

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, JULY 8, 2014**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, July 8, 2014, commencing at 7:01 a.m.

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

Absent: None

Also Present: City Manager Schwabauer, City Attorney Magdich, and City Clerk Robison

B. Topic(s)

B-1 Overview of Impact Mitigation Fee Program (PW)

Public Works Director Wally Sandelin provided a PowerPoint presentation regarding the Impact Mitigation Fee Program. Specific topics of discussion included making an impact fee, incentive zones, what is not included in the program, new development re-paying the City for existing facilities, pay as you go, water plan, water impact fee, water facilities financials, wastewater plan, wastewater plant financials, police building financials, and impact mitigation fee considerations.

Council Member Mounce stated her recollection was that the seven-year reduced impact fee was not permanent, it was implemented to spark development, and that Council could bring the matter back at any time, to which Mr. Sandelin concurred.

In response to Council Member Mounce, City Manager Schwabauer stated vesting tentative maps have been filed on three subdivisions, equating to approximately 675 new homes. Mr. Schwabauer explained that the impact fees become set and locked in once the vesting tentative map is filed, regardless of when the development takes place.

In response to Mayor Pro Tempore Hansen, Mr. Sandelin stated in 2012 there were 112 acres of vacant land. Mr. Hansen stated that San Joaquin Council of Governments' Sustainable Communities Strategy promotes infill and his hope was that new expansion in Lodi would decrease in order to focus more on infill.

In response to Council Member Nakanishi, Mr. Sandelin stated that new development is paying its share and the total in principal and interest assigned to new development is \$57 million.

In response to Council Member Mounce, Mr. Sandelin stated that Fire Station No. 5 is not in the master plan and would most likely be considered in 2019 during the first scheduled update.

In response to Council Member Johnson, Mr. Sandelin clarified that the Library Foundation Board donated funds to the recent Library improvements with no expectation of repayment; however, the Foundation could loan money in the future for a Library expansion and be repaid.

In response to Council Member Mounce, Mr. Sandelin stated there is a strategy in the works to deal with pavement repairs at Lodi Lake as there are funds available from the purchase of the water treatment plant. Ms. Mounce expressed concern about the lack of maintenance of City parks.

Mayor Pro Tempore Hansen strongly disagreed with Council Member Mounce, stating the City does a

fine job of maintaining its parks. In response to Mr. Hansen, Mr. Sandelin stated that Pixley Park will undergo slope erosion protection and planting of grass similar to that at the Grape Bowl. All of the grading and improvements to Pixley Park will be paid for by the private developer. New developments will be required to include neighborhood parks, and the Rose Gate Subdivision will include a park in its first phase.

Council Member Johnson stated that parks are typically the last projects to be funded and the first to be cut, but Council has the authority to move those projects higher on its priority list.

Council Member Mounce clarified her earlier comment that the lack of maintenance was not only in reference to City parks, but also to the City's assets as a whole, including dilapidated buildings that take years to abate and collapsing water and sewer pipes that are not maintained due to deferred maintenance. She was pleased to see progress made on the alleyways and sewer and water lines on the east side, but that took a strong commitment from this City Council.

In response to Council Member Mounce, Mr. Sandelin stated well replacements cost close to \$1 million. Further, Mr. Sandelin confirmed that staff has met with Mr. Slaughterback to explain the Impact Mitigation Fee Program and how new development is covering its share for upgrades at the water treatment plant and White Slough.

In response to Council Member Hansen, Mr. Sandelin stated the master plan for the water facility expansion includes a one million gallon storage tank at the well next to the Wal-Mart location, as well as a new west side electric utility substation, which will occur within the next five years.

In response to Council Member Nakanishi, Mr. Sandelin stated that, with the water meters coming on line, an expected 10 percent drop in water usage is expected and by 2020 there should be a 20 percent drop.

In response to Council Member Hansen, Deputy City Manager Jordan Ayers stated that typically there is a ten-year call option on bonds and it would not be in the City's best interest to refinance the bonds prior to that time frame as the City could pay a higher rate.

In response to Council Member Nakanishi, Mr. Ayers stated that he could not speculate on what the interest rate would be in the future, but the bonds were issued at an opportune time when the rates were low.

In response to Council Member Mounce, Mr. Sandelin stated it was highly unlikely that the City would need to re-bond and upgrade its water facilities in the next 30 years to meet State standards.

