

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, JULY 12, 2011**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, July 12, 2011, commencing at 7:00 a.m.

Present: Council Member Hansen, Council Member Katzakian, Council Member Nakanishi, Mayor Pro Tempore Mounce, and Mayor Johnson

Absent: None

Also Present: City Manager Bartlam, City Attorney Schwabauer, and City Clerk Johl

B. Topic(s)

B-1 Development Impact Mitigation Fee Program Update (PW)

City Manager Bartlam provided a brief introduction to the subject matter of the impact mitigation fee update.

Public Works Director Wally Sandelin provided a PowerPoint presentation regarding the impact mitigation fee update. Specific topics of discussion included terms and abbreviations, growth forecast, growth forecast for non-residential, project progress and time line, water demand, water fee assumptions, water fee concept, water impact fee, meter size comparisons for water and wastewater, wastewater generation, wastewater fee assumptions, wastewater fee concept, wastewater impact fee, storm drainage fee concept, police impact fee, police fee assumptions, fire impact fee, and fire fee assumptions.

In response to Council Member Hansen, Mr. Sandelin stated the program is not showing high density because the building industry does not feel there will be a market for high density in Lodi over the next 20 years.

In response to Council Member Hansen, Mr. Sandelin stated the impact fee program does not take into account and is not related to specific types of high-density units, including rental units.

In response to Council Member Nakanishi, Mr. Sandelin stated low-income housing is considered in the housing element of the General Plan and not separately under the impact fee program. Mr. Bartlam provided a brief overview of affordable housing, senior housing, the Eden project, and how the housing is calculated.

In response to Mayor Johnson, Mr. Sandelin stated the 10% difference with conservation and metering for water demand is due to getting the water from the wells and the differential is fairly moderate in comparison to other similar models.

In response to Council Member Hansen, Mr. Sandelin stated the cost for the transmission line was approximately \$8 million.

In response to Mayor Pro Tempore Mounce, Mr. Sandelin stated the map represents the area where the water connection fee could apply eventually, although it is not necessarily so currently. He stated the City Council under its discretion could consider specific connection requests.

In response to Mayor Johnson, Mr. Sandelin stated the calculations are based on the overall

capacity of the surface water treatment plant to serve development.

In response to Mayor Pro Tempore Mounce, Mr. Sandelin stated the City Council has not decided how the financing for the new treatment plant will be assessed to new development and the impact fee program partly addresses that financing.

John Beckman, representing the Building Industry Association (BIA), spoke in regard to the letter submitted by the BIA for the meeting and stated that the aquifer concept for total depletion has yet to be incorporated in the water surface treatment plant discussion. Discussion ensued among Mr. Beckman, Mr. Sandelin, Mr. Bartlam, and Mayor Johnson regarding the analysis required for total depletion calculations, the methodology to be used, and the sufficiency of the existing safe yield formula. In response to Council Member Hansen, Mr. Beckman stated new development should pay its fair share, the BIA does dispute the 2/3 to 1/3 formula, and the City could demonstrate adequate water supply without the surface water treatment plant being built as the groundwater is not sufficiently drawn. A brief discussion ensued between Mr. Beckman and Council Member Nakanishi regarding the reasoning for the construction of the new treatment plant and its relation to new development.

In response to Council Member Hansen, Mr. Sandelin stated the 8.5 mgd for wastewater would take the City well beyond 2035 and into the next General Plan.

In response to Mayor Johnson, Mr. Sandelin stated some of the hard costs associated with new regulations are set and accounted for in the program while others will come back to Council for consideration in the future.

In response to Mayor Pro Tempore Mounce, Mr. Sandelin stated the existing trunk line as shown on the map was only partially lined.

In response to Council Member Hansen, Mr. Sandelin stated that, if the fees in the program go down at some point in the future, staff will need to return to Council for consideration.

In response to Council Member Nakanishi, Mr. Bartlam stated regardless of what the existing fee is the proposed methodology is the appropriate apportioned fee to ensure new development is paying for its share.

In response to Council Member Katzakian, Mr. Bartlam stated a larger meter and pipe will be needed for a structure that serves multiple units.

In response to Myrna Wetzel, Mr. Sandelin stated the standard size pipe for residential is a 3/4 inch.

In response to Council Member Nakanishi, Mr. Sandelin stated other communities are using the same methodology proposed for police and fire impact fees.

In response to Mayor Pro Tempore Mounce, Mr. Bartlam stated that, while the original Fire Station No. 5 is planned for Reynolds Ranch and incorporated in the development agreement, the development agreement may be amended in the future if there is a need for the station elsewhere depending upon development.

In response to Mayor Johnson, Mr. Sandelin stated staff will be bringing back to Council comparisons from five to seven other cities that show the police and fire impact fees and the methodology for the same.

