCILMEMBER: Okay.

7 MR. PROVENCIA: Then that doesn't mean I against
8 development, but I am for having developers who do
9 financially benefit from development, contribute toward the
10 solution of problems that that development contributes to.

11 UNIDENTIFIED COUNCILMEMBER: Okay.

12 CHAIRPERSON ROBIE: Okay. Thank you, James.

13 MS. JOHNSON-SCHULKE: Good afternoon. Collett
14 Johnson-Schulke, Sacramento Board of Realtors.

15 You have our paper -- our position paper. We spent
16 about a year and a half -- almost two years now with the
17 Trust Fund -- the City/County Low Income Housing Trust
18 Fund -- trying to find dollars to help with this low income
19 housing need.

20 We basically concur with the findings of the Task
21 Force. We understand the need. It may be off a few
22 dollars, but it's there. It's substantial.

23 We take exception with the proposal from the Low
24 Income Housing Task Force.

25 We believe that the -- for the -- the proposal that

1 has come forth with the South -- or the North Natomas
2 Settlement is a more entrepreneurial one in that you now
3 can either contribute to a fee and/or build or cause to
4 have built housing units.

5 We don't expect commercial builders would be the
6 builders of these units. But, if it's not financially
7 feasible -- and we think the bottom line is going to be
8 there to look at the fees. If they can add them in, make
9 it profitable, make it pencil, they'll pay the fees.

10 We don't think that there's going to be a hundred
11 percent of people building, either.

12 But we do believe that there's real potential for
13 some joint venture with some smaller housing developers.
14 That there's some real potential to get a whole bunch of
15 things done.

16 We feel very strongly that areas such as Oak Park,
17 Del Paso, and lots of North Sacramento and that area, could
18 use market rate housing.

19 And we think that this may be one way to get that
20 encouraged. That there will be some kind of -- and so the
21 trade off between low income and some market rate in that
22 area will be good for the community long term.

23 We haven't changed our position and review of the
24 proposal by SHRA to increase the fee from 20 percent to 40
25 percent, if you decide to build. We still are in support

1 of the 20 percent fee.

2 We really don't believe that everyone will build.
3 And we don't believe everyone will pay the fee.

4 So, we don't -- we think the numbers on either side
5 are reasonably exaggerated, and that somewhere along the
6 middle is where everybody's going to come from.

7 We won't change our position on that. We feel very
8 strongly that it's really -- it's good to encourage people
9 to do things, having to do with the other areas of our
10 community that could use some market rate.

11 That, and we're still having a real problem with
12 how you decide when somebody has built or caused to have
13 built -- what's the contract.

14 And right now, there's a tremendous amount of
15 latitude given to the Planning Director -- no offense,
16 Marty.

17 MR. VAN DUYN: None taken.

18 MS. JOHNSON-SCHULKE: But we are concerned that the
19 contract be written in such a fashion that this is really
20 doable, and that staff be given some guidance as to when
21 they can sign off. And we don't think that's been done.

22 We think that it would be really helpful, if you
23 decide to pursue this, if you would be able to ask some of
24 your people that you do business with, or do business in
25 your community, in your districts, to come forth and sit

1 down and attempt to design something that looks okay when
2 it comes to, "Yes, we've built or we've caused to have
3 built".

4 I'm significantly committed, because we agree with
5 the City. We think that -- we think it should be done.

6 But, at the same point, we don't understand where
7 the drop dead point is when it's not going to be done. So,
8 we need some help from some people who are actually
9 building in your communities.

10 Those are our issues. Again, we support it. We
11 support it because -- not because we want to -- because we
12 don't like it -- but we went through everything that there
13 was.

14 We feel that your staff at SHRA and your
15 consultants did a marvelous job. Your nexus agreement, I
16 want you to know -- or your nexus study -- I sent to four
17 friends who are land use attorneys -- some in this state,
18 some out of this state. They felt very strongly that it
19 stands all tests.

20 It was a Chicago attorney, an Atlanta attorney, one
21 in L.A., and one in San Francisco. Because I was trying to
22 find out if it had any holes.

23 They didn't feel it did. Mark's pretty good at
24 doing those kinds of things, I guess.

25 But I just want you to understand that, if we could

1 get Federal dollars, we could get State dollars, we would
2 really like to see this go away.

3 Because we don't think it's good for the community.
4 But we don't see any hope.

5 So, that's why we're in support at this point in
6 time. We will continue to work very hard at the State and
7 the Federal level to attempt to get more monies.

8 We've supported every housing position we can
9 support at both the State and the Federal level. We will
10 continue to do that.

11 But, until that time, we feel very strongly that
12 this is something that needs to be done in the way of a
13 local share.

14 CHAIRPERSON ROBIE: Any questions? David, and then
15 Terry.

16 COUNCILMEMBER SHORE: So, your issues are the in
17 lieu of option as set out in North Natomas, and what else?

18 MS. JOHNSON-SCHULKE: Well, the in lieu option
19 should -- what we want is 20 percent of the fee.

20 In other words, if you decide you're going to
21 build, what SHRA is proposing is 40 percent of the fee
22 should be paid anyway, on the grounds that they could lose
23 a great deal of money; okay?

24 We don't believe that -- their figures -- you know,
25 if everybody decided to build, which we really don't think

1 will be the case, that could probably happen.

2 We really think that that won't be the case. We
3 think the 20 percent is good for some of the other areas of
4 our community that could use some market rate housing, and
5 not constantly be afflicted by the low end housing being
6 built in their area.

7 COUNCILMEMBER KASTANIS: Collett, my question deals
8 with market rate housing. What is it? What is -- is it
9 the average price?

10 MS. JOHNSON-SCHULKE: It's what the lender's going
11 to give them in the way of a take out loan and a
12 construction loan, and what they feel they can build in
13 those areas.

14 And I think that if you've got some incentives, and
15 some additional dollars -- I mean, you'll probably find
16 some people who are willing to do it.

17 I know we've have some real heavy problems getting
18 some lenders to loan in some of the areas, on some of the
19 projects that have come in. They haven't penciled, for
20 instance, in the Oak Park area.

21 But I think that there's some potential. That they
22 can pencil and they will pencil, but the incentive --
23 there's an additional incentive, now there, to do something
24 that allows it to sell for whatever the market will bear in
25 that community.

1 In other words, what you've got is a house that's
2 built, or units in some fashion -- condos or whatever --
3 that are built that will sell for the average sales price
4 of that area, or a little bit higher.

5 In other words, they're going to sell. They're not
6 handicapped in any fashion.

7 COUNCILMEMBER KASTANIS: And they're not low
8 income?

9 MS. JOHNSON-SCHULKE: No.

10 CHAIRPERSON ROBIE: No. In some cases, they're
11 less of an impact on a community.

12 MS. JOHNSON-SCHULKE: We figure maybe we'll balance
13 out in some of the -- as long as you're targeting. You
14 know, which you are -- the proposal is a target.

15 That you may balance out some of the housing ends,
16 for instance, in Meadowview, and some of the other areas
17 where you need to be able to do some of that.

18 CHAIRPERSON ROBIE: How do you see this fitting in
19 with our low income housing policy, where we want to
20 scatter, you know, the housing?

21 MS. JOHNSON-SCHULKE: Well, I think you were
22 adding.

23 CHAIRPERSON ROBIE: Yeah.

24 MS. JOHNSON-SCHULKE: Because what you do is,
25 you're taking some of the areas where you have the low end.

1 housing and you're adding some market rate housing, which
2 may hopefully move some of that stuff around at this point
3 in time.

4 And I personally think your scattered site is the
5 best way --

6 CHAIRPERSON ROBIE: Absolutely.

7 MS. JOHNSON-SCHULKE: -- of any community to go. I
8 really do. I know it's been difficult, but I admire you
9 all for taking the position on that.

10 Because I think it's the right position to take.

11 CHAIRPERSON ROBIE: Good.

12 MS. JOHNSON-SCHULKE: Thank you.

13 CHAIRPERSON ROBIE: No other questions. Thank you.

14 UNIDENTIFIED COUNCILMEMBER: (Inaudible) on R
15 Street come forward.

16 CHAIRPERSON ROBIE: Thank you, Collett.

17 MR. BROWN: Madam Chair, members. I'm Mark Brown.
18 I'm with the Sacramento Affordable Housing Alliance, an
19 organization that's been working four years locally on
20 housing issues, trying to work principally in campaigns on
21 behalf of candidates who are responsive to housing issues.

22 It's no question that homelessness is a huge
23 problem here, both in Sacramento, at the State level, and
24 at the Federal level.

25 It's largely, I think, as has been explained

1 before, the tip of a iceberg though of a larger rental
2 housing shortage.

3 We have, according to this Task Force, which I
4 served on, 24,000 families paying more than 50 percent of
5 their income for rent. And it's those 24,000 that the Task
6 Force set its eyes on in terms of solving this problem.

7 The fee, I might point out in response to some of
8 the builder comments last week, takes care of the new need
9 that is created by the development.

10 It doesn't actually deal with those 24,000 existing
11 families. So, it's a very modest measure that doesn't even
12 touch, to some extent, the existing need.

13 It's probably obvious, but one reason that we have
14 this huge homeless problem is the 78 percent budget cut
15 that we've seen at the Federal level in the last eight
16 years.

17 Now, we could sit around and wait for the Federal
18 government to get back in the housing business, but I think
19 cities throughout the country, and states throughout the
20 country have been responding.

21 I know California just approved Prop. 84. We're
22 looking at cities from Boston, to Miami, to San Francisco,
23 responding vigorously, filling in the gap that's been left
24 by the Federal government. And I think it's pretty clear
25 that we can't wait for the Feds to come back in.

1 So the Task Force looked at dozens of options on
2 how to deal with the problem. We discarded a lot, just for
3 a number of reasons. And we think that the commercial
4 development fee turns out to be the fairest, most workable
5 program.

6 And I might point out that it's a small fee. I
7 kept hearing Christy Savage say how this was going to mean
8 the downfall of capitalism.

9 Well, we were looking at a three million dollar fee
10 that's going wind up being part of a 42 million dollar a
11 year annual program.

12 And with some of the exemptions that are being
13 talked about today, with some of the compromises that were
14 already made in the Task Force, with the exemption of North
15 Natomas, with -- it looks like now we're going to get
16 Redevelopment Agencies back in -- and with doing this 20
17 percent build out option, we're looking at not a three
18 million dollar piece of a 42 million dollar pie, but maybe
19 a two or four hundred thousand dollar piece of a 42 million
20 dollar pie.

21 So, to say this is ruinous is, as I think,
22 stretching it. So, it's a small program. It has broad
23 base support.

24 You heard from the realtors and I applaud their
25 support for it. But we've also got support from

1 environmental groups, neighborhood groups, non-profit
2 developers, development community.