In response to Council Member Nakanishi, Mr. Sandelin stated that eventually new development will pay its share of principal and interest, but it is well into the future and driven by law on how impact fees are calculated and charged.

In response to Council Member Mounce, Mr. Sandelin stated that evidence of growth in new development is not necessarily proven by the number of units mapped, but more so in the number of certificates of occupancy issued each year. He added that the more money that is collected from development fees the less pressure there is on the rates.

In response to Council Member Hansen, Mr. Sandelin stated that the Lodi Energy Center has helped to reduce the amount of water that is discharged into the Delta and he anticipated that within the next four to five years the discharge into the Delta would be completely eliminated. Staff will bring an item to Council in the near future to outline this process.

In response to Council Member Johnson, Mr. Sandelin stated that the effective date of the new discharge permit would be five years from last year's permit approval.

In response to Mayor Pro Tempore Hansen, Mr. Sandelin stated that screening will be added at White

Slough to help combat odors and he anticipated future State mandates will make odor reduction a requirement.

In response to Mayor Pro Tempore Hansen, Mr. Schwabauer stated there is a strategy to finance Fire Station No. 2, including using a portion of the sales tax associated with the Lodi Energy Center and the interest savings on General Fund bonds that were refinanced, but the bids received were higher than anticipated. Mr. Sandelin added that staff will be researching value engineering options on this project, which will be presented to Council at time of award. He anticipates that construction will begin in early September.

In response to Council Member Mounce, Mr. Sandelin confirmed that Fire Station No. 5 will be reviewed during the five-year update in 2019. Mr. Schwabauer added that the land for Fire Station No. 5 is committed and is parceled into five single lots should the City wish to sell off a parcel to help fund the project. Ms. Mounce requested that Fire Station No. 5 be brought back for discussion during the Fire Station No. 2 presentation.

In response to Council Member Mounce, Mr. Sandelin stated that the City is ten years ahead of schedule on infrastructure replacement, the wastewater rehabilitation program was completed in 2008, the meter program is proceeding, and there has been a reduction in wastewater flows, due in part to fewer leaking pipes.

City Manager Schwabauer explained that vesting tentative maps traditionally last two years, but the rights associated with maps can be extended, which could allow a developer to pay the discounted fees today on a project that is ultimately built ten years later. It was not the intention to make the incentive on impact fees a permanent reduction; therefore, he asked for Council concurrence to allow him to discuss with the development community changes to the vesting tentative map process to prevent that from happening.

Council Member Mounce expressed support for the City Manager's suggestion, adding that she too was concerned that the subdivision maps were locking in the discounted impact fees.

In response to Mayor Pro Tempore Hansen, Mr. Schwabauer confirmed that the reduced fee program would conclude in January 2020. Mr. Hansen stated that, when Council adopted this program, there were no signs of development, it appears as if the program has had some success, and he agreed that a discussion needs to take place with the development community to address the vesting tentative map process.

Council Member Nakanishi expressed support as well for communicating with the development community on this matter.

A discussion ensued amongst Council Member Mounce, Council Member Johnson, and City Manager Schwabauer regarding the success of Roseville and how it compares to Lodi. Mr. Schwabauer suggested that a higher property tax base, higher sales tax base, and higher development impact fees might play a role.

Mike Carouba added that Roseville also has a higher median income and is a richer community than Lodi. Mr. Carouba stated that Lodi is suffering from the fact that it has only grown one half of a percent in 20 to 30 years and it is difficult to have new development pay its fair share when there is so little new development. Lodi is not growing fast enough and it needs to create more jobs and build its sales tax base.

Council Member Mounce stated that many people living on the east side work hard and support this community, yet they do not make the salaries to afford the new homes being built.

Council Member Johnson stressed the importance of hiring an economic development coordinator who can concentrate on bringing jobs into the industrial area east of Highway 99. New manufacturing companies would go a long way toward helping those who make lower salaries earn higher wages and

in turn fill the houses, and Council should set its priorities to determine what is most important.

Council Member Mounce suggested a team-building session to set priorities once the new Council is seated in December.

Mike Lusk questioned how a shortfall in fees would be handled, to which Mr. Sandelin responded that the rate payers would loan the money to the program and be paid back. Mr. Lusk requested further information regarding the solar project that Council approved at its June 18 Council meeting, to which Mr. Schwabauer responded he would schedule a meeting with him, as well as the Electric Utility Director.

