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SACRAMENTO AREA COUNCIL OF GOVERNMENTS
800 H Street, Suite 300, Sacramento, CA 95814

MEMORANDUM

JANUARY 29, 1985

TO: TOM SPARKS, Sacramento County Planning Department
FROM: GARY STONEHOUSE, SACOG
RE: PROGRAM FOR A REGIONAL TRANSPORTATION PLAN

As we discussed earlier this month, SACOG is in the process of developing a long range, facility-oriented, multi-county Regional Transportation Plan. It appears that this planning program could, with additional staff participation by city and county staff, satisfy the concerns expressed by the Joint City-County Urban Development Task Force. Our schedule is to produce a draft plan this summer, conduct extensive computer analysis and community review during the fall and winter, and complete a final plan by June 1986. SACOG has fully funded its own staff effort for this year and next. SACOG staff is developing computer analysis skills that will replace the former Caltrans SATS models and that will allow for substantial local control of the alternatives that are examined. The SACOG effort can be substantially improved with the close participation by the city and county planning and public works staffs, as outlined below.

The transportation plan we are preparing is for the year 2005. The first task is to develop projections of population and employment growth by small transportation analysis zones for that year. While SACOG has experience in making these projections, it is most important that city and county staff concur that the projections constitute a probable description of where growth will occur. This will require your participation in the allocation process for both population and employment. We will be able to test alternative land use patterns during the analysis phase, but we want to try and limit the number of alternative solutions to the individual problems. Initially this effort will involve the process of overlaying the existing highway and transit systems with any currently programmed improvements on the population and employment distributions. Sketch analysis will identify areas of congestion, areas with inadequate transit services, or areas where new facilities will evidently be needed. We think it is important that your staff, as well as Caltrans and Regional Transit be involved in this process. The next step is to develop alternative solutions to the identified problems.

The final step in developing the draft plan is to select recommended projects from the alternatives and to develop cost estimates. While the plan will have a financial element, we do not expect to solve the continuing transportation finance problems with this plan.

Once the draft plan is completed we can begin the public review process. In response to comments received, we can conduct computer simulations of the transportation systems and of small scale alternatives virtually overnight. We also think it is important that city and county staff understand and participate in the modeling program.

In summary, SACOG has developed and funded the technical process for the development of the plan. We think the program will be most useful with the close participation by the city and the county. This should enable us to jointly develop a consensus regional plan. We have already received agreement that Placer County, El Dorado County, Regional Transit, and Caltrans will participate in the program along the lines outlined in this memorandum.

If you have any questions, please call.

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TRANSPORTATION COALITION
TRANSIT SUPPORT ORDINANCES

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In 1981, the Transportation Coalition published a "Community Transportation Plan." Funding for this plan was provided by the California Air Resources Board and organization support was provided by the Lung Association. Contained within this plan were proposed modal ordinances all dealing with transit. Although many of the concepts and proposals are commendable, major policy commitments would be needed and many person-months of additional work from RT and the City and County would be necessary to actually implement them. The ridesharing ordinances already adopted by both jurisdictions do address some of the recommendations contained in the proposed ordinances. The three ordinances (attached) are summarized here.

Ordinance 1

Subject: Minimum Density Standards

Purpose: To support LRT by allowing more intense land uses and to encourage developer dedications which facilitate all forms of transit.

Summary: A one-half mile wide linear overlay zone would be applied along light rail alignments within both the City and County. At least half of all development along the corridor would be residential with densities at a minimum of 20 units per acre. Mixed use is encouraged and office, industrial and commercial uses would have about 2-1/2 times the square footage per acre than a typical development of this type. The result would be multi-story structures along LRT lines. Density bonuses of up to 50 percent would be allowed in exchange for improvements specified by RT. In addition, various items such as the provision of transit passes, flex-time, land dedication and bike lockers would qualify for parking reductions. Finally, development plans proposing specific transit improvements will have a reduced processing time.

Ordinance 2

Subject: Value Recovery and Transit Stations

Purpose: To require developments around major transit transfer points to provide a minimum level of transit support facilities with incentives to provide beyond the minimum levels.

Summary: An overlay zone would be applied over major transportation interface areas such as bus transfer stations, rail stations, and carpooling lots. Criteria would be developed which would specify minimum support facilities needed such as passenger waiting amenities and transit pass sales. The criteria would be project specific and would depend on the development's size and location. Projects proposing transit incentives above the minimum level may receive a 25 percent density bonus, parking space reductions and/or reduced application processing time.

Ordinance 3

Subject: Transit Impaction Fees

Purpose: To develop the means to pay for increasing transit system capital improvements needed for LRT and bus transportation.

Summary: Transit service impaction fees would be levied on all new residential, commercial, industrial and public/institutional developments located along streets where two busses per hour will be in operation. Minimum development sizes would apply (50 dwelling units or 10 acre residential site or an office development with 50+ employees or 100+ parking spaces). Impaction fees would be assessed based on the development's total transit operation costs estimated for a year's timeframe. The fee, which would be computed from average daily trips data and transit ridership information, would be collected at the final map or building permit stage. 1980 estimates indicated \$1.2 million would have been available from this source for that year. In addition, if the development is located adjacent to a waiting shelter, transit station or park and ride lot, payment of full or partial development costs for the particular facility will be required.