In response to Mayor Johnson and Mayor Pro Tempore Mounce, Mr. Bartlam stated what police

and fire facilities will be necessary in the future is a separate question from how to pay for them and the old method of delivering services may need to be reconsidered in the future.

John Beckman spoke in regard to considering calls for service and traffic calculations when analyzing police and fire impact fees.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 8:07 a.m.

ATTEST:

Randi Johl
City Clerk



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CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Development Impact Mitigation Fee Program Update
MEETING DATE: July 12, 2011 (Shirtsleeve Session)
PREPARED BY: Public Works Director

RECOMMENDED ACTION: Development Impact Mitigation Fee Program Update.

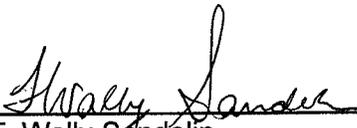
BACKGROUND INFORMATION: On March 16, 2011, City Council approved the professional services agreement with Harris and Associates for the Development Impact Fee Program Update. Members of the project team will make a presentation to the City Council regarding a number of topics including, but not limited to, the following:

1. Water Connection Fee
2. Wastewater Connection Fee
3. Police Impact Fee
4. Fire Impact Fee
5. Storm Drainage Fee Zones

A total of three additional Shirtsleeve Sessions are scheduled with the City Council over the next four months, leading to adoption of the Program on December 7, 2011.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.



F. Wally Sandelin
Public Works Director

FWS/pmf

APPROVED: 

Konradt Bartlam, City Manager



BUILDING INDUSTRY ASSOCIATION OF THE DELTA

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July 11, 2011

Mayor Bob Johnson, City of Lodi, 221 W. Pine St., Lodi, CA 95240

Mayor Johnson,

I would like to commend city staff and your consultants working on the Impact Mitigation Fee Program update. We are pleased with the process of the update and so far we only have two issues of concern we'd like to raise.

The Police and Fire estimates for facilities needed, cost estimates, and total fees to be collected seem appropriate. However, the cost allocation between residential and non-residential represents a 180 degree turn from the well accepted methodology used by most other cities and it is a reversal from Lodi's current methodology. The City of Manteca for instance, is currently updating their Fire facility fees and will continue to use the "Calls For Service" method of analyzing the nexus for needed facilities. Due to the extraordinary call volume at retirement homes this building type will have a separate category of its own and will pay for its pro-rata share of fire facilities. Likewise other building types will pay their fair share based on the call volumes to those building types. The BIA strongly believes actual calls for service, or a proxy for this data, to be the strongest nexus for determining cost allocation.

Also, the nexus for the Water Treatment Plan has correctly identified that an "existing deficiency" exists within the City's current water delivery system and it correctly identifies the prohibition of making new development pay for "existing deficiencies". However, the nexus used to allocate the costs between existing users and new development is not consistent with the record. The proposed methodology does not reconcile the historic groundwater depletion with the projected benefits to groundwater levels of the Water Treatment Plant. We have raised this issue with city staff and are still waiting for a response. It is the position of the BIA to support fees which allow new development to pay its fair share of facility burdens on existing residents and we look forward to supporting the entirety of the Impact Mitigation Fee Program at its conclusion.

Sincerely,

[Signature] John R. Beckman, Chief Executive Officer

The City of Lodi
**Public Works
Engineering**



Impact Mitigation Fee Update

Shirtsleeve Session
July 12, 2011



Terms and Abbreviations

- Ac Ft = acre feet or 326,000 gallons
- DUE = dwelling unit equivalent
- MGD = million gallons per day
- CCF = one hundred cubic feet (748 gallons)
- SF = square feet
- Fees are Per Unit and Per 1,000 sq ft (mostly)
- COP = Certificate of Participation (Bonds)



Growth Forecast

Year	Low Density (LDR)	Medium Density (MDR)	High Density (HDR)	Total
2015	100	-	-	100
2016	125	-	-	125
2017	175	-	-	175
2018	200	40	-	240
2019	200	40	-	240
2020	200	40	-	240
2021	200	40	-	240
2022	200	40	-	240
2023	200	40	-	240
2024	200	40	-	240
2025	200	40	-	240
2026	200	40	-	240
2027	200	40	-	240
2028	200	40	-	240
2029	200	40	-	240
2030	200	40	-	240
2031	200	40	-	240
2032	200	40	-	240
2033	200	40	-	240
2034	200	40	-	240
2035	200	40	-	240
Total	4,000	720	0	3,810



