



DEVELOPMENT SERVICES
DEPARTMENT

CITY OF SACRAMENTO
CALIFORNIA

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NEW GROWTH DIVISION

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November 4, 2004

City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: ACCELERATED CREDITS FOR PUBLIC SAFETY CAPITAL
IMPROVEMENTS IN NORTH NATOMAS AND ASSOCIATED
STANDARD FORM AGREEMENT**

LOCATION AND COUNCIL DISTRICT: District 1

RECOMMENDATION:

Staff recommends that City Council adopt the attached resolution:

- Permitting the issuance of accelerated credits to developers for the construction of public safety related capital improvements in the North Natomas Finance Plan area; and
- Amending Resolution 2000-429 by approving and adopting a standard form agreement for North Natomas Finance Plan public safety improvements.

CONTACT PERSONS:

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

FOR COUNCIL MEETING OF: November 23, 2004

SUMMARY:

The North Natomas Finance Plan currently allows the issuance of credits to developers for developer-constructed public infrastructure. The Plan permits that these credits can be used against development fees at either a 97% rate, where the infrastructure constructed is in a community gateway, or a 43% rate for all other infrastructure constructed. Staff is recommending that the 97% rate also be applied to off-site improvements that are both a public safety concern and not a direct result of a development.

City Council
Accelerated Credits for Public Safety Capital Improvements in North Natomas and Associated
Standard Form Agreement
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COMMITTEE/COMMISSION ACTION: None.

BACKGROUND INFORMATION:

The North Natomas Finance Plan ("NNFP") is designed to allow the construction of infrastructure before fee revenues have been collected to pay for the infrastructure. The primary mechanism is the issuance of fee credits equal to the value of an improvement that developers can then apply to building permits fees.

Two different fee credit types are issued for constructed infrastructure. If the developer builds an improvement in a designated community gateway, the developer receives credits that can be applied to permits at a 97% rate. The builder with "97% credits" pays 3% of the permit fee in cash and 97% in credits. The builder is entitled to this discount until the full value of the credits is used. This type of credit has been issued for improvements on the Truxel Interchange, Del Paso Road, Natomas Boulevard and East Commerce Way.

The other type of infrastructure fee credit is issued for all other capital improvements in the NNFP and can be applied at a 43% rate.

The recommendation before you would allow the issuance of 97% fee credits for improvements that are off-site, contained in the NNFP, and are both a public safety concern and not the sole result of a single development. Examples are off-site signals that are needed because of multiple developments or off-site sidewalks needed for safe access to schools, parks or shopping.

The recommendation is made for the following reasons. At this point in the development of North Natomas, there are developers reluctant, for legitimate business reasons, to take on improvements that are not directly needed for their project and where the credits can only be applied at the lower rate. Second, developers can generally build infrastructure more efficiently than the public sector because of economies of scale. Third, the Finance Plan is now in a position financially where the use of accelerated credits will benefit, not harm, the purposes of the Plan.

The approval process for the proposed credits would follow that currently used for the existing credit program. Licensed Engineers on City staff would make a professional determination as to the appropriateness of the credit. Developers would then enter into a standard form credit reimbursement agreement executed by the City Manager.

Approval of the recommendation before you amends Resolution 2000-429, permitting specific standard forms in the North Natomas area. The proposed action adds a new standard form. A copy of Resolution 2000-429 and the proposed new standard form are attached as exhibits to the proposed resolution.

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FINANCIAL CONSIDERATIONS:

The North Natomas Finance Plan is a development fee supported plan to construct North Natomas public infrastructure, acquire public right-of-way, provide mitigation and other related programs. There is no impact on the General Fund.

The use of accelerated credits for public safety improvements in the North Natomas Finance Plan area will reduce cash collected from fees on a short-term basis. This result will not have a significant impact on the capacity of the Plan to finance other projects and programs.

ENVIRONMENTAL CONSIDERATIONS:

This activity does not constitute a "project" and is therefore exempt from the California Environmental Quality Act (CEQA), CEQA Guidelines Sections 15061(b)(1) and 15378(b)(3).

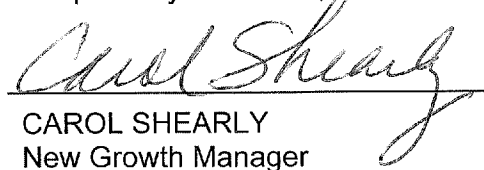
POLICY CONSIDERATIONS:

The recommendations contained in this report are consistent with the City's Strategic Plan goal to enhance and preserve the neighborhoods and improve and diversify the transportation system. The recommendation is also consistent with the basic function of protecting the health and safety of citizens.


ESBD CONSIDERATIONS:

No goods or services are under consideration with this report.