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Attachment

EXHIBIT 1

MODEL: LINEAR TRANSIT/REAL ESTATE DEVELOPMENT
COMBINING ZONE POLICIES (LINEAR CZ)

An overlay zone of one-half mile shall be applied to the proposed light rail Folsom Corridor (including R Street); Route 80 Bypass and north, and S.P. right-of-way south from Sacramento to Freeport. The combining zone establishes incentives of density and development rights to take advantage of transit opportunities. Policies to be included in a Linear CZ ordinance include:

DEFINITION OF ZONE

An overlay zone extending one-half mile from any adopted light rail alignment located within the City and County of Sacramento

PURPOSE OF ZONE

To establish minimum development densities in order to support light rail transit services as well as to provide specific incentives to encourage transit-related developer dedications and improvements which facilitate light rail transit development.

PROPOSED ZONE COMPONENTS

1. Minimum Development Densities: In addition to the following minimum development density standards, at least 50% of all new developments along each corridor must be residential. Mixed land use developments are strongly encouraged.

Residential: 20 units per acre (Typically a minimum two story structure)

Office/Commercial/Industrial: 25,000 gross square feet per acre (Typically 10,000 gross square feet per acre results in a one story building)

Public-Institutional: No minimum density requirement but use must be compatible with adjacent land use.

2. Transit Support and Facility Development Incentives:

Density Bonus: A density bonus of up to 50% over the maximum permitted density of the base zone will be allowed in exchange for transit facility improvements as specified by the District.

Parking Space Reductions:

- a. Purchase of monthly employee transit passes-- up to 50% reduction in parking space requirements.
- b. Validation of customer/visitor daily transit passes-- up to 25% reduction in parking space requirements.
- c. Designated carpool/vanpool park and ride spaces-- up to 25% reduction in parking space requirements.
- d. Provision of bicycle lockers/parking facilities-- up to 15% parking space reduction.
- e. Providing flexible work hours for employees-- up to 15% parking space reduction.
- f. Provision of land dedications and/or transit facility improvements--up to 50% reduction in parking space requirements.

Development Plan Processing Time Reduction: In return for specified transit facility improvements and/or land dedications, subject development plans shall receive first priority over other development plans to speed the processing time.

EXHIBIT 2

MODEL: INTERMODAL/INTERFACE DEVELOPMENT
COMBINING ZONE POLICIES (I/I CZ)

An overlay zone to be applied over all major (threshold defined by ordinance) interface transportation areas; e.g., parking interfaces of biking, walking, carpooling and vanpooling park and ride lots, bus transfers, bus and rail stations, etc. The developments within this I/I CZ will enjoy development and density rights commensurate with transit opportunities. Policies to be included in an Intermodal/Interface Development CZ include:

DEFINITION OF ZONE

An overlay zone applied to all transit intermodal interface locations, as specified by Regional Transit, in order to extract and encourage development of transit support and transfer facilities.

PURPOSE OF ZONE

To require all new or expanded developments located within one-quarter mile of a major transit transfer point to provide a minimum level of transit support facilities such as designated park and ride sites, bicycle parking facilities, passenger waiting amenities, transit pass sales booth, or other appropriate facilities. Incentives to provide facilities beyond the minimum levels will also be offered.

PROPOSED ZONE COMPONENTS

1. Minimum Transit Facility Development Requirements:

A set of criteria will be developed in coordination with the Regional Transit District, based on the size and location of the proposed development.

2. Transit Facility Development Incentives (Above Minimum Levels):

Density Bonus: A density bonus of up to 25% over the

maximum permitted density of the base zone will be allowed in exchange for transit facility improvements.

Parking Space Reductions:

- a. Purchase of monthly employee transit passes-- up to 25% reduction in parking space requirements.
- b. Validation of customer/visitor daily transit passes--up to 10% reduction in parking space requirements.
- c. Designated carpool/vanpool park and ride spaces-- up to 25% reduction in parking space requirements.
- d. Provision of bicycle lockers/parking facilities-- up to 5% parking space reduction.
- e. Provision of land dedications and/or transit facility improvements above minimum levels--up to 25% reduction in parking space requirements.

Development Plan Processing Time Reductions: In return for specified transit facility improvements and/or land dedications, subject development plans shall receive first priority over other development plans to speed the processing time.

EXHIBIT 3

MODEL: TRANSIT SERVICE IMPACTION FEES AND FACILITY
IMPROVEMENT REQUIREMENTS FOR NEW DEVELOPMENTS

A model code for transit service impaction fees and facility improvement requirements for new developments is detailed as follows:

SECTION 1: INTENT AND PURPOSE

In the recent past, public transit service and ridership levels have increased significantly. During the period between July through November, transit use in 1980 was 28% higher than for the same period in 1979 and 39% higher than in 1978. This growing use of public transit is expected to continue due to the increasing cost of auto ownership and operation, the potential shortage of petroleum products, the scheduled improvement in transit services and the changing attitudes toward transit usage.

