



**CITY COUNCIL-  
REDEVELOPMENT  
AGENCY MEMBERS**

Elbert H. Holman, Jr. District 1  
Leslie Baranco Martin, District 3  
Diana Lowery, District 4

**MAYOR/CHAIR  
ANN JOHNSTON**

**Vice Mayor/Vice Chair  
Katherine M. Miller, District 2**

**CITY COUNCIL-  
REDEVELOPMENT  
AGENCY MEMBERS**

Susan Talamantes Eggman, District 5  
Dale C. Fritchen, District 6

**APPOINTED OFFICIALS**

City Manager/Agency Executive Director – Bob Deis  
City Attorney/Agency Counsel - John M. Luebberke  
City Clerk/Agency Secretary - Katherine Gong Meissner  
City Auditor - F. Michael Taylor

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**CITY COUNCIL/REDEVELOPMENT AGENCY  
CONCURRENT AGENDA**

**DATE: TUESDAY, SEPTEMBER 14, 2010**

**LOCATION/TIME: COUNCIL CHAMBERS, CITY HALL, SECOND FLOOR, 5:30 P.M.**

1. CC/RD **CALL TO ORDER/ROLL CALL**
2. CC/RD **REPORT OF ACTION TAKEN IN CLOSED SESSION**
3. **INVOCATION/PLEDGE TO FLAG**
4. **PROCLAMATIONS/COMMENDATIONS/CITY ANNOUNCEMENTS OR INVITATIONS**
  - 4.01) CERTIFICATE: VISTAS Adopt-a-Park Program  
RECIPIENTS: Dr. Julie Damron, OLD PALS (Off Leash Dog Park Alliance of Stockton)  
Adam Kowalczyk, Stockton Area Atheist & Free Thinking
  - 4.02) PROCLAMATION: Constitution Week (9/12-9/18)  
RECIPIENT: Shelline Klingenfuss, Regent of the El Toyon Chapter of the DAR
  - 4.03) PROCLAMATION: Childhood Obesity Awareness Month  
RECIPIENT: LaCresia Hawkins, Community Partnership for Families of San Joaquin
  - 4.04) PROCLAMATION: Stockton Restaurant Week (9/19-9/25)  
RECIPIENT: Wes Rhea, Director, Stockton conference & Visitors Bureau
5. **CITIZENS' COMMENTS, ANNOUNCEMENTS OR INVITATIONS\***

6.13) CC  
**TRANSPORTATION DEVELOPMENT ACT CLAIM FOR FISCAL YEAR 200810/011**

Resolution authorizing the City Manager to execute and submit a claim to the San Joaquin Council of Governments for Fiscal Year 200810/0911 Transportation Development Act funds in the amount of \$154,623. It is further recommended that the resolution authorize the City Manager to undertake financial transactions as appropriate actions to carry out the purpose an  
(PW)

6.14) CC  
**CONTRACT WITH RALPH ANDERSEN & ASSOCIATES TO EMPLOY AN INTERIM CHIEF FINANCIAL OFFICER FOR THE ADMINISTRATIVE SERVICES DEPARTMENT**

Resolution authorizing a contract with Ralph Andersen & Associates for management and administrative services. This contract will allow Ralph Andersen & Associates to immediately provide an Interim Chief Financial Officer, in the amount of \$19,600 for Project A (Technical Assistance) per month, to the City until a permanent Chief Financial Officer can be appointed. In addition, Ralph Andersen & Associates will work on the recruitment process for the Chief Financial Officer position, in the amount of \$22,500 for Project B (Executive Search)  
(CM)

6.15) CC/ RD  
**APPROVE THE MINUTES OF THE CONCURRENT CITY COUNCIL/REDEVELOPMENT AGENCY**

August 17, 2010 Special Meeting, August 31, 2010 Closed Session, August 31, 2010 Regular Meeting  
(CLERK)

7. **UNFINISHED BUSINESS**

8. **NEW BUSINESS**

9. **PUBLIC HEARINGS\*\***

9.01) CC  
**HEARING TO CONSIDER PUBLIC COMMENTS/TESTIMONY REGARDING CITY OF STOCKTON ECONOMIC INCENTIVE PROGRAMS FOR RESIDENTIAL AND NON-RESIDENTIAL DEVELOPMENT**

a) CITY OF STOCKTON ECONOMIC RECOVERY INCENTIVE PROGRAMSPUBLIC FACILITIES FEE AND MITIGATION FEE DEFERRAL PROGRAM  
(CD)

b) CITY OF STOCKTON PUBLIC FACILITIES FEE REDUCTION

(ED)

At the conclusion of the public hearing it is recommended that City Council adopt the following:

- a) Resolution allowing for the deferral of certain development related public facilities fees and mitigation fees for residential and non-residential projects citywide until September 30, 2013, unless extended by the City Council. As part of the same resolution, staff recommends amending the City's fee schedule by establishing an application and administrative fee.
- b) Resolution reducing certain public facilities fees for non-residential projects citywide until December 31, 2012; exempting certain public facilities fees for residential projects in the "Greater Downtown Area" until December 31, 2015; and reducing certain public facilities fees for single-family residential projects developed within the existing city limits, as of October 14, 2008, until December 31, 2012; and increasing the Public Facility Fee Administrative fee to 3.5% until the applicable sunset dates.

## **10. COUNCIL/REDEVELOPMENT AGENCY COMMENTS AND COMMITTEE REPORTS**

## **11. ADJOURNMENT**

### **ATTACHMENTS TO AGENDA: WRITTEN COMMUNICATIONS**

\*Citizens may comment on any subject within the jurisdiction of the City Council/Redevelopment Agency, including items on the Agenda. Each speaker is limited to five minutes. Speakers must submit "Request to Speak" cards to the City Clerk, and be prepared to speak when called. No speaker cards will be received after the close of the Citizen's Comments portion of the meeting.

\*\*Speakers should hold comments on items listed as a Public Hearing until the Hearing is opened. If a large number of people desire to speak at a Public Hearing, the Mayor/Chair may reduce the amount of time allocated to each speaker to three (3) minutes.

All proceedings before the City Council/Redevelopment Agency are conducted in English. The City of Stockton does not furnish interpreters and, if one is needed, it shall be the responsibility of the person needing one. In compliance with the Americans with Disabilities Act, if you need special assistance to participate in the meetings of the City Council/Redevelopment Agency, please contact the Office of the City Clerk at (209) 937-8459 at least 48 hours prior to the meeting to enable the City/Agency to make reasonable arrangements to ensure accessibility.

Any writings or documents provided to a majority of the City Council regarding any item on this agenda will be made available for public inspection at the Office of the City Clerk located at 425 North El Dorado Street, Stockton, California 95202 during normal business hours or by calling (209) 937-8459.

The Agenda is available on the City of Stockton Website: [www.stocktongov.com](http://www.stocktongov.com)

### **CHALLENGING CITY DECISIONS:**

The time limit within which to commence any lawsuit or legal challenge to any quasi-adjudicative decision made by the City is governed by Section 1094.6 of the Code of Civil Procedure, unless a shorter limitations period is specified by any other provision. Under Section 1094.6, any lawsuit or legal challenge to any quasi-adjudicative decision made by the City must be filed no later than the 90th day following the date on which such decision becomes final. Any lawsuit or legal challenge, which is not filed within that 90-day period, will be barred.