3 And I think it's ironic to some degree, and I'd
4 like to distinguish if I can, the commercial builders from
5 the residential builders.

6 I think there's a large segment of the residential
7 building community that would support this. And in their
8 heart, they know it's needed.

9 And what you see is some of the commercial
10 developers that are going to be hit with this coming in.
11 But it's really your commercial developers, not CBIA as a
12 whole, or the local building industry membership united,
13 you might say.

14 It's ironic, because the building industry -- State
15 of Building Industry Association just got through funding
16 probably 75 percent of the effort to get Prop. 84 passed --
17 the volunteer effort for that.

18 They just had a national conference in Washington
19 where homeless folks came together with builders and
20 developers and mortgage bankers and came away with a really
21 renewed faith that we're going to get a handle on this
22 problem nationwide.

23 We're going to see some increased Federal
24 involvements and local city involvement. And it's somewhat
25 ironic and sad that we're seeing some counter to that at

1 the local level.

2 So, in conclusion, we think it's a modest proposal.
3 It's a fair proposal. Extremely modest. We'd urge you not
4 to grant any more exemptions than we already have.

5 We'd -- counter to what the realtors said, urge you
6 to go the 40 percent level because that's going to create a
7 workable program, whereas at the 20 percent level, we're
8 probably looking at something that may not be even worth
9 starting up.

10 And -- I mean, all you got to do is think about the
11 homeless children that are out there. We estimate
12 something like 30,000 homeless children in the State of
13 California.

14 And if you think like -- you know, think about what
15 they're growing up like, the conditions they're growing up
16 like, and what they're going to be like five, ten ago, it's
17 not hard for, I think, all of us to agree that it's time
18 for us to take some positive, affirmative action.

19 And this is a way to do it without raising taxes
20 and a way that makes sense in our minds. Thank you.

21 CHAIRPERSON ROBIE: Thank you, Mark. Any
22 questions? Thank you very much.

23 Okay, how are we doing here?

24 MR. KEASLING: My name's Stan Keasling, and I'm
25 Rural California Corporation.

1 I would like just second some of the things that
2 Mark said. One particular concern that I have that's
3 relative to the build out option.

4 When the -- I also served on the Housing Task Force
5 and the Affordable Housing Task Force, and when we
6 looked -- when the Keyser, Marston study was done to
7 establish what the nexus was between commercial development
8 and the need for additional housing, it was not looking at
9 the need for all additional housing.

10 It was looking at the need for affordable housing.
11 Housing for people with incomes below 50 percent of the
12 median in this city.

13 What it showed -- where we are now is that we're
14 talking about a relationship, a fee, which is roughly
15 comparable to the fee that we thought should be levied for
16 affordable housing.

17 Which, by the way, was not equal to the nexus but,
18 because we found that the nexus would probably prohibit the
19 development of new commercial ventures in the City and, so,
20 we opted for some blended fee.

21 So there was a compromise there on the Committee to
22 try and reduce the -- to find what would be a -- an
23 acceptable fee, one.

24 Secondly, then, there is now another compromise in
25 that all housing is being considered, rather than just low

1 income housing. So that the fee now will be used -- the
2 housing fee will be used to produce market rate housing, as
3 well as affordable housing.

4 And, in fact, the proposal is that 60 percent of
5 the fee would be used for market rate housing, while only
6 40 percent would be used for affordable housing
7 development.

8 I would urge you to stick with the 40 percent pay
9 in, rather than going to the 20 percent.

10 I think we've already compromised significantly on
11 the amount of funds which are needed to produce affordable
12 housing, to produce a fund which will really have a
13 meaningful impact.

14 And I think it's important that we not just create
15 a Housing Trust Fund. I mean, the Governor of this State
16 has created a Housing Trust Fund and then decided not to
17 provide any funds for it.

18 Hopefully, Sacramento will do something a little
19 better, and will actually provide some funding. So, if you
20 would not change the fee, I -- hopefully, you will do that.

21 CHAIRPERSON ROBIE: Thank you, Stan.

22 MS. KEASLING: Thanks.

23 MS. KNEPPRATH: I'm Kay Knepprath, and I'm here
24 representing two groups.

25 I came to represent the California Homeless

1 Coalition, and Steve Sanders had to leave, and left in my
2 hands representing also the Sacramento Old City
3 Association.

4 I do not find that in conflict. Both the
5 organizations are very much, basically, interested in
6 housing.

7 And, first, for the -- myself, I remember several
8 years ago serving on an advisory committee to develop the
9 County's housing element.

10 And we didn't come anywhere near what this Task
11 Force has done in the way of providing funding. We just
12 really backed off from that.

13 I think we're seeing the private sector and the
14 public sector working together in a much better way than we
15 used to, in coming up with ideas, and ways to fund those
16 kinds of things that a community needs.

17 And I guess I would ask you to consider housing as
18 much a part of the infra structure of the community as
19 roads, and sewers, and the water system. I think it's
20 really basic that we have housing for everybody.

21 We see the fallout. If we don't have that housing,
22 we see the individuals and the families on the street.
23 They cannot pay the rent. They're there because they
24 cannot pay the rent.

25 They may have some other problems, but the problems

1 are on the street, not inside the house. If they had a
2 house, you would not see the other family problems that
3 might be there.

4 But, they're on the street because there is no
5 place for them to live.

6 The -- a Homeless Coalition is -- has been
7 supporting housing programs wherever we can in the State,
8 in -- at the State level and locally, in communities.

9 And we would support the work of this Task Force,
10 and the maximum that can be done in the way of providing
11 housing.

12 We know that you're going to have to look at all
13 kinds of considerations when you look at this. But, we
14 would urge you to keep in mind the fact that the homeless
15 are not going to go away without a lot of work at every
16 level.

17 For the Old City Association, the focus is
18 narrower. The Old City Association is looking at your
19 territory, just the City, not just -- not the County and
20 the City, but just at the City nexus mostly.

21 And you know that we have lobbied for housing on
22 R Street. We've lobbied to save the Frances, got to save
23 the Merrium, and we're looking to prevent the loss of
24 housing, as well as the creation of new housing.

25 And the Old City Association also urges the support

1 of this Task Force report. Thank you.

2 CHAIRPERSON ROBIE: Thank you, Kay. Any questions
3 of Kay. Thank you both.

4 UNIDENTIFIED COUNCILMEMBER: (Inaudible) just have
5 to take it back to the Old City Association.

6 I think the last two housing projects we had, they
7 opposed. So, just encourage them -- 16th and O, and 11th
8 and G -- so, just encourage them to support our low income
9 budget.

10 MS. KNEPPRATH: Yep. I do. All the time.

11 UNIDENTIFIED COUNCILMEMBER: Okay.

12 MR. STONE: My name is Bob Stone, 2557 5th Avenue.
13 I'm the Director of Sacramento Neighborhood Housing
14 Services, a non-profit housing and neighborhood improvement
15 organization.

16 And I was a member of the Housing Task Force, and
17 then the SRO Housing Task Force before that.

18 And, you can believe me when I say that this
19 problem and issue has been Task Forced to death, and it's
20 now time to bite the bullet and --

21 UNIDENTIFIED SPEAKER: (Inaudible).

22 MR. STONE: On this last Task Force, we were a
23 broad based group, and there was a surprising amount of
24 agreement between the representatives of the development
25 and real estate sectors, as well as the housing

1 professionals and housing advocates.

2 Not only about the needs, as they were presented by
3 SHRA, but also about the solutions.

4 The basic differences were of degree. For example,
5 for the development, the most eloquent and articulate
6 opponent to the recommendation as it appeared in the Task
7 Force report was Peter McQuen.

8 And he wasn't opposed to having the fee. He was
9 opposed to the amount. He had recommended something like
10 25 cents a square foot as something that he thought that
11 they could live with.

12 I think it's also important to bring out that those
13 of us who are -- might be considered housing zealots on the
14 Task Force, believe that this is really a two sided coin,
15 and that there should not only be the fees on new
16 development to deal with the jobs/housing balance issue in
17 question, but we believe that this is a societal
18 responsibility that all of should pay for.

19 On the Federal level, there's been an 87 percent
20 reduction in general tax dollars going to deal with the low
21 income housing problems in this country. And, so, it
22 really falls on us locally, individuals, to each pay our
23 share.

24 And that's why the Task Force recommended tying
25 together with the development fee the use of funds, either

1 from the General Fund, or from an employee tax, so that the
2 burden of financing and dealing with the housing needs that
3 everybody agrees on, is spread over society as a whole, and
4 over the whole community.

5 And I feel that this is a fundamental issue and
6 recommendation of the Task Force that we have to deal with.
7 And -- but, even though State employees may not be covered
8 by it, a lot of times you can't discount the whole idea
9 just because there may be some portion of the community
10 that's not covered.

11 We do believe that we could raise 3.6 million
12 dollars from the community as a whole if there was a 10
13 dollar per head employee tax, which would not be too
14 onerous. I don't know.

15 So, you know, we strongly recommend that the
16 Council deal with that side of the question as well as what
17 to do about the development fee.

18 CHAIRPERSON ROBIE: Thank you, Bob.

19 MR. STONE: Thank you.

20 CHAIRPERSON ROBIE: Okay. We have a lot of people
21 coming to testify.

22 (CHILD OF) CABANA: (Inaudible) know we're here.

23 MS. CABANA: Good afternoon. My name is Peggy
24 Cabana, and I come in support of your proposal to put
25 together this fund for low income housing.

1 I'm presently a single mom, and I'm low income.
2 And I'm currently fortunate enough to fall under the CADA
3 program which allows me to be able to work and earn my
4 household, and not spend my entire budget on housing.

5 I do need a bigger house. If I were to move to a
6 regular, non-subsidized apartment, I would not be able to
7 afford it.

8 (CHILD OF) CABANA: To get a Christmas tree.

9 CHAIRPERSON ROBIE: (Inaudible) has a lot of
10 (inaudible).

11 MS. CABANA: And, although I have many obstacles, I
12 feel that I'm very fortunate to have the housing that I
13 have. And I feel very badly that there are many people out
14 there that are sleeping in their cars, and sleeping in
15 shelters, and rotating from each shelter every two or three
16 weeks.

17 (CHILD OF) CABANA: To get a Christmas tree.

18 MS. CABANA: And I urge your support for this.

19 UNIDENTIFIED COUNCILMEMBER: He's making sure you
20 read the statement that you (inaudible).

21 MS. CABANA: And I thank you very much.

22 CHAIRPERSON ROBIE: Thank you, Peggy, for coming.

23 Okay. I -- ah, oh. I was going to say I thought
24 that we have a letter from --

25 MR. COYNE: Good afternoon. I was hoping -- that's

1 a tough act to follow.

