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APPROVED
BY THE CITY COUNCIL

JAN 8 1991

OFFICE OF THE
CITY CLERK

DEPARTMENT OF
PLANNING AND DEVELOPMENT

CITY OF SACRAMENTO
CALIFORNIA

1231 I STREET
SACRAMENTO, CA

City Council
Sacramento, California

December 21, 1990

ADMINISTRATION
ROOM 300
95814-2987
916-449-5571

Honorable Members in Session:

ECONOMIC DEVELOPMENT
ROOM 300
95814-2987
916-449-1223

**SUBJECT: ORDINANCE TO CONDITION LAND USE
ENTITLEMENTS TO PROVIDE FUNDS FOR
SCHOOL FACILITIES IN THE ELK
GROVE SCHOOL DISTRICT**

NUISANCE ABATEMENT
ROOM 301
95814-3982
916-449-5948

SUMMARY

Despite using all available financial arrangements, the Elk Grove Unified School District has determined that additional sources of funds from development fees are needed to accommodate future levels of school enrollment. This determination was also based on the current inability of the State to provide adequate school construction funds. The school district's original proposal was to increase fees or to create an additional Mello-Roos district for all new development to cover an average \$6,000 per unit short fall in the revenue needed to construct new facilities. This proposal was strongly objected to by the Building Industry Association (BIA). After a long period of negotiations, the School District and BIA finally agreed to a \$1.09 per square foot increase in residential fees, which will increase the per housing school fee from an average of \$3,300 to \$5,000 (based on a 2,100 sq. ft. home). This increase will shift a greater percentage of the cost of building schools onto new home buyers, while still leaving the school district heavily dependent on State construction funds.

The County Board of Supervisors adopted the proposed ordinance in order to ensure that all development projects pay the fee increase agreed to by the builders. This ordinance is needed in the City in order to ensure that fee levels are the same between jurisdictions, and to ensure that development in the City pays its fair share of new school construction costs. County Counsel has stated that this ordinance can be defended in court, and the County would not be placed in a position of substantial liability.

BACKGROUND

Since the late 1970's the Elk Grove School District has experienced severe overcrowding of its classrooms. As a result, the District has submitted and received approval of school impaction plans. For a time, these impaction fees (SB201) for temporary facilities relieved some of the overcrowding, but with the significant amount of residential growth that

occurred in the school district during the 1980's, the District began an intensive effort to use all available funding to build permanent facilities.

Steering fees (AB-3196) at \$1.58 per square foot of residential unit supplemented SB201 impaction fees. In 1988 the District also implemented a Mello-Roos special tax which was intended to finance about 6% of the total school facility cost. Finally, the school district continued to rely heavily on aid from the State school building program. This strategy allowed the District to phase in permanent facilities, and at the same time keep classroom sizes at acceptable levels.

However, recent projections in the Elk Grove School indicate that school enrollment will increase from 25,000 to 44,000 by 1995. This growth will require the construction of 22 new schools at a total cost of \$320 million. Faced with a chronic shortage of State construction funds, the District's previous strategy of depending on the State to fund 65% of its building program was no longer valid. As a result, future school overcrowding would quickly reach unacceptable levels.

Since all other revenue sources had been utilized, the District proposed that development fees be increased to cover the \$6,000 per unit unmet cost to construct new facilities. Presently, the Mello-Roos District and Steering fees provide about \$3,400 per unit while \$9,400 per unit is needed to construct all new facilities. The BIA objected to this increase; as a result, the School District began negotiations with the BIA to resolve the dispute. In addition, the District asked the County Board of Supervisors to consider a moratorium on new subdivisions.

After numerous meetings at the Board of Supervisors and after considering various financing arrangements, the school district and the Building Industry Association entered into an agreement that school fees be increased from \$1.58 to \$2.67 per square foot. This compromise shifts a greater percentage of the costs of building schools onto new home buyers, reducing somewhat the dependence on State construction funds. The builders agreed that this agreement will be renegotiated if there is a change in state construction funding. The expected cost per housing unit will be about \$5,000, and the new revenue will fund 19 new schools and 180 portable classrooms.

Also, in order to ensure that all development will pay this fee, the County Board of Supervisors agreed that all land use designations within the district be conditioned to require the payment of the new school facility fee. County Counsel has given an opinion that this ordinance can be defended in court, and "the practical effect of a successful challenge would not place the County in a position of substantial liability".

The proposed City ordinance to condition land use designations to pay this new fee is the same as the one adopted by the County Board of Supervisors. This ordinance is needed in the City in order to ensure that fee levels are the same between jurisdictions, and to ensure that development in the City pays its fair share of new construction costs. According to current estimates about 3,000 new units are expected to be developed on unsubdivided land between 1990-2010. Because of this new residential growth, the proposed ordinance will ensure that new growth can support new school facilities, and in so doing, mitigate unacceptable levels of classroom overcrowding.

ENVIRONMENTAL DETERMINATION

The Environmental Coordinator as issued a negative declaration for the proposed ordinance.

FINANCIAL CONSIDERATION

Revenues from these new fees go directly to the school district in order to construct new school facilities.

POLICY CONSIDERATION

The proposed ordinance to condition land use designations is consistent with General Plan policy to "assist school districts with school financing plans and methods to provide permanent schools in existing and newly developing areas in the City".

MBE/WBE EFFORTS

This ordinance does not involve the direct purchase of goods and services; therefore, there is no impact.

RECOMMENDATION

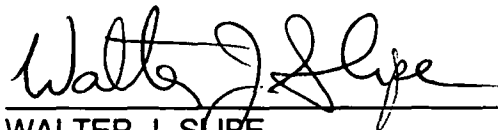
Staff recommends that the City Council adopt the attached emergency ordinance and to set a hearing date for January 29, 1991, in order to consider an extension of the ordinance.