## PUBLIC HEARINGS

9.01) CC

**HEARING TO CONSIDER PUBLIC COMMENTS/TESTIMONY REGARDING CITY OF STOCKTON ECONOMIC INCENTIVE PROGRAMS FOR RESIDENTIAL AND NON-RESIDENTIAL DEVELOPMENT**

- a) CITY OF STOCKTON ECONOMIC RECOVERY INCENTIVE PROGRAMSPUBLIC FACILITIES FEE AND MITIGATION FEE DEFERRAL PROGRAM  
(CD)
- b) CITY OF STOCKTON PUBLIC FACILITIES FEE REDUCTION  
(ED)

**CITY COUNCIL/REDEVELOPMENT AGENCY**

**AGENDA ITEM 9.01**

September 14, 2010

TO: Mayor and City Council

FROM: Bob Deis, City Manager

SUBJECT: **CITY OF STOCKTON ECONOMIC INCENTIVE PROGRAMS FOR RESIDENTIAL AND NON-RESIDENTIAL DEVELOPMENT**

Your Council has made it a top priority for staff to seek ways to help jump start our local economy. In light of the current economy and related barriers to new development, the City Council under this hearing item, is to consider two economic incentive programs for new non-residential and residential development under agenda Item 9.01. Subitem "A", is a proposed Fee Deferral Program and Subitem "B", is a proposed Public Facilities Fee Reduction Program. Both programs provide incentives related to Public Facilities Fees that comprise the majority of new construction building permit fees. Due to the nuances of each program, separate staff reports follow for your review. Below is an executive summary of each program.

#### DISCUSSION

##### FEE DEFERRAL PROGRAM

The Fee Deferral Program, provides for deferral of certain Public Facilities Fees and Mitigation Fees for new residential and non-residential development for a limited time, from the typical timing at issuance of building permit to close of escrow or other catalyst as detailed by the program, such as certificate of occupancy or deferral agreement sunset. Deferred fees will be secured by a note to a deed of trust. The intent of this program is to reduce up-front cash flow impacts to new development by delaying payment of a large portion of building permit fees, due typically at the time of building permit issuance, to a later point where cash flow improves via a transaction. This should reduce operating costs for development.

The program provides further incentives for projects within the Greater Downtown Stockton Area by extending the maximum deferral period for projects within that area. For the Development Services Fund to fully recover expenses related to the additional administrative effort, an application fee is proposed for all deferral applications, in addition to an administrative fee to be charged only in the event of late payment or default. An interest penalty is assigned to late payments as an incentive to timely payment of deferred fees.

The Fee Deferral Program was reviewed by the Development Oversight Commission on August 10, 2010. On that date, the Commission voted unanimously to advance the

#### **AGENDA ITEM 9.01 (A) & (B)**

**ECONOMIC INCENTIVE PROGRAMS FOR RESIDENTIAL AND NON-RESIDENTIAL DEVELOPMENT**

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program as proposed, with minor edits to the City Council for consideration.

**FEE REDUCTION PROGRAM**

The Fee Reduction Program proposes to reduce specific Public Facilities Fees, for a limited time, for certain all non-residential and residential and new construction projects. The goal is to stimulate new development by making the City's development fees more competitive in relation to other cities, and to facilitate the creation of new jobs.

For new non-residential projects citywide, certain Public Facilities Fees will be reduced by fifty percent until the program sunsets in December 2012. For new residential projects within the Greater Downtown Area, certain Public Facilities Fees will be exempted until the program sunsets in 2015. As an incentive to residential infill development, a later sunset date is proposed for residential projects within the Greater Downtown Stockton Area. For residential projects outside the Greater Downtown Stockton Area and within "existing Stockton city limits" as of October 14, 2008, all single family residential projects will receive a fifty percent reduction of certain Public Facilities Fees, with a sunset period (2012) similar to that provided for non-residential projects. We will monitor activity through the year and consider extensions to the sunset dates as we near those dates.

The Fee Reduction Program was reviewed by the Development Oversight Commission on August 10, 2010. Staff originally recommended that fee reduction incentives for new residential development be solely directed to non-profit residential projects, due to required bond debt service obligations of Public Facilities Fee accounts that would be more greatly impacted if the program were offered to all residential development projects. However, the Development Oversight Commission (DOC) voted to advance the program, in large part as proposed, with the additional recommendation that fee reduction incentives be provided for all residential development within the city limits as they existed on October 14, 2008. After further analysis, staff crafted and is presenting a solution where a reduced set of fee reductions may be offered for new residential development outside the Greater Downtown Stockton Area, while accomplishing the goal of maintaining the fiscal health of Public Facilities Fee funds. We believe the staff recommendation is very close to what the DOC recommended.

In the event both programs are adopted, and if a project meets the criteria for each, a project would be eligible for both fee deferral and reduction.

Finally, I recommend the Council delegate to the Mayor the authority to ask for fee reductions from other agencies that levy similar pass-through fees on development.

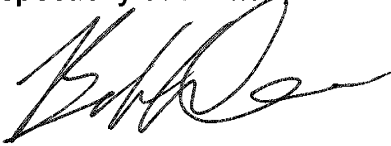
September 14, 2010

**ECONOMIC INCENTIVE PROGRAMS FOR RESIDENTIAL AND NON-RESIDENTIAL  
DEVELOPMENT**

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(Page 3)

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Bob Deis', written in a cursive style.

BOB DEIS  
CITY MANAGER

BD:MN:mm

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September 14, 2010

TO: Mayor and City Council

FROM: Michael M. Niblock, Director  
Community Development Department

SUBJECT: **CITY OF STOCKTON PUBLIC FACILITIES FEE AND MITIGATION FEE DEFERRAL PROGRAM**

### RECOMMENDATION

It is recommended that a resolution be adopted to allow for the deferral of certain development related public facilities fees and mitigation fees for residential and non-residential projects citywide until September 30, 2013, unless extended by the City Council. As part of the same resolution, staff recommends amending the City's fee schedule by establishing an application and administrative fee.

### SUMMARY

Stockton is currently suffering a significant economic downturn. The deferral of public facilities fees and mitigation fees is intended to address cash flow barriers developers have experienced due to tight credit markets. This program benefits new residential and non-residential development projects citywide. Most of the deferral program will sunset September 30, 2013, unless extended by the City Council. However, as a continued incentive to new in-fill housing, the program for new residential development within the Greater Downtown Stockton Area is intended to continue unless otherwise modified by Council action. A map of the Greater Downtown Stockton Area is attached (map attached).

### DISCUSSION

#### Background

The City of Stockton first began charging new development impact fees for public facilities in 1988 (Resolution 88-0617). Public facilities fees are charged to builders/developers to help mitigate infrastructure impacts associated with new development that contribute to the needs of the City for office space, fire stations, libraries, police stations, parkland acquisition and development, community recreation centers, transportation and street improvements, surface water supplies, and other infrastructure needs. Public facilities fees are charged in addition to other related fees, such as building permit fees, plan check fees, water and wastewater connection fees, Delta Water Supply Project fees, Fire Department fees, school fees, and various other cost recovery and pass-through fees. Public facilities fees were adjusted in 1991 (Resolutions 91-0118 and 91-0119) to account for inflation, but were not adjusted significantly until 2003 (Resolution 03-0105) when fees were increased by an average of 35% to make up for inflationary adjustments that had not occurred since 1991. In 2005, an updated nexus study was completed resulting in a significant increase in

## **PUBLIC FACILITIES FEES AND MITIGATION FEE DEFERRAL PROGRAM**

(Page 2)

residential and nonresidential fees. However at that time, nonresidential fees were not increased to the full extent suggested by the nexus study. The City is allowed to charge less than is recommended by nexus studies, but not more than is recommended by such studies.

In October of 2008, the City entered into a settlement agreement with the State Attorney General's Office and the Sierra Club, where, among other things, the City agreed to require at least 4,400 new housing units in "Greater Downtown Stockton" (defined as land generally bordered by Harding Way, Charter Way/Martin Luther King, Jr. Blvd., Pershing Ave., and Wilson Way); approve 3,000 of those units by 2020; and provide incentives to promote infill development in "Greater Downtown Stockton". Pursuant to the Settlement Agreement, an additional 14,000 dwelling units are to be accommodated within the remaining City limits, as they existed on October 14, 2008, to facilitate infill housing. In light of the requirements of the settlement agreement, the Fee Deferral Program being offered for consideration proposes to continue optional deferral of fees under this program for new residential development within the Greater Stockton Downtown Area indefinitely, unless otherwise modified by action of the City Council.