2 CHAIRPERSON ROBIE: Pretty hard.

3 MR. COYNE: It is a tough act to follow. I'm
4 sorry. I'm losing my voice, but I just wanted to speak
5 briefly to set into the record my letter of this date,
6 addressed to Bill Edger.

7 I'm speaking for Riverview Embassy Suites Joint
8 Venture on the Docks Hotel project.

9 We take no position on the Ordinance itself one way
10 or another. What we're trying to do simply is identify the
11 fact that the imposition of the housing fees on this
12 project at this time does have an impact -- an economic
13 impact -- on the financial negotiations that are already
14 complete between ourselves and the Redevelopment Agency.

15 The staff assures us that we will find a way to
16 mutually mitigate these -- this particular housing fee.
17 And we're assured that they will do that.

18 We just want to go on record with our letter, and
19 let you know that we will have some impact. Thank you.

20 CHAIRPERSON ROBIE: Thank you, Ed.

21 I'm sorry, Ed. Doug had a quick question he wanted
22 to ask you.

23 COUNCILMEMBER POPE: Yes. I'm curious, Ed. I
24 mean, I appreciate your position. I think it's a rather
25 difficult position.

1 John, how are you going to solve that problem?
2 Because, I mean, here we've negotiated a deal. We've spent
3 agonizing years trying to get the thing up and --

4 MR. MOLLOY: Right.

5 COUNCILMEMBER POPE: -- bingo. And then you say don't
6 worry, don't worry.

7 MR. MOLLOY: There are several in this category.
8 This is not the only one.

9 We had included initially an exemption from this
10 Ordinance for all projects in redevelopment areas. That
11 was our original shot out of the barrel.

12 And I think that as the process went forward, we
13 became extremely concerned about getting the County's
14 concurrence in this. And we thought that, by piling on
15 exemption after exemption in the City, that it would be
16 cumulatively less arguable to the County to adopt this
17 Ordinance.

18 So, what we said to you last week and what we'll
19 try to do, is for projects that the Council wants to see
20 happen -- acting as the Redevelopment Agency and within
21 Redevelopment areas -- we may negotiate separately, as the
22 Redevelopment Agency, with developers in redevelopment
23 project areas, to otherwise subsidize their projects to
24 offset the impact.

25 But that we would not blanket exclude all projects

1 within redevelopment areas. That's our position on that,
2 and that's what we would intend to do.

3 CHAIRPERSON ROBIE: Okay.

4 COUNCILMEMBER POPE: Well, but now we adopt this.
5 What does that tell his associates?

6 MR. MOLLOY: Well, we'll have to negotiate that
7 independently, in the context of our development and
8 disposition agreement with Mr. Coyne.

9 CHAIRPERSON ROBIE: Well, don't you think we ought
10 to have a time line when we're going to start the fees and
11 when we're not?

12 So that everyone kind of knows. It's kind of up in
13 the air now, is Ed saying he doesn't know when the time
14 line starts.

15 MR. MOLLOY: Lynn, Mark Mihaly will have some
16 general comments regarding that aspect when he gets up here
17 in a few minutes --

18 CHAIRPERSON ROBIE: Good. That'll be fine.

19 MR. MOLLOY: -- to fill you in on his overall
20 perspective on (inaudible).

21 CHAIRPERSON ROBIE: Good.

22 COUNCILMEMBER POPE: John, you mentioned an
23 important thing, the County. When does this come before
24 the County?

25 MR. MOLLOY: Well, we're waiting for Toby Johnson

1 to get back from his sick bed, so probably January some
2 time.

3 COUNCILMEMBER POPE: If the County doesn't adopt
4 this -- the fee aspect of this Ordinance, or doesn't adopt
5 it at all, are you -- be coming back to us then, and asking
6 for an exemption for redevelopment projects?

7 MR. MOLLOY: I don't know that we would do that. I
8 think Ted Kobie had some ideas on -- there are some other
9 reasons why the City needs to look closely at this
10 Ordinance.

11 And -- having to do with the North Natomas
12 Settlement. Ted is the best person to speak to that.

13 But I think we can try to cover that point also in
14 our summary.

15 CHAIRPERSON ROBIE: Good. (Inaudible sentence.)
16 Thank you. Okay.

17 Bob wants to come up. And I think -- are you the
18 last person? You are.

19 MR. ROACH: Members of the Council, my name is Bob
20 Roach. I represent the JB Company and RJB Interest.

21 And I'd like to say that both companies feel that
22 this a very worthy program, but we would like to talk a
23 little about some of the points on downtown high rises, in
24 particular, and how it relates to perhaps the fee being too
25 large.

1 As you might guess, of all of the high rises
2 proposed downtown, I think a good many of them -- perhaps
3 most of them -- will be hoping to lease to the State of
4 California.

5 And realizing that, I checked with the General
6 Services Administration to get some of their latest
7 updates. And it was very apparent that the lease rates
8 that the states are willing to pay are going down and not
9 up.

10 Six years ago, we leased the 1515 K Street building
11 to the State for a dollar and thirty-eight cents a square
12 foot. Three years ago, they took additional space at a
13 dollar forty-two.

14 And now, more recently, in the past year, year and
15 a half, they're paying a dollar twenty and under.

16 Benvenuti Plaza, 16th and K Office building, and
17 just recently, now, they told me that they're starting to
18 look at the Highway 50 corridor, and the Richards Boulevard
19 area, in particular.

20 A recent lease that they made in the Highway 50 for
21 40,000 square foot new office building was for 78 cents a
22 square foot, fully serviced.

23 So, the point is, they're paying less and many of
24 the office buildings that'll be proposed downtown will be
25 lucky -- we were planning at Golden State Tower, at 7th and

1 Q Street, to get a minimum of dollar and fifty cents a
2 square foot, to a dollar sixty-five.

3 They told me that we'd be lucky to get about a
4 dollar thirty-five cents a square foot.

5 So -- which leads to the point, you know, about the
6 total fees.

7 And it isn't just this program, as I've mentioned
8 before, when I was here on Transportation Management plan
9 and some others, that you've got to look at the total
10 picture. And of all of the programs, and all of the fees
11 that are coming down.

12 And, in fact, either this afternoon or tomorrow
13 morning, we'll be hand delivering a letter to each member
14 of the Council regarding the Transportation ordinances.

15 But one paragraph in that letter applies to this
16 program -- almost identical.

17 And if you'll let me just read it, please.

18 "The bottom line is the fear by
19 developers that total cost of the
20 Transportation Management Plan
21 implementation will be staggering by
22 itself, and when added to the proposed
23 Housing Trust Fund, school impact fees,
24 EIR mitigations, the one and a quarter
25 construction surcharge if you build

1 outside of the C3 area, art programs,
2 child care, utility fees, city permit,
3 and review fees,"

4 Which have all gone up considerably, lately:

5 "and together with the downtown
6 increased land prices, will curtail
7 development in the City."

8 So much for that. And, so I think that -- we would
9 ask you to look at, perhaps, would be the amount of the
10 fee.

11 If this was going to cost 95 cents and our -- my
12 estimate is on Transportation Management, it's going to be
13 probably two or three times that amount in total, and then
14 all of the others.

15 And, if we're getting less income generated by
16 these projects, and then more costs coming on all the time,
17 there -- a lot of projects are going to fall by the wayside
18 and, if they do, of course, then you're going to get less
19 tax increments and there'll be fewer construction jobs.

20 And, on the tax increments, 20 -- every -- for
21 every dollar of tax increments, 20 cents of that -- it goes
22 to low income housing, so we're kind of working against
23 each other on it.

24 So, we just ask you to take into consideration all
25 of these costs and projected incomes when you look at this,

1 and look at the broad picture, and try and come up with,
2 perhaps, a more realistic fee.

3 And I just wonder if Keyser, Marston had ever done
4 any pro formas for you, which would just take a typical
5 project -- you know, whether it's a 50,000 square foot
6 office building, or 100,000, or a 40,000 square foot
7 industrial building -- and worked out the typical pro
8 forma.

9 And then started adding on all of these other new
10 programs and new fees that we've either already been
11 saddled with, or are coming down the line. And to see,
12 with the projected rents, whether these projects are
13 feasible or not.

14 Because of lot of people always say, "Well, the
15 developer will just pass those costs on to the user."

16 That isn't true. Because we're already seeing the
17 highest rental rates, in all of the buildings, that we've
18 ever had in Sacramento before.

19 So, we just can't keep going up. We're not going
20 to lease the buildings.

21 So, thank you very much.

22 CHAIRPERSON ROBIE: Thank you, Bob.

23 Okay. I think we're going to turn this back over
24 to staff.

25 There are a couple of people we did want to hear

1 from, and -- John, do you want to start to introduce those
2 folks and --

3 MR. MOLLOY: Sure. I just wanted to say that Mark
4 Mihaly's been working with our Housing Finance Task Force
5 throughout the entire time.

6 Kate Funk also was brought on early on. I'd like
7 them both to -- I'd like Mark to go through some of the
8 legal issues that he sees regarding the whole issue of
9 nexus -- the issue that I think will be most closely
10 challenged in all of this.

11 And then have Kate go through her study, which
12 demonstrated that there is, in fact, a nexus between
13 commercial industrial development and the need for low
14 income housing.

15 So, with that, I'll introduce Mark, and I think --

16 CHAIRPERSON ROBIE: Mark.

17 MR. MOLLOY: -- we'll (inaudible).

18 CHAIRPERSON ROBIE: Let's go here.

19 MR. MIHALY: Councilperson Robie, members of the
20 Council. I'm Mark Mihaly.

21 I'll discuss, very briefly, the arcane legal
22 doctrine known as the nexus doctrine.

23 And I will also address, briefly, the issue of
24 exemptions, since I think that's --

25 CHAIRPERSON ROBIE: Yes.

1 MR. MIHALY: -- on your mind. But, I'd like to
2 keep it short, and then, if you have questions, I'd be
3 happy to answer them.

4 The nexus doctrine has its origins, most recently,
5 in a case called Nolan v. The California Coastal
6 Commission.

7 And I'm not going to go into that case, other than
8 to say that there are many people who think it does not
9 apply at all to situations such as this one. That it only
10 applies to situations involving the dedication of land.

11 But I have operated under the assumption that it
12 does, because I think the Court has articulated a very
13 common sense doctrine, that good government calls for
14 anyway.

15 Which is basically that there has to be a
16 reasonable connection between the activity that you're --
17 that's the subject to a fee, and the problem that the fee
18 is addressing.

19 That's the nexus doctrine, in a nutshell. That the
20 fee has to address a problem related to the project being
21 charged.

22 It's my view here that you are on extremely solid
23 ground on the nexus issue. There are a number of exactions
24 around the State, in the low income housing areas, some of
25 the them and in the open space area, where some very

1 desirable things may not be able to happen, because the
2 nexus is not so clear.