Respectfully submitted,



MICHAEL M. DAVIS
Director of Planning and Development

RECOMMENDATION APPROVED:



WALTER J. SLIFE
City Manager

Contact Person:

Gary Ziegenfuss, Planner
(916) 449-5381

January 8, 1990
District 7

GZ:ob
M90-050.cc
attachment

ORDINANCE NO. 91-001

ADOPTED BY THE SACRAMENTO CITY COUNCIL

APPROVED
BY THE CITY COUNCIL

JAN 8 1991

ON DATE OF _____

OFFICE OF THE
CITY CLERK

**AN INTERIM ORDINANCE PROHIBITING CERTAIN USES
OF PROPERTY WITHIN THE ELK GROVE UNIFIED
SCHOOL DISTRICT, AND DECLARING THE ORDINANCE
AN EMERGENCY ORDINANCE TO TAKE EFFECT
IMMEDIATELY**

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

SECTION 1. Findings.

The City Council hereby finds as follows:

(a) That the funding mechanisms currently available to the Elk Grove Unified School District ("District") are insufficient to finance those interim and permanent school facilities that will be needed to serve the level of development authorized or anticipated within the boundaries of the District;

(b) That existing residential land use designations, coupled with the lack of such adequate funding mechanisms, constitutes a school funding crisis in that the District will be unable to provide minimally adequate educational services to students generated by such development;

(c) That after extensive review of this school funding crisis with the District, property owners and residents within that portion of the incorporated area served by the District and affected developers, this ordinance is for the benefit of all such parties;

(c) That the lack of a means to finance adequate interim and permanent school facilities, coupled with existing land use designations within the District, creates a current and immediate threat to public welfare, health and safety, and the approval of additional subdivisions, use permits, development plans and other, similar entitlements necessary for residential development within the District will create a threat to the public welfare, health and safety; and

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ORDINANCE NO.: _____

DATE ADOPTED: _____

(e) That a purpose of this ordinance is to allow the City time to study and consider general plan, community plan, zoning or other ordinance amendments which may ease the crisis identified by the Council.

SECTION 2.

(a) On or after the effective date of this ordinance, all land use designations within the District which permit residential development shall be conditional designations and are hereby conditioned in the manner substantially as set forth in Exhibit "A", which is attached hereto and by this reference herein incorporated. No applications for tentative subdivision maps or tentative parcel maps, use permits, development plan review, or similar entitlements requested for the ultimate purpose of residential development shall be approved for property within the boundaries of the District which are inconsistent with said conditional land use designations.

(b) In contemplation that a condition similar to that described in Exhibit "A" will be proposed for land use designation on an other-than-interim, emergency basis, a further purpose of this ordinance is to prohibit uses in conflict with that contemplated proposal.

SECTION 3.

(a) No building permits shall be issued for any residential development project within the District unless such development is consistent with the conditional land use designations established by Section 2 of this ordinance.

(b) The Council hereby finds that issuance of building permits for residential development projects which were approved prior to the effective date of this ordinance would imperil the public welfare, health, and safety of the residents of the District. The Council has heard, read, and considered evidence relating to the overcrowding of children within existing school facilities which creates immediate health and safety problems, both physically and from the standpoint of educational impairment, the latter of which may lead to a spiraling deleterious effect upon the present and future residents of the District as well as present and future residents of the other areas of the City.

Further, the Council finds that issuance of building permits for residential developments which are inconsistent with the land use designations established by Section 2 hereof would not be in compliance with the zoning established by that section.

(c) This section is severable from the remaining provisions of this ordinance, and if it is determined to be invalid, such determination shall not invalidate the remaining provisions.

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DATE ADOPTED: _____

SECTION 4.

On January 29, 1991, the Council shall hold a public hearing to determine whether this ordinance shall be extended, at which hearing, in addition to those matters required by law to be considered, the Council shall consider additional information provided by City staff, the public, affected property owners, and the District relative to residential development and its impact within the District, including its impact on other public infrastructure and services. A zoning proposal that would implement, other than on an interim, urgency basis, the condition imposed by this ordinance, shall be considered.

SECTION 5.

This ordinance is an emergency measure to take effect immediately, and shall remain in effect until February 4, 1991. The facts constituting the emergency are the need to immediately provide an interim means to control and lessen the effects of school overcrowding in the District pending further study of the matter.

DATE PASSED FOR PUBLICATION:

DATE ENACTED:

DATE EFFECTIVE:

MAYOR

ATTEST:

CITY CLERK

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DATE ADOPTED: _____

EXHIBIT A

SCHOOL DISTRICT ALTERNATIVE

No building permit shall be issued until the developer/owner contributes an amount equivalent to \$1.09 per square foot of residential building area to the Elk Grove Unified School District for the construction of school facilities, unless reduced or waived by the school district. This amount shall be in addition to any developer fees required pursuant to Government Code Section 65995 and the school district's Mello-Roos tax (Elk Grove Unified School District CFD #1 [Measure A]). Such additional contribution shall be calculated using the same square footage methodology as that provided pursuant to Government Code Section 65995. This additional contribution shall be adjusted for inflation each January 1 based upon the change in the Engineering News Record Building Cost Index (average of 20 cities and San Francisco) for the prior year, beginning July 1, 1990. The \$1.09 contribution may be reduced upon the mutual consent of the Elk Grove Unified School District and the developer/owner, to account for land reserved for or conveyed to the school district by the developer/owner and the school district. If the City Council approved any subsequent district-wide plan to finance new school facilities within the Elk Grove Unified School District, no building permits shall be issued unless consistent with that financing plan, which may include the payment of an amount different than the \$1.09 per square foot of residential development incorporated herein.

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