Since state and federal transit capital and operation funding levels have been decreasing over time, Sacramento, along with many other transit districts, will soon reach a point that will require developing new funding sources. The Sacramento Regional Transit District is currently evaluating ways to recover a projected \$15 million deficit stemming from merely maintaining existing levels of transit service. With the possible implementation of a major new light rail system, additional funding sources for developing transit improvements and for system operation will be required.

Transit Operating Costs

Presently transit services accommodate 4% of the peak period, home to work trips, and 2% of all types of trips throughout the region. Therefore, as new developments are approved, the number of transit passengers increases by an average of 3% of the total number of person or vehicle trips generated by a particular type of land use. However, transit service impaction fees are not required. Even though the transit passenger pays a use fare, this fee structure covers only about 25% of

Regional Transit's total operating costs. Therefore, it is imperative that new developments be required to mitigate their impact on the transit system.

Transit Capital Costs

The provision of transit related street improvements and passenger waiting area facilities both accommodates and encourages transit ridership. Just as streets, sewer, and other utilities are provided for in new developments, transit related street improvements and passenger waiting amenities should also be required. Presently, Regional Transit informally suggests the voluntary provision of transit facility improvements at new developments on a case by case basis. Through formalizing this process, it is hoped that the locational criteria and improvement requirements can be applied in a more consistent and equitable manner.

SECTION 2: DEFINITIONS

1. "Administrator" is defined as the Sacramento City Council and the Sacramento County Board of Supervisors.
2. "Transit" shall mean either bus or light rail transportation service for the general public, providing a common carrier of passengers generally on a regular schedule and route basis.
3. "District" shall be defined as the Sacramento Regional Transit District.
4. "Proponent" is defined as the individual or group requesting approval of a zoning, rezoning, subdivision, planned unit development, or building permit application.

SECTION 3: DEVELOPMENT STANDARDS

The transit service impaction fee and facility improvement requirements outlined in Section 4 and 5 are applicable to the following minimum development size and transit facility standards:

Development Size Standards

1. Residential Developments:
 - °50 dwelling units or more; or
 - °10 acres or larger in size.

2. Commercial Developments:

- °A commercial building or buildings consisting of 50,000 square feet of gross floor area or more; or
- °A commercial land development that consists of five or more acres.

3. Office/Industrial Developments:

- °Office and/or industrial developments consisting of one or more buildings to be occupied by firms with 50 or more employees; or
- °Where 100 or more parking spaces are required.

4. Public, Semi-Public, and Institutional:

- °All developments accommodating 50 or more employees; or
- °All developments expected to attract 50 or more visitors; or
- °Where 100 or more parking spaces are required.

Transit Facility Improvement Standards

1. Bus Turnout (10 feet wide by 200 to 300 feet long, depending upon arterial classifications):

- °Any street where at least 2 buses per hour are expected to be operating along within a five year period.
- °The preferable location for a bus turnout is at the far side of an intersection. Precise bus turnout locations are subject to the desires of the District.

2. Passenger Waiting Shelter (A minimum 50 square foot area, typically 5 feet by 10 feet):

- °Any bus stop identified by the District where 50 or more passengers per day are expected within a five year period. (40 passengers per day near senior citizen housing).

3. Passenger Waiting Shelter (A minimum 100 square foot area, typically 5 feet by 20 feet):

- °Any bus stop identified by the District where 100 or more passengers per day are expected within a five year period.

4. Transit Stations (Dimensions to be defined by the District):

- °Any location adjacent to an adopted light rail alignment where the District has determined that a transit station is warranted.

5. Joint or Exclusive Park and Ride Lots (Size or lot to be defined by the District based on location and expected use rates):

°Any location designated as a major transit stop by the District and where 50 or more riders per day are expected within a five year period.

SECTION 4: TRANSIT SERVICE IMPACTION FEE REQUIREMENTS

All new developments which meet the minimum development size standards, detailed in Section 3 above, and are located along streets where at least two buses per hour are expected to be operating within a five year period, are subject to the following procedure for determining transit service impaction fee requirements:

1. Determine the total amount of average weekday vehicle trips expected to be generated by the proposed development based on the total number of units, square footage, or acres associated with the development project and approved traffic generation rates prepared by the Institute of Traffic Engineers, Cal Trans, or private traffic consultants.
2. Determine the existing percent of the total daily trips expected to utilize transit services based on the most recent trip distribution information available for a particular area or the region as a whole.
3. Determine the total number of transit trips expected to be generated by the proposed development annually.
4. Determine the net transit operation costs per passenger for the current fiscal year.
5. Calculate the total transit operation costs to be generated by the total number of transit trips per year expected from the proposed development. This amount represents the transit service impaction fee due as a condition of final map or building permit approval. This fee is to be given directly to the District to spend as they deem appropriate.

COMMENT: Based upon the Sacramento City and County building permit activities in 1980, the above policy would have generated \$1.2 million in additional transit revenues. These funds would only be available for capital expenditures.