Air Quality and Agricultural Mitigation Fees are also considered for deferral. Examples of air quality mitigation projects include signal timing and other projects that help to improve air quality. The Agricultural Mitigation fee, established in 2007, creates agriculture easements within San Joaquin County to offset the loss of agricultural lands to development.

Public Facilities Fees and Mitigation Fees are currently paid at time of building permit issuance.

### **Present Situation**

Staff has met with members of the development community who expressed their difficulty in obtaining financing due to tight credit markets. Developers indicated cash flow for financing purposes would improve if collection of certain fees were deferred until close of escrow of development projects. A fee deferral program would allow developers to bring more new development to the market under the currently tight financing markets.

For example, although variables such as square footage of a project impact individual project fees, a current building permit for a new residential home of approximately 1,800 square feet would incur approximately \$47,500 in public facility and mitigation fees and about \$5,500 in building permit plan check and inspection fees, for a total of about \$53,000 per new home. If Public Facilities Fees remain at current levels, it is estimated that this program will defer approximately \$35,700 in Public Facilities Fees and Mitigation Fees until close of escrow. In the event the proposed Public Facilities Fee Reduction Program is approved as part of this agenda item, the same sample project would see Public Facilities

## **PUBLIC FACILITIES FEES AND MITIGATION FEE DEFERRAL PROGRAM**

(Page 3)

Fees and Mitigation Fees lowered from around \$47,500 to \$39,750, reducing the overall cost with permit and inspection fees to \$45,250. Of that \$45,250 around \$27,900 in fees would be deferred.

After evaluation of the various types of fees charged to development, only certain public facilities fees were considered appropriate for deferral. Pass-through fees and fees collected by other government agencies were not included, as the City has no control over those fees. Any fees that were considered cost recovery or operationally-related were not included, due to the fact the fees are required to recover the cost to process applications and issue building permits.

On August 10, 2010 staff presented the Fee Deferral Program to the Development Oversight Commission for review and requested the Commission vote to advance the proposed program to City Council with a recommendation for approval. The Development Oversight Commission voted unanimously to advance the policy to the City Council. City staff concurs with the Commission's recommendation.

### **FEES SUBJECT TO DEFERRAL**

Development Fees subject to deferral for new residential and non-residential projects include the following:

#### **Public Facilities Fees:**

- City Office Space (Fund 930)
- Community Recreation Center (Fund 920)
- Delta Water Supply System (Fund 425)
- Fire Station (Fund 940)
- Library (Fund 950)
- Parklands (Fund 970)
- Police (Fund 960)
- Street Improvement (Funds 911 through 916)
- Traffic Signal (Funds 900 through 904)
- Water Utility Connection (Fund 424)
- Wastewater (Fund 434)

#### **Mitigation Fees:**

- Agricultural Mitigation Fee (Account # 687-0000-223.90-18)
- Air Quality Mitigation Fee (Fund 990)

Fees excepted from deferral include the Surface Water Supply Fee, SJMSCP (Habitat)

**PUBLIC FACILITIES FEES AND MITIGATION FEE DEFERRAL PROGRAM**

(Page 4)

Fee, Regional Transportation Impact Fee, and San Joaquin County Facilities Fees.

**RESIDENTIAL PROGRAM**

Under the Fee Deferral Program, a "new residential project" is defined as a new residential construction project on one parcel of land or a group of residential contiguous parcels under the same ownership. The payment of fees subject to deferral may be deferred to close of escrow, or two years from building permit issuance, if the project is outside the Greater Downtown Stockton Area, whichever is less.

If a new residential project falls within the Greater Downtown Stockton Area, the applicant may defer payment of fees subject to deferral until close of escrow, or three years from date of building permit issuance, whichever is less.

The Fee Deferral Program will end September 30, 2013, with the exception of new residential projects within the Greater Downtown Stockton Area where the program will continue as an incentive until otherwise modified by Council action.

**NON-RESIDENTIAL PROGRAM**

A "new non-residential project" is defined as a new non-residential project on one parcel of land or a group of non-residential contiguous parcels under the same ownership. The payment of fees subject to deferral may be deferred to close of escrow or two years from building permit issuance, if outside the Greater Downtown Stockton Area, whichever is less.

If a new non-residential project falls within the Greater Downtown Stockton Area, the applicant may defer payment of fees subject to deferral until close of escrow or three years from date of building permit issuance, whichever is less.

In cases where a close of escrow is not generated by the construction of a new non-residential project, fees are deferred until first certificate of occupancy, whether temporary or final, or two years from building permit issuance if outside the Greater Downtown Stockton Area, or three years from building permit issuance if inside the Greater Downtown Stockton Area, whichever is less. For a "shell building," without a certificate of occupancy for the shell, and not to be occupied until a first tenant improvement, fees subject to deferral may be deferred until first certificate of occupancy, whether temporary or final, or within two years of building permit issuance if outside the Greater Downtown Stockton Area, or three years of building permit issuance if inside the Greater Downtown Stockton Area, whichever is less.

The Fee Deferral Program will end September 30, 2013 for all non-residential projects, unless extended by the City Council.

**PUBLIC FACILITIES FEES AND MITIGATION FEE DEFERRAL PROGRAM**

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**ADMINISTRATION**

For new residential and non-residential projects, an applicant, at their option, will enter into a fee deferral agreement with the City to be recorded as a note to a deed of trust. This note to deed of trust serves as a security of the deferred fees. The note to deed of trust will be recorded by a City approved title company, and will remain with the property's title until such time deferred fees are paid to the City and the City releases the note. The application for deferral occurs ahead of building permit issuance. The fee deferral agreement must be recorded before a building permit will be issued.

An application fee is charged to recover the cost of processing and monitoring the deferral agreement and in cases of default, interest is charged on outstanding deferred fee balances along with an additional administrative fee to recover the City's cost to prepare the defaulted account for the City's collections process.

The full Fee Deferral Program administrative guidelines are attached as Exhibit "A".

**FINANCIAL SUMMARY**

The Fee Deferral Program differs from a fee reduction program in that full fees will be collected through this program. The program simply delays the payment of the full fees to close of escrow or other catalyst, such as a certificate of occupancy, as outlined within the program guidelines (Exhibit "A"). Fees are deferred from date of building permit issuance for a period of up to three years depending on the location and specific nature of the development project.

From an accounting standpoint, since the full fees are considered receivable, there is no deficit of funds to PFF and Mitigation fee fund balances. From a cash-flow perspective, the impact of the program should be minimal on cash-flow balances, since deferrals will occur over time as projects are submitted to the City, rolling the payment of various deferred fee obligations. At the time of execution of a fee deferral agreement, the full amount of fees to be received by the City shall be recorded in the CAFR, and recorded by accounting as revenue received in the fiscal year the permit is issued.

One practical consideration is that very few developers are currently engaging a project on "spec" in this economic climate without a specific buyer in mind or contracted obligation.

Therefore, staff expects most projects to close escrow in a timely fashion and with a diminished likelihood of default.

The Development Services Fund is required to perform under a full cost-recovery financial model. An application fee of \$377 is to be charged at time of application to recover the full


September 14, 2010

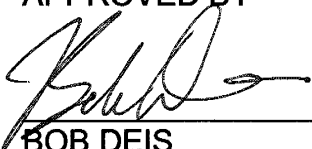
**PUBLIC FACILITIES FEES AND MITIGATION FEE DEFERRAL PROGRAM**

(Page 6)

cost of processing the application including intake, input, title company coordination, file management, account monitoring and noticing. In the event of default, a further administrative fee of \$215 is charged to recover the cost of processing the file to advance the file to the City's official collection process. As an incentive to timely payment, an interest penalty of one-percent per month of total deferred fee valuation is assessed on default accounts, with interest accruing from the date of building permit issuance. Both the application fee and default administrative fee are subject to the City's regular annual fee adjustment process. See Exhibit "C" for the proposed new fee schedules.

