

RESOLUTION NO. 2004-196

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE
ADOPTING A GENERAL PLAN UPDATE FEE**

WHEREAS, because the General Plan of the City of Elk Grove and its related elements must be updated periodically in order for the City to issue building permits and approve planning applications, it is appropriate that a portion of the cost of updating the General Plan be funded by new development; and

WHEREAS, Government Code section 66014(b) specifically authorizes charging fees to pay the costs reasonably necessary to prepare and revise the plans and policies that the City is required to adopt before it can make the findings and determinations necessary to authorize new development; and

WHEREAS, MuniFinancial has submitted to the City an analysis of the costs of updating the General Plan and related elements and a recommendation for the amount of the fees to be charged to new development for its share of those costs; and

WHEREAS, the adoption of the General Plan update fee is not a "project" subject to the California Environmental Quality Act, because it is a funding mechanism having no physical effect on the environment; and

WHEREAS, because the update fee is a fee described in Government Code section 66014, (i) notice of the time and place of this meeting as well as a general description of the matter to be considered was mailed at least 14 days prior to the date of this meeting to those parties (if any) who have filed requests for such notification, (ii) data indicating the amount of the estimated cost required to revise the General Plan and its related elements and the resources anticipated to fund those costs were made available to the public at least 10 days prior to the date of this meeting, (iii) this meeting was held as part of a regularly scheduled meeting, and (iv) interested parties had the opportunity to make oral and written presentations, all in accordance with Government Code section 66016(a); and

WHEREAS, the amount of the fee does not exceed the estimated reasonable cost of updating the General Plan and related elements.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Elk Grove:

Section 1. Recitals. The foregoing recitals are true and correct and the City Council so finds and determines.

Section 2. Establishment of City of Elk Grove General Plan Update Fee. A fee is hereby established in the amount of \$0.23 per \$1,000 of valuation of new construction, for the purpose of funding the cost of updating the General Plan and related elements. No fee will be charged to projects for remodeling, adding to, or making tenant improvements to existing structures.


Section 3. Collection of the General Plan Update Fee. The fees levied pursuant to this resolution shall be paid by the property owner to the City at the time of the issuance of a building permit.

Section 4. Effective Date. This resolution shall take effect on Monday, October 4, 2004.

PASSED AND ADOPTED by the City Council of the City of Elk Grove this 4th day of August 2004.


SOPHIA SCHERMAN, MAYOR of the
CITY OF ELK GROVE

ATTEST:


PEGGY E. JACKSON, CITY CLERK

APPROVED AS TO FORM:


ANTHONY B. MANZANETTI,
CITY ATTORNEY

CITY OF ELK GROVE GENERAL PLAN UPDATE FEE

JUNE 16, 2004



Sacramento Office

2399 Gateway Oaks Drive
Suite 210
Sacramento, CA 95833
Tel: (916) 924-7000
Fax: (916) 924-3644

Anaheim, CA
Temecula, CA
Industry, CA
Jacksonville, FL
Lancaster, CA

Oakland, CA
Phoenix, AZ
San Diego, CA
Seattle, WA
Washington, DC

www.muni.com

ELK GROVE GENERAL PLAN UPDATE FEE ANALYSIS

Introduction

A city's General Plan and related elements must be updated periodically in order for a city to issue building permits and approve planning applications. The cumulative effects of new development over time contribute significantly to the need for an update of the City's General Plan. Accordingly a portion of updating the General Plan should be funded by new development.

MuniFinancial was engaged to calculate a fee sufficient to offset new development's fair share of the periodic cost of updating the City's General Plan and related long-range elements. The methodology employed by MuniFinancial ensures that only the estimated reasonable costs are recovered through the imposition of the fee in accordance with Government Code 66014. The scope of the engagement is detailed below:

Scope of Project

- | | |
|--------|--|
| Task1 | Develop a fee to fund new development's fair share of the periodic cost of updating the City's General Plan and related long-range elements. |
| Task 2 | Identify the fee's fiscal impact on different sized developments. |
| Task 3 | Compare the resultant proposed fee to those charged by other California jurisdictions. |

Methodology and Assumptions

Calculation of a General Plan update fee requires obtaining four factors: 1) estimated cost of a General Plan update, 2) the estimated useful life of an update, 3) the portion of the General Plan update to be funded by new development and 4) annual new construction valuation.

The City's Planning Department provided the estimated cost of \$2,020,463 for a General Plan update and some related elements (see detail on page 4). The useful life of a General Plan and related elements was estimated at ten years since our research indicates that is an industry standard. Thus, the annualized cost for a General Plan update and some related elements is \$202,046.

Other related elements have varying useful lives, such as the Housing element which has a five year useful life based on State standards. Elements that are updated on a different time scale were segregated and amortized separately as shown on page 4. The total annualized cost for a General Plan and all related elements is \$267,616.

Although most of the benefit of the General Plan update relates to new development, to be conservative, we recognize that the existing community benefits from the existence of an up-to-date General Plan and should fund a portion of the cost. Although long-range planning elements have community benefit, such as the bike trail plan and habitat preservation plan, several plans are almost exclusively related to the development community, such as General Plan zoning, the design guidelines and sphere of influence update. We estimate the existing community's fair share of the General Plan update cost is 25%, leaving 75% of the cost to be funded by new development. Therefore, \$200,712 of the \$267,616 annualized General Plan update costs is the responsibility of new development.

