

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, MARCH 27, 2012**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, March 27, 2012, commencing at 7:00 a.m.

Present: Council Member Hansen, Council Member Johnson, Council Member Katzakian, and Mayor Mounce

Absent: Mayor Pro Tempore Nakanishi

Also Present: City Manager Bartlam, Deputy City Attorney Magdich, 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, along with Consultants Alison Boule and Victor Irzyk, provided a PowerPoint presentation regarding the impact mitigation fee update. Specific topics of discussion included project progress, fee assumptions and methodology, five-year plan, project costs and impact fees for Police, Fire, general facilities, transportation, and parks, Art in Public Places (AiPP) fee calculation, wastewater fee assumptions and impact fees, surface water allocation to new development, and the water impact fee. Electric Utility Director Elizabeth Kirkley discussed the Electric Utility project costs, map, and impact fee.

In response to Council Member Hansen, Mr. Sandelin stated because forecasting 20 years out is challenging the proposal includes a 5- and 20-year blend whereby the program is revisited every 5 years starting in 2020.

In response to Council Member Johnson, Mr. Sandelin stated the development community has agreed upon the density amount.

In response to Council Member Hansen, Mr. Sandelin stated that, based on the yellow shading in the map, the entire area within the City limits plus the area west of Lower Sacramento Road is covered by the program.

In response to Council Member Hansen, Mr. Irzyk stated \$385 is the proposed fee for Fire.

In response to Council Member Johnson, Mr. Irzyk stated the 470% change in industrial is based on current assumptions that are not considered in the existing fee schedule. Mr. Irzyk stated the original fees could have been reduced for economic development purposes in the past.

In response to Council Member Hansen, Mr. Sandelin stated staff will forward to the City Council the background information and assumptions used to calculate the industrial number as requested.

In response to Council Member Johnson, Mr. Sandelin stated the 100% future allocation for the Library is based on the 6,000 square foot figure suggested in the General Plan.

In response to Council Member Hansen, Mr. Sandelin stated the median construction on West Lane ties into new development because it is south of Harney Lane to the southern City boundaries.

In response to Mayor Mounce, Ms. Boule reviewed the full funding of the grade separation project which includes funds from Measure K, Union Pacific, Regional Transportation Impact Fee, and other regional funds.

In response to Council Member Johnson, Mr. Sandelin stated the Harney Lane and Highway 99 interchange improvements were already addressed through the Reynolds Ranch project.

In response to Council Member Hansen, Mr. Sandelin stated the City will be receiving the funds from the Public Utilities Commission (PUC) within the next two cycles for the grade separation.

In response to Mayor Mounce, Mr. Bartlam stated if there is money in the fee program it must be bid as a public project versus the ability to reduce the overall cost by having a developer do the project directly. Mr. Sandelin stated they must still comply with the relevant building code requirements to ensure quality and produce a two-year bonded warranty.

In response to Council Member Johnson, Mr. Bartlam stated sometimes it is beneficial financially and time wise for both the City and the developer if there is outside funding available for a project.

In response to Council Member Hansen, Ms. Boule stated the Lodi Lake calculation is based on an improvement of the existing footprint and is not an expansion although the west end of the lake would be new park space.

In response to Council Member Johnson, Mr. Sandelin confirmed that the \$75,399 amount for AiPP is 50% of residents times the amount of staff.

In response to Mayor Mounce, Mr. Bartlam confirmed that the new methodology for AiPP is more consistent and legally defensible in comparison to the current 2% formula.

In response to Mayor Mounce, Mr. Sandelin confirmed there is an overall fee decrease of 30% for the proposed wastewater impact fee.

In response to Council Member Johnson, Mr. Sandelin stated the banking number assumes 40 years of banking for surface water allocation purposes.

In response to Mayor Mounce, Mr. Sandelin stated staff will provide to the City Council comparison information associated with the proposed numbers and the previously considered formula of 2,000 acre feet for existing residents and 4,000 acre feet for new residents as requested.

In response to Council Member Hansen, Ms. Kirkley stated the Electric Utility impact fee relates to infrastructure, equipment, and labor for capacity purposes and is not connected to the cost of electricity. Ms. Kirkley stated the behind meter project affects all rate payers and is not included in the impact fee program.