SECTION 5: TRANSIT FACILITY REQUIREMENTS

All new developments which meet the minimum development size standards set forth in Section 3 of the Code and are:

1. Located along an arterial which is expected within five years to accommodate at least two buses per hour and is located adjacent to a desired bus turnout location, as specified by the District; and/or are
2. Located adjacent to a desired Passenger Waiting Shelter location, as specified by the District and pursuant to the minimum transit passenger standards; and/or are
3. Located adjacent to a desired Transit Station site, as specified by the District; and/or are
4. Located at or near a desired Park and Ride lot location

shall be required to pay either the full or partial development costs of such transit facility improvements based upon District recommendations and approval by the Administrator. Land dedications and exaction may also be required based on the location and type of facility.

Facility Design

Based on building or design specifications developed by the District and approved by the Administrator.

Maintenance Responsibility

The District shall be solely responsible for the maintenance of Passenger Waiting Shelters, Transit Stations, and exclusive Park and Ride Lots. The maintenance costs associated with joint Park and Ride Lots will be distributed accordingly to the percentage of lot dedication for transit patrons. Bus Turnouts shall be maintained by the local municipal agency responsible for street maintenance.

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FEB 21 1985

MEMORANDUM

February 20, 1985

PLANNING DEPARTMENT
County of Sacramento

TO: City of Sacramento Sacramento County
ATTENTION: M. Lake T. Sparks
FROM: A. N. McDonald
SUBJECT: County-wide Infrastructure Policy

I. INTRODUCTION

The Sacramento City Council and the Sacramento County Board of Supervisors have requested information about a coordinated County-wide policy for authorizing and financing public improvements, (e.g., water supply, drainage, sewer service and roads). A County-wide approach, perhaps ultimately endorsed by the County and by all the incorporated cities in the County would be a technically difficult and complicated undertaking. Above all, a virtually unprecedented political commitment would be required. Ideally, the County-wide effort would also involve the numerous special districts and the school districts. It could even involve adjoining areas in Placer or Yolo County.

Before such an effort is considered, it is important to define and discuss the significant policy issues that would have to be addressed by the participating elected officials.

II. DEFINITION OF A "COUNTY-WIDE INFRASTRUCTURE POLICY"

It is important at the outset to define the scope of a County-wide infrastructure policy. For purposes of the subsequent discussion, the following elements of a County-wide policy are assumed. The issues associated with the assumptions are discussed subsequently.

Public Services Standards. The Policy would specify the manner in which the public services included within the scope of the Policy would be provided. Public service standards, such as officers per thousand, or maximum response time, would be specified for each planning area included within the scope of the analysis.

Financing Plan. The Policy would specify the source or sources of financing for the public improvements included within the scope of the Policy. Accordingly, to assure realistic financing, it would be necessary to prepare engineering cost estimates for the public improvements in each planning area.

Regulating Development Timing. In theory, a County-wide infrastructure policy does not imply that the timing of development would be regulated. The Policy could specify the public services standards and financing plan, but the timing decision could be left to the private marketplace. Yet, this may not be the most practical approach.

The conclusions from the three comprehensive public facilities financing plans now in progress in Sacramento County (North Natomas, Laguna and Antelope) suggest that the marketplace could not support the necessary taxes and charges if all areas in the County were competing for the regional market share at the same time. For purposes of considering the merits of a County-wide infrastructure policy, it should be assumed that some consideration will have to be given to growth controls.

III. OBJECTIVES OF A COUNTY-WIDE INFRASTRUCTURE POLICY

There are two major objectives of a city/County coordinated approach to approving and financing public improvements.

Cumulative Impacts. A coordinated approach, considering an entire planning area, assures that cumulative facility demands and other impacts are considered. It is extremely difficult, for example, to deal with all of the on-site and off-site impacts on the road system that result from a single development. If the entire planning area is considered simultaneously (and if the planning area is sufficiently large), then cumulative impacts can be considered and financial burdens imposed accordingly. A comprehensive approach also permits the City and the County to assure that there is a fiscal balance within a planning area between land use that produces surplus of revenues and land uses that impose significant costs. (If the jurisdiction prefers, the fiscal balance could be measured jurisdiction-wide, rather than in each planning area.)

Clearly Defined Responsibilities. A coordinated policy would establish development standards and present a clear statement about the costs of development and the responsibility to pay. A City/County coordinated approach would end the tendency for project proponents to use differing governmental policies as a bargaining point while development approvals are being negotiated.

A clearly defined set of policies would have a stabilizing effect on land prices by providing greater information about the actual cost of development.

IV. POLICY ISSUES

The policy issues associated with a County-wide infrastructure policy arise out of the steps that would have to be taken to implement such a policy. A decision by elected officials to proceed with developing a County-wide infrastructure policy implies a willingness to deal with these issues.

A. Service Delivery Techniques and Standards

A first and obvious requirement of a County-wide infrastructure policy is that it specify the types of public improvements to be included in the Policy and the level of service to be provided. A County-wide policy would not necessarily require a single set of standards. A policy would, however, have to be explicit about what the standards were within a planning area. There are several public improvement options (e.g., ground water compared to surface water, emphasis on constructed versus natural drainage channels) where city and County practice may differ.

B. Participating Governments

There are two clear advantages if all public improvements (e.g., schools as well as roads) are included within a comprehensive policy.