Dale Gillespie stated that the fee reduction program was a deciding factor in his decision to move forward with the Reynolds Ranch project and he felt the incentive program, in addition to an economic development coordinator, would have a positive impact on industrial development in Lodi. Reynolds Ranch will be building 2.6 acres of land for parks as well as 7 acres of open space that will be partially developed. He expressed support for discussing the vesting tentative map process with the City Manager.

Council Member Johnson requested an agenda item in August to discuss a plan of action to address the geese situation at Lodi Lake, which has become a public health hazard.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 8:28 a.m.

ATTEST:

Jennifer M. Robison
City Clerk



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Provide an Overview of the Impact Mitigation Fee Program
MEETING DATE: July 8, 2014 (Shirtsleeve Session)
PREPARED BY: Public Works Director

RECOMMENDED ACTION: Provide an overview of the Impact Mitigation Fee program.

BACKGROUND INFORMATION: The Impact Mitigation Fee program was adopted by the City Council August 15, 2012. Additional storm drainage and neighborhood parks Impact Mitigation Fees for commercial properties located in the previous development agreement areas were added to the program September 4, 2013.

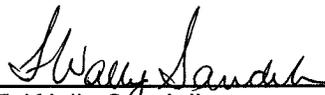
A summary of the current Impact Mitigation Fees by land use category is provided in Exhibit A. These fees have been approved through December 31, 2019 without an annual indexing factor included. The summary of fees scheduled to become effective January 1, 2020 is provided in Exhibit B.

The Shirtsleeve presentation will discuss two distinct classes of Impact Mitigation Fees within the City's program. The first class is for fees that are used to repay City costs (bonded debt and loans) for existing facilities. The second class is for fees that are used to pay for future facility construction in a pay-as-you-go program. In this class, the facilities are commonly constructed after sufficient fee revenues have been received either collectively within the program or individually within the fund.

The focus of the presentation will be on the first class mentioned above. Information will be presented regarding capacity of existing facilities for current and future customers, forecasted utilization of existing capacity, estimated repayments to the City, past revenue trends and forecasted future revenue trends.

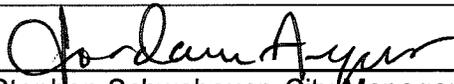
FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.



F. Wally Sandelin
Public Works Director

FWS/pmf
Attachments

APPROVED: 

Stephen Schwabauer, City Manager

Exhibit A
Impact Mitigation Fee Program
Schedule of Reduced Fees

Table B-1: Water and Wastewater Fees

Meter Size	Residential		Non-Residential	
	Water	Wastewater	Water	Wastewater
5/8-inch meter	\$846	\$1,152	\$2,079	\$2,831
3/4-inch meter	\$1,263	\$1,720	\$3,103	\$4,225
1-inch meter	\$2,109	\$2,873	\$5,181	\$7,056
1 1/2-inch meter	\$4,206	\$5,728	\$10,332	\$14,070
2-inch meter	\$6,732	\$9,168	\$16,537	\$22,521
3-inch meter	\$12,631	\$17,201	\$31,026	\$42,253
4-inch meter	\$21,056	\$28,674	\$51,721	\$70,435
6-inch meter	\$42,099	\$57,331	\$103,411	\$140,828
8-inch meter	\$67,360	\$91,733	\$165,464	\$225,333
10-inch meter	\$96,841	\$131,880	\$237,880	\$323,951

Table B-2: Transportation, Police, Fire, General City Facilities, Park and Art in Public Places Fees

Fee Component	RESIDENTIAL LAND USES			NON-RESIDENTIAL LAND USES		
	Low Density (per Unit)	Medium Density (per Unit)	High Density (per Unit)	Retail (per 1,000 SF)	Office/ Medical (per 1,000 SF)	Industrial (per 1,000 SF)
Transportation	\$289	\$157	\$157	\$1,199	\$872	\$443
Police	\$307	\$258	\$215	\$330	\$528	\$176
Fire	\$157	\$132	\$110	\$338	\$540	\$180
Park	\$1,584	\$1,334	\$1,111	\$406	\$650	\$217
General City Facilities	\$251	\$211	\$176	\$270	\$433	\$144
Art in Public Places	\$33	\$27	\$23	\$35	\$56	\$19