In response to Mayor Mounce, Ms. Kirkley stated she is not aware of the \$165,000 maximum charge set forth by ordinance in 2007 but she will look into it. Mr. Sandelin confirmed that the existing and proposed assumptions for Electric Utility yield the same approximate figure of \$7 million.

In response to Council Member Johnson, Ms. Kirkley stated the PG&E project at Victor Road is not considered in the program because it would affect all ratepayers and not only new development.

In response to Mayor Mounce, Mr. Bartlam stated the Costco and Blue Shield payments do apply to the fee calculations to some degree but some of what was paid covered their own infrastructure needs.

In response to Mayor Mounce, Ms. Kirkley stated the majority of the improvements along Cherokee Lane are related to expanding capacity of the existing system and not necessarily tied to industrial growth.

John Beckman, representing the Building Industry Association, spoke in regard to his concerns about building fees going up and remaining too high.

Dennis Bennett spoke in regard to his concerns about the high bottom line for fees, the growing trend to lower or waive fees, and establishing a phased approach for adopted fees. In response to Council Member Hansen, Mr. Bennett stated in 2002 the fee average was \$40,000 at \$150 per foot and now it is in the \$100 per foot range for the average home.

In response to Council Member Johnson, Mr. Beckman stated the Building Industry Association is having ongoing meetings with the San Joaquin Council of Governments and other cities in an attempt to reduce or waive fees and the school district has already reduced its fee from \$4 to \$3.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 8:20 a.m.

ATTEST:

Randi Johl
City Clerk



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Development Impact Mitigation Fee Program Update
MEETING DATE: March 27, 2012 (Shirtsleeve Session)
PREPARED BY: Public Works Director

RECOMMENDED ACTION: Development Impact Mitigation Fee Program Update.

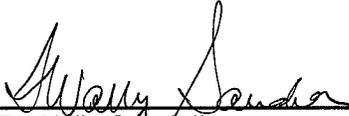
BACKGROUND INFORMATION: On March 16, 2011, City Council approved the professional services agreement with Harris and Associates for the Development Impact Fee Program Update. Members of the project team will make a presentation to the City Council regarding a number of topics including, but not limited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

1. Police and Fire Fee
2. Streets Fee Revisions
3. Sewer Fee Revisions
4. Additional Improvement Cost Burden Assigned to Developer
5. Art In Public Places Fee
6. Water Fee
7. Electric Utility Fee

A public workshop is scheduled in the Spring to present the various utility master plans and the fee program. Draft master plan and fee documents will be available for review by the development community during that same period. A final Shirtsleeve Session is scheduled with the City Council on June 12, 2012, leading to possible adoption of the program on June 20, 2012.

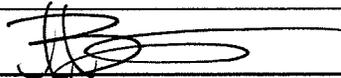
FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.



F. Wally Sandelin
Public Works Director

FWS/pmf

APPROVED: 

Konradt Bartlam, City Manager

The City of Lodi
**Public Works
Engineering**



Impact Mitigation Fee Update

Shirtsleeve Session

March 27, 2012



Project Progress

April 19

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

July 12

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

August 23

- Transportation Fee
- Storm Drainage Fee
- General City Facilities Fee
- Revised Fire Fee



Project Progress

September 22

- Revised Transportation Fee
- Parks and Recreation Fee
- Art in Public Places Fee
- Comparison

Today

- Police, Fire and General Facilities
- Revised Transportation Fee
- Revised Parks and Recreation Fee
- Art in Public Places Fee
- Revised Wastewater Fee
- Revised Water Fee
- EUD Fee