Respectfully submitted,

  
\_\_\_\_\_  
MICHAEL M. NIBLOCK, DIRECTOR  
COMMUNITY DEVELOPMENT DEPARTMENT

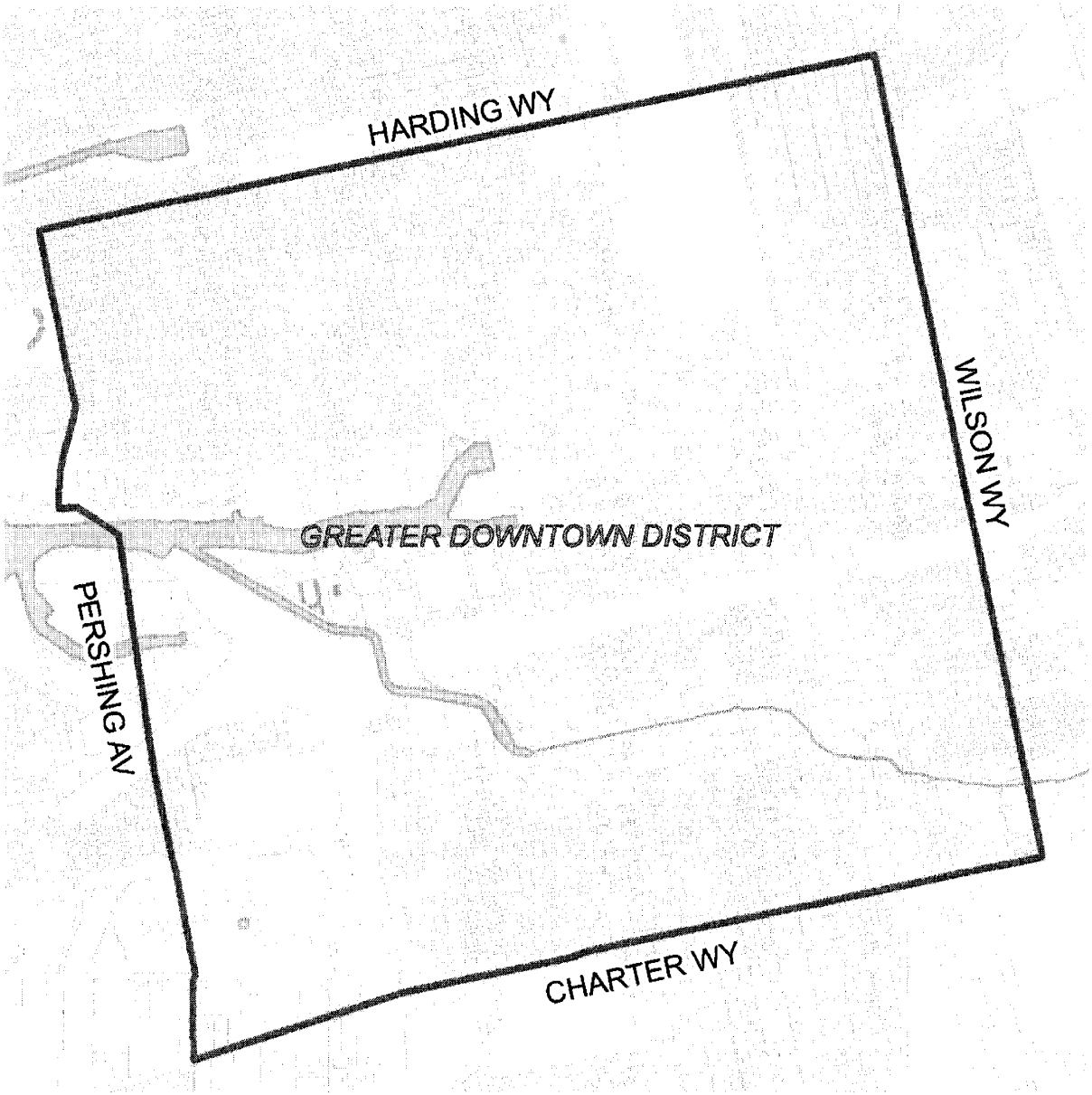
APPROVED BY  
  
\_\_\_\_\_  
BOB DEIS  
CITY MANAGER

MMN:MM:sis

Attachments

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**Greater Downtown Stockton Area**



**NOTICE OF PUBLIC HEARING**  
**Stockton City Council**

NOTICE IS HEREBY GIVEN, that a public hearing will be held before the City Council, on September 14, 2010, at the hour of 5:30 p.m., or as soon thereafter as the matter may be heard, in the Council Chambers, City Hall, 425 North El Dorado Street, Stockton, California. The purpose of the hearing will be to provide for oral and written comments from the public concerning the proposed Deferral of Certain Public Facilities Fees and Development Mitigation Fees and adoption of fees related to administration of the proposed program.

All proceedings before the City Council are conducted in English. The City of Stockton does not furnish interpreters and, if one is needed, it shall be the responsibility of the person needing one.

Anyone wishing to be heard on the above matter may appear before the City Council at the time of the public hearing and/or may file a written opinion with the City Clerk, City Hall, Stockton, California, prior to the public hearing.

If you challenge the proposed action in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City Council at, or prior to, the public hearing.

**KATHERINE GONG MEISSNER**  
City Clerk, City of Stockton



# STOCKTON CITY COUNCIL

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## RESOLUTION TO IMPLEMENT A PUBLIC FACILITIES FEE AND DEVELOPMENT MITIGATION FEE DEFERRAL PROGRAM

The Public Facilities Fee Program Administrative Guidelines were adopted on February 12, 1991, by Resolution 91-0119 and subsequently amended; and

The City Council of the City of Stockton has adopted Stockton Municipal Code section 16-355.270, creating and establishing the authority for imposing and charging Public Facilities Fees on new development; and

Due to the recent downturn in the economy, very little new development has taken place; and

The unemployment rate in the City of Stockton is 20% and the unemployment rate in the County of San Joaquin is 16%; and

The Development Services Fund must operate under a full cost recovery model and charge appropriate fees to recover the cost of program administration; and

The City Council of the City of Stockton desires to implement a fee deferral program which involves deferring collection of certain Public Facilities Fees and Development Mitigation Fees in order to stimulate new development, improve the unemployment rate, and jump start the local economy; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. The following fees shall be subject to deferral as part of this program:

Public Facilities Fees:

- City Office Space (Fund 930)
- Community Recreation Center (Fund 920)
- Delta Water Supply System (Fund 425)
- Fire Station (Fund 940)
- Library (Fund 950)
- Parklands (Fund 970)
- Police (Fund 960)
- Street Improvement (Funds 911 through 916)

- Traffic Signal (Funds 900 through 904)
- Water Utility Connection (Fund 424)
- Wastewater (Fund 434)

Mitigation Fees:

- Agricultural Mitigation Fee (Account # 687-0000-223.90-18)
- Air Quality Mitigation Fee (Fund 990)

Fees excepted from deferral include the Surface Water Supply Fee, SJMSCP (Habitat) Fee, Regional Transportation Impact Fee, and San Joaquin County Facilities Fees.

2. This program will sunset on September 30, 2013, unless extended by the City Council, with the exception of new residential projects within the Greater Downtown Stockton Area where the program will remain in force.

3. For new residential development, the fees subject to deferral as outlined above, shall be deferred to close of escrow or two years from date of building permit issuance if development is outside the Greater Downtown Stockton Area, whichever is less, or close of escrow or three years from date of building permit issuance if development is within the Greater Stockton Downtown Area, whichever is less.

4. For new non-residential development, the following Public Facilities Fees shall be deferred for a period of up to close of escrow or two years from date of building permit issuance if development is outside the Greater Stockton Downtown Area whichever is less, or close of escrow or three years from date of building permit issuance if development is within the Greater Stockton Downtown Area, whichever is less. In the event a close of escrow is not triggered by new non-residential construction, outstanding fees are due ahead of issuance of the first certificate of occupancy of the structure, whether temporary or final, or deferral expiration term as outlined above, whichever is less.

5. All other provisions of the Public Facilities Fees Program and Development Mitigation Fees shall remain in full force and effect.