Table B-3: Residential Electric Utility Fees

240 Volts	
<u>Single Phase Panel</u>	
60 amps	\$101
100 amps	\$168
125 amps	\$210
200 amps	\$336
400 amps	\$673
600 amps	\$1,009

Table B-4: Non-Residential Electric Utility Fees

	208 Volts	240 Volts	480 Volts
<u>Single Phase Panel</u>			
60 amps	n/a	\$248	n/a
100 amps	n/a	\$413	n/a
125 amps	n/a	\$516	n/a
200 amps	n/a	\$826	n/a
400 amps	n/a	\$1,652	n/a
600 amps	n/a	\$2,478	n/a
<u>Three Phase Panel</u>			
200 amps	\$1,178	\$1,359	\$2,718
400 amps	\$2,356	\$2,718	\$5,437
600 amps	\$3,534	\$4,077	\$8,155
800 amps	\$4,712	\$5,437	\$10,873
1000 amps	\$5,890	n/a	\$13,591
1200 amps	\$7,068	n/a	\$16,310
1600 amps	\$9,423	n/a	\$21,746
2000 amps	\$11,779	n/a	\$27,183
2500 amps	\$14,724	n/a	\$33,979
3000 amps	\$17,669	n/a	\$40,774

Table B-5: Storm Drainage Fees

	RESIDENTIAL LAND USES			NON-RESIDENTIAL LAND USES		
	Low Density (per Unit)	Medium Density (per Unit)	High Density (per Unit)	Retail (per Acre)	Office/ Medical (per Acre)	Industrial (per Acre)
Storm Drainage - Zone 1	\$567	\$284	\$228	\$14,640	\$14,640	\$15,686
Storm Drainage - Zone 2	\$1,725	\$862	\$693	\$44,485	\$44,485	\$47,663

Table B-6: South Wastewater Trunk Line Fees

Component	RESIDENTIAL LAND USES			NON-RESIDENTIAL LAND USES		
	Low Density (per Unit)	Medium Density (per Unit)	High Density (per Unit)	Retail (per 1,000 sf)	Office/ Medical (per 1,000 sf)	Industrial (per 1,000 sf)
South Wastewater Trunk Line ¹	\$481	\$405	\$337	\$446	n/a	n/a

¹ Applies only to development that will benefit from construction of the wastewater trunk line serving the southern area of the City.

Exhibit B
Impact Mitigation Fee Program
Schedule of Fees

Table A-1: Water and Wastewater Fees

Meter Size	Water	Wastewater
5/8-inch meter	\$2,079	\$2,831
3/4-inch meter	\$3,103	\$4,225
1-inch meter	\$5,181	\$7,056
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4-inch meter	\$51,721	\$70,435
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	Low Density (per Unit)	Medium Density (per Unit)	High Density (per Unit)	Retail (per 1,000 SF)	Office/ Medical (per 1,000 SF)	Industrial (per 1,000 SF)
Transportation	\$711	\$386	\$386	\$1,199	\$872	\$443
Police	\$753	\$634	\$528	\$330	\$528	\$176
Fire	\$385	\$324	\$270	\$338	\$540	\$180
Park	\$3,890	\$3,276	\$2,730	\$406	\$650	\$217
General City Facilities	\$617	\$519	\$433	\$270	\$433	\$144
Art in Public Places	\$80	\$67	\$56	\$35	\$56	\$19

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Storm Drainage - Zone 1	\$1,394	\$697	\$561	\$14,640	\$14,640	\$15,686
Storm Drainage - Zone 2	\$4,237	\$2,118	\$1,703	\$44,485	\$44,485	\$47,663

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South Wastewater Trunk Line ¹	\$1,181	\$994	\$829	\$1,096	n/a	n/a

¹ Applies only to development that will benefit from construction of the wastewater trunk line serving the southern area of the City.