- o The total financial burden is clearly stated. (In the alternate case -- if the City and the County dealt only with the services that they provide -- the total burden on landowners, homeowners, developers, etc. would not be clear because the policy of other governments, particularly the school districts, would not necessarily be known.)
- o The ability to use the policies of one government as a negotiating point when dealing with another government is eliminated.

The advantages of a comprehensive approach are clear. A major technical objective -- that of determining whether any proposal for financing is economically realistic, considering land values and the ultimate cost of development -- would be compromised, if the analysis does not include all costs.

Nonetheless, there are difficulties associated with establishing an infrastructure policy that includes school districts and other special districts as well as the general purpose governments. One

government agency must become involved in the affairs of another government and must deal simultaneously with two volatile issues: land-use policy and taxation.

C. Financial Capacity

The existing examples of comprehensive facilities planning in Sacramento County have indicated that the total cost for public improvements is so high that economic feasibility must be tested. In one of the current cases, it appears that some of the land-use alternatives will be eliminated solely on the grounds that the private marketplace and municipal bond market simply cannot support the investments that would be involved.

It must be anticipated that comparable issues will be identified elsewhere in the City or the County. Financial capacity will have to be used by elected officials as a basis for determining acceptable land use patterns. This may have an extreme effect on land values.

D. Timing of Development

The issue of financial capacity leads to the issue of development timing. Each financing mechanism that is currently feasible (development fees, special assessments and special taxes to support infrastructure) depends on development actually taking place. None of these techniques are economical if building is delayed. Development, in turn, depends on capturing the necessary portion of the regional market. This necessary share can be quite significant if development fees or charges are imposed simultaneously on a major planning area. It is entirely possible that a County-wide infrastructure policy requires a corresponding "growth management" policy that would defer development in outlying areas, to permit realistic market capture in the areas that are bearing assessments or taxes.

Any limits on the timing of growth must be justified carefully. A growth management approach should not artificially constrain land supply, which in turn, would artificially increase land prices.

The alternative to growth management -- i.e., no limitation on the timing of the development entitlement may lead, depending on details of the Policy, to an unacceptable risk of landowner defaults.

E. Untaxed Beneficiaries

Although an objective of a County-wide infrastructure policy is to deal with a large enough planning area to assess cumulative

impacts, this is not always feasible. Areas that are already partially developed or that adjoin developed areas often have existing problems with infrastructure. These problems (e.g., insufficient highway capacity) can be solved as part of the infrastructure policy/financing plan. Unfortunately, the practical solution is often to assess undeveloped areas for public improvements that also benefit existing development.

A comprehensive County-wide analysis would produce the facts to determine whether a County-wide, voter-approved special tax for a Public Improvements fund is necessary to address existing infrastructural problems.

V. RESOURCES REQUIRED

Developing a comprehensive city/County public infrastructure policy would be a major technical effort, requiring approximately 10-20 person-years of direct effort distributed over two calendar years. Indirect effort dealing with land use planning issues, policy issues and administration, etc. might require a comparable effort. Further, if the level of effort is to be justified, the results would have to continue in use for approximately 20 years and would have to be ingrained as a part of the City's and the County's development review and approval process.

The necessity for an infrastructure policy that becomes an ingrained part of city and County practice suggests that city and County staff would have to play a major role throughout the process of developing and implementing the Policy.

It would be possible to consider a combination of consultants or special hires and involvement of city or County staff members in key positions. This would produce a "institutional memory" that would stay with the responsible organizations. It would produce a recognition that the participants who developed the policy would have to live with the results without excessive disruption of ongoing public functions.

The alternative would be to authorize an effort by a consultant team or to hire an ad hoc city/County special staff to develop the County-wide infrastructure policy. There are numerous examples in the recent past that demonstrate that this approach does not produce an "institutional memory".

Report on the Economic Development Policies
for the City/County

I. Introduction

This report presents issues, findings, and recommendations from reports/studies on the state of local economic development planning efforts in the Sacramento metropolitan area. These reports/studies were produced over the past year by various committees representing the joint City-County Urban Development Task Force, O.E.D.P.C., and the Sacramento Metropolitan Chamber of Commerce. Issues and findings common to all three reports/studies are then highlighted, and several recommendations are presented to the City Council and Board of Supervisors for further action at later scheduled times.

II. Joint City-County Urban Development Task Force

Workshop III of the Task Force held during August 1984, met with the purpose of reviewing separately and together the status of housing, economic, and employment development efforts within the City and County. Issues raised by workshop participants can be grouped as follows:

- a. Better definition of the jobs-housing balance concept.
- b. Assess how new development can aid economically disadvantaged areas.
- c. Consider ordinances to require training or local hiring.
- d. Coordinate and monitor industrial development to reduce unemployment.
- e. Identify and reduce underemployment and misemployment.

A report entitled "Sacramento Housing-Economic-Employment Development" prepared by staff for the meeting, identified twelve (12) local agencies and five state and federal agencies involved in some capacity with local economic development activities. The staff report concluded that current economic development planning activities for the Sacramento area are highly fragmented with no unity of goals or objectives.