Fee Assumptions & Methodology

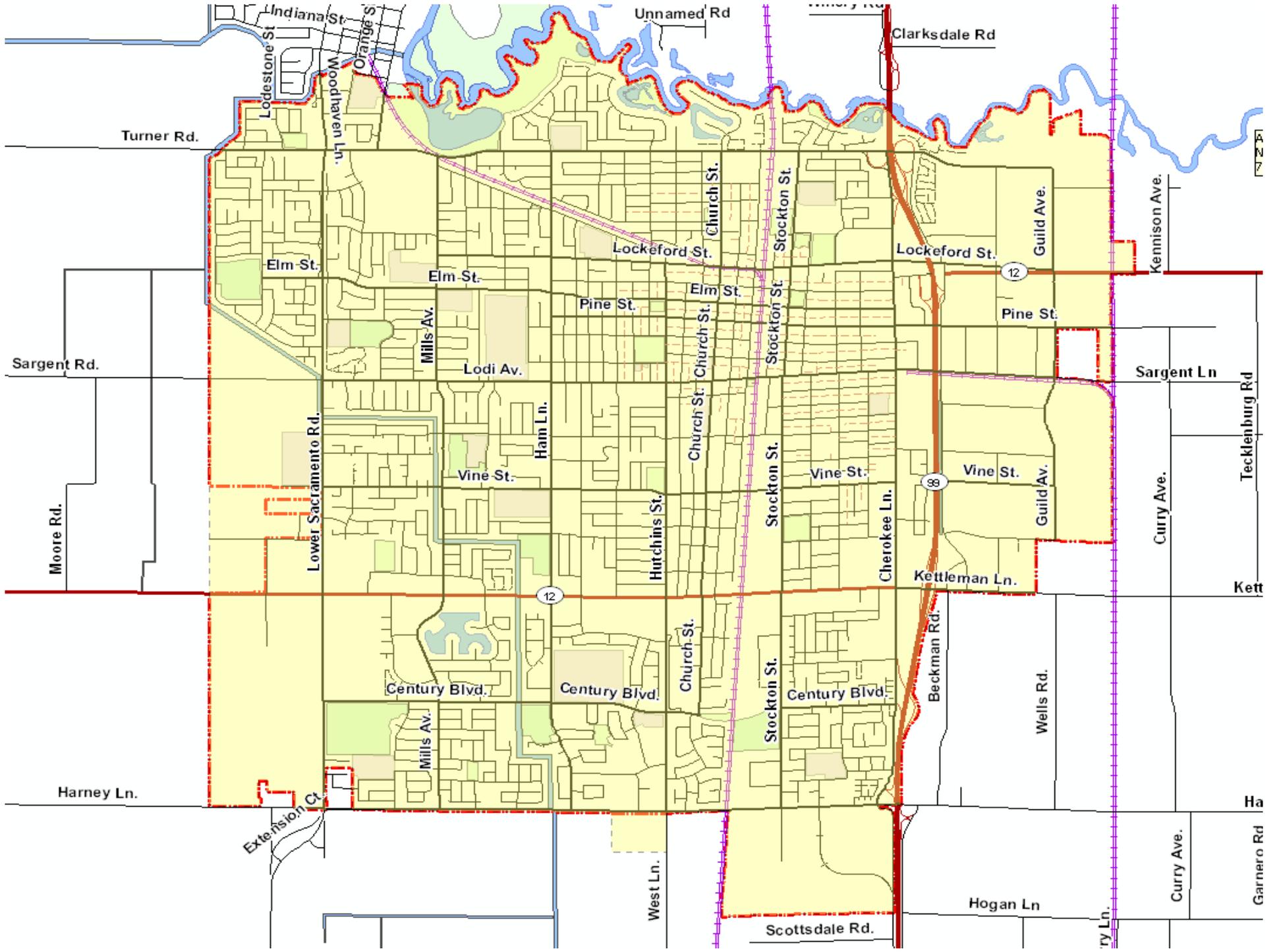
April 2011 Assumptions and Methodology

- Collaboration With Development Community
- Single Fee Zones Wherever Possible
- Alternative Calculation Methodologies
 - ✓ 5 Year Plan
 - ✓ 10 Year Plan
 - ✓ 15 Year Plan
 - ✓ 20 Year Plan
- Development Forecast (Intensities and Densities)
 - ✓ Single Family Density 6 units per acre
 - ✓ General Plan Floor Area Ratios
 - ✓ General Plan Employee Ratios



5 Year Plan

- Water Fee
- Wastewater Fee
- Parks Fee





Police Projects Cost

Project	Fee Funded Cost
Police Station Costs	\$4,062,000
Vehicle Costs	\$434,000
Total Cost Allocated to Future Development	\$4,496,000