3 But I feel that here the nexus is very solid.
4 Commercial development enables job growth to occur. It's
5 that simple.

6 And that job growth brings new workers to the area,
7 and a certain percentage of those new workers are low
8 income workers and they need low income housing, and that
9 is the connection.

10 Now, the commercial developers have testified
11 before you, in testimony that -- let me paraphrase by
12 saying, "Wait a minute, you're charging -- we just build
13 the buildings, and you can't charge a fee on the buildings,
14 because the buildings don't cause a need for the -- they
15 don't -- low income housing. It's not the buildings. It's
16 what happens inside the buildings."

17 And I think that has a certain superficial appeal
18 to it. The problem is, is that I don't think I -- I can't
19 recommend to you that that would withstand legal -- or
20 logical -- scrutiny, for several reasons.

21 First of all, from a legal perspective, it is
22 enough that the building development -- the building of
23 these buildings -- is an essential part of the chain of
24 economic activity leading to job growth.

25 You can pick that point as the point to levy the

1 fee. You don't have to decide exactly which point in that
2 chain of economic activity you're going to approach.

3 You can pick -- for administrative reasons, for
4 whatever, as long as there are rationale reasons -- you can
5 pick that point.

6 The second is, is think about it for a minute, what
7 about the -- we do this throughout our society. For
8 example, what about the school fee on commercial
9 development? That fee is levied on a building permit.

10 It's also levied on -- we often attach a fee to the
11 construction of something when it's the inside activity
12 that we're getting at.

13 For example, what about fees on housing
14 construction? School fees on housing construction.

15 It isn't the building of housing that causes a need
16 for schools. It's the kids inside. But we don't tax that.
17 We tax the building of the housing for administrative and
18 other policy reasons, and there's nothing in the nexus
19 doctrine that changes that.

20 Finally, I'd just like to add that the highest
21 Court in the land has recently upheld the San Francisco
22 Transit Assessment fee, which is a fee --

23 UNIDENTIFIED COUNCILMEMBER: Another point of view.

24 MR. MIHALY: I mentioned San Francisco.

25 UNIDENTIFIED COUNCILMEMBER: It's still there, we

1 assume.

2 UNIDENTIFIED COUNCILMEMBER: Yeah.

3 MR. MIHALY: There was a San Francisco Transit
4 Assessment fee, on the order of five dollars. Again, it
5 assesses the building of the buildings, even though it is
6 the employees in those buildings who are causing the need
7 for those transit facilities.

8 So, you have -- you're on solid precedent.

9 CHAIRPERSON ROBIE: Okay.

10 COUNCILMEMBER KASTANIS: Question, Lynn.

11 MR. MIHALY: Before I go on to the exemption issue,
12 I'd be happy to answer any questions on the nexus issue.

13 Kate Funk can address it further as well.

14 CHAIRPERSON ROBIE: Do you have a question, Terry?

15 COUNCILMEMBER KASTANIS: I have a question.

16 Concerning the nexus theory, if the economic
17 activity in itself requires housing, why low income
18 housing?

19 Are we to assume that those positions will not be
20 paid a minimum wage, or an above -- are we to assume that
21 those people in this economic activity are going to be
22 making less than affordable housing will allow?

23 I mean, how do you assume that?

24 MR. MIHALY: Councilperson Kastanis, I think that
25 the best person to answer that is Kate Funk of Keyser,

1 Marston, because I think the answer is, unfortunately, many
2 of those workers cannot even -- cannot afford housing.

3 MS. FUNK: Well, I think -- first of all, you could
4 say that you could levy a fee for all housing, which is
5 what the San Francisco's housing fee is.

6 It doesn't designate low income. The analysis that
7 we've done and what we're talking about here is the
8 isolated portion of the housing spectrum that is very low
9 income.

10 Now, what our analysis did was determine through a
11 number of steps and eliminations, how many low income
12 households are apt to be represented in any cross-section
13 of employment in various types of buildings.

14 And it is true that in any kind of building, be it
15 an office building or warehouse or whatever, you are going
16 to get a certain number of households that are likely to be
17 from low income -- certain number of employees from very
18 low income households.

19 COUNCILMEMBER POPE: Then I guess my question --

20 MS. FUNK: It may be --

21 COUNCILMEMBER POPE: -- is -- let me interrupt you.

22 But why is that? In education, I can understand it,
23 because maybe I know education better than I know housing.

24 But, we know that 80 percent of all costs in
25 education are fixed costs. Those are salaries.

1 Therefore, the schools have got to run on 20
2 percent of the budget totally for supplies, equipment,
3 everything.

4 Now, how does that apply in this theory, though? I
5 mean, why is it that -- you see, I don't think you've
6 answered my question.

7 MS. FUNK: Why is that there are employees that are
8 very low income?

9 COUNCILMEMBER KASTANIS: Right. When all this
10 activity is creating employment.

11 MS. FUNK: Well, there are many jobs, in all of
12 these types of buildings, at the very lower end of the pay
13 scale.

14 There may be above minimum wage, but for a family
15 of two, three, four and more, very easily can put a family
16 in a very low income category as defined here, or by the
17 HUD definitions.

18 The wage -- pay scales for working in fast food
19 operations is very low. For many clerical positions in
20 office buildings. For --

21 COUNCILMEMBER KASTANIS: So, size of the family --

22 MS. FUNK: Yes.

23 COUNCILMEMBER KASTANIS: -- the type of employment
24 that those persons take are two factors. That's what I was
25 getting at. What are those factors?

1 MS. FUNK: Well, another factor is that not all
2 employment is full time.

3 COUNCILMEMBER KASTANIS: Oh, okay.

4 MS. FUNK: So, that, you know, a part time employee
5 can mean a minimal amount of income.

6 MAYOR RUDIN: May I point out something
7 (inaudible).

8 A recent survey done by the U.S. Conference of
9 Mayors has pointed out that 25 percent of the homeless
10 people are employed. And that means that they're not
11 earning enough to provide housing for themselves.

12 But I should think that this program would do more
13 than just provide low income housing. It would increase
14 the supply of housing generally, which is what helps keep
15 the prices down, is it not.

16 So that it would be more affordable for everybody,
17 not only for low income people. And the problem we're
18 having is that the -- our supply of housing is dwindling,
19 it's running down.

20 UNIDENTIFIED SPEAKER: We are talking about the
21 (inaudible - rest of sentence).

22 COUNCILMEMBER KASTANIS: Thank you.

23 MR. MIHALY: In other words, the study indicates
24 that, for example, a secretary, who is a single mother, and
25 has several children, could not afford housing and would

1 qualify for very low income housing.

2 Another way of looking at it is that it is
3 attractive from the economic purposes -- for economic
4 purposes for an area like Sacramento to have a work force
5 that is willing to work at those wages and occupy those
6 jobs, because job growth needs those people.

7 Unfortunately, currently, they cannot afford
8 housing.

9 CHAIRPERSON ROBIE: Joe?

10 COUNCILMEMBER SERNA: I have a question, but not on
11 the nexus. Could --

12 CHAIRPERSON ROBIE: Oh, do we want move, then, from
13 that to the exemption? I think we want to go ahead and
14 move the area of exemptions.

15 COUNCILMEMBER SERNA: Well, my question was, I got
16 in -- I came in when you were talking about the variances.
17 Do you want to take that up now?

18 CHAIRPERSON ROBIE: Yeah. We're going to move
19 right into the --

20 COUNCILMEMBER SERNA: Well --

21 CHAIRPERSON ROBIE: -- answers, exemptions and that
22 whole process, and then you can ask you questions.

23 I think Mark is going to just walk through that.
24 There were a lot of concerns and questions in that area.

25 MR. MIHALY: I just want to treat that generally.

1 Unfortunately, I -- I mean, I've been brought up to date on
2 that testimony. I might not be completely accurate.

3 The variance provision is tightly written. It is
4 deliberately tightly written.

5 A good Ordinance should specify on its face who's
6 included and who isn't included. You shouldn't have a
7 broad variance provision that you can drive a truck
8 through, because it'll forever -- I mean, that's forever.
9 That will occupy you forever. You'll be having thousands
10 of people over the years coming in.

11 So, the variance procedure is tightly written, and
12 I don't think you should look to the variance procedure as
13 a way out for specific problems facing you now, specific
14 projects facing you now.

15 It is much better, and if you -- you know, to take
16 those specific projects on one at a time, very carefully,
17 and craft individual solutions for them. Some of those
18 individual solutions may require amendments to this
19 Ordinance on its face. Others can be negotiated out
20 without doing that.

21 If those projects concern you, we can make a list
22 of those projects and, if possible, dispositions of those
23 projects so that their needs can be addressed.

24 I just -- I urge you to try to avoid across the
25 board amendments to the Ordinance that will plague you in

1 the future, because of currently defined project needs.

2 That's my only, sort of general approach to
3 exemptions.

4 CHAIRPERSON ROBIE: Did you have a specific date,
5 though -- the Agency and yourself set a specific date when
6 we would decide which of the projects would actually come
7 into the Housing Trust Fund, or when not?

8 I -- because we've had that question asked and we
9 haven't really come up with a specific.

10 MR. MIHALY: I think that that has to happen now.
11 I think that in the next -- I'm not sure when this would go
12 to the full Council, but by the time it gets to the full
13 Council, any change -- any projects which would have to be
14 addressed in a way that are going to be reflected in the
15 words of the statute, that would have to be worked out.

16 CHAIRPERSON ROBIE: Wouldn't we have to work out
17 the percentages, I mean, of how far along they are in
18 relationship to the percentage of the development.

19 You know, what stage are they in that process, and
20 so forth. Have we spoken to that?

21 You know, have they taken their building permit --
22 what have they done, you know, so that you'd have an -- so
23 each of the people who have projects that are in the
24 process would know exactly when it is that they are going
25 to be included or excluded.

1 MR. MIHALY: Right. I think that, right now, the
2 Ordinance says everyone has to have a building permit as of
3 such and such a date.

4 Now, some of the projects may be taken care of
5 because, one way or another, they'll get their building
6 permits by that date. I mean, we'll just make sure that
7 they've got them.

8 Others of them, you may have to grant exemptions
9 for certain kinds of projects that have discretionary
10 permits up to a certain point, and by such and such a date.

11 In other words, you'd craft -- one way out is to
12 craft language that looks general on its face but, in fact,
13 addresses some specific problems.

14 That can be done any time. That -- but I think
15 that, you know, it should be done essentially now before
16 the matter gets to the full Council for deliberation.

17 COUNCILMEMBER CHINN: Lynn, I think that's why --
18 exact point last week was that I don't want the Council or
19 the Committee to be a variance body from here on in,
20 because I think it would just tear us apart. And time
21 wise, if nothing else.