The City of Lodi
**Public Works
Engineering**



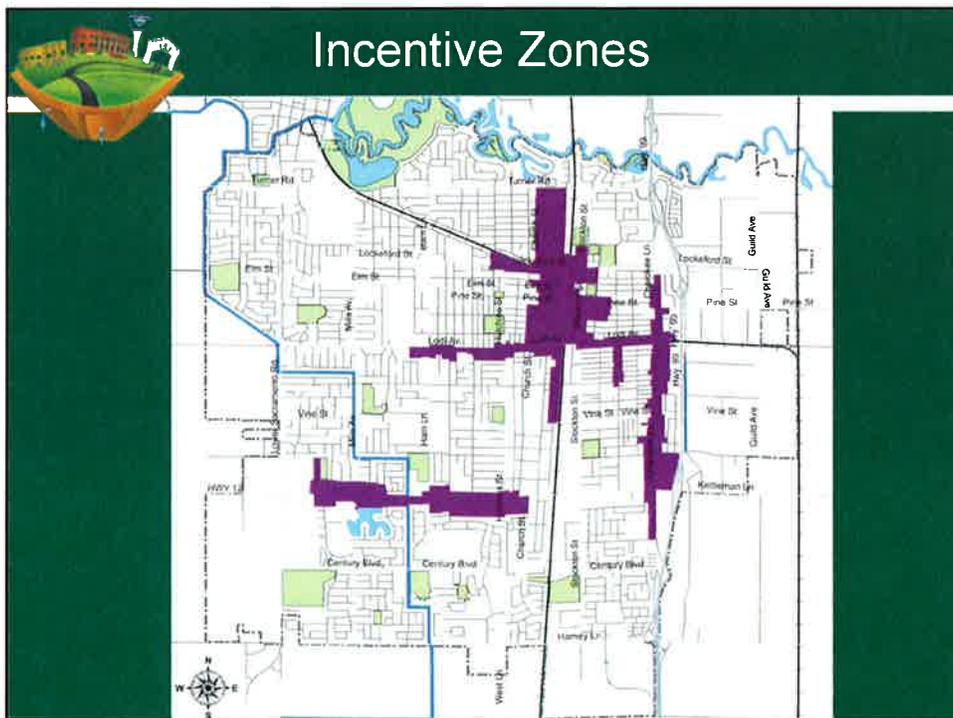
Impact Mitigation Fee Program

Shirtsleeve Meeting
July 8, 2014



Making An Impact Fee

- Chosen timeframe - 20 years
- Quantify service demands by land use
- Identify facilities to serve demands presented by new development
- Fees set by the nexus between demand, land use, facilities and cost



The map displays a street grid with several zones highlighted in purple and green. The purple zones are primarily located in the central and eastern parts of the map, following major thoroughfares. The green zones are scattered, with notable ones in the western and southern areas. A compass rose is located in the bottom-left corner of the map area.

	Downtown Mixed Use	Corridor Mixed Use	Residential Infill
Water Capacity	✓	✓	✓
Wastewater Capacity	✓	✓	✓
Storm Drainage			#
Transportation			
Police			
Fire			
Electric	✓	✓	✓
Parks			
General City Facilities			
Art In Public Places	✓	✓	



Not In The Program

New or widened streets

Neighborhood parks

Water, wastewater and storm pipes



New Development Re-Pays City For Existing Facilities

1. Water Treatment Plant – P & I
2. White Slough – P & I
3. Police Building – P & I
4. Fire Station No. 4 and 2 – IMF Loan

P & I = principal and interest



Pay As You Go

1. Transportation – signals, medians and grade separation
2. Regional Parks – DeBenedetti, Lodi Lake, and Pixley
3. Electric – distribution, feeders, bank at Industrial Substation
4. General City – Library, City Hall Annex remodel, IMF Program maintenance
5. Art in Public Places – pay as you go



Water Plan

1. Sustainable and reliable supply
2. Conjunctive use/supply diversity
3. Recharge groundwater
4. Reduce salinity at White Slough
5. Save cost of well replacements