Workshop VI "Where Next", the final meeting held in December 1984, presented a wrap-up and potential projects lists to the workshop participants. These potential projects relating to Economic Development activities are as follows:

- a. Industrial Uses/Reduction of Unemployment - potential policies or ordinances requiring training programs, local hiring preferences, jobs-housing balance, etc.
- b. Jobs-Housing Balance - clearer definitions, adoption of specific standard to measure performance to eliminate ad hoc application.

III. OEDPC (Overall Economic Development Program Committee)

The purpose of OEDPC has been one of coordinating economic development activities of the various organizations within the Sacramento metropolitan area. OEDPC annually prepares a plan which establishes community goals, and seeks to improve communication and coordination among the many involved agencies. The annual plan is not a comprehensive economic development plan, nor is it mandatory for the other agencies to follow, as OEDPC has no power to implement the plan. In most regards it is prepared to insure continued eligibility for federal economic development loan and grant programs.

The November 21, 1984, meeting of OEDPC was held to discuss the staff report "Structure for Economic Development in Sacramento", and to develop recommendations to the City Council and Board of Supervisors on its future. The report gave an overview of the existing economic development process and presented possible future options. Results of the meeting were as follows:

- a. The current approach/pattern to economic development is not effective.
- b. A comprehensive approach to economic development planning is desirable, and this would include a countywide Economic Development body (although questions were raised regarding political feasibility).
- c. Any structural change in economic development process will require a policy decision and an implementation process.
- d. OEDPC is not in a position to determine public and private sector support of countywide economic development goals and implementing structure.

As a result of the November meeting, OEDPC also recommended to the Council and Board that:

- a. The matter be referred to the County Executive and City Manager for a joint report.
- b. The term of the present OEDPC should be extended to April 30, 1985 in order to provide input to the County Executive and City Manager for their report.

IV. Sacramento Metropolitan Chamber of Commerce

The Chamber appointed a Jobs, Income, and Business Development Task Force for the purpose of developing an economic development plan for the Sacramento metropolitan area. Completed in January 1985, the "Sacramento Strategic Plan" identifies opportunity statements, and establishes specific strategies and implementation measures. The thirteen (13) development strategies are prioritized into five implementation levels for public and private agencies. In general the Chamber's Plan is directed to broad areas of concern:

- a. Labor Force - employment needs and skills identified for labor and business use.
- b. Government business communication and coordination - increase communication and coordination between public and private sectors.
- c. Service levels - streamline approval process, and increase productivity and service levels of government agencies.
- d. Unified economic development actions - establish a comprehensive plan and economic/industrial policies, promotional activities, and economic development organization.

Organizations identified by the Chamber, as primarily responsible for implementing the Plan's strategies are various public agencies, the Private Industry Council (labor force strategies); SACTO (comprehensive plan and policies for economic development, and promotional activity); and Sacramento Metropolitan Chamber of Commerce (government business communication and coordination, government service levels and productivity increases, and unifying economic development activities). The Chamber has also been identified as a preferred organization to establish a Certified Development Corporation which could take over some of the SHRA staff functions in the review and processing of its commercial rehab and direct loan programs.

V. Conclusion and Recommendation

A common thread of the cited reports and studies is the lack of a unified economic development effort for the Sacramento metropolitan area. Each organization, whether public or private, is carrying out its own set of goals and objectives relative to its funding sources. Given this situation, there can be no comprehensive economic development plan/strategy for the area. Although there is some communication and coordination between the various groups, mainly through the efforts of OEDPC, there are no mutually accepted community economic development goals.

In addition, local government's role in economic development planning for the Sacramento area has never been clearly defined. Should local government take an active leadership role, and bring economic development planning into the formal structure of City-County government? What can and should local government do to encourage and promote economic growth and industrial development? What results/impacts do these actions have on a community's growth and development?

What resources are available to local governments for economic development planning? The federal government has long been the major funding source for local grant and loan programs. As these funds become scarce, competition among local governments will increase, and new funding sources will have to be identified.

Other resources available to local governments include taxing and financing mechanisms, and establishing linkages between labor training agencies. These linkages can provide a system of monitoring and identifying labor force needs, and training programs and facilities available to labor and business.

The most immediate need for action by local government, therefore, appears to be the need to define its proper role and to identify resources which may be available to legally and properly fulfill that role. Because this topic involves substantial issues, a report should be ready for discussion and action by the City Council and Board of Supervisors at their regular meetings of March 5, 1985. It will treat such subject matter as:

- a. The proper role of local government in economic development.
- b. An inventory of the resources and powers that local government may properly use to implement the policy.
- c. The advisability, function, and structure of a community-wide strategic and operational economic development organization.
- d. The removal of impediments to economic development.
- e. Creating and enhancing new and existing economic development activities.
- f. A general overview of those activities which seem to have the most positive and least positive impacts on the Sacramento economy.

The Council and Board may wish to discuss this topic further at the March 11, 1985. Task Force meeting.