6. At the time of execution of a fee deferral agreement, the full amount of fees to be received by the City shall be recorded in the CAFR and recorded by accounting as revenue received in the fiscal year the permit is issued

7. This resolution serves as an amendment to the City's existing Fee Resolution to provide for an application fee of \$377 and administrative fee of \$215, in the event of default, and shall be adopted for purposes of administering this program.

8. These fee deferrals shall take effect 60 days from adoption of this resolution and apply to applicable building permits issued after the effective date and before the sunset date.

9. The full text of the Fee Deferral Program Guidelines is attached as Exhibit "A."

10. The City Manager is authorized to take whatever action is necessary to carry out the purpose and intent of this resolution.

PASSED, APPROVED, AND ADOPTED \_\_\_\_\_.

\_\_\_\_\_  
ANN JOHNSTON, Mayor  
of the City of Stockton

ATTEST:

\_\_\_\_\_  
KATHERINE GONG MEISSNER  
City Clerk of the City of Stockton

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## EXHIBIT "A"

### PROGRAM ADMINISTRATIVE GUIDELINES FOR PUBLIC FACILITIES FEE AND MITIGATION FEE DEFERRAL FOR NEW RESIDENTIAL AND NON-RESIDENTIAL CONSTRUCTION PROJECTS

#### ADMINISTRATIVE GUIDELINES

##### **A. NEW RESIDENTIAL AND NON-RESIDENTIAL DEVELOPMENT PUBLIC FACILITIES FEE AND MITIGATION FEE DEFERRAL PROGRAM**

Rather than paying "development fees" at the time a building permit is issued, the developer who has qualified the project as a "new residential project" with the Community Development Department (CDD), may elect to defer payment of all or a portion of those fees with the exception of Surface Water Supply Fee, SJMSCP (Habitat) Fee, Regional Transportation Impact Fee, and San Joaquin County Facilities Fees. This policy is to sunset September 30, 2013, except for the "Greater Downtown Stockton Area" where this policy shall remain in effect unless otherwise rescinded by Council action.

The City of Stockton does not maintain authority to defer "pass-through" impact fees, such as County Facilities or Habitat Program fees. In the event "pass-through" impact fees deferral is approved by outside agencies, the City of Stockton will accommodate and track the deferral of such fees in coordination with authorizing outside agencies.

#### **1. Definitions**

a. A "new residential project" is defined as a new residential project on one parcel of land or a group of residential contiguous parcels under the same ownership; and

b. A "new non-residential project" is defined as a new non-residential project on one parcel of land or a group of non-residential contiguous parcels under the same ownership; and

c. A "shell building", is defined as a tilt-up construction building intended to be completed in one or more phases with tenant improvements.

d. "Greater Downtown Stockton Area" is the area defined under the City's 2008 settlement agreement with the State Attorney General and the Sierra Club requiring creation of a Climate Action Plan. This area falls roughly between Harding way to the north, Pershing Avenue to the west, Martin Luther King, Jr. Blvd. to the south and Wilson Way to the east.

e. Development Fees subject to deferral for new residential and non-residential projects include the following:

## EXHIBIT "A"

### Public Facilities Fees:

- City Office Space (Fund 930)
- Community Recreation Center (Fund 920)
- Delta Water Supply System (Fund 425)
- Fire Station (Fund 940)
- Library (Fund 950)
- Parklands (Fund 970)
- Police (Fund 960)
- Street Improvement (Funds 911 through 916)
- Traffic Signal (Funds 900 through 904)
- Water Utility Connection (Fund 424)
- Wastewater (Fund 434)

### Mitigation Fees:

- Agricultural Mitigation Fee (Account # 687-0000-223.90-18)
- Air Quality Mitigation Fee (Fund 990)

Fees excepted from deferral include the Surface Water Supply Fee, SJMSCP (Habitat) Fee, Regional Transportation Impact Fee, and San Joaquin County Facilities Fees.

## **B. NEW RESIDENTIAL DEVELOPMENT PUBLIC FACILITIES FEE AND MITIGATION FEE DEFERRAL**

### **1. Deferral of Fees**

a. For a regular "new residential project" the property owner may enter into a Deferred Payment Agreement with the City to pay development fees at close of escrow or within two years of building permit issuance, whichever is less.

b. For the Greater Downtown Stockton Area "new residential project" the property owner may enter into a Deferred Payment Agreement with the City to pay development fees at close of escrow or within three years of building permit issuance, whichever is less.

### **2. Security**

## **EXHIBIT "A"**

All development fees deferred for "new residential projects" shall be secured by recorded deeds of trust encumbering each lot of record involved with the project. Said deeds of trust shall be recorded prior to issuance of building permits and shall be secondary only to deeds of trust associated with acquisition, development or construction financing. Full reconveyance of encumbrances shall be issued by the City at the time "development fees" are paid. All document preparation and recording fees shall be paid by the applicant.

A flat application fee of \$377 per unit plus a title company processing fee will be collected to cover the administrative costs of establishing, monitoring and administering the agreement. The administrative fee shall be adjusted annually for inflation in accordance with City policy.

### **3. Processing Deferred Fee Requests**

Developers or owners of "new residential projects" shall make application for the deferral of fees to the Community Development Department. A recent preliminary title report is required to accompany the application for fee deferral. The Community Development Department shall review the information submitted and prepare a Development Fee Deferral Agreement along with a security document consisting of a deed of trust to be executed by the applicant and returned to the City for processing. Once the deferral agreement is executed by the City and the security document has been recorded, the Community Development Department will proceed with the deferral of the development fees and the issuance of the Building Permit.

### **4. Collection**

In the case of single-family housing projects, development fees shall be collected as part of the sales transaction between developer and home purchaser at time of escrow. Development fees shall be paid to the City out of the proceeds of escrow. The title company handling the sale of the property will collect and remit to the appropriate demand and transmit it to the Community Development Department for processing. In the case of regular new residential projects, if the close of escrow does not occur within two years of building permit issuance, the deferred fees are due two years from date of building permit issuance. In the case of "Greater Downtown Stockton Area" new residential projects, if the close of escrow does not occur within three years of building permit issuance, the deferred fees are due three years from date of building permit issuance. In the event of default, the City will process the agreement through standard notices of default.

### **5. Late Payment**

## EXHIBIT "A"

In the event fees are not paid as stipulated above; either two years from issuance of the building permit or date of close of escrow, the outstanding balance will be subject to an interest rate of one-percent per month from date of issuance of the construction building permit. Late-payment interest will be calculated from date of construction building permit issuance. In addition to interest accrual, late payment of the fees will trigger an administrative fee of \$215 to cover administrative costs to initiate the City's process to collect outstanding fees.

### 6. Refunds

Refunds, less the administrative fee, will be made according to City procedures.

## C. NEW NON-RESIDENTIAL DEVELOPMENT PUBLIC FACILITIES FEE AND MITIGATION FEE DEFERRAL

### 1. Deferral of Fees

a. For a regular "new non-residential project," the property owner may enter into a Deferred Payment Agreement with the City to pay development fees at close of escrow or within two years of building permit issuance, whichever is less. In the event a close of escrow is not generated by the construction of a new non-residential project, fees are deferred until first certificate of occupancy, whether temporary or final, or two years from building permit issuance, whichever is less. For a "shell building," without a certificate of occupancy for the shell, and not to be occupied until a first tenant improvement, the above fees may be deferred until first certificate of occupancy, whether temporary or final, or within two years of building permit issuance, whichever is less.

b. For a Greater Downtown Stockton Area "new non-residential project," the property owner may enter into a Deferred Payment Agreement with the City to pay development fees at close of escrow or within three years of building permit issuance, whichever is less. In the event a close of escrow is not generated by the construction of a new non-residential project, fees are deferred until first certificate of occupancy, whether temporary or final, or three years from building permit issuance, whichever is less. For a "shell building," without a certificate of occupancy for the shell, and not to be occupied until a first tenant improvement, the above fees may be deferred until first tenant certificate of occupancy, whether temporary or final, or within three years of building permit issuance, whichever is less.