Growth Forecast – Non Residential

Non-Residential Growth Forecast

		Units of 1,000 Square Feet			
		2015-19	2020-24	2025-29	2030-35
Industrial	Reynolds Ranch				
	Lodi Shopping Center				
	South Hutchins				
	Northeast		896	792	800
	Southeast				
Major Retail	Reynolds Ranch	134			
	Lodi Shopping Center	217			
	South Hutchins				
	Multi-use Corridor	100			
	Downtown Multi-use				
Minor Retail	Reynolds Ranch	466			
	Lodi Shopping Center	26.5	26.5		
	South Hutchins			109	
	Multi-use Corridor				
	Downtown Multi-use				
Office	Reynolds Ranch				
	Lodi Shopping Center				
	South Hutchins		90	90	
	Multi-use Corridor	180 + 70			
	Southeast				100
Medical	Reynolds Ranch				
	Lodi Shopping Center				
	South Hutchins	68			
	Multi-use Corridor				
	Downtown Multi-use				



Overview

- Finance public improvements required to implement the General Plan
- Maintain level of service
- Fund 5-year updates
- Charged by unit for residential and per 1,000 SF for non-residential
- Water and wastewater connection charges based upon water meter size
- Fees collected at building permit



Project Progress

April 19

- Growth Forecast
- Vacant Land Inventory
- Fee Incentive Areas
- Location of Development

Ongoing

- Facilities Master Plans
- Water Connection Fee

Today

- Wastewater Connection Fee
- Storm Drainage Fee Concept
- Police Fee
- Fire Fee



Project Progress

August 23
Shirtsleeve

- Streets, Interchange and Grade Separation Fee
- Parks and Recreation Fee
- Storm Drainage Fee
- Electric Utility Fee

September 27
Shirtsleeve

- General City Facilities Fee
- Art in Public Places Fee

October 25

- Draft Impact Fee Program

December 7

- Adopt Impact Fee Program



Water Demand Per DUE

- 22 CCF per Month per DUE
- 20 CCF with conservation and metering (10%)
- Equates to 0.56 Ac Ft per Year per DUE
- Production requirement is 0.62 Ac Ft per Year per DUE