22 And having said that -- and I'm glad you agree --
23 in order to initiate a specific list of those projects, who
24 in the business is in the best position to do that, coming
25 out with a list of projects so that you can address it and

1 craft the owners to do that?

2 And second question is, I would expect that that
3 kind of exemption, this ought to be done before we even
4 pass the Ordinance.

5 MR. MOLLOY: I would say that Marty is going to be
6 in the best position to do that.

7 We'll have input to that from the Redevelopment
8 Agency, but I think the Planning Director is the best
9 person to do that.

10 COUNCILMEMBER CHINN: And that should be done
11 before we pass the Ordinance; right?

12 MR. MIHALY: Yes.

13 COUNCILMEMBER CHINN: Thank you.

14 CHAIRPERSON ROBIE: Okay. Well, I think we need to
15 direct that to be done.

16 COUNCILMEMBER CHINN: Right.

17 COUNCILMEMBER MUELLER: Yeah. I agree.

18 COUNCILMEMBER SERNA: That was the question I had
19 on the variance, is I didn't want to be plagued by the same
20 problem, and Mark outlined it correctly.

21 And we do it for other variances, is that you craft
22 them on a case by case study, and that makes a lot of
23 sense.

24 That's why I was confused a bit when I came in, on
25 why that was turning out to be such a big issue when that's

1 exactly what we do on -- with other requests.

2 I just did not want to get caught up in an eternal
3 mill of granting one variance after the other, or having
4 variance hearings before the Council, and so forth.

5 So, if it's taken by a case by case point of view,
6 and crafted to fit that particular solution, I think that
7 makes a lot of sense to me.

8 CHAIRPERSON ROBIE: I think --

9 COUNCILMEMBER SERNA: (Inaudible) want to have a
10 Council. Well, I don't want to sit through, you know,
11 those kinds of hearings and I think the Planning Director
12 is probably the appropriate person to hear these items.

13 MR. MIHALY: Well --

14 COUNCILMEMBER FERRIS: I think the point is --

15 CHAIRPERSON ROBIE: Lyla.

16 COUNCILMEMBER FERRIS: -- though, that there was
17 this particular project that was asking not to have to go
18 to the variance procedure, but to have an exemption from
19 the variance procedure ahead of the game.

20 Because of a big up front investment in infra
21 structure, which was badly needed in order to promote
22 housing in the area.

23 COUNCILMEMBER SERNA: Well, in that case, Mark, you
24 address -- do we address that kind of an issue --

25 UNIDENTIFIED SPEAKER: Now.

1 COUNCILMEMBER FERRIS: Prior to --

2 COUNCILMEMBER SERNA: -- now.

3 CHAIRPERSON ROBIE: Yeah. On this list.

4 COUNCILMEMBER SERNA: And get that list --

5 CHAIRPERSON ROBIE: Yeah.

6 COUNCILMEMBER SERNA: -- you're talking about,

7 or --

8 MR. MIHALY: In other words, if the Council said --
9 what you want to do at this stage, if you can, is to paint
10 with as narrow a brush as you can.

11 COUNCILMEMBER SERNA: Right.

12 MR. MIHALY: So that if, for example, if the
13 Council said, "Now, these people have testified and we
14 think this is a problem where it makes sense for them not
15 to be covered", we can draft -- I mean, what am I good for
16 if I can't find a way to draft an exemption that deals with
17 them without naming them and isn't too broad -- doesn't let
18 a lot of other people through.

19 What you want to avoid is doing, as -- it's only
20 last ditch that you change the whole effective date of an
21 Ordinance, for example.

22 You see, once you do that, then you substantially
23 reduce the income available to you, or you have other broad
24 brush impacts. It's just a question.

25 So I think the most important thing is for the

1 staff to try to propose to you a reasonable compromise as
2 to which projects should be -- are inappropriate for
3 inclusion and not to include those, via drafting, and
4 propose that to you.

5 But you do have to put that in the Ordinance. In
6 other words, the time to do -- to get that out of the way
7 is now, before the Council passes the Ordinance.

8 The danger, Councilman Serna, would be that you
9 have a variance -- you loosen your variance standards so
10 much that everybody who comes in, just everybody, routinely
11 files a variance application.

12 CHAIRPERSON ROBIE: Yeah.

13 COUNCILMEMBER SERNA: Well, that (inaudible) is
14 (inaudible) do any of this.

15 MR. MIHALY: Yeah.

16 CHAIRPERSON ROBIE: And eventually you're not going
17 to have that problem. Because everyone's going to
18 understand exactly what is expected of them.

19 It's in this very short time, when we start all
20 this, that I think it's very difficult how far along you
21 are before you fit into the Ordinance.

22 MR. MIHALY: Correct.

23 CHAIRPERSON ROBIE: Yeah. Any other questions on
24 this line? I think -- so we, at least, I think we can get
25 us some direction on that particular part of the problem.

1 Any other questions on the variance process to
2 Mark? Okay.

3 MR. MIHALY: I've also been told -- I also wanted
4 to mention, briefly -- I know last time the issue of the
5 Environmental Impact Report --

6 CHAIRPERSON ROBIE: The EIR.

7 MR. MIHALY: -- was brought up. I'll deal with
8 this very briefly. I think Kate can address it
9 substantively.

10 Basically, we go at this two ways. It -- we've
11 looked at this, and it is our conclusion -- the argument
12 was made to you that you are promoting urban sprawl
13 essentially by passing this Ordinance, because you would
14 drive development out of the City and then out of the
15 County.

16 And Kate will testify that we simply believe that
17 the likelihood that would occur is very negligible, that
18 this is -- aside from the wisdom of this fee, it is in
19 scale to other considerations that a developer must make,
20 it is very unlikely to produce that effect in any
21 significant way and, therefore, the negative declaration is
22 acceptable.

23 Also, we point out to you that this entire program
24 is, in itself, a mitigation measure for an environmental
25 impact, which you have previously analyzed in your General

1 Plan EIR.

2 And we will prepare for you -- Ted Kobie and I have
3 discussed this -- we will prepare for you a -- findings
4 accordingly --

5 CHAIRPERSON ROBIE: Findings according to the --

6 MR. MIHALY: -- if it's acceptable for you.

7 CHAIRPERSON ROBIE: -- General Plan.

8 UNIDENTIFIED COUNCILMEMBER: Would it be correct
9 for the record to assume that this could do the opposite,
10 and then arguably prevent urban sprawl, because you don't
11 create a situation such as San Jose, where you see not
12 sufficient housing development, and the housing development
13 occurs outside the County, so you have that commute trip?

14 Or, like Orange County, where people live outside
15 and work within the County?

16 MR. MIHALY: Yes.

17 CHAIRPERSON ROBIE: Okay.

18 MR. MIHALY: Kate can, I think, and I -- it's
19 important that she do put on the record some evidence,
20 expert evidence. I'm merely an attorney.

21 CHAIRPERSON ROBIE: Okay. Kate?

22 MS. FUNK: I had intended to cover three subjects,
23 briefly, over the course of the next few minutes.

24 One, to talk about the nexus analysis and what it
25 contains and concluded.

1 Two, a couple of comments about demand, growth,
2 construction, and the linkages -- and I actually think
3 we've covered that pretty well.

4 And three, to respond to some of the impact issues
5 raised last week by the BIA.

6 We'll start with the nexus analysis. The nexus
7 analysis Keyser, Marston prepared illustrates how the
8 typical cross-section of employees, in a commercial or
9 industrial building, is going to contain a certain number
10 of employees from very low income households.

11 It makes the linkage in terms of numbers of
12 households per building area that are likely to be
13 associated with it, and then the link between those
14 households and the costs of providing the housing.

15 In -- so, it is a justification that the fee that
16 we are levying, it has a relationship for the cost of the
17 services or the -- what we're trying to do with the fee.

18 Or, if anything, it demonstrates that the cost is
19 actually considerably in excess of the amount that we are
20 levying on the construction.

21 Our general methodology was to start with a
22 standard unit of building size, similar for each of six
23 land uses we looked at.

24 And then to identify the total number of employees,
25 and then work through a series of cuts, or eliminations, to

1 factor out households that would not apply, until we
2 finally came down to the number of very low income
3 households.

4 For the most part, we used census materials, State
5 Department of Employment Development and, in some cases,
6 local data when it was available.

7 Okay. The major steps of the analysis were, first
8 we started with the total number of employees in a building
9 of a hundred thousand square feet. Again, local
10 information where we had it. Nationwide averages where we
11 didn't.

12 Then we factored out those that would be likely to
13 live outside the County, and there we had a census figure
14 we could use.

15 Then we made an adjustment for the increase in
16 labor force participation. Each new job is not necessarily
17 a new household. It may be somebody that -- or a new
18 person coming into the County -- it may be someone that
19 lived here before and just's gone back to work.

20 Then we made an adjustment for the number of
21 employees per household. We have more than one employee
22 per household these days. Again, census information there.

23 Then we have -- to get from households down to
24 income, unfortunately we didn't have a direct route. It
25 would have been nice to have had that data by land use, but

1 we didn't have it.

2 So, what we had to do was go to the occupational
3 distribution. And there from occupation, to income.
4 Again, where we did have pretty good information.

5 For example, for office buildings, we have, by
6 occupation, certain percent are professional, managerial,
7 clerical and even sales people in office buildings.

8 So, once we had the occupational distribution for
9 each building type, then we could go from there to what
10 percent within each occupational group fell into the
11 various income strata, but particularly, of course, we were
12 looking at the lower end.

13 So, we, of course, had very few very low income
14 households in the professional, managerial; none
15 essentially. But we did have a certain percent when we got
16 into the clerical.

17 And you can think of any office situation where,
18 yes, most of the clerical help is being paid in a wage
19 level that would not put them in that category. But there
20 are the receptionists, and there are file clerks and
21 certain types of jobs in office buildings that do fall in
22 the low paying wage scales.

23 And when we get into retail, then we find a large
24 number of employees, proportionately, that are in the lower
25 ends of the pay scales. Hotel are proportionately even

1 larger still.

2 So, after we had a spectrum of income and could
3 factor out the low income households by occupation, then we
4 had to make a -- build a matrix to deal with the household
5 size and income combination, to figure out how many of
6 those households were likely to be of three -- two, three,
7 four and five against the income, which would give us a
8 number that likely fell into that category.

9 And then, finally, to be on the safe side, we went
10 through another cut to eliminate households where there
11 were two wage earners.

12 We eliminated most of those, which was probably a
13 conservative move because, in many cases, there are low
14 income households of even very low income households where
15 there are more than one people working. But, to be on the
16 safe side, we eliminated almost all of them entirely.

17 So, our final analysis brought us down to how many
18 households are likely to be represented per hundred
19 thousand square feet of building area.