Water Impact Fee

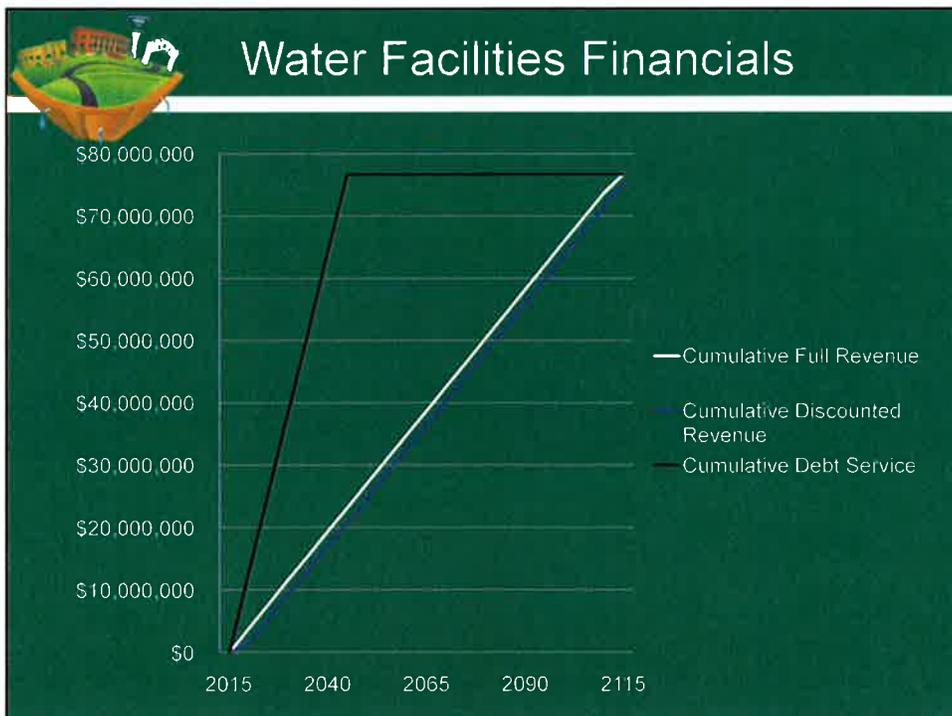
Annual Water Demand per DUE

.62 acre feet annually (afa) per DUE ➔

- .38 afa groundwater per DUE
- .24 afa surface water per DUE

Water Treatment Plant Service Capacity

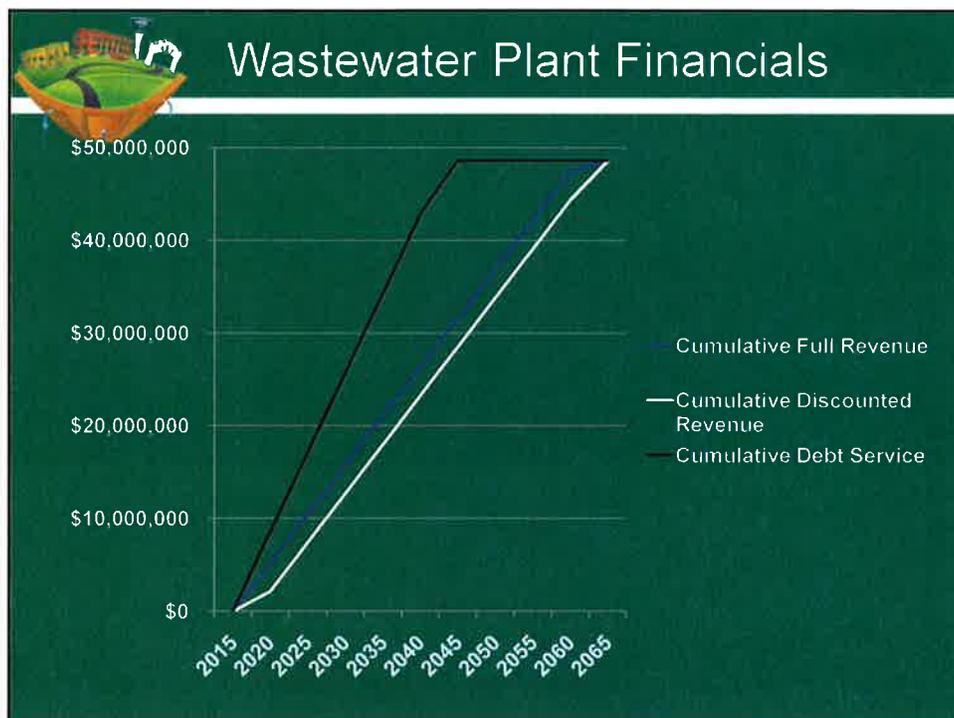
$$\frac{\text{Surface Water Supply}}{\text{Water Demand per DUE}} = \frac{7,200 \text{ afa}}{.24 \text{ afa per DUE}} = 30,000 \text{ DUEs}$$