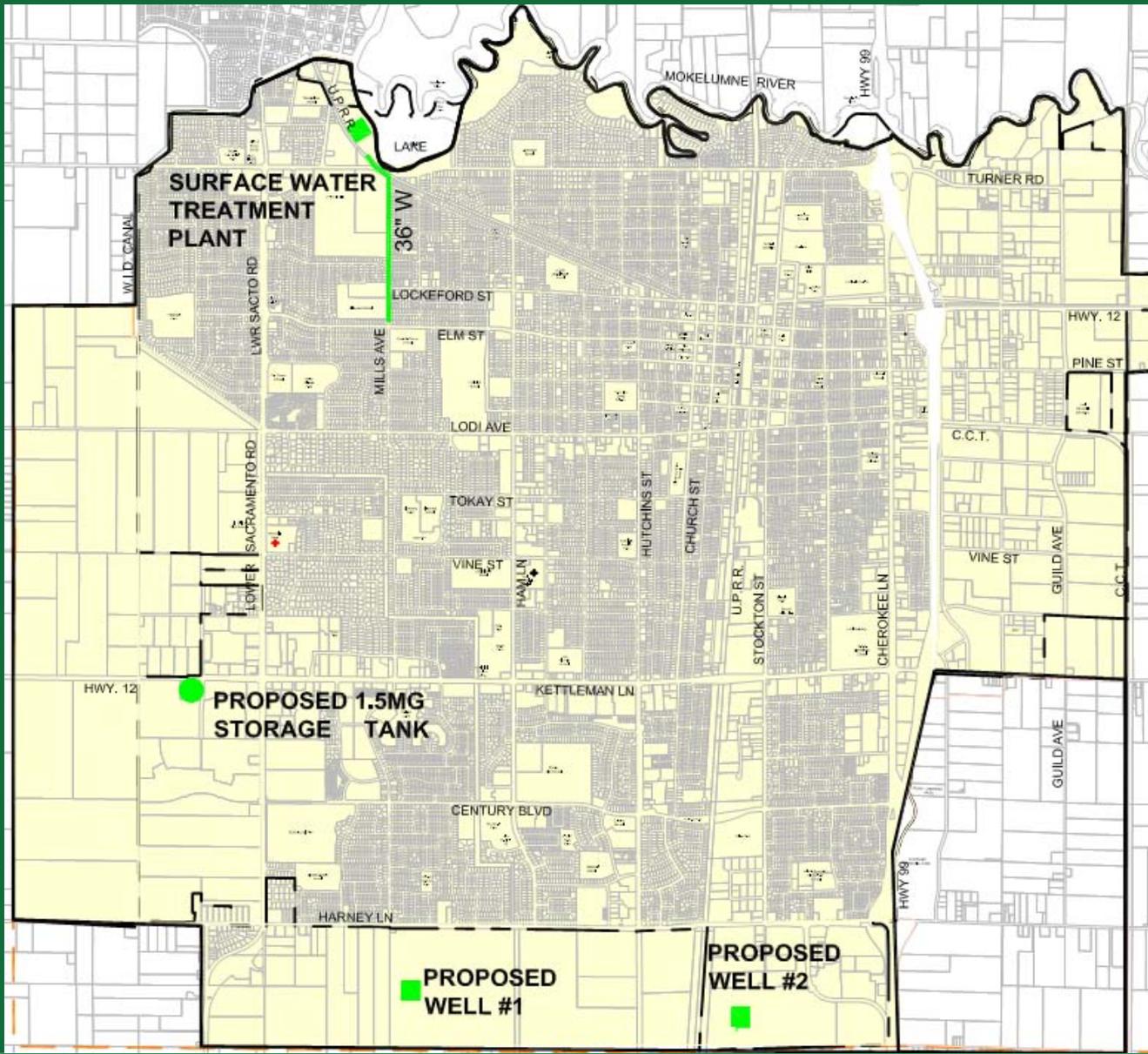


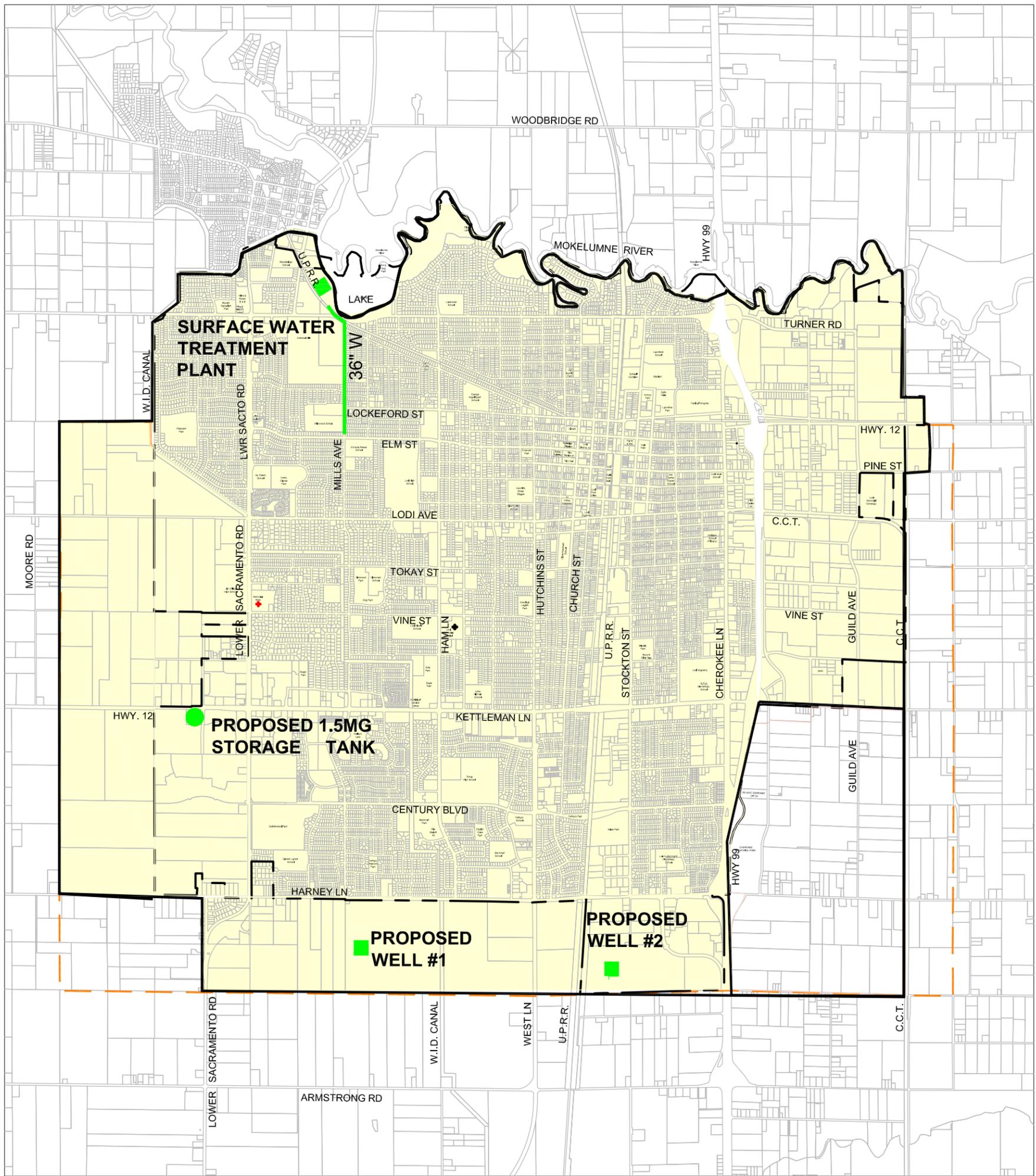
Water Fee Assumptions

- Current overdraft 2,000 ac ft per year
- Firm supply 6,000 Ac Ft per year
- Costs assigned 1/3 to existing customers and 2/3 to future customers
- Water plant treatment capacity 7,200 Ac Ft per year
- Service capacity of plant 11,569 DUEs
- Service capacity for future customers 7,713 DUEs



Water Fee Concept

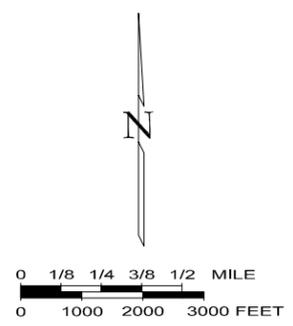




**WATER FACILITIES
THROUGH 2035**

LEGEND

- FEE PROGRAM
- FUTURE ANALYSIS





Water Impact Fee

Item	Total	Existing	New
Planning and Design	\$3,869,800	\$1,289,933	\$2,579,867
Water Plant *	\$67,795,400	\$22,598,467	\$45,196,933
System Improvements	\$5,000,000	\$0	\$5,000,000
Total Costs	\$76,665,200	\$23,888,400	\$52,776,800
Contract Supply	6,000 ac ft	2,000 ac ft	4,000 ac ft
Supply w/Banked	7,200 ac ft	2,400 ac ft	4,800 ac ft
Unit Demand	0.62 ac ft/DUE	0.62 ac ft/DUE	0.62 ac ft/DUE
Service Capacity	11,569 DUE	3,856 DUE	7,713 DUE
Water Impact Fee			\$6,843/DUE

* Principal and interest on debt service to finance \$36.5 million construction.



By Meter Size

Meter Size	Capacity Factor	Water Impact Fee
5/8 Inch	0.67	\$4,585
3/4 Inch *	1.00	\$6,843 *
1 Inch	1.67	\$11,428
1 ½ Inch	3.33	\$22,787
2 Inch	5.33	\$36,473
3 Inch	10.00	\$68,430
* Current Fee = \$1,120		



