



## City Council Report

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**File ID:** 2019-00778

September 10, 2019

**Consent Item 11**

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**Title: (Pass for Publication) Proposed Delta Shores Impact Fee (DSIF) Ordinance**

**Location:** Districts 7 and 8

**Recommendation:** 1) Review an Ordinance adding article X to chapter 18.56 of the Sacramento City Code creating a new Delta Shores impact fee and deleting chapter 18.38 of the City Code to eliminate the old Delta Shores Planning Area Regional Infrastructure Fee; and 2) pass for publication the ordinance title per Sacramento City Charter Article III, section 32(c) for adoption on September 24, 2019.

**Contact:** Arwen Wacht, Program Specialist, (916) 808-7535; Sheri Smith, Special Districts Manager, (916) 808-7204, Department of Finance

**Presenter:** None

**Attachments:**

- 1-Description/Analysis
- 2-Background
- 3-Delta Shores Impact Fee Ordinance and Article

## Description/Analysis

**Issue Detail:** On April 3, 2015, the 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 January 13, 2009, the City Council approved the Delta Shores Planned Unit Development (PUD) and associated finance plan that identified the infrastructure required for buildout and potential financing mechanisms. The finance plan is being updated to reflect current costs and add a nexus study to provide the legally required findings necessary for the establishment of a Delta Shores Impact Fee (DSIF). Establishment of the DSIF will provide approximately \$125 million of the estimated \$225 million needed for the facilities and infrastructure identified in the finance plan for the Delta Shores area. The remaining \$100 million (estimate) needed for facilities and infrastructure will be funded through state/federal grants, city fee programs, enterprise funds and other sources as identified in the finance plan for Delta Shores. This fee program will also be used to allocate a proportionate share of applicable improvement costs to the adjacent Stone-Boswell site. When Stone-Boswell moves forward with development, fees will provide reimbursement to the Delta Shores master developer for the advance-funding of backbone infrastructure and certain public facilities. Therefore, staff is proposing the Delta Shores Impact Fee will be divided into two distinct subareas: Delta Shores area and Stone-Boswell area, with attendant components and subcomponents based on the facilities benefiting each site.

On August 9, 2012, the City Council added Chapter 18.38 to the City code and established the Delta Shores Planning Area Regional Infrastructure Fee (Regional Fee) which provides for the reimbursement to the Delta Shores master developer the costs related to the construction of the I-5 Interchange and Cosumnes River Boulevard extension. The DSIF includes the interchange and extension as one of the fee components and replaces the Regional Fee.

With Council's adoption of the DSIF Ordinance, Chapter 18.56 of Title 18 of the Sacramento City Code will be updated with a new article and Chapter 18.38 will be deleted. A draft Updated Delta Shores Public Facilities Financing Plan will be included as an attachment to the public hearing report to provide fee specific details regarding the fee nexus and fee administration.

**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 City prepared an environmental impact report (EIR) that evaluated the environmental effects of the Delta Shores project (P06-197). The EIR was certified by the City Council on January 13, 2009 (Resolution No. 2009-030). The Planning and Design Commission later certified the EIR and an addendum for the commercial development portion of the Delta Shores project (P14-025) on April 16, 2015. The Stone-Boswell area will be evaluated when a formal project application is submitted to the city, and at that time the impacts related to the project and its infrastructure will be analyzed.

The proposed ordinance is not subject to the provisions of 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 DSIF framework ensures that the City is not taking 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 July 23, 2019, the proposed Ordinance was reviewed by the Law and Legislation Committee and forwarded to the City Council for consideration.

**Rationale for Recommendation:** The DSIF program provides consistency and certainty for developers and staff, provides funding for needed infrastructure, and offers financial incentives for developers.

**Financial Considerations:** The DSIF program provides a mechanism to ensure that new development pays for the public infrastructure need induced by the effects of new growth. The DSIF framework also includes an administrative fee component to recoup staff time required to

administer the DSIF program. Revenues derived from the DSIF program will be deposited in a separate fund. The DSIF Program will not have an impact on the General Fund.

**Local Business Enterprise (LBE):** Not applicable.

## **Attachment 2**

### **Background**

The Delta Shores project area encompasses approximately 782± acres of property within the Delta Shores Planned Unit Development. The Delta Shores project is proposed for single-family, multi-family, commercial, mixed use, parks, open space, detention basins, schools, community center, and fire station. The Delta Shores project area is generally bounded by Freeport Boulevard to the west, the Sacramento Regional Wastewater Treatment Plant to the south and east, the Stone-Boswell property and the Sacramento Job Corps Center to the east, and Meadowview Road to the north.