SH:lao
pc

J. P. [Signature]


COUNTY OF SACRAMENTO

DEPARTMENT OF PUBLIC WORKS

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January 10, 1985

 Honorable Board of Supervisors
 County of Sacramento
 State of California

 Subject: Local Gas and Sales Tax—Report Back
 (Item #27, 11/17/84 Agenda)

Members in Session:

RECOMMENDATIONS:

It is recommended that your Board:

1. Direct the County Executive to pursue legislation for Sacramento County authorizing a local sales tax increase for consideration in the next General Election scheduled for June 1986 and;
2. Direct Public Works to continue working with the City of Sacramento and other jurisdictions in and around the County regarding the proposed local sales tax increase for financing roadway improvements.

BACKGROUND:

On November 27, 1984 your Board directed Public Works to report back on the above subject with an update of the local gas tax proposal and an evaluation of the process used successfully in Santa Clara County. I have also reviewed this subject with representatives from El Dorado County, Placer County, Yolo County, and the City of Sacramento because of the mutual problems facing local jurisdictions regarding the financing of local roadway improvements.

LOCAL FUEL/GAS TAX

On June 22, 1982 your Board adopted a proposal to place a local gas tax override on the November 1982 ballot including Sacramento County, and the Cities of Folsom, Galt, Isleton, and Sacramento subject to the provisions of SB 215 (Foran), i.e. authorizing legislation subject to a ballot proposition requiring a 2/3 majority of those voting for successful passage. Requirements for a countywide ballot proposition were that a majority of the cities in the County representing a majority of the population must agree to the ballot proposition, that there must be agreement among the cities and the County within a year as to the allocation or distribution of local gas tax revenues,

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 HIGHWAYS & BRIDGES DIVISION
 DEPT. OF PUBLIC WORKS

and that the ballot proposition must be submitted by August 6, 1982 for placement on the November 1982 ballot. Letters were sent by your Board to each of the cities and a draft agreement among the cities and the County was prepared by County Counsel subject to agreement upon the allocation of the revenues. The City Councils of Folsom and Isleton approved this proposal under the condition that an equitable means for sharing proceeds from a local gas tax could be worked out. The Galt City Council agreed to approve the proposal at some other time under the condition that the sharing of local gas tax proceeds be based upon the location of the gas sale as is the case for sales/use tax. The Sacramento City Council chose to defer the matter to some later date, i.e., not for the November 1982 ballot although City staff indicated an interest in a local gas tax depending upon the allocation of local gas tax proceeds. Because the above requirements for a countywide ballot proposition were not satisfied in time for consideration on the November 1982 ballot, activities on a local gas tax proposal were suspended for the time being.

Other jurisdictions in the State submitted measures to the electorate for a local option gas tax with the following results:

<u>Jurisdiction</u>	<u>%</u>	<u>%</u>
	<u>Yes</u>	<u>No</u>
El Dorado County	40	60
Humboldt County	40	60
Mendocino County	25	75
Nevada County	40	60
San Diego County	40	60
Santa Cruz County	45	55

Further, a measure designed for regional transit purposes in the Tahoe Basin (jurisdictions in California and Nevada) for a 1/2¢ fuel tax also failed passage. The results to date regarding the local option gas tax experienced statewide have been most discouraging particularly in light of the 2/3 requirement for successful passage.

LOCAL SALES TAX

Orange County, with enabling legislation, placed a 1¢ local sales tax on the June 1984 ballot requiring a majority vote only (50% + 1 of those voting). This measure received only 26% affirmative votes and, therefore, failed by about a 3 to 1 margin. The Orange County proposal was designed to provide financing by way of a local sales tax increase for local roadway improvements and transit purposes.

As you know, a 1/2¢ countywide sales tax was approved by the voters in Santa Clara County in the November 1984 General Election made possible through implementation of SB 2117 (Alquist), a copy of which is attached to this report. This measure established a traffic authority in Santa Clara County and

was industry sponsored and promoted by companies doing business in the Silicon Valley because of traffic congestion problems involving their employees to and from the work place. A presurvey was performed among voters in Santa Clara County to determine interest in and support of a local sales tax increase with proceeds to be used to address freeway problems in Santa Clara County. The proposal listed 3 specific state highway projects both within and outside of the cities in Santa Clara County. There is no split between the cities and Santa Clara County regarding the proceeds from a local sales tax increase but rather all proceeds are to be devoted to the itemized state highway projects. This measure also contains a 10 year sunset clause for use of the sales tax increase and termination of the traffic authority after 12 years. The measure successfully passed in Santa Clara County by a majority vote but it would have been unsuccessful if a 2/3 vote had been required. It should be reemphasized that local sales tax proceeds from the 1/2¢ increase are to be exclusively for 3 specific state highway projects, i.e., other local roadway improvements and transit needs are not included.

PRELIMINARY DISCUSSIONS

The results of my preliminary discussions with other jurisdictions on this subject are summarized as follows:

El Dorado County--It appears that this county is interested in other means of financing roadway improvements such as the possible use of a recreation tax (e.g., ski lifts, rafting), and continued use of fees established in districts within El Dorado County such as countywide parcel creation fees and development mitigation fees used in 26 planning areas within that county.

Placer County--Currently this county does not receive any proceeds from local sales tax and it is speculated that the Board of Supervisors would not favorably receive a proposal for an increase in the local sales tax. This county plans to continue to use assessment districts, mitigation fees for maintenance purposes only, and other like measures to address its roadway improvement needs.