Wastewater Generation Per Due

- 200 gallons per day per DUE

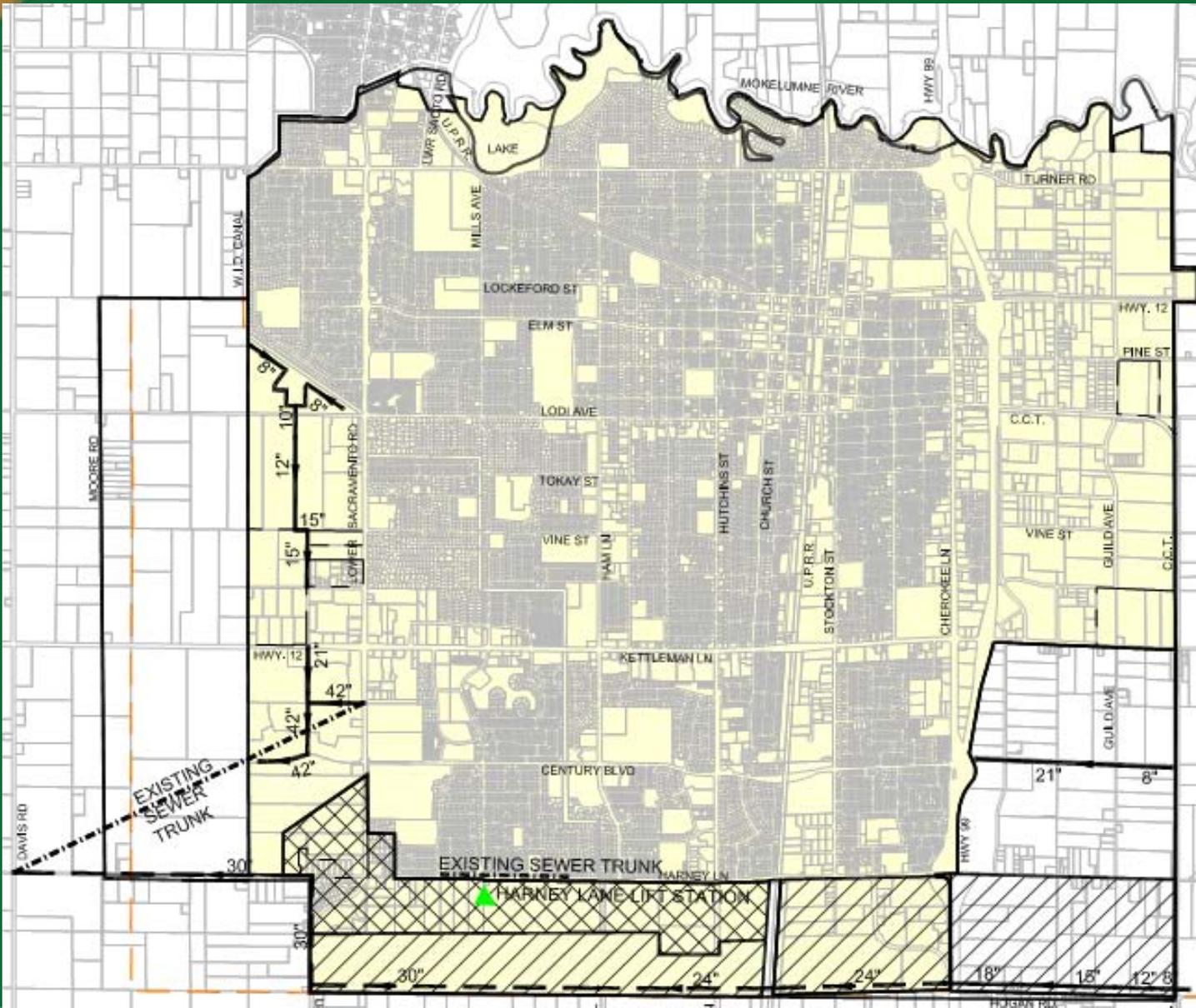


Wastewater Fee Assumptions

- Treatment Capacity 8.5 MGD
- Service Capacity to Serve Future Customers 2.3 MGD
- \$128 Million ('91,'03,'04,&'07 COPs)
- \$49.4 Million for Future Customers (38.6%)
- Service capacity of plant 42,500 DUEs
- Service capacity for future customers 11,500 DUEs



Wastewater Fee Concept





Wastewater Impact Fee

Item	Total	Existing	New
Total Costs	\$128,027,080	\$78,615,561	\$49,411,519
Plant Capacity	8.5 mgd	6.2 mgd	2.3 mgd
Unit Demand	200 gal/DUE	200 gal/DUE	200 gal/DUE
Service Capacity	42,500 DUE	31,000 DUE	11,500 DUE
Wastewater Impact Fee			\$4,297/DUE