Police Impact Fee

	Current	Proposed	Percent Change
<i>Residential</i>	<i>per Dwelling Unit</i>		
Low Density	\$366	\$753	106%
Medium Density	\$259	\$634	145%
High Density	\$414	\$528	27%
<i>Non-Residential</i>	<i>per 1,000 Building Square Feet</i>		
Retail (Minor & Major)	\$830	\$330	-60%
Office/Medical	\$625	\$528	-15%
Industrial	\$31	\$176	470%



Fire Projects Cost

Project	Fee Funded Cost
Outstanding Fire Station #4 Loan	\$1,225,000
Fire Station #2 Expansion – 4,300 SF	\$1,290,000
Fire Station #2 Debt Financing Cost	\$310,000
Total Cost Allocated to Future Development	\$2,825,000



Fire Impact Fee

	Current	Proposed	Percent Change
<i>Residential</i>	<i>per Dwelling Unit</i>		
Low Density	\$358	\$385	8%
Medium Density	\$280	\$324	16%
High Density	\$371	\$270	-27%
<i>Non-Residential</i>	<i>per 1,000 Building Square Feet</i>		
Retail (Minor & Major)	\$530	\$338	-36%
Office/Medical	\$404	\$540	34%
Industrial	\$77	\$180	134%



General Facilities Projects Cost

Project		Fee Funded Cost
Existing Public Safety Building Remodel	19%	\$185,000
Future City General Plan	19%	\$371,000
Library Expansion – 5,900 SF	100%	\$2,376,000
Current Fee Program Update	100%	\$550,000
Future Fee Program Updates	100%	\$200,000
Total Cost Allocated to Future Development		\$3,682,000



General Facilities Impact Fee

	Current	Proposed	Percent Change
<i>Residential</i>	<i>per Dwelling Unit</i>		
Low Density	\$1,478	\$617	-58%
Medium Density	\$845	\$519	-39%
High Density	\$993	\$433	-56%
<i>Non-Residential</i>	<i>per 1,000 Building Square Feet</i>		
Retail (Minor & Major)	\$725	\$270	-63%
Office/Medical	\$1,038	\$433	-58%
Industrial	\$399	\$144	-64%



Transportation Projects Cost

Project	Total Project Cost	Other Funding	IMFP Percentage Share	IMFP Total Cost
Traffic Signals				
Mills Ave. and Elm St. (2x2)	\$ 259,000	\$ (207,200)	20%	\$ 51,800
Turner Rd. and California St. (4x2)	\$ 280,000	\$ (224,000)	20%	\$ 56,000
Turner Rd. and Sacramento St. (4x2)	\$ 280,000	\$ (196,000)	30%	\$ 84,000
Cherokee Ln. and Elm St. (4x2)	\$ 280,000	\$ (196,000)	30%	\$ 84,000
Guild Ave. and Victor Rd. (4x4)	\$ 315,000	\$ -	100%	\$ 315,000
Total Traffic Signals	\$ 1,414,000	\$ (823,200)		\$ 590,800
Roadway Improvements				
Guild Ave. Re-stripe from 2 lanes to 4	\$ 43,400	\$ -	100%	\$ 43,400
Victor Rd. Widen to 4 Lanes SR 99 and Guild Avenue	\$ 6,030,000	\$ (3,530,000)	100%	\$ 2,500,000
West Ln. - median construction south of Harney Ln.	\$ 568,400	\$ -	100%	\$ 568,400
Harney Lane				
Harney Ln. Widen to 4 lanes from West Lane to County Line (West of Lower Sac)	\$ 3,630,000	\$ (1,500,000)	100%	\$ 2,130,000
Harney Ln Grade Separation of UPRR	\$ 20,300,000	\$ (20,300,000)	100%	\$ -
Total Roadway Improvements	\$ 33,497,800	\$ (28,256,000)		\$ 5,241,800
Traffic Projects Total	\$ 34,911,800	\$ (29,079,200)		\$ 5,832,600