## EXHIBIT "A"

### 2. Security

All development fees deferred for "new non-residential projects" shall be secured by recorded deeds of trust encumbering each lot of record involved with the project. Said deeds of trust shall be recorded prior to issuance of Building Permits and shall be secondary only to deeds of trust associated with acquisition, development or construction financing. Full reconveyance of encumbrances shall be issued by the City at the time "development fees" are paid. All document preparation and recording fees shall be paid by the applicant.

A flat application fee of \$377 per unit plus a title company processing fee will be collected to cover the administrative costs of establishing, monitoring and administering the agreement. The administrative fee shall be adjusted annually for inflation in accordance with City policy.

### 3. Processing Deferred Fee Requests

Developers or owners of "new non-residential projects" shall make application for the deferral. A recent preliminary title report is required to accompany the application for fee deferral. The Community Development Department shall review the information submitted and prepare a Development Fee Deferral Agreement along with a security document consisting of a note to deed of trust to be executed by the applicant and returned to the City for processing. Once the deferral agreement is executed by the City and the security document has been recorded, the Community Development Department will proceed with the deferral of the development fees and the issuance of the Building Permit.

### 4. Collection

If close of escrow triggers collection of deferred impact fees, the title company handling the sale of the property will collect and remit to the appropriate demand and transmit it to the Community Development Department for processing. In the case of new non-residential projects outside the Greater Downtown Stockton Area, subject to a close of escrow, if the close of escrow does not occur within two years of building permit issuance, the deferred fees are due two years from date of building permit issuance. In the case of the Greater Downtown Stockton Area new non-residential projects subject to a close of escrow, if the close of escrow does not occur within three years of building permit issuance, the deferred fees are due three years from date of building permit issuance. In cases where a close of escrow is not triggered by new non-residential construction as described under Section 1, Deferral of Fees, deferred fees come due payable to the Community Development Department ahead of issuance of the first certificate of occupancy of the structure, whether temporary or final, or deferral expiration term as outlined above, whichever is less. In these cases, the first certificate of occupancy, whether temporary or final, will not be issued until outstanding deferred fees have been paid to the Community Development



## **EXHIBIT "A"**

Department. In the event of default, the City will process the agreement through standard notices of default.

### **5. Late Payment**

In the event fees are not paid as stipulated above; either two years or three years in the Greater Downtown Stockton Area, from issuance of the building permit or date of close of escrow, the outstanding balance will be subject to an interest rate equivalent to one-percent per month from date of issuance of the construction building permit. Late-payment interest will be calculated from date of construction building permit issuance. In addition to interest accrual, late payment of the fees will trigger an additional fee of \$215 to cover administrative costs to initiate the City's process to collect outstanding fees.

### **6. Refunds**

Refunds, less the administrative fee, will be made according to City procedures.

September 14, 2010

TO: Mayor and City Council  
FROM: Gustavo A. Durán, Interim Director  
Economic Development Department

SUBJECT: CITY OF STOCKTON PUBLIC FACILITIES FEE REDUCTION

### RECOMMENDATION

It is recommended that a resolution be adopted reducing certain public facilities fees for non-residential projects citywide until December 31, 2012; exempting certain public facilities fees for residential projects in the "Greater Downtown Area" until December 31, 2015; and reducing certain public facilities fees for single-family residential projects developed within the existing city limits, as of October 14, 2008, until December 31, 2012; and increasing the Public Facility Fee Administrative fee to 3.5% until the applicable sunset dates.

### SUMMARY

Stockton is currently suffering an economic downturn with the countywide unemployment rate at over 16% and a 20% unemployment rate within the City of Stockton. New companies and development are urgently needed to help put people back to work. Reducing and eliminating certain identified public facilities fees is an investment proposed to kick-start the local economy by helping to attract new and expanding companies into Stockton and to stimulate development in the "Greater Downtown Area." A third program to reduce certain public facilities fees citywide for development for certified nonprofit developers of single family residences is also proposed. The citywide nonresidential fee reduction program will sunset on December 31, 2012, and will be applicable only within the existing city limits as of October 14, 2008. The "Greater Downtown Area" residential and citywide nonprofit single-family developer residential programs will sunset on December 31, 2015. Any of the Public Facilities Fee Reduction programs may be extended beyond the sunset provisions at the City Council's discretion, and staff will return at least three months prior to the expiration of each program to seek further Council direction.

### DISCUSSION

#### Background

The City of Stockton first began charging new development impact fees for public facilities in 1988 (Resolution 88-0617). Public facilities fees are charged to builders/developers to help mitigate infrastructure impacts associated with new development that contribute to the needs of the City for office space, fire stations, libraries, police stations, parkland acquisition and development, community recreation centers, transportation and street improvements, surface water supplies, and other infrastructure needs. Public facilities fees are charged in addition to other related fees, such as building permit fees, plan check fees, water and wastewater

## **CITY OF STOCKTON PUBLIC FACILITIES FEE REDUCTION**

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connection fees, Delta Water Supply Project fees, Fire Department fees, school fees, and various other cost recovery and pass-through fees. Public facilities fees were adjusted in 1991 (Resolutions 91-0118 and 91-0119) to account for inflation, but were not adjusted significantly until 2003 (Resolution 03-0105) when fees were increased by an average of 35% to make up for inflationary adjustments that had not occurred since 1991. In 2005, an updated nexus study was completed resulting in a significant increase in residential and nonresidential fees. However at that time, nonresidential fees were not increased to the full extent suggested by the nexus study. The City is allowed to charge less than is recommended by nexus studies, but not more than is recommended by such studies.

In October of 2008, the City entered into a settlement agreement with the State Attorney General's Office and the Sierra Club, where, among other things, the City agreed to require at least 4,400 new housing units in "Greater Downtown Stockton" (defined as land generally bordered by Harding Way, Charter Way/Martin Luther King, Jr. Blvd., Pershing Ave., and Wilson Way); approve 3,000 of those units by 2020; and provide incentives to promote infill development in "Greater Downtown Stockton". Pursuant to the Settlement Agreement, an additional 14,000 dwelling units are to be accommodated within the remaining City limits, as they existed on October 14, 2008 (Exhibit A), to facilitate infill housing, and the City is required to provide incentives for infill development within that area, excluding projects of significance. These incentives may be less than the Greater Downtown Area.

In August 2009, the City sold \$35.1 million in lease revenue bonds for various public facilities fee capital projects, specifically for parks, fire stations, street improvements, and the police station dispatch center expansion at the Stewart Eberhardt Building. Bond proceeds were also used to settle outstanding obligations amongst these Public Facilities Fee funds. These bonds are to be repaid through the collection of Public Facilities Fee revenues in the respective four funds, and annual debt service payments are guaranteed by the City's General Fund.

### **Present Situation**

Stockton is currently suffering an economic downturn with the countywide unemployment rate at over 16% and a 20% unemployment rate within the City of Stockton. The construction industry is effectively in a depression, and new companies and development are urgently needed to help put people back to work. Several large companies have indicated an interest in expanding or relocating to Stockton, but have expressed that the City's public facilities fees are cost prohibitive and need to be reduced in order to spur business investment and keep Stockton competitive with other cities. Taking action to reduce development impact fees is urgently needed in order to retain and attract specific companies that are interested in expanding in Stockton and estimated to result in at least an additional 1,000 permanent, family-wage jobs.

## **CITY OF STOCKTON PUBLIC FACILITIES FEE REDUCTION**

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After evaluation of the various types of fees charged to development, only certain Public Facilities fees were considered appropriate for reduction. Connection fees were not included, as a reduction in the City's capacity to provide water and wastewater service would impact the City's ability to attract businesses in the future. Staff is not comfortable impacting the revenues for these utilities, given the bond covenants, etc. Also, pass-through fees and fees collected by other government agencies were not included because the City has no control over those fees. The other types of fees not included were litigation enacted or environmental mitigation fees, such as the Air Quality and Agricultural Mitigation fees. Any fees that were considered cost recovery or operationally-related were not included due to the direct negative impact on the General Fund and the City's Development Services Fund. In other words, if we reduce these fees, the General Fund would have to backfill.