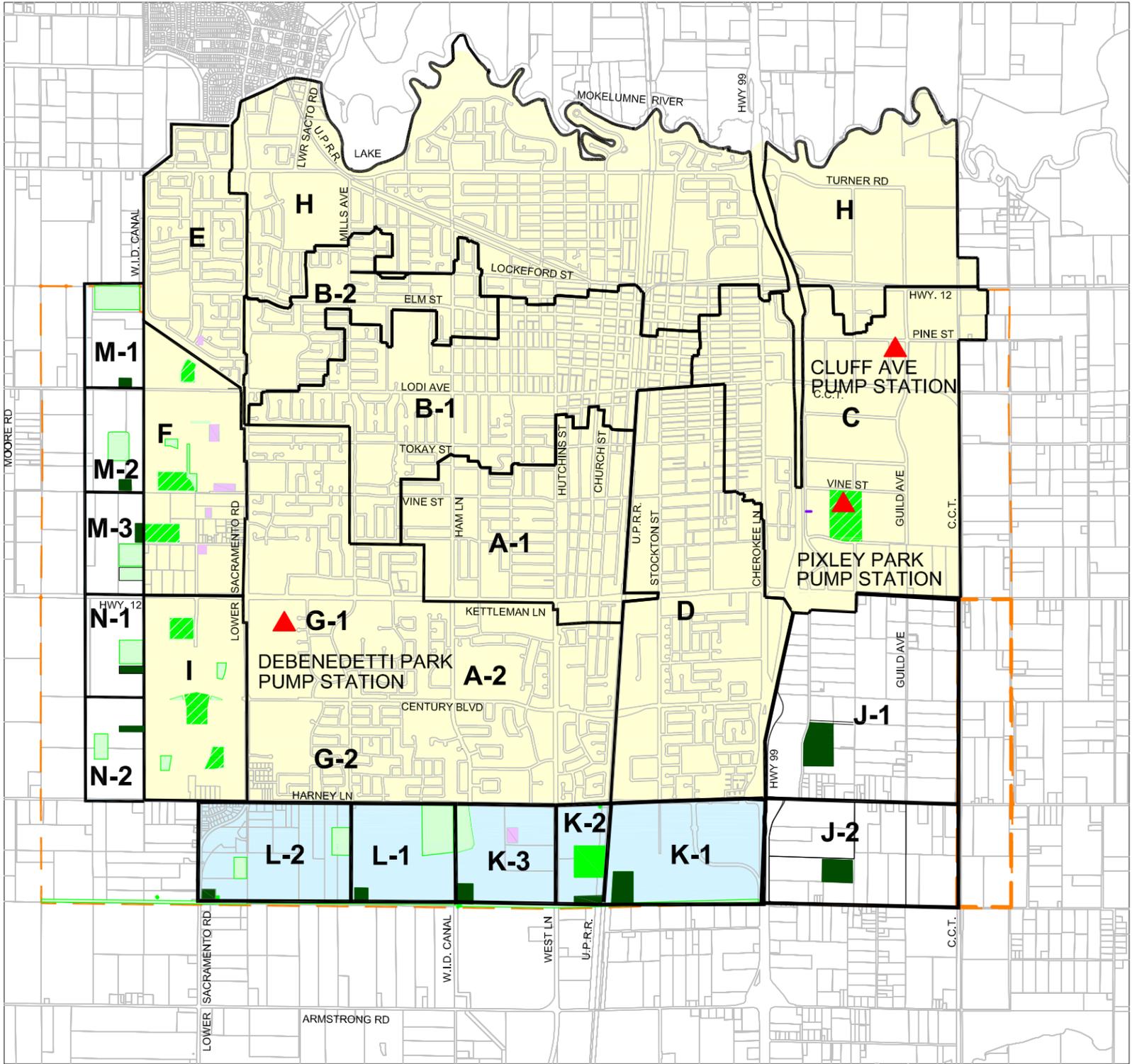
By Meter Size

Meter Size	Capacity Factor	Wastewater Impact Fee
5/8 Inch	0.67	\$2,879
3/4 Inch *	1.00	\$4,297 *
1 Inch	1.67	\$7,175
1 ½ Inch	3.33	\$14,308
2 Inch	5.33	\$22,901
3 Inch	10.00	\$42,957
* Current Fee = \$5,938		



Storm Drainage Fee Concept

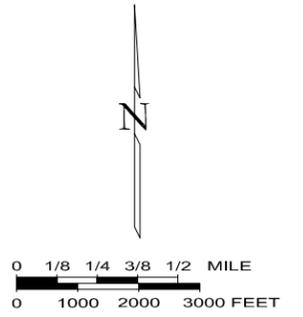
- Area Within City Limits - conventional fee type (except Reynolds Ranch)
 - Fees Pay for Over Sizing Pipes (> 18 inches)
 - Fees Credited for Basin/Park Construction
 - Fees Pay for Pixley Park & Cluff Ave. Storm Drain Pump Station Improvements
- Area Outside City Limits – no fee
 - Development Constructs All Pipe
 - Development Constructs Open Space Basins
 - Development Acquires All Land