20 It's the red clip. For office buildings, we came
21 down to 18 employees per hundred thousand square feet,
22 which is to say that's about four percent of all the people
23 that work in office buildings are representing very low
24 income households.

25 R&D, 5 percent. And you see all the way up to

1 hotels, we were up over 11 percent.

2 And, in that context, I guess it's not surprising
3 that many cities assist hotel development. And certainly
4 in the Carter Administration, there was a lot of thrust in
5 assisting hotels because they delivered jobs for entry
6 level employees in the very low end of the pay scale.

7 I think it's important to point out, also, that
8 these are the employees that work in the buildings, that we
9 quantified. We stopped there.

10 What we did not include, for example, in office
11 buildings, was the janitors, the window washers, the people
12 that come -- work on the landscaping outside, the delivery
13 services, and a whole number of other kinds of jobs that
14 are associated with the functioning of an office building,
15 but don't necessarily work in the office building.

16 So, in many respects, this 18 employees per hundred
17 thousand square feet, if you defined the number of
18 employees more broadly, we're missing a lot of them.

19 Because we don't have the janitor that cleans the
20 building, because he isn't considered one of the employees.
21 He probably works for a janitorial service somewhere else.

22 Okay, then the latter steps for the analysis were
23 to take those number of employees and quantify the amount
24 of assistance needed to deliver the housing.

25 And, if we took the subsidy portion at 12,000

1 dollars a units, which was the Task Force's number, that
2 gave us a cost per square foot to deliver housing for very
3 low income employees.

4 And I guess the next page, the column that reads
5 Full Subsidy Amount, is what that dollar amount would be.

6 That's also being referred to, upon occasion now,
7 as the pure nexus amount. It's the amount that you would
8 charge for a fee if you were trying to pay for all the low
9 income housing associated with the people that worked in
10 that building.

11 The recommended fees that we put forth, that the
12 Task Force put forth and, later, the Ordinance
13 recommendations, have all been variations on something
14 that's less than half of the -- what's called the pure
15 nexus amount -- in that the recommended fees have tried to
16 take into account impacts, total construction costs, and
17 other factors.

18 I think it's also fair to say that this is the kind
19 of analysis, if you were to have four different firms go
20 out and do this analysis, I can assure you you'd get four
21 different sets of numbers. It's just the nature of the
22 analysis.

23 I think I would also venture that our set of
24 numbers probably is -- would come out at the lower end. I
25 mean, we erred on the side of trying to be conservative

1 whenever there was a judgment to be made.

2 So, with that, the nexus analysis demonstrates that
3 the fee amount is considerably less than the cost of
4 delivering the housing to the people that are in some way
5 associated with the buildings.

6 CHAIRPERSON ROBIE: Okay. We need to kind of move
7 along, but I certainly think the time that we spent with
8 this explanation has been well spent.

9 And I think the last issue was the EIR issue, or
10 the Environmental Impact issue, and I think that Mark
11 actually did speak to that. And I -- there were some
12 questions about whether it would go -- be a negative
13 impact, and --

14 MR. MIHALY: I would recommend that Kate be allowed
15 to speak for about two minutes on the subject.

16 CHAIRPERSON ROBIE: You bet. Kate? Keep it brief.

17 MS. FUNK: Okay. If we understand the BIA
18 correctly, the contention is that the fee is going to drive
19 housing -- drive development -- non-residential primarily,
20 outside of the affected area, be it City to County, County
21 to other Counties.

22 First point is that the fee cost is about -- the
23 cost period are but one of many factors determining where
24 development occurs. That there are many factors that
25 take -- get taken into account.

1 If it's office buildings, it's transportation, it's
2 access to labor force, there's some prestige issues, etc.,
3 etc.

4 For retail, you've got to -- retail must locate, in
5 order to be successful, with appropriate relation to the
6 market support that is going to draw from it.

7 So, the marginal cost difference of this fee, we
8 cannot see, would have a very significant impact at all in
9 the locational determination. Particularly when it comes
10 to Sacramento County versus Placer or Yolo.

11 There's so many other things that get taken into
12 account in that decision that I think this is really in the
13 marginal area.

14 When it comes to the City/County, should the County
15 not adopt this Ordinance, it's a little less clear cut, but
16 again, I think -- our position is, there's so many other
17 things that go into the equation.

18 Again, we're looking at a minor distinction here,
19 and I -- since coming up here today, I've also been
20 informed that, even with the nexus of fee in the City, but
21 not in the County, that the City fee package is still
22 considerably less than the fee package in the County.

23 And I think we'll have some written clarification
24 on that later.

25 UNIDENTIFIED COUNCILMEMBER: I'd like to see that.

1 MS. FUNK: So --

2 UNIDENTIFIED COUNCILMEMBER: May I --

3 CHAIRPERSON ROBIE: Yes. I think I would like to
4 see that also.

5 UNIDENTIFIED COUNCILMEMBER: I have one question on
6 that -- for -- earlier Bob Roach testified, from RJB
7 Development, that it's not this fee alone, but if you take
8 the different fees together in the Central City -- the
9 proposed transportation fees and all that together --
10 that's what causes a problem.

11 And he indicated that there's a recent State lease
12 out in the Interstate 50 corridor. And two questions.

13 One is the response to that.

14 And, two, is there merit in his request that maybe
15 there should be an overall fee evaluation done by, perhaps,
16 your firm or some such firm?

17 UNIDENTIFIED SPEAKER: County Planning staff has
18 done something which they will transmit to you, but I'll
19 just read you the proverbial bottom line.

20 UNIDENTIFIED COUNCILMEMBER: You might do it in the
21 mikes.

22 CHAIRPERSON ROBIE: Yes.

23 UNIDENTIFIED SPEAKER: The proverbial bottom line
24 is that for a 12,000 square foot office building, a case
25 study shows City fees of 12,229 dollars and County fees --

1 which does not include water development or sewer
2 development -- of 33,417 dollars, or a cost per square foot
3 of a buck two versus two dollars and seventy-eight cents.

4 We'll submit that. I'm sure County -- the Planning
5 staff will submit that -- the details of that to you.

6 A lot of that is the Transit Development fee.

7 CHAIRPERSON ROBIE: That's very good to know.

8 Okay. Other questions? Doug?

9 COUNCILMEMBER POPE: The question is, does that
10 include the fees that we're also considering for TSM
11 currently, or any of the other fees?

12 UNIDENTIFIED SPEAKER: No.

13 COUNCILMEMBER POPE: No. That doesn't consider any
14 of that stuff?

15 CHAIRPERSON ROBIE: We need to have that --

16 UNIDENTIFIED SPEAKER: Today's fees.

17 COUNCILMEMBER POPE: Just today's, as they stand.

18 So, you don't feel that the decision of a developer
19 to go into Del Paso Heights to build warehousing is going
20 to be impacted at all by this fee?

21 MS. FUNK: I wouldn't say at all, but I would say
22 it's one of many things that are going to be taken into
23 account.

24 Warehousing is the most price sensitive, I would
25 say, of the uses --

1 CHAIRPERSON ROBIE: Do you --

2 MS. FUNK: -- for marginal differences.

3 COUNCILMEMBER POPE: Well, okay. So, you say
4 warehousing is perhaps the most price sensitive. What is
5 the largest industrial user of space in Sacramento?

6 MS. FUNK: Well, by volume, it is warehousing.

7 COUNCILMEMBER POPE: I would submit that Sacramento
8 is a distribution center. That's our primary industrial
9 business, is distribution.

10 MS. FUNK: Right.

11 COUNCILMEMBER POPE: And that is the business that
12 is most price sensitive. And, yes, I submit they are very
13 sensitive to those fees and they will not -- they -- Lila,
14 your district will be directly impacted by it.

15 I mean, the difference between going to here, to
16 Woodland, for that warehouse space --

17 UNIDENTIFIED COUNCILMEMBER: The difference is
18 (inaudible).

19 COUNCILMEMBER POPE: -- is significant. You know,
20 that's an easy decision to make. And -- both are on good
21 freeways. It's very easy for them to cross that river.

22 It's very easy for them to go over to Southport,
23 where it is much cheaper and, in fact, I do know one
24 company that has made that decision. They're going to move
25 400 employees from Sacramento. And it is based on fees.

1 MS. FUNK: I think one of the reasons that -- I
2 don't think it is one of the reasons that we're talking
3 about less than 40 cents on warehousing as opposed to 90
4 cents, plus on office buildings, is in recognition of that
5 differential.

6 And that 40 cents translated into the impact on a
7 rent level is very small.

8 UNIDENTIFIED COUNCILMEMBER: Excuse me, Kate. I
9 think that Mr. Roach said that he was going to supply us
10 with that list of fees, and I'd like an analysis of that.

11 MS. FUNK: We certainly have not, nor I'm not sure
12 any entity has undertaken the analysis of the total fee
13 package one jurisdiction to the next.

14 CHAIRPERSON ROBIE: No. (Inaudible).

15 MS. FUNK: Perhaps that is something that we --

16 CHAIRPERSON ROBIE: Could be done.

17 UNIDENTIFIED COUNCILMEMBER: You see, because
18 there's another factor that you aren't considering.

19 Is the fact that your ground in the City is much
20 more expensive that it is out in the County.

21 MS. FUNK: I was coming to that.

22 UNIDENTIFIED COUNCILMEMBER: And so you add these
23 fees, coupled with that high land price, you know, you're
24 running people out. That's what you ultimately will do.

25 And you -- to sit there and glibly say, "It's

1 minuscule. It's not going to have any impact", is ignoring
2 the reality of the business world.

3 MS. FUNK: Well, I'd like to take the land issue,
4 though, and flip it around another way.

5 UNIDENTIFIED COUNCILMEMBER: Because, I mean, I
6 take issue with that.

7 Because I deal with these people every day. And I
8 show them around on tours through here, and I listen to
9 their remarks and their reactions, when you -- when they
10 come into Sacramento.

11 And to say it's meaningless. It's insignificant.
12 It's immeasurable. I just don't buy it.

13 MS. FUNK: Talking about -- among the costs of
14 development, I think it is useful to spend a second on the
15 role of land cost.

16 In suburban, commercial development, retail, office
17 projects, traditionally you need to buy three times as much
18 -- three to four times as much land as the building area.

19 So, if we had a fee of a dollar on the building
20 area -- which we don't; we have less than a dollar -- we
21 would be looking at an equivalent price movement in land
22 cost of about 25 to 33 cents.

23 And it's my understanding that land prices have
24 moved significantly more than that in the last few months
25 alone, let alone a longer time period.

1 Finally, I think it's fair to say that any change
2 in the interest rate, of course, makes all else pale.

3 In other words, this fee amount is a piece of a
4 very complex spectrum of cost. By itself, I think we can
5 safely submit that it's not going to affect locational
6 decisions in a major way.