The parks, street improvement, fire and police public facilities fee funds, which have bonded debt obligations, have been included in several of these fee reduction programs. The Administrative Services Department staff financial impact analysis has concluded that, other than for the infill single family residential program, these funds can sustain the \$2.4 million in debt service payment obligations under these proposed fee reduction programs during the specified sunset periods, given certain conservative revenue projections and various potential modifications to currently planned capital projects in these four funds.

On August 10, 2010, staff presented a variety of programs to the Development Oversight Commission. The recommendations of the Development Oversight Commission are attached in Exhibit B. City staff and the Development Oversight Commission are in complete agreement on the first two programs. However, based on an evaluation of the debt service payments for the lease revenue bonds sold in August, 2009 (Exhibit C), staff cannot completely support the recommendations of the Development Oversight Commission. Specifically, staff cannot support the third revised program to extend the public facilities fee fifty percent reduction to "all" single-family residential developments within the existing City limits, as defined in the above-noted Settlement Agreement.

The following are the recommendations of the Development Oversight Commission, with the differences between the staff recommendations and the Development Oversight Commission recommendations highlighted in bold and italics:

1. Citywide Nonresidential Economic Recovery Incentive Program: For non-residential projects located anywhere in the city, the following public facilities fees will be reduced by fifty percent (50%) until the program sunsets:
  - City Office Space
  - Community Recreation Centers

**CITY OF STOCKTON PUBLIC FACILITIES FEE REDUCTION**

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- Libraries
- Fire Stations
- Police Stations
- Street Improvements

The program will sunset on December 31, 2012, unless extended by the City Council. The program will return for Council consideration at least three months prior to the sunset date.

2. Greater Downtown Residential Incentive Program: For residential projects located in the Greater Downtown, the following public facilities fees will be exempted until the program sunsets:

- City Office Space
- Community Recreation Centers
- Fire Stations
- Libraries
- Parkland
- Police Stations
- Street Improvements

The program will sunset on December 31, 2015, unless extended by the City Council. The program will return for Council consideration at least three months prior to the sunset date.

3. Residential Program – All Developers: Within the “existing Stockton city limits”, as defined in the 2008 Attorney General Settlement Agreement, all single family residential projects will receive a fifty percent (50%) reduction of certain public facilities fees. These fees include:

- City Office Space
- Community Recreation Centers
- ~~Fire Stations~~
- Libraries
- ~~Parkland,~~
- ~~Police Station~~
- Street Improvements

The program will sunset on December 31, ~~2015~~ 2012, unless extended by the City Council. The program will return for Council consideration at least three months prior to the sunset date.

**CITY OF STOCKTON PUBLIC FACILITIES FEE REDUCTION**

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**Staff recommends not reducing the Fire Station, Parkland or Police Station fees. Staff also recommends sun setting the program on December 31, 2012.**

As noted above, City staff and the Development Oversight Commission are in agreement over the recommendations on the Non-residential Program and the Greater Downtown Residential Incentive Program. The Development Oversight Commission recommendation that the third program reduce single-family residential development public facilities fees by fifty percent (50%) for all such developments within the existing City limits, as defined in the above-noted Settlement Agreement, represents a substantial difference in the potential fiscal impacts to the City and presents a significant risk of not collecting sufficient revenues to cover debt service payments on the outstanding bonds. As previously stated, the parks, fire stations, street improvements, and police stations public facilities fee funds have debt service payment obligations. Should public facilities fee revenues prove insufficient to meet these annual debt obligations, the bond documents require the General Fund to make the debt service payments.

Exhibit C shows the number of residential units needed by each fund in order for the City to break even on a cash flow basis with current revenue projections. In Fiscal Year 2009-2010, one hundred and fifty-two (152) new single family residential permits were issued. Even at the current level of fees, only the Street Improvement fee exceeded the number of housing units needed (40) to break even on cash flow. If housing starts do not keep up with the number of units required to break even on cash flow, then the Public Facility Fee fund revenues will not keep up with the debt service and existing fund balances within each fund will need to be drawn down to cover the revenue deficit, which is currently the case for the Fire Station, Police Station, and Parkland funds. It is not reasonable to assume that reducing fees will stimulate demand for enough new houses to generate the needed revenues for the Fire Station, Police Station, or Parkland funds.

An additional, in depth, proforma and sensitivity analysis of each fund using FY 2009-2010 actual revenue data was performed at the recommended reduction levels. This analysis showed that fund balances for Fire Stations, Police Stations, and Parkland would be significantly impacted by a residential reduction. It should be noted that, while in aggregate the Street Improvement fund is projected to cover its debt service obligation, the Street Improvement fee is separated into several different fee zones and the bond obligations are an obligation of the North Stockton Street Improvement Zone. The risk in reducing Street Improvement Fees is that the North Stockton Street Improvement Zone may not have adequate funding in the next few years to provide the local match for key construction projects and provide the debt service for existing debt for projects already completed in that area. If Street Improvement Public Facility Fee funds are not available at the time of construction, then other local funding from the General Fund or street maintenance funds will need to be diverted from other programs to provide the local match. If no local match can be found at the

**CITY OF STOCKTON PUBLIC FACILITIES FEE REDUCTION**

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time of construction, the projects may need to be canceled and grant funds already designated for the project would be lost.

Under the changes proposed by the Development Oversight Commission outlined in bold on page 4, in order for the City to break even with current revenue projections, residential housing starts within the boundary area would have to increase significantly from the level of building permits issued in FY 2009-2010. As detailed in Exhibit C, even the current level of activity is insufficient to cover the debt service payments for Fire Stations, Police Stations, and Parkland. Fund balances are currently covering the shortfall, but if housing starts do not increase substantially in the next few years, then the Public Facilities Fee Fund revenues would not be sufficient to meet debt service payments and fund balances will be exhausted, placing an additional burden on the General Fund to cover the projected debt service payment shortfall. Furthermore, development outside the already built environment has a more immediate impact on infrastructure and facilities.

City staff finds it difficult to support an assumption that residential permits will grow enough in the near future given that the demand for new housing is likely to remain extremely low, with foreclosures continuing to dominate the housing market, forcing lower market values on residential home prices. The foreclosure rate in Stockton is still in the top ten in the nation, estimated by RealtyTrac to be 4.37%, i.e., or one in every twenty-three housing units are in the foreclosure process. Foreclosures are a neighborhood blight that drives down property values, reduces property tax revenues supporting essential public safety services, and creates a greater burden on City services as abandoned homes result in a myriad of zoning enforcement concerns and increased Police calls for service. Even with an incentive program, the demand for new housing is likely to remain extremely low as long as foreclosures continue to dominate the market, forcing prices lower.

Staff also recommends sunsetting the larger residential reduction program on December 31, 2012, rather than 2015 as recommended by the Development Oversight Commission. The three additional years of reduced revenues within the funds could significantly impact the City's ability to provide the needed infrastructure. The program will come back to Council at least three months prior to the expiration, along with the non-residential program, and Council can consider the economic circumstances that exist at that time and can extend the program(s) if circumstances warrant it.

Exhibit D illustrates current and proposed reductions based on hypothetical developments. The recommendations of the Development Oversight Commission would reduce the total fees for residential infill projects by \$11,467 per home. Under the staff recommendation, total fees would be reduced by \$9,143 per home without putting bond repayment revenues at risk.

Time is of the essence for City staff to begin the implementation of these incentive programs

## **CITY OF STOCKTON PUBLIC FACILITIES FEE REDUCTION**

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in order to immediately act on retaining and attracting specific companies that are in a position to make immediate decisions. The Development Oversight Commission requested that City Council examine their recommended incentive programs as a package. Initial review of the Commission's recommendation places the General Fund's secondary obligation to meet debt service payments as a likely scenario.