Transportation Impact Fee

	Current	Proposed	Percent Change
<i>Residential</i>	<i>per Dwelling Unit</i>		
Low Density	\$2,648	\$711	-73%
Medium Density	\$2,076	\$386	-81%
High Density	\$1,938	\$386	-80%
<i>Non-Residential</i>	<i>per 1,000 Building Square Feet</i>		
Retail (Minor & Major)	\$3,034	\$1,199	-60%
Office/Medical	\$3,975	\$872	-78%
Industrial	\$1,491	\$443	-70%



Parks Projects Cost

Project	Total Cost	Share	Fee Funded Cost
DeBenedetti Park	\$11,135,000	100%	\$11,135,000
Pixley Park	\$4,946,000	100%	\$4,946,000
Lodi Lake	\$3,102,000	100%	\$3,102,000
Total Cost	\$19,183,000		\$19,183,000



Parks Impact Fee

	Current	Proposed	Percent Change
<i>Residential</i>	<i>per Dwelling Unit</i>		
Low Density	\$5,140	\$3,890	-24%
Medium Density	\$2,940	\$3,276	11%
High Density	\$3,454	\$2,730	-21%
<i>Non-Residential</i>	<i>per 1,000 Building Square Feet</i>		
Retail (Minor & Major)	\$906	\$406	-55%
Office/Medical	\$1,274	\$650	-49%
Industrial	\$496	\$217	-56%



Art in Public Places Fee Calculation

Total Cost for Existing Public Art	\$2,114,000
Existing Persons Served	75,399
Cost per Existing Persons Served	\$28



Art in Public Places Fee

	Proposed
<i>Residential</i>	<i>per Dwelling Unit</i>
Low Density	\$80
Medium Density	\$67
High Density	\$56
<i>Non-Residential</i>	<i>per 1,000 Building Square Feet</i>
Retail (Minor & Major)	\$35
Office/Medical	\$56
Industrial	\$19



Wastewater Fee Assumptions

- Treatment Capacity 8.5 MGD
- 200 Gallons per day per DUE
- Service Capacity to Serve Future Customers 2.3 MGD
- \$128 Million ('91,'03,'04,&'07 COPs)
- **\$5.8 Million Credit (Flag City Buy In)**
- \$48.6 Million for Future Customers
- Service capacity of plant 42,500 DUE's
- Service capacity for future customers 11,500 DUE's



Wastewater Impact Fee

Item	Total	Existing	New
Total Costs	\$122,227,080	\$73,636,564	\$48,590,517
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			\$4,225/DUE



Surface Water Allocation to New Development

Annual Water Requirement per DUE	0.62 AF/Yr
Safe Yield Groundwater Supply per DUE	0.38 AF/Yr
Supply Provided by Surface Water per DUE	0.24 AF/Yr

Annual Surface Water Supply	7,200 AF/Yr
DUE's of Surface Water Supply	30,000



Water Impact Fee

Surface Water Treatment Component of Impact Mitigation Fee

Planning and Design Costs Paid From Reserves	\$3,869,800
Total Debt Service Payments Treatment Plant	\$67,795,425
Total Water Treatment Costs for IMF Calculation	\$71,665,225