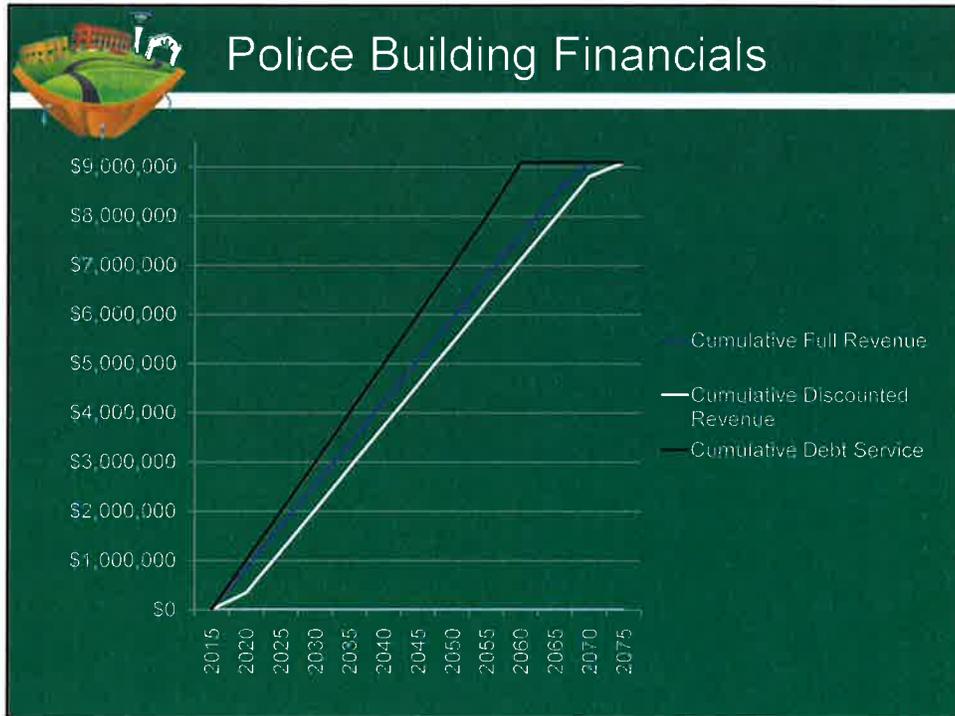
$$\text{Water Impact Fee} = \frac{\$71,665,000}{30,000 \text{ DUEs}} = \$2389 + \$714 = \$3,103$$




Wastewater Plan

1. Capacity for economic development
2. Reduce Delta discharge
3. Exploit recycled water commodity
4. Anticipate regulatory trends
5. Explore cost saving methods