STORM DRAIN THROUGH 2035

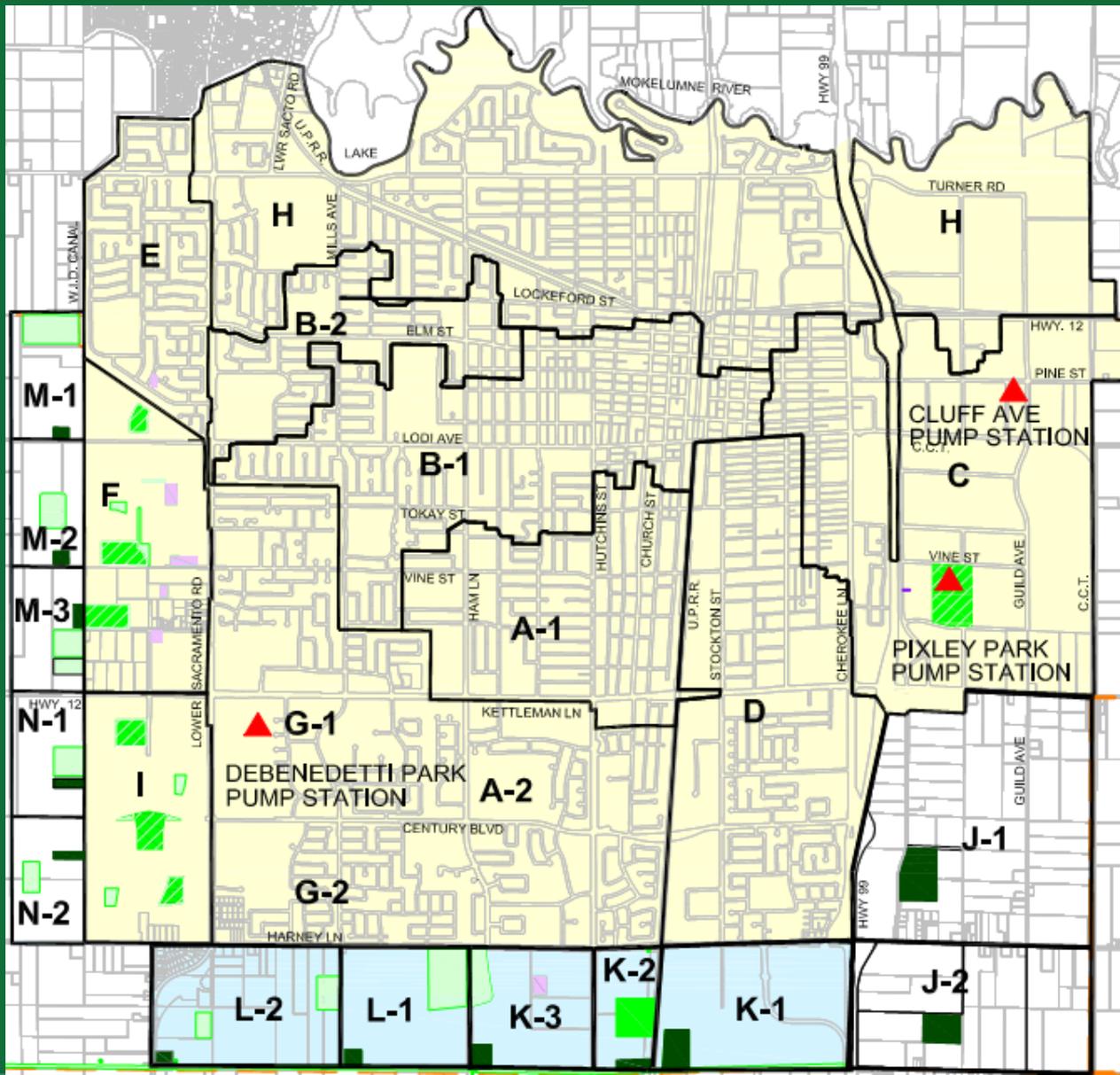
LEGEND

- | | | | | | |
|---|-----------------------|---|------------|---|-----------------|
|  | FEE PROGRAM |  | PARK |  | OPEN SPACE |
|  | DEVELOPER CONSTRUCTED |  | PARK BASIN |  | TEMPORARY BASIN |
|  | FUTURE ANALYSIS | | | | |





Storm Drainage Fee Concept





Police Impact Fee

- Per Capita Methodology
- 1991 Methodology “Call-Based”
- 2 Employees Equals 1 Resident
- 5.7 Employees Equals 1 DUE
- 77% Residential / 23% Non-Residential



Police Fee Assumptions

- Current Sworn & Non-Sworn – 1.70 per 1,000
- 15 Sworn Officers Added by 2035
- 15% of Police Building Assigned to New Development - \$3,952,697
- 18% of Police Building Serves Beyond 2035
- New Vehicle Costs - \$434,147



Police Impact Fee

	Current	Recommended (1 : 0.50)	Alternative (1 : 0.24)
<i>Residential</i>	<i>Per Dwelling Unit</i>		
Low Density	\$366	\$747	\$833
Medium Density	\$259	\$629	\$702
High Density	\$414	\$525	\$585
<i>Non-Residential</i>	<i>Per 1,000 Building Square Feet</i>		
Retail	\$830	\$328	\$174
Office/Medical	\$625	\$525	\$278
Industrial	\$31	\$175	\$93



Fire Impact Fee

- Per Capita Methodology
- 1991 Methodology “Call-Based”
- 2 Employees Equals 1 Resident
- 77% Residential / 23% Non-Residential



Fire Fee Assumptions

- Outstanding Fire Station 4 Loan = \$1,225,173
- Fire Station 2 Expansion
 - 3,300 SF of total 10,500 SF
 - No Apparatus
 - Debt Finance Cost = \$1,600,000
- Fire Station 5 Acknowledged but Not Included



Fire Impact Fee

	Current	Recommended (1 : 0.50)	Alternative (1 : 0.24)
<i>Residential</i>	<i>Per Dwelling Unit</i>		
Low Density	\$358	\$470	\$536
Medium Density	\$280	\$396	\$451
High Density	\$371	\$330	\$376
<i>Non-Residential</i>	<i>Per 1,000 Building Square Feet</i>		
Retail	\$530	\$206	\$112
Office/Medical	\$404	\$330	\$179
Industrial	\$77	\$110	\$60



Questions?