7 CHAIRPERSON ROBIE: Good. I think what we need to
8 do now is to move forward.

9 And thank you very much, both of you, for coming.
10 I think that the time which we spent with you was certainly
11 well worth while.

12 John, what we need to do now is to make a decision
13 about what we're going to at the next meeting.

14 We obviously have a couple of reports that are
15 coming back from today, and then several others that were
16 coming back from last time -- from last meeting, although
17 we did answer some -- well, many of the questions that came
18 from the testimony from last session, including the
19 environmental and the variance process.

20 Two things that we need to do. The one is develop
21 a list of the projects, and I think Marty is going to do
22 that. That needs to be done. We'll need to know exactly
23 how long it's going to take for Marty to do that.

24 The other thing, obviously, that we wanted is the
25 cost of the fees and, also, I think you need with that --

1 between the City and the County -- I think you can try to
2 do some of the costs and the fee on outlying jurisdictions.

3 I don't think that that's going to be as easy to
4 do, but you might make an attempt at that.

5 And, then, also if you can, include some of the
6 land costs. That, again, is going to be a little
7 difficult, but see if you can make a stab at it, so that we
8 can have some of those things as comparisons.

9 Now, those have to come back. And then you may
10 have had some other questions you think need to be
11 answered.

12 You want to move forward and try, one more time.
13 Bring this back to Committee again.

14 Frankly, it is my opinion -- and jump in, the
15 Committee members jump in -- that we need to solve as much
16 as we possibly can in Committee, before we actually take
17 this forward to the full City Council.

18 COUNCILMEMBER KASTANIS: If you think it's
19 appropriate, we could deal with the overall policy issue
20 today, understanding that, as far as variance and specific
21 projects -- I mean, it's like two issues.

22 There's a policy and then how do you deal with
23 those that are in the middle. We could do a policy motion
24 today, if that's appropriate.

25 CHAIRPERSON ROBIE: Well --

1 COUNCILMEMBER KASTANIS: I'm ready --

2 CHAIRPERSON ROBIE: What does staff really think
3 about that? And our legal staff is here too, if there are
4 any legal problems.

5 MR. VAN DUYN: Well, we think -- a policy motion,
6 we don't have any problem with.

7 We understand the Committee's concern and we'll get
8 back to you in response to some of the specific things that
9 you've asked for, we don't see any problems with doing
10 that.

11 One of the difficulties right now in processing, is
12 the fact that under the Settlement Agreement -- the North
13 Natomas Settlement Agreement -- you're obligated to hear
14 the project under a specified period of time.

15 Our suggestion is that, in order to be in
16 compliance with that Agreement, that you go ahead with your
17 public hearing, which is scheduled for next Tuesday
18 evening.

19 It's been advertised. It will be scheduled and, on
20 your agenda for next Tuesday evening's regular Council
21 meeting, we suggest that you at least open the hearing,
22 take whatever testimony that the Council wishes to take,
23 and then continue the item until January, in order to give
24 us an opportunity to respond to some of the things that
25 you've asked for here today.

1 And anything else that may come up with the entire
2 Council in discussion next Tuesday evening.

3 Then, that way, we can be in compliance with the
4 intent of the Settlement, as well as give some opportunity
5 for additional time to discuss and then to continue.

6 Now, if you want to continue that to -- have it
7 come back to Committee, I don't think there's any
8 problems with that.

9 CHAIRPERSON ROBIE: We can do that also.

10 MR. VAN DUYN: Unless our attorneys tell us
11 otherwise, I don't think that's a problem, if you want to
12 have the Council direct it back to Committee and have it
13 worked on here before it gets to a stage of adoption.

14 That's no problem with the staff, either.

15 CHAIRPERSON ROBIE: Yeah. My own feeling is -- and
16 maybe the members want to speak to this as they ask
17 questions -- I'd like to see as much done here as we
18 possibly can -- the combined Committee.

19 And it's been lengthy, and I realize that
20 oftentimes it takes more of our afternoon than what we
21 would really like.

22 But we're talking about something that I think
23 changes the history, you know, of how low income housing is
24 financed.

25 And I think it's worth our time to be very careful

1 in our own minds exactly where we're going with this, and
2 have as much public input and direction as we possibly can.

3 And I think, once it hits Council, I think it's
4 more difficult to do that.

5 Doug, you had a question.

6 COUNCILMEMBER POPE: Yeah. Is -- I mean, I agree
7 with you that all of the problems, or all of the concerns,
8 should be worked out in Committee.

9 CHAIRPERSON ROBIE: If we can.

10 COUNCILMEMBER POPE: That's the purpose of it. Not
11 to bog down the agenda.

12 And particularly in this situation, since usually
13 we almost have a full Council here anyway.

14 CHAIRPERSON ROBIE: Anyway.

15 COUNCILMEMBER POPE: This is the full Council at
16 these joint combined meetings.

17 And, Marty, I don't understand why you even took
18 the problem of agending next week. These meetings are
19 Council meetings. They're noticed as Council meetings.

20 That's why we're here. That's the only reason we
21 can have all of us here, and we're all paid for it
22 anyway -- as Council meetings.

23 MR. VAN DUYN: Well --

24 COUNCILMEMBER POPE: And, so, I don't know why -- I
25 mean, this isn't --

1 MR. VAN DUYN: I won't argue with your ability to
2 get paid. I just --

3 COUNCILMEMBER POPE: You know, this is a City
4 Council meeting.

5 MR. VAN DUYN: I agree with you. I'm just
6 complying with what I understand the intent under the
7 Settlement Agreement is and under the advice for our
8 attorney's office.

9 If the attorney's office feel confident that
10 that -- that this is sufficient, then --

11 COUNCILMEMBER POPE: I think you ought to go back
12 and ask --

13 MR. VAN DUYN: -- sufficient with us. I'm not
14 trying to add any more meetings or hearings --

15 CHAIRPERSON ROBIE: Now, wait a minute.

16 MR. VAN DUYN: -- onto it. I'm just trying to
17 comply with what I --

18 CHAIRPERSON ROBIE: Ted is here.

19 MR. VAN DUYN: -- understand our attorneys think is
20 necessary.

21 MAYOR RUDIN: Yeah, but see, normally I don't see
22 these as full Council meetings.

23 I came to this because I wanted to hear it, because
24 this an important discussion, and I want to be involved.

25 But, normally, I'm not involved in it. So, you

1 know, I --

2 COUNCILMEMBER POPE: No. I think you -- I'm not
3 saying you do (inaudible) Council meeting.

4 MAYOR RUDIN: No.

5 COUNCILMEMBER POPE: But, what I'm saying is, if
6 they're going next week and they're doing things just to
7 our main agenda, for the purpose of trying to comply with
8 some Council meeting, all of these are already Council
9 meetings.

10 CHAIRPERSON ROBIE: Well, we have lots --

11 MAYOR RUDIN: I thought it was to comply with --

12 CHAIRPERSON ROBIE: -- of attorneys and they're
13 going to give us an opinion.

14 MAYOR RUDIN: Yeah. I thought it was to comply
15 with the requirements of the North Natomas Agreement was
16 taken to the Council. And in the case the whole Council
17 isn't here --

18 CHAIRPERSON ROBIE: Okay, Ted. You're on.

19 MR. KOBIE: Yeah. The -- without regard to the
20 issue of whether it's a City Council meeting, technically,
21 or not, the North Natomas Settlement Agreement just says,
22 if the City determines that due to substantial public
23 controversy or the need for additional information, more
24 time is necessary to make a decision on this Ordinance,
25 then that determination can be made.

1 That -- without saying this a Council meeting or
2 not, I think that this Joint Committee can make the
3 determination, based on the testimony as received already,
4 that there is substantial public controversy and perhaps a
5 need for more information.

6 So they're going to take longer to make the
7 decision under the terms of the North Natomas Settlement
8 Agreement.

9 CHAIRPERSON ROBIE: Okay. So, there's your answer,
10 that we can bring it all back for the Committee.

11 COUNCILMEMBER POPE: And we don't have to sit
12 in --

13 CHAIRPERSON ROBIE: We don't --

14 COUNCILMEMBER POPE: -- Committee. Because I think
15 it's certain the Council's going to adopt an Ordinance.

16 I mean, I don't think anybody in this room will
17 disagree with that. But, I -- there's some of these things
18 are kind of minutia, and should (inaudible) out of the
19 way --

20 COUNCILMEMBER KASTANIS: Lynn, I'm prepared to move
21 this along, if you want, looking for an intent policy
22 motion to adopt the Housing Trust Fund, as recommended by
23 staff. And that we come back with the requested reports,
24 you know, sometime in January and get those ironed out.

25 I'm looking for some wiggle room for the County as

1 well.

2 COUNCILMEMBER SHORE: I'll second your motion,
3 Terry, just in a second.

4 COUNCILMEMBER KASTANIS: But at least this will get
5 us going and we can schedule for next Tuesday night, and at
6 least pass that intent motion with the full Council meeting
7 next Tuesday night as well.

8 CHAIRPERSON ROBIE: And you're looking at the 40
9 percent, which is the recommended Agency Commission, and
10 also the Planning Commission recommendation?

11 COUNCILMEMBER KASTANIS: Yes.

12 CHAIRPERSON ROBIE: Okay. We have a motion --

13 COUNCILMEMBER SHORE: Yeah. I second.

14 I had one request also. If staff could look,
15 separate from the motion -- I agree with this and I plan to
16 support it -- I thought there was some merit in the
17 arguments about looking at the overall fee structure.

18 I understand that our City Management office may be
19 doing that now, so it would be good if we try and get some
20 sense of where we stand -- overall fee wise.

21 One thing -- the one bit of testimony concerned me
22 today, and it's -- and I treat that separate from this,
23 because I plan to go forward with this -- is, if the State
24 starts taking leases outside the Central City, and I gather
25 it was mentioned today that 40,000 square feet in Rancho

1 Cordova, and we had a letter from someone -- well, JB
2 Company -- indicating up in North Natomas -- I take that
3 very seriously, because I want the State downtown.

4 I want them on the R Street corridor, and that
5 would be a serious loss to have them leave the Central
6 City.

7 So, from that standpoint, I think there is some
8 merit at least at looking at how do we not impact
9 specialized fee areas where you have an entity, such as the
10 State, where they operate within a certain budget.

11 We ought to give that some thought, just so we
12 don't drive them out of the Central City.

13 Having said that, I do support the Housing Trust
14 Fund as proposed by staff.

15 CHAIRPERSON ROBIE: So, we have an intent motion
16 moved Councilmember Kastanis and seconded by Councilmember
17 Shore.

18 With the idea that we will bring it back to
19 Committee after Natomas and, if at that time, we want more
20 discussion -- and the reports, which we've asked for.