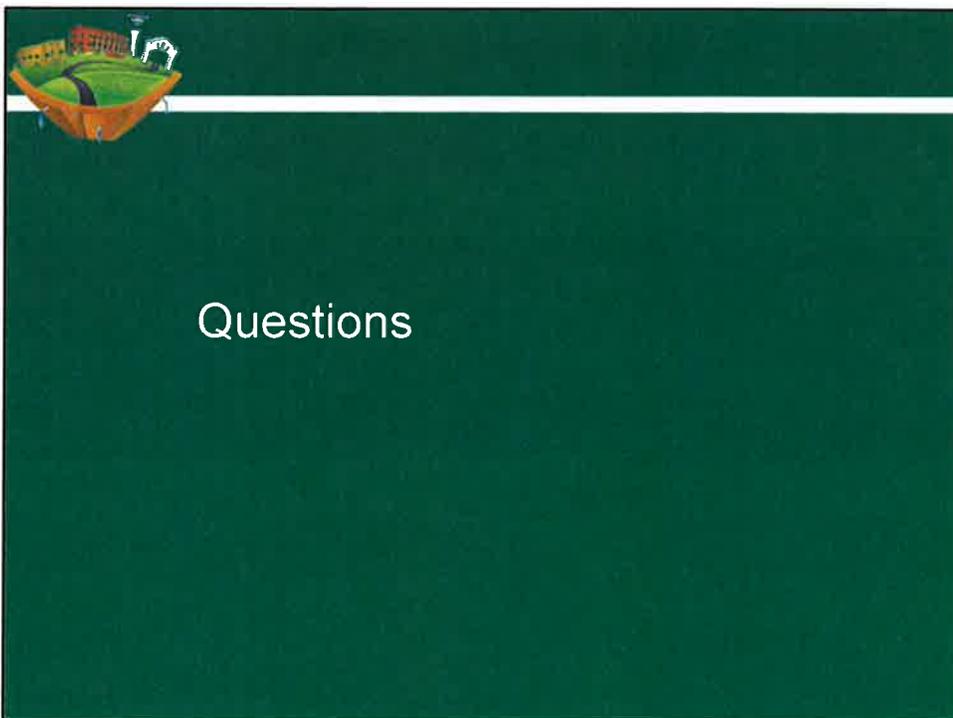




Impact Mitigation Fee Considerations

Approved Vested Units	Low Density	Medium Density	High Density	Total
Rose Gate	232	0	0	232
Van Ruiten	145	55	88	288
Reynolds Ranch	0	227	0	227
Total	377	282	88	747

- 1) Vesting guarantees reduced impact fees beyond December 31, 2019
- 2) Condition future vesting tentative maps to pay regular impact fees beginning January 1, 2020
- 3) Cap vesting of the reduced fee guarantee to a specified number of units



Jennifer Robison

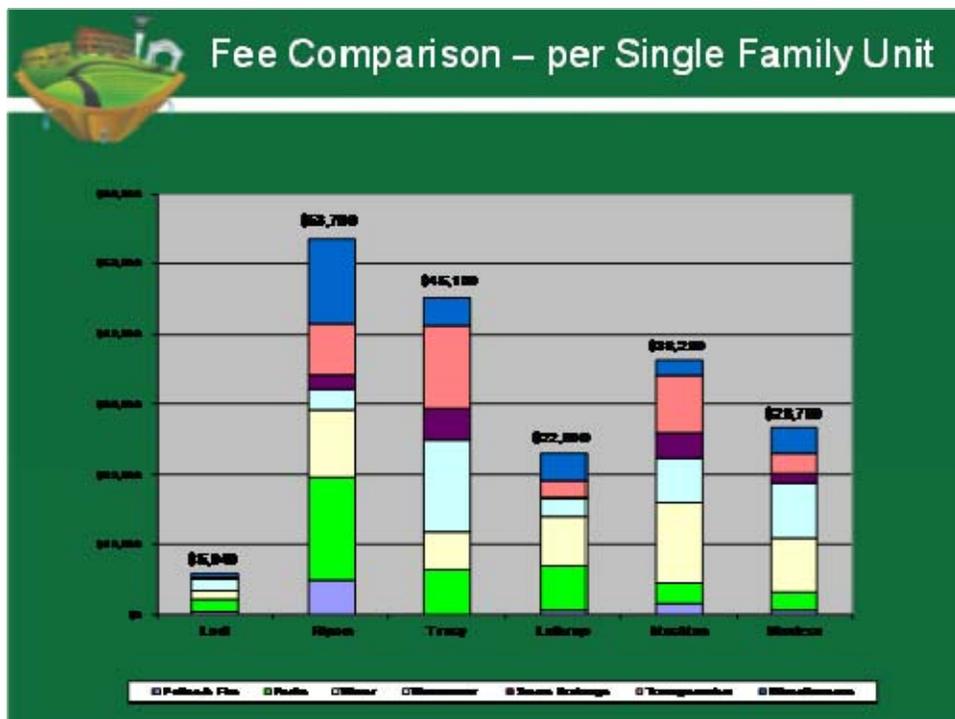
From: Jennifer Robison
Sent: Tuesday, July 08, 2014 09:05 AM
To: City Council
Cc: Steve Schwabauer; Janice Magdich; Jordan Ayers
Subject: FW: developer fee graph
Attachments: oledata.mso

Slide from July 8 Shirtsleeve Session as requested.

Jennifer M. Robison, CMC

Assistant City Clerk
City of Lodi
P.O. Box 3006
Lodi, CA 95241
(209) 333-6702 x2601

From: Wally Sandelin
Sent: Tuesday, July 08, 2014 09:04 AM
To: 'Wes Bowers'
Cc: Jennifer Robison
Subject: RE: developer fee graph



From: Wes Bowers [mailto:wesb@lodinews.com]
Sent: Tuesday, July 08, 2014 9:01 AM
To: Wally Sandelin
Subject: developer fee graph

Hi Wally, could you email me the graph you briefly presented today comparing Lodi's developer fees to other county cities? Thanks!