



City Council Report

915 I Street, 1st Floor

Sacramento, CA 95814

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File ID: 2018-00774

August 21, 2018

Consent Item 13

Title: (Pass for Publication) Proposed Railyards Impact Fee (RIF) Ordinance

Location: District 3

Recommendation: 1) Review an Ordinance adding Article IX to Chapter 18.56 and deleting Chapter 18.36 of the Sacramento City Code relating to Railyards Impact Fee (RIF); and 2) pass for publication the ordinance title per Sacramento City Charter Article III, section 32(c) for adoption on August 28, 2018.

Contact: Mary Jean Rodriguez, Program Specialist, (916) 808-1980; Sheri Smith, Special Districts Manager, (916) 808-7204, Department of Finance

Presenter: None

Attachments:

1-Description/Analysis

2-Railyards Impact Fee Ordinance and Article

Description/Analysis

Issue Detail: On April 3, 2015, City Council adopted the 2035 General Plan (General Plan), including policies and implementation measures to prepare and adopt citywide and sub-area development impact fee programs. These programs would ensure new development pays its fair share of needed infrastructure improvements to support projected growth and development, including infill. The General Plan also provides direction to identify new funding mechanisms for infrastructure, such as new sub-area finance plans.

On November 10, 2016, City Council approved the Sacramento Railyards Specific Plan and associated finance plan that identified the infrastructure required for buildout and potential financing mechanisms. On August 28, 2018 Staff will bring forward an updated finance plan reflecting current costs and containing the nexus study to provide the legally required findings necessary for the establishment of a RIF. Establishment of the RIF will provide \$146 million of the overall \$700 million needed for the facilities and infrastructure identified in the finance plan for the Railyards area. The RIF will replace the existing Railyards/Richards/Downtown development fee in the Railyards area that has been in place since 1998.

Approval of the proposed Ordinance will replace the obsolete Railyards/Richards/Downtown Fee for the Railyards area with the RIF by deleting Chapter 18.36 and adding Chapter 18.56 Article IX to Title 18 of the Sacramento City Code. Due to previous ordinances adopted by the City Council, the Railyards/Richards/Downtown Fee has already been replaced in the Central City and the River District areas.

Policy Considerations: The proposed ordinance has been guided by the City's goals and policies as established in the General Plan, including the policies that promote a complete and adequate infrastructure system to support future development.

Economic Impacts: None

Environmental Considerations:

California Environmental Quality Act (CEQA): The proposed ordinance is not subject to the provisions of the CEQA, consistent with section 15378(b)(4) of the CEQA Guidelines, which provides that the creation of government funding mechanisms or other governmental fiscal activities that do not involve any commitment to any specific project are not subject to CEQA review.

Sustainability: The proposed ordinance, corresponding updated finance plan and fee program support new residential and non-residential development needed to meet the

population growth projections outlined in the General Plan. The proposed RIF framework ensures that the City is not taking on the full cost of infrastructure to support new development, but rather that new growth pays for its fair share of infrastructure costs, thereby allowing the City to develop in a sustainable manner.

Commission/Committee Action: On August 14, 2018, the proposed Ordinance was reviewed by the Law and Legislation Committee and forwarded to City Council for consideration.

Rationale for Recommendation: The RIF program provides consistency and certainty for developers and staff, provides funding for needed infrastructure and offers financial incentives for developers. Additionally, the program creates financing district for the Railyards District that support localized infrastructure needs and by providing a funding and reimbursement mechanisms.

Financial Considerations: The RIF program provides a mechanism to ensure that new development pays for the public infrastructure need induced by the effects of new growth. The RIF framework also includes administrative fees to recoup staff time required to administer the RIF program. Revenues derived from the RIF program will be deposited in a separate fund. The RIF Program will not have an impact on the General Fund.

Local Business Enterprise (LBE): Not applicable.

ORDINANCE NO.

Adopted by the Sacramento City Council

Date Adopted

AN ORDINANCE DELETING CHAPTER 18.36 AND ADDING ARTICLE IX TO CHAPTER 18.56 OF THE SACRAMENTO CITY CODE, RELATING TO THE RAILYARDS IMPACT FEE

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

SECTION 1.

Article IX is added to chapter 18.56 of the Sacramento City Code to read as follows:

Article IX. Railyards Impact Fee

18.56.910 Definitions.

The following definitions apply in this article:

“Railyards facilities” means the infrastructure and facilities identified in the updated Railyards finance plan.

“Railyards impact fee” means the fee established by section 18.56.920 to finance the design, construction, installation, improvement, and acquisition of the Railyards facilities.

“Railyards infrastructure fund” means the infrastructure fund created by section 18.56.930.

“Railyards specific plan area” means the area identified in, and subject to, the Railyards specific plan adopted by the City council on November 10, 2016 (Resolution No. 2016-0380), as it may be amended.

“Updated Railyards finance plan” means the City council-approved finance plan that calculates the Railyards impact fee amounts.

18.56.920 Railyards impact fee and imposition.

The Railyards impact fee is established and imposed on all parcels located within the Railyards specific plan area for the following types of development:

- A. New dwelling units, buildings, or structures.

B. Additions to the commercial building area or residential building area of a building or structure.

C. Changes in use of a building or structure.

18.56.930 Establishment of Railyards infrastructure fund; use of fee revenues.

A. The Railyards infrastructure fund is established. The city shall deposit all revenues generated by the Railyards impact fee, and any interest earned on the fund balance, into the fund.

B. The city shall use the Railyards infrastructure fund to:

1. Finance the design, construction, installation, improvement, and acquisition of Railyards facilities.
2. Reimburse the city for administrative costs identified in the updated Railyards finance plan.
3. Reimburse landowners and holders of development credits consistent with section 18.56.940 and the updated Railyards finance plan.

18.56.940 Credits and reimbursements.

A. The City council, by resolution or agreement, may establish policies and procedures for issuance of development credits against the Railyards impact fee for Railyards facilities constructed by a landowner, or for reimbursement of the portion of a landowner's costs to construct Railyards facilities that exceeds the landowner's Railyards impact fee obligation, if the city has Railyards infrastructure funds available to pay the reimbursement. The policies and procedures shall be consistent with the following:

1. A landowner may only construct infrastructure and facilities for development credits with advance approval by a written fee credit or reimbursement agreement.
2. Development credits do not run with the land.
3. Development credits are transferrable through a transfer agreement signed by both parties and approved by the city.

B. After the landowner constructs Railyards facilities, the city manager shall determine the development credit or reimbursement amounts, if any, based on the terms of the fee-credit or reimbursement agreement. The landowner may appeal the city manager's decision as set forth in section 18.56.155.

18.56.950 Conflict with other provisions.

If there is any conflict between a provision of this article and any other provision of this chapter, the provision of this article governs.

SECTION 2.

Chapter 18.36 of the Sacramento City Code is deleted.

SECTION 3.

This ordinance takes effect on October 28, 2018.