21 So, we will not take it to full Council until a
22 time that we think the combined Committee has had all the
23 information that they want.

24 This is an intent motion. Okay. Is that --

25 MR. VAN DUYN: The only problem -- this has been

1 noticed for Tuesday night, so it'll have to be on your
2 agenda Tuesday night. You'll have to continue it --

3 CHAIRPERSON ROBIE: That'll be fine.

4 MR. VAN DUYN: -- if you so desire it.

5 CHAIRPERSON ROBIE: That'll be fine. Yeah.

6 UNIDENTIFIED SPEAKER: And I would only request
7 that you determine that, due to substantial public
8 controversy and need for additional information, that more
9 time may be necessary to actually determine whether or not
10 to adopt the Ordinance.

11 CHAIRPERSON ROBIE: Okay. That will be reflected
12 in the minutes. Okay.

13 All right. I think on this issue, we'll call the
14 roll.

15 COUNCILMEMBER POPE: I'm going to just say --

16 CHAIRPERSON ROBIE: Okay.

17 COUNCILMEMBER POPE: At this point, I don't --

18 CHAIRPERSON ROBIE: Oh, I'm sorry. Yes. Any
19 statements?

20 COUNCILMEMBER POPE: I'm not prepared to support
21 the Ordinance until I see the remedies worked out. I
22 don't -- because if they aren't worked out to my
23 satisfaction, I intend to vote no on it.

24 And I still have serious concerns about the impacts
25 and overall development fees. And I'm still not bought off

1 on this employee tax. And I still am concerned about the
2 lack of any nexus with the County -- tying it to anything
3 the County does.

4 I have a concern about that. Because if the County
5 doesn't do it, and we still go ahead for it, I think with
6 it, we've got to look at exempting, at a minimum, these
7 redevelopment areas and some of these areas we're trying to
8 target for in fill development.

9 I think that's only rational. And, so, I don't --
10 myself, I'm really not prepared to even cast a vote on it
11 at this point.

12 CHAIRPERSON ROBIE: Thank you, Doug.

13 COUNCILMEMBER POPE: Because I'm going to abstain
14 on it.

15 CHAIRPERSON ROBIE: Dave?

16 COUNCILMEMBER SHORE: Yeah. One other comment I
17 wanted to raise is that I still have a problem with the
18 employer tax, since it's directed towards the private only.

19 And, as I understand it, we'd have to get the
20 Governor to sign legislation.

21 MR. MOLLOY: Yes. This --

22 COUNCILMEMBER SHORE: (Inaudible).

23 MR. MOLLOY: Your motion on this issue does not
24 include the --

25 CHAIRPERSON ROBIE: Absolutely.

1 MR. MOLLOY: -- employee tax.

2 COUNCILMEMBER SHORE: Oh. Okay.

3 MR. MOLLOY: You dealt with that last week. Our
4 promise to you was that we were going to bring that back as
5 a separate matter.

6 CHAIRPERSON ROBIE: Uh-huh.

7 MR. MOLLOY: With alternatives to develop more
8 fully, so --

9 CHAIRPERSON ROBIE: And that is --

10 MR. MOLLOY: -- that's not a part of this.

11 CHAIRPERSON ROBIE: -- clearly understood.

12 COUNCILMEMBER SHORE: Okay. Because I --

13 CHAIRPERSON ROBIE: We're talking only about the
14 fund today.

15 MR. MOLLOY: And if you can get the Governor to
16 sign it, I want to see it.

17 CHAIRPERSON ROBIE: Okay. All right.

18 COUNCILMEMBER SHORE: It seems to me that --

19 CHAIRPERSON ROBIE: Terry?

20 COUNCILMEMBER SERNA: Oh. I'm sorry.

21 CHAIRPERSON ROBIE: I'm sorry.

22 COUNCILMEMBER KASTANIS: I was just going to say
23 that, Doug, I agree with you. I have a lot of
24 consideration -- of lot of concerns as well.

25 Particularly those of the County and those that

1 have you reiterated.

2 But I don't -- I think we have to get off the dime
3 and get moving with it and get the intent passed, so that
4 we can solve these problems one at a time and get on with
5 it.

6 Because I'm afraid we'll sit and dabble and not get
7 anything done. That was my reason for the motion.

8 CHAIRPERSON ROBIE: Good. Thank you, Terry. Now,
9 Joe.

10 COUNCILMEMBER SERNA: I think the concern over the
11 County will wait to Tuesday or whenever, when we're taking
12 up the item before the full Council, is to set ourselves in
13 motion now. That the Ordinance ought to be passed,
14 contingent on the passage in the County.

15 Because we're obviously going to need their
16 support. So, I think that might answer Doug's question.
17 I'm not sure.

18 Secondly -- (background speaker noise)

19 CHAIRPERSON ROBIE: Well, well.

20 COUNCILMEMBER SERNA: Who was that?

21 UNIDENTIFIED COUNCILMEMBER: It wasn't me.

22 UNIDENTIFIED COUNCILMEMBER: Not me.

23 UNIDENTIFIED COUNCILMEMBER: That was the County.

24 UNIDENTIFIED COUNCILMEMBER: Yeah. That was the
25 County's (inaudible).

1 COUNCILMEMBER SERNA: Was it my microphone?

2 UNIDENTIFIED COUNCILMEMBER: I don't think so.

3 COUNCILMEMBER SERNA: At any rate, it seems to me
4 that (background speaker noise) -- Jesus criminy, what is
5 that?

6 CHAIRPERSON ROBIE: I don't know. (Whereupon tape
7 ends.) (Whereupon tape begins - portion missing.)

8 UNIDENTIFIED SPEAKER: -- part of his motion from a
9 policy standpoint, direct the staff -- and we're talking
10 about the attorneys here -- to come up with some
11 alternative language that will allow you to do that.

12 One way to do that, for example, would be to delay
13 the effective date, or the -- another way would be kind of
14 put a self-destruct clause in it -- in your Ordinance, or
15 some way to do that which is legally sustainable.

16 What you don't want to do, I think, is get into a
17 situation where you adopt an Ordinance and then try to
18 unadopt an Ordinance.

19 CHAIRPERSON ROBIE: Undo it.

20 UNIDENTIFIED COUNCILMEMBER: Bill, that's a good
21 idea. Alex does a friendly amendment by Mr. Serna to
22 direct staff to do exactly that.

23 UNIDENTIFIED COUNCILMEMBER: And I -- your staff is
24 on board on this. Other words, we don't think this is an
25 appropriate Ordinance, quite honestly, if it's only in the

1 City. That's -- that (inaudible) --

2 CHAIRPERSON ROBIE: And, if a time comes and we
3 really want to encourage the County to move forward with us
4 -- because I think we are a team -- if there comes a time
5 when we decide to move forward separately, then there's
6 plenty of time for that kind of discussion and making those
7 kinds of decisions after we have, you know, some more
8 figures back on the fee structure and some other kinds of
9 things.

10 But I think that is appropriate to add this. Is
11 that we aren't going to move forward at this time until it
12 has been taken up at the County and Toby is back and we can
13 make those decisions separately.

14 COUNCILMEMBER SHORE: You know, I think --

15 CHAIRPERSON ROBIE: So, I think that's understood.

16 COUNCILMEMBER SHORE: As the seconder of the
17 motion, I'll accept that, but I think that's at least worth
18 some further thought, whether we ultimately grant that
19 policy.

20 Because if our fee differential is as great as was
21 testified to, we may be able to adopt this fee and still
22 have a competitive advantage with (inaudible).

23 CHAIRPERSON ROBIE: I'll think you're right and I
24 think --

25 UNIDENTIFIED COUNCILMEMBER: That's right.

1 CHAIRPERSON ROBIE: -- we may be able to do that
2 separately --

3 COUNCILMEMBER SERNA: Yeah. I think that --

4 CHAIRPERSON ROBIE: -- until we have those figures
5 and facts.

6 COUNCILMEMBER SERNA: Right. I think -- you know,
7 if they'll accept my amendment, I -- at the same time, I --
8 well, at this point, I'd rather have it go through this
9 way.

10 And then I'd like to talk to staff during the
11 course of the week, but immediately I'd like to have that
12 as an amendment.

13 I think that gives us -- those of us that are
14 housing advocates -- a chance to work a little closer,
15 also, with the Board of Supervisors.

16 And I think that amendment's necessary to make
17 the -- to move it legislatively, and trying to guarantee
18 its success at the County level.

19 CHAIRPERSON ROBIE: Frankly, I don't think this is
20 going to come back very quickly, because I think you --
21 has -- kind of -- some time constraints relationship to the
22 Holidays.

23 And this Council -- for the first time in their
24 history, having two weeks off, and then also illness of one
25 of the Board of Supervisors members -- and they always take

1 two weeks off.

2 So, it looks to me like --

3 UNIDENTIFIED COUNCILMEMBER: Would you accept the
4 amendment, David?

5 CHAIRPERSON ROBIE: -- we're (inaudible). Okay.
6 Let's call the roll.

7 UNIDENTIFIED COUNCILMEMBER: Okay. David is
8 accepting the amendments.

9 THE CLERK: Unless some are not ready.

10 CHAIRPERSON ROBIE: We're ready.

11 THE CLERK: Councilmember Chinn?

12 COUNCILPERSON CHINN: Aye.

13 THE CLERK: Councilmember Ferris?

14 COUNCILPERSON FERRIS: Aye.

15 THE CLERK: Councilmember Kastanis?

16 COUNCILPERSON KASTANIS: Aye.

17 THE CLERK: Councilmember Mueller is not here. I'm
18 sorry.

19 Councilmember Pope?

20 COUNCILPERSON POPE: Abstain.

21 THE CLERK: Councilmember Serna?

22 COUNCILPERSON SERNA: Aye.

23 THE CLERK: Councilmember Shore?

24 COUNCILPERSON SHORE: Yes.

25 COUNCILMEMBER SERNA: Now, we will bring --

1 CHAIRPERSON ROBIE: (Inaudible) drop back into
2 Robie.

3 THE CLERK: And Councilmember Robie.

4 CHAIRPERSON ROBIE: Aye. Okay.

5 THE CLERK: Thank you.

6 COUNCILMEMBER SERNA: We're going to bring this
7 back January 17th?

8 CHAIRPERSON ROBIE: Looks that way.

9 COUNCILMEMBER SERNA: Is that all right?

10 CHAIRPERSON ROBIE: Yeah. If we have no other
11 items to come before the combined Committee, we are
12 adjourned.

13 MAYOR RUDIN: Oh. May I make an announcement
14 before you adjourn?

15 The 4:30 Executive Session has been cancelled, so
16 that you can go ahead and have your Budget meeting.

17 (Proceedings ended at 4:19 p.m.)

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