City of Sacramento--City staff is interested in a local sales tax increase but recommends that there be a transit component for light rail purposes to insure sufficient interest and support in the City Council as well as your Board.

Yolo County--Staff has indicated that the Board is opposed to an increase in the local sales tax but had been counting on assistance from the State in the form of a statewide gas tax and other state proposals designed to provide funding for local roadway improvements. This county may reconsider its position on a local sales tax increase depending upon what develops in the State Capitol in the way of assistance for local governments.

Others--The positions of other significant jurisdictions in close proximity to the County such as San Joaquin and Solano County are unknown at this time

although I would speculate that as local jurisdictions, they face many of the same problems facing us with respect to the financing of necessary local roadway improvements.

SACRAMENTO COUNTY

The Road Fund has traditionally received unincorporated area funds which had been more plentiful when there was a separate tax rate in the unincorporated area. Historically, there were sufficient funds to address maintenance requirements and to provide for new roadways necessary because of developmental growth in the County. Since the passage of Proposition 13, funds for road services from the unincorporated area have significantly decreased although an appropriation in excess of \$3.6 million was approved in the 1984-85 final budget as a contribution to the Road Fund. The current appropriation provides for increased costs for liability insurance/claims and about \$500,000 worth of local (no aid) projects mostly necessary for safety purposes. With less countywide financing generally available for roadway improvements, we have been struggling with a variety of financing mechanisms to meet the demands of development, e.g. Laguna Public Facilities Plan (possible Mello-Roos), Bradshaw Road Assessment District, Power Inn Road Assessment District, East Area Transportation Study. It appears to us that a local sales tax of 1/2¢ for the County and the City of Sacramento would raise sufficient funds to address local roadway improvement requirements including those demanded by new development as well as provide for additional funds for the light rail project. A 1/2¢ increase for the County would yield approximately \$20 million per year while for the City of Sacramento, such an increase would yield over \$13 million per year. Over the current calendar year, there will be a great deal of work required for both the County and the City of Sacramento regarding identification of the projects which could be financed by a local sales tax increase, agreement as to proceeds for light rail purposes, and the development of a campaign to render community support of a local sales tax increase.

STATE CAPITOL ACTIVITIES

At the State Capitol, we have been advised that the Governor is opposed to an increase in the State gas tax and is considering various proposals to address transit and statewide transportation needs. On the other hand, Senator Foran is anxious to find a measure to assist local jurisdictions but is currently at odds with the Governor. We have been informed that Governor Deukrajian and Senator Foran are meeting on January 14, 1985 in an attempt to find a mutually agreeable solution to assisting local governments in addressing their local roadway improvement requirements. We expect to report back to your Board thereafter regarding the outcome of this meeting.

In addition, authorization for all local governments to raise a local sales tax for transportation purposes was identified as a possible solution to transportation financing by the Governor's Infrastructure Review Task Force. This blanket authorization is also being considered by the Senate Subcommittee

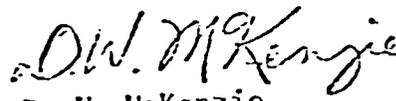
on Infrastructure and Public Works which is chaired by Senator McConquardale as well as Senator Marks, Chairman of the Senate Subcommittee on Local Government, who is sensitive to infrastructure needs and the financing of local public works.

CONCLUSION

If statewide authorization is vigorously pursued for local governments to raise local sales tax for roadway/transit purposes, I believe that your Board through the County Executive and Legislative Advocate should formally support such legislation. If there is not a concerted effort to seek such statewide authorization, I am recommending that the County Executive and the Legislative Advocate pursue specific legislation for Sacramento County authorizing an increase in the local sales tax subject to voter approval in June 1985. Under either circumstance, the legislature must approve such authorization by a 2/3 vote before an increase in the local sales tax may be placed on the ballot in local jurisdictions. Again, a local sales tax increase would require a simple majority for passage thereon. Therefore, I am recommending that the County Executive be directed to pursue legislation for Sacramento County authorizing a local sales tax increase for consideration in the next General Election and that I be directed to continue working with the City of Sacramento and other interested jurisdictions in order to effectively plan for such a proposal during calendar year 1985.

Concur:

Respectfully submitted,


D. W. McKenzie

Brian H. Richter,
County Executive

Attachment SB 2117

cc: Doug Fraleigh
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Mel Johnson

LOCAL GAS & SALES TAX

<u>Description</u>	Estimated Annual Revenues	
	<u>City of Sacramento</u>	<u>Sacramento County</u>
Sales Tax 1¢	\$26,000,000	\$40,000,000
1/2¢	13,000,000	20,000,000
1/4¢	6,500,000	10,000,000
Gas Tax 3¢/gallon	4,200,000	7,500,000
5¢/gallon	7,000,000	12,500,000

Sales Tax

Advantages

Majority vote requirement

Greater revenues at fractions of a cent

Disadvantages

Requires aggressive campaign

Gas Tax

Advantages

A direct user tax or fee

Disadvantages

2/3 vote requirement

Less revenues at whole cents