The General Plan update fee will vary based on the value of each individual construction project. This is because the benefit of being able to develop is proportional to the cost of the project being developed. To calculate the fee based on building valuation, we asked the City for historical new construction valuation figures. The City's Building Department provided eighteen months of new construction valuation (July 2002 through December 2003) and MuniFinancial extrapolated the partial year FY 2003/04 new construction valuation data to arrive at an "annualized" figure for FY 2003/04. MuniFinancial then took an average of the two years valuation data to arrive at an average annual new construction valuation figure of \$876,814,453.

The General Plan update fee is calculated by dividing new development's share of the estimated annualized update cost (\$200,712) by the average annual new construction valuation (\$876,814,453), resulting in the fee per \$1 of project valuation. The resulting fee is then multiplied by 1,000 to yield a fee of "\$0.23 per \$1,000 of project valuation".

Results

The fee necessary to fund new development's fair share of the periodic cost of updating the General Plan and other related elements is \$0.23 per \$1,000 of new construction. This fee should be applied to all new construction building permits.

Fee Calculations:

Elk Grove General Plan Update Fee Calculations June 16, 2004

Cost of Long Range Planning Projects on 10 year cycle:	
General Plan and MEIR Update	\$950,749
Design Guidelines	299,252
Habitat Conservation Plan	180,000
Sphere of Influence Update	34,862
Tree Preservation Ordinance	25,600
Zoning Code Update	175,000
Old Town SPA Update	102,400
Zoning Consistency Program	38,400
Regional Open Space Plan	67,200
Parks and Trails Master Plan	100,000
Bikeway and Pedestrian Master Plan	47,000
Total 10 year cycle projects	<u>\$2,020,463</u>
Amortized Cost	<u>\$202,046</u>
Amortized cost of Long Range Planning Projects on "off cycles":	
Historic Preservation Ordinance <i>(\$38,400 on 20 year cycle)</i>	\$1,920
Housing Element <i>(\$40,000 on 5 year cycle)</i>	\$8,000
Parks Nexus Study <i>(\$30,000 on 2 year cycle)</i>	\$15,000
Annual Direct Long Range Planning Cost	<u>\$226,966</u>
Citywide Indirect Cost¹ <i>(@ 17.91% rate)</i>	\$40,650
Total Annual Long Range Planning Cost	<u>\$267,616</u>
Amount to be Funded by New Development (75%)	<u>\$200,712</u>
Average Annual New Const. Valuation, 2002-04²	<u>\$876,814,453</u>
Fee / \$1,000 valuation³:	<u>\$0.23</u>

1) This rate is calculated in a separate analysis and is designed to recover an appropriate portion of the City's administrative departments, such as City Council, City Attorney, City Manager, City Clerk, Human Resources, Finance, City Hall Debt Service, etc.

2) Annual New Construction Valuation figures do not include remodels, additions or tenant improvements.

2002/03 New Const Valuation	\$	770,767,690
July 2003- Dec 2003 New Const Valuation	\$ 491,430,608	
2003/04 Annualized New Const Valuation	\$	<u>982,861,216</u>
Average Annual New Const. Valuation	\$	<u><u>876,814,453</u></u>

3) Development's share of amortized cost of (\$200,712) divided by average annual construction valuation of \$876,814,453 multiplied by \$1,000 = \$0.23 (twenty-three cents) per thousand dollars of construction valuation. This fee is to be added to all new construction building permits to fund the periodic updating of the City's General Plan and supporting elements. This fee should not be applied to remodels, additions or tenant improvements.

Fiscal Impact on Various Sized Projects:

Sample Projects:	Construction Valuation:	General Plan Update Fee:
Single Family Dwelling	\$ 200,000	\$ 46
Commercial	\$ 10,000,000	\$ 2,289

Comparable Fees Charged by other Jurisdictions

Elk Grove	\$0.23 per \$1,000 valuation (proposed)
Belmont	\$2.20 per \$1,000 valuation (generates \$60k / year)
Brentwood	\$211.62 per dwelling unit (fee only charged against residential)
Daly City	\$5 per \$1,000 valuation
Fairfield	Residential: \$62 per SFR; Commercial: \$.003 per sq ft
Garden Grove	\$2 plus \$1.75 per \$1,000 valuation (also covers cultural arts)
Lemoore	\$0.64 per \$1,000 valuation
Modesto	\$0.26 per \$1,000 valuation
Monterey Park	\$2 per \$1,000 valuation
Morgan Hill	5% of building permit and planning fees
Oakland	\$1 per \$1,000 valuation (generates \$500k / year)
Orange	\$0.50 per \$1,000 valuation
Palm Springs	\$0.61 per \$1,000 valuation
Pleasanton	\$250 per planning application
Riverside	10% of all development related fees
Sacramento	3 or 4% of building permit fee (proposed August 2003)
San Rafael	15% of building permit fee (generates \$100k / year)
Santa Paula	\$0.51 per sq ft. of new construction, only projects > 500 sq ft.
Stockton	\$1 per \$1,000 valuation
Tiburon	10% of building permit fee
Truckee	\$3.10 added to building permit fee

CERTIFICATION
ELK GROVE CITY COUNCIL RESOLUTION NO. 2004-196

STATE OF CALIFORNIA)
COUNTY OF SACRAMENTO) ss
CITY OF ELK GROVE)

I, Peggy E. Jackson, City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Elk Grove at a regular meeting of said Council held on the 4th day of August 2004 by the following vote:

AYES 4: COUNCILMEMBERS: Scherman, Soares, Briggs, Cooper

NOES 0: COUNCILMEMBERS:

ABSTAIN 0: COUNCILMEMBERS:

ABSENT 1: COUNCILMEMBERS: Leary



A handwritten signature in cursive script, appearing to read "Peggy E. Jackson".

**Peggy E. Jackson, City Clerk
City of Elk Grove, California**