Respectfully submitted,


CAROL SHEARLY
New Growth Manager

RECOMMENDATION APPROVED:


ROBERT P. THOMAS
City Manager


MICHAEL MEDEMA
Development Services Director

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RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

AMENDMENT TO RESOLUTION 2000-429 TO INCLUDE ACCELERATED CREDITS FOR PUBLIC SAFETY CAPITAL IMPROVEMENTS IN NORTH NATOMAS AND ASSOCIATED STANDARD FORM AGREEMENTS

WHEREAS,

- A. On May 3, 1994, the City Council approved and adopted the North Natomas Community Plan ("NNCP") by Resolution No. 94-259. The Community Plan sets forth the land use designations and policies related to land use, circulation, infrastructure, and community facilities. On August 9, 1994, the City Council approved and adopted the North Natomas Financing Plan ("NNFP"), by Resolution No. 94-495. The Council further updated the NNFP in 1999 and 2002. The NNFP sets forth the methods by which public land and infrastructure required by the NNCP will be funded.
- B. On October 31, 1995, by Resolution No. 95-620, the City Council approved a program for developers to receive credits against fee payments or reimbursements from collected fees for infrastructure that was included in the NNFP but was constructed by the developer.
- C. On July 18, 2000, by Resolution No. 2000-429, the City Council approved standard form agreements for use by the City Manager for the North Natomas Community Plan area. This Resolution is incorporated by reference as Exhibit A.
- D. Resolution No. 2000-429 requires the City Manager to bring substantive changes to the standard forms to the City Council for approval.
- E. There is a need and benefit to permitting the use of accelerated credits at a ninety-seven percent (97%) rate for North Natomas Finance Plan capital improvements that are off-site and both a public safety concern and not a direct result of one development.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO THAT:

- A. Fee credit reimbursements for off-site improvements contained in the North Natomas Finance Plan that are both a public safety concern and not a direct result of any one development are hereby approved for use against North Natomas Finance Plan Fees at a rate of ninety-seven (97%).
- B. Resolution 2000-429 is hereby amended to include Exhibit B, the "Public Safety Public Facility Fee Reimbursement/Credit Agreement" standard form.

MAYOR

ATTEST

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

EXHIBIT A

RESOLUTION NO. 2000-429

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF JUL 18 2000

A RESOLUTION APPROVING AND ADOPTING FORM AGREEMENTS FOR USE BY THE CITY MANAGER FOR THE NORTH NATOMAS COMMUNITY PLAN AREA.

WHEREAS, the City Attorney, working with City staff and landowners/developers in the North Natomas Community Plan ("NNCP") area, has developed a series of standard form agreements relating to the North Natomas Finance Plan ("NNFP"), the North Natomas Comprehensive Drainage Plan ("NNCDP"), and other related matters involving taxes and fees; and

WHEREAS, the purpose of the standard form agreements is to implement the NNCP, the NNFP, the NNCDP and other development requirements and standards for North Natomas, and to promote efficiency and uniformity; and

WHEREAS, in the context of individual projects, the City Council has approved project-specific standard form agreements; and

WHEREAS, the standard form agreements do not involve any new or different policy matters as between individual project, and are used for all projects in North Natomas; and

WHEREAS, virtually all of project-specific standard form agreements involve amounts in excess of the financial authority of the City Manager as specified in the Sacramento City Code, necessitating City Council approval in each instance; and

WHEREAS, bringing each of the standard form agreements to the City Council for approval requires expenditure of significant staff resources, tends to add unnecessarily to the City Council agenda, and causes at least 3 to 4 weeks of project delay for North Natomas landowners/developers; and

WHEREAS, because all of the standard form agreements, when applied to specific projects, are the same, and in order to avoid unnecessary expenditure of staff resources and costly landowner/developer project delay, it would be expedient to authorize the City Manager to execute those standard North Natomas form agreements attached hereto upon approval as to form by the City Attorney, without the need for advance approval by the City Council.

FOR CITY CLERK USE ONLY

RESOLUTION NO. 2000-429

DATE ADOPTED: JUL 18 2000

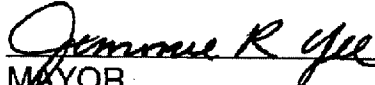
NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO AS FOLLOWS:

1. The standard North Natomas form agreements set forth as listed are hereby approved for use in specific projects within the North Natomas Community Plan area:

- Reimbursement for Overwidth Pavement Construction Agreement
- Non-gateway Public Facility Fee Reimbursement/Credit Agreement
- Gateway Public Facility Fee Reimbursement/Credit Agreement
- Developer Advance Funding Reimbursement Agreement
- Public Land Acquisition Fee Reimbursement Agreement
- Park Development Fee Reimbursement Agreement
- Acquisition and Shortfall Agreement for Mello-Roos CFD's
- Drainage Agreement
- Water Development Reimbursement Agreement.

2. The City Manager is authorized to execute the standard North Natomas form agreements set forth for specific projects within the North Natomas Community Plan area, upon approval as to form by the City Attorney.

3. The City Manager, with the approval of the City Attorney, is authorized to make minor non-substantive changes to the standard form agreements approved hereunder, where required for specific development projects. In the event that a major or substantive changes are required for an individual development project, City Council approval shall be required. The City Manager, in his or her discretion, may bring any individual standard form agreement to the City Council for approval.


MAYOR

ATTEST:


CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO. 2000-429

DATE ADOPTED: JUL 18 2000