DUE's of Surface Water Capacity	30,000
Surface Water Treatment Component	\$2,389

New Water Facilities Component of Impact Mitigation Fee

1.5 Million Gallon Storage Reservoir	\$3,000,000
1 Groundwater Well	\$1,000,000
Total New Water Facilities	\$4,000,000

DUE's of New Facilities Capacity	5,600
New Facilities Component	\$714

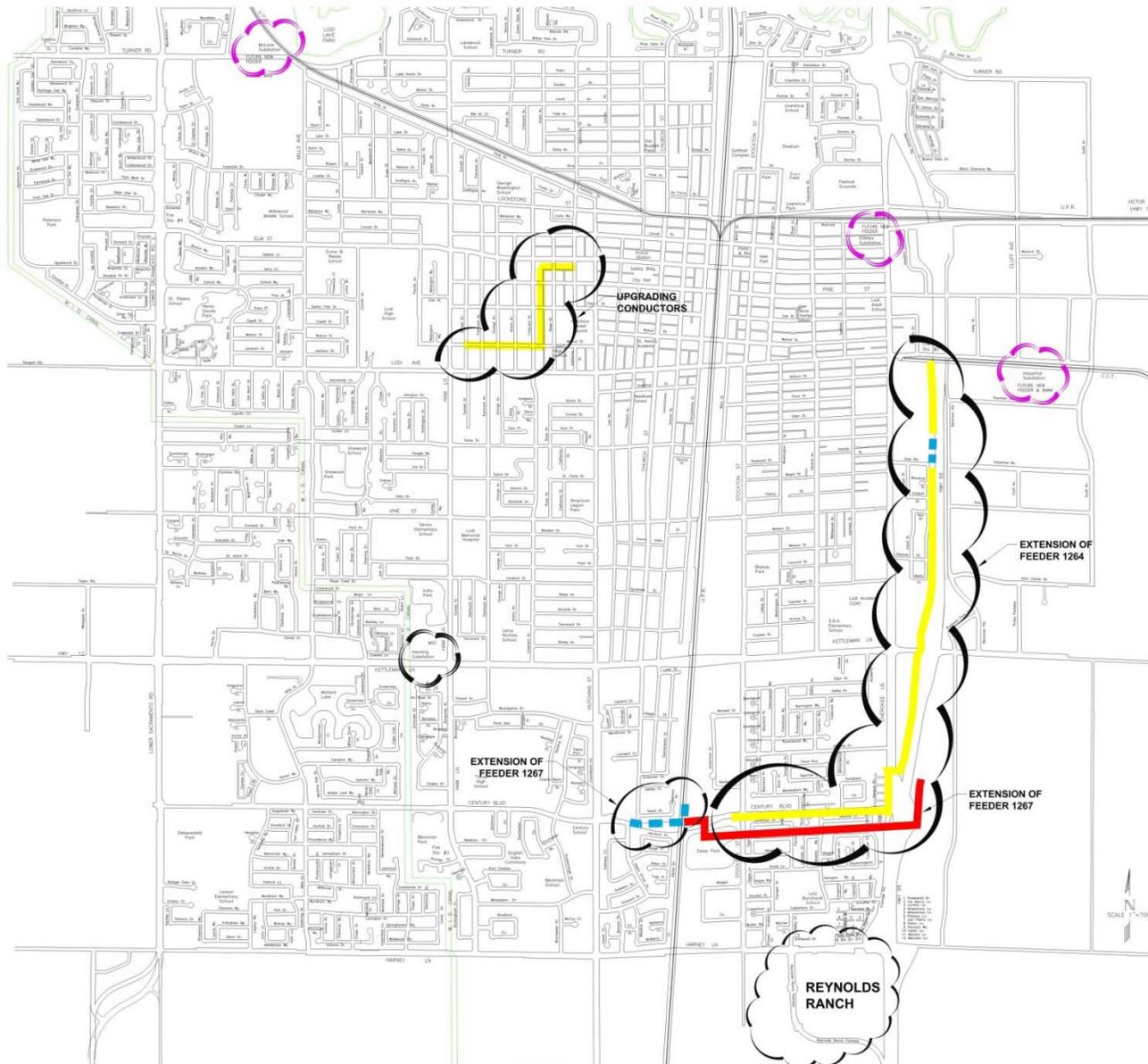
Total Water Impact Mitigation Fee	\$3,103
-----------------------------------	---------



Electrical Utility Projects Cost

Project	Fee Funded Cost
Distribution Reinforcements	\$1,023,000
Feeder Additions	\$707,000
Added Bank at Industrial	\$4,200,000
Reynolds Ranch Phase 1 Line Extension	\$557,000
East Side Overhead Phase 1 Line Extension	\$215,000
Future Underground North Line Extension	\$390,000
Total Cost Allocated to Future Development	\$7,092,000

Projects Map





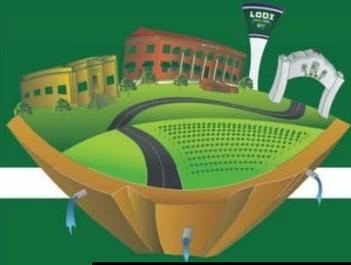
Electrical Utility Impact Fee

	Current	Proposed	Percent Change
	<i>per DUE</i>		
Single Family Unit *	\$945	\$826	-13%
<i>per kVA</i>	\$189	\$173	-8.5%
Office – 7,948 sqft	\$6,615	\$6,055	-8.5%
Retail – 10,800 sqft	\$12,285	\$11,245	-8.5%
Industrial – 13,438 sqft	\$38,556	\$35,292	-8.5%

* Assumes a single phase 200 amp panel.