In 2009, the City Council approved a series of entitlements relating to the development of Delta Shores, including: Approval of the Delta Shores Planned Unit Development (PUD), which envisioned this as a mix of commercial and residential development, and various other entitlements including a Development Agreement, the original Delta Shores Public Facilities Finance Plan (2009 Finance Plan), master and tentative parcel maps, and the certification of the project Environmental Impact Report (EIR). Since the completion of the 2009 Finance Plan, development in Delta Shores commenced with the completion of Phase 1 of development along with key regional and backbone infrastructure components.

The Updated Delta Shores Finance Plan (Updated Finance Plan) presents a strategy to finance required backbone infrastructure and other public facilities serving the proposed land uses within the Delta Shores project area. The updated finance plan includes updates to land use assumptions, backbone infrastructure and public facility costs, and in certain cases, the construction or advanced-funding of improvements serving the Stone-Boswell site. The updated finance plan also considers funding and reimbursement obligations associated with the Stone-Boswell site as part of an overall update to the development and infrastructure funding strategy for Delta Shores. The updated finance plan includes the use of existing fee programs, the development of a new plan area fee program (Delta Shores Impact Fee), implementation of a land-secured financing district, and the use of other funding mechanisms.

ORDINANCE NO.

Adopted by the Sacramento City Council

Date Adopted

AN ORDINANCE DELETING CHAPTER 18.38 AND ADDING ARTICLE X TO CHAPTER 18.56 OF THE SACRAMENTO CITY CODE, RELATING TO THE DELTA SHORES IMPACT FEE

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

SECTION 1.

Chapter 18.38 of the Sacramento City Code is deleted.

SECTION 2.

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

Article X. Delta Shores Impact Fee

18.56.1010 Definitions.

The following definitions apply in this article:

“Delta Shores sub-area” means the proposed master-planned community that is identified in the updated Delta Shores finance plan and consists of residential, commercial, and retail uses on approximately 780 acres within the city limits and adjacent to the city’s southern boundary.

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

“Delta Shores impact fee” means the fee established by section 18.56.1020 to finance the design, construction, installation, improvement, and acquisition of the Delta Shores facilities.

“Delta Shores infrastructure fund” means the infrastructure fund created by section 18.56.1030.

“Stone Boswell sub-area” means the approximately 121 acres adjacent to the eastern boundary of the Delta Shores sub-area and identified in the updated Delta Shores finance plan as the Stone Boswell site. The Stone Boswell sub-area is comprised of a 14 acre parcel (APN 053-0010-049), a 37 acre parcel (APN 053-0010-

076) and a 70 acre parcel (APN 053-0010-048), with the 14 acre parcel and the 70 acre parcel zoned R-1A (single-unit or duplex dwelling zone) and the 37 acre parcel zoned R-1-R (single-unit dwelling zone).

“Updated Delta Shores finance plan” means the city council-approved finance plan that calculates the Delta Shores impact fee amounts.

18.56.1020 Delta Shores impact fee and imposition.

A. The Delta Shores impact fee is established and imposed on all parcels located within the Delta Shores sub-area and the Stone Boswell sub-area for the following types of development:

1. New dwelling units, buildings, or structures.
2. Additions to the commercial building area or residential building area of a building or structure.
3. Changes in use of a building or structure.

B. Consistent with the updated Delta Shores finance plan, the amount of the Delta Shores impact fee may vary depending on whether it is being imposed within the Delta Shores sub-area or the Stone Boswell sub-area.

18.56.1030 Establishment of Delta Shores infrastructure fund; use of fee revenues.

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

B. The city shall use the Delta Shores infrastructure fund to:

1. Finance the design, construction, installation, improvement and acquisition of Delta Shores facilities.
2. Reimburse the city for administrative costs identified in the updated Delta Shores finance plan.
3. Reimburse landowners and holders of development credits consistent with section 18.56.1040 and the updated Delta Shores finance plan.

18.56.1040 Time of payment of Stone Boswell sub-area regional infrastructure component of the fee.

Consistent with section 18.56.135, the city shall collect the Delta Shores impact fee within the Stone Boswell sub-area at the following times:

- A. Master Parcel Maps. The Delta Shores impact fee is due and payable when the final map for each master parcel is filed with the city for recordation.
- B. Subdivision and Parcel Maps. The Delta Shores impact fee is due and payable when a final map or parcel map is filed with the city for recordation.
- C. Building Permits. If neither a final map nor a parcel map is required to be recorded for the development of parcels within the Stone Boswell sub-area, then the city shall not issue building permits for construction related to any parcel within the Stone Boswell sub-area until the Delta Shores impact fee for the parcel or parcels is paid.

18.56.1050 Credits and reimbursements.

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

1. A landowner may only receive 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 Delta Shores 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.

18.56.1060 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 3.

This ordinance takes effect on \_\_\_\_\_, 2019.