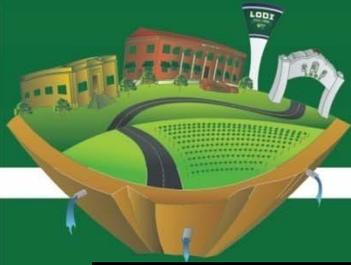


Questions?



UTILITY COMPARISON

SFR @ 200 A	PG&E	SMUD	ROSEVILLE	LODI (proposed)
Easements, Excavation & Substructures	Developer	Developer	Developer	Developer
	Utility rates			
Service Connections	Developer pays additional cost + 35% tax Monthly customer charge	Developer	Developer	Developer
Line Extensions	Utility rates Developer pays additional cost + 35% tax	Utility rates	Utility rates Developer pays additional cost	Developer
Backbone Expansion	Utility rates	Utility rates	Developer	Developer



UTILITY COMPARISON

SFR @ 200 A	PG&E	SMUD	ROSEVILLE	LODI (proposed)
Easements, Excavation & Substructures	Developer responsibility	Developer responsibility	Developer responsibility	Developer responsibility
	\$1,918 Allowance (incl. 35% tax)			
Service Connections	Developer pays additional cost + 35% tax Monthly customer charge	\$1,300 + design fee	\$1,875	Actual cost
Line Extensions	Un-used Allowance applied to Line Extension Developer pays additional cost + 35% tax Excess Service Allowance refunded to Developer	Utility rates	Utility rates Developer may be charged for significant off-site costs	Actual cost
Backbone Expansion	Utility rates	Utility rates	\$1,211	\$826



UTILITY COMPARISON

For a 40 SFR Development

	PG&E	SMUD	ROSEVILLE	LODI (proposed)
Developer Cost	\$104,882	\$52,000+	\$123,450	\$167,560
Utility Cost	\$121,324	\$115,560	\$59,520	\$0
Total	\$226,206	\$167,560+	\$182,970	\$167,560
Other	Cust. Also Pays monthly charge			

(based on present value, actual costs of most recent residential development in Lodi)

John Beckman

Building Fees Going Up Building Fees Too High



ATTACHMENTS

Project Funding by Phase and Funding Source

Funding Sources	Funding Amounts	Project Phases				Totals
		PA&ED	PS&E	R/W	CON	
1 Measure "K" Renewal Total	\$489,644			\$489,644		\$489,644
2 Measure "K" Renewal (LSR)	\$1,000,000			\$972,356	\$27,644	\$1,000,000
3 Measure "K" (Central City Rail Safety)	\$418,000			\$418,000		\$418,000
4 Regional Surface Transportation Program	\$1,631,000	\$600,000	\$929,000		\$102,000	\$1,631,000
5 Union Pacific Railroad Contribution	\$700,000				\$700,000	\$700,000
6 Regional Transportation Impact Fee	\$1,000,000				\$1,000,000	\$1,000,000
7 Highway-Railroad Crossing Safety Account	\$1,000,000				\$1,000,000	\$1,000,000
8 Public Utilities Commission Grant	\$2,000,000				\$2,000,000	\$2,000,000
9 Surface Transportation Program	\$12,100,000				\$12,100,000	\$12,100,000
Totals:	\$20,338,644	\$600,000	\$929,000	\$1,880,000	\$16,929,644	\$20,338,644

Estimated Project Total \$20,338,644

Measure "K" Renewal

Harney/SR99 Co-Op	\$573,644
Project Total	<u>\$358,000</u>
Remaining Funds	\$215,644

Harney Lane Widening Co-Op	\$600,000
Project Total	<u>\$326,000</u>
Remaining Funds	\$274,000

Total \$489,644