### **FINANCIAL SUMMARY**

The primary consideration, in addition to stimulating the economy, is to avoid a negative impact on the General Fund should public facilities fee revenues be insufficient to meet annual debt service payments. However, if the incentive programs do not have the desired stimulus effect and public facilities fee revenues do not at least reach the current estimated level, public facilities fees revenues will not be sufficient to cover the debt service payments on the 2009 lease revenue bonds and the General Fund will be obligated to make the annual debt service payment shortfall.

Under the proposed programs, the City's Development Services Fund will be directly negatively impacted on each building permit issued for new construction, as an administrative fee is collected that is based on a percentage of the total public facilities fees due on each project. The recommended fee reduction will also reduce the administration fee revenue collected. The administration portion of the fee supports activities in many City departments, including the Administrative Services and Community Development Departments, both of which have been severely impacted over the past two years by the sagging economy. To avoid significantly reducing operating revenues and placing a greater burden on the General Fund, staff recommends that the administration fee be increased from 2.5% to 3.5% on all projects. This new rate is expected to recover the same total revenue, given the aggregate PFF reduction the fee is based on.

A major potential financial impact of the proposed programs is the unknown long term financial deficit in the public facilities fee funds. Once the City gives up this fee revenue, future development cannot be charged more than allowed in the nexus study to "make up" the difference. Therefore, every dollar not collected through public facilities fees is a dollar that the City will have to make up from other sources (e.g., General Fund resources, grants, Redevelopment Agency bond proceeds). Alternatively, capital projects will likely need to be deferred until sufficient funding resources are available, or the planned capital projects will be recommended to be abandoned.

Taking action to reduce development impact fees is urgently needed in order to retain and attract these companies that are estimated to result in an additional 1,000 permanent, family-wage jobs. If the incentive programs are effective in attracting new companies to Stockton, there will be more development than there would have been otherwise. In addition,



September 14, 2010

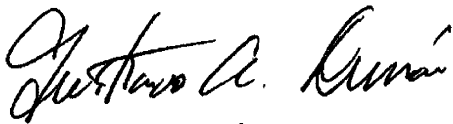
**CITY OF STOCKTON PUBLIC FACILITIES FEE REDUCTION**

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new businesses and new jobs mean additional revenues to the City through increased retail sales tax receipts, utility user tax revenues, formation of additional businesses and their licensing revenue, and improved residential and commercial property valuations spurring additional City property tax and Stockton Redevelopment Agency property tax increment revenue.

Respectfully submitted,



GUSTAVO A. DURÁN, INTERIM DIRECTOR  
ECONOMIC DEVELOPMENT DEPARTMENT

GAD:GF:slw  
Attachments

APPROVED BY



BOB DEIS  
CITY MANAGER

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STOCKTON  
AIRFIELD

## EXHIBIT B

### **Stockton's Economic Recovery Incentive Program – Development Oversight Commission Recommendations:**

#### **Nonresidential Program:**

Enact a fifty percent (50%) **reduction** of certain Public Facility Fees. These fees include:

- City Office Space,
- Community Recreation Centers,
- Libraries,
- Fire Stations
- Police Station, and
- Street Improvements.

City wide program for all nonresidential, job producing developments.

#### **Sunset Provision:**

This program will sunset without further Council action on December 31, 2012, unless extended by the City Council. The program will return for Council consideration at least three months prior to the sunset date.

**To be eligible, projects must be approved prior to the sunset date.**

#### **Residential Program – Downtown only:**

Within the **Greater Downtown area**, as defined in the 2008 Attorney General Settlement Agreement, all residential projects will be **exempt** from the following Public Facility Fees:

- City Office Space,
- Community Recreation Centers,
- Fire Stations,
- Libraries,
- Parkland
- Police Station, and
- Street Improvements.

Includes both SFR and Multi-family projects.

#### **Sunset Provision:**

Unless the Council extends the program, it will sunset without further Council action on December 31, 2015, unless extended by the City Council. The

program will return for Council consideration at least three months prior to the sunset date.

**To be eligible, projects must be approved prior to the sunset date.**

**Residential Program – All Developers:**

Within the “existing Stockton city limits”, as defined in the 2008 Attorney General Settlement Agreement, all single family residential projects will receive a fifty percent (50%) **reduction** of certain Public Facility Fees. These fees include:

- City Office Space,
- Community Recreation Centers,
- Fire Stations,
- Libraries,
- Parkland
- Police Station, and
- Street Improvements.

**Sunset Provision:**

Unless the Council extends the program, it will sunset without further Council action on December 31, 2015, unless extended by the City Council. The program will return for Council consideration at least three months prior to the sunset date.

**To be eligible, projects must be approved prior to the sunset date and not be deemed a project of significance.**

## Exhibit C Debt Service Analysis

FY 10/11 (projected)	Residential	Total	Total	Debt Service (less nonres revenues)	Units needed	Units needed
	Reduced Rate PFF fee 50%	Residential Revenue 50%			Debt Service	to cover Debt Service 50%
<b>PUBLIC FACILITIES FEES:</b>						
Street Improvements	\$ 7,691	\$ 1,168,956	\$ (822,589)	\$ (609,914)	79	40
Fire Stations	\$ 391	\$ 59,356	\$ (419,646)	\$ (413,165)	1058	529
Police Station	\$ 296	\$ 44,916	\$ (298,905)	\$ (293,638)	994	497
Parkland	\$ 1,399	\$ 212,648	\$ (874,698)	\$ (874,698)	625	313

# Residential Permits in FY 09/10: 152

CITY OF STOCKTON DEVELOPMENT FEE ESTIMATE

Exhibit D

Project: Hypothetical

South Stockton SFR

PROJECT SUMMARY

Type	Full Cost Residential	DOC	Staff	Staff
		Recommendation 50% Residential	Recommendation 50% Residential	Recommendation w/3.5% Admin fee 50% Residential
Square Feet (000's)	1.8	1.8	1.8	1.8
Acreage	0.25	0.25	0.25	0.25
Fee Zone	6	6	6	6

FEE ESTIMATES

PUBLIC FACILITIES FEES:

	Residential	Residential	Residential	Residential
Air Quality	\$187	\$187	\$187	\$187
City Office Space (1)	\$467	\$234	\$234	\$234
Community Recreation Center	\$481	\$241	\$241	\$241
Fire Stations (1)	\$781	\$391	\$781	\$781
Libraries (1)	\$902	\$451	\$451	\$451
Parkland	\$2,798	\$1,399	\$2,798	\$2,798
Police Station (1)	\$591	\$296	\$591	\$591
Street improvements (1)	\$16,355	\$8,178	\$8,178	\$8,178
Surface Water	\$3,359	\$3,359	\$3,359	\$3,359
Agricultural Mitigation Fee (2)	na	na	na	na
County Facilities Fee	\$1,707	\$1,707	\$1,707	\$1,707
Traffic Signals (1)	\$110	\$110	\$110	\$110
Administration	\$693	\$414	\$466	\$652
Regional Transportation Impact Fee	\$2,987	\$2,987	\$2,987	\$2,987
<b>TOTAL PUBLIC FACILITY FEES</b>	<b>\$31,418</b>	<b>\$19,951</b>	<b>\$22,088</b>	<b>\$22,275</b>

OTHER FEES:

Sewer Connection (MIN 1 DUE) (1) (3)	\$2,800	\$2,800	\$2,800	\$2,800
Water Connection (1) (4)	\$1,906	\$1,906	\$1,906	\$1,906
Delta Water Supply fee (4)	\$4,442	\$4,442	\$4,442	\$4,442
Water/Sewer Admin	\$320	\$320	\$320	\$320
Area of Benefit (5)	na	na	na	na
Street Light "In Lieu of" fee (6)	na	na	na	na
Flood Control Equalization Fee (7)	TBD	TBD	TBD	TBD

BUILDING PERMIT FEE (8)	\$4,162	\$4,162	\$4,162	\$4,162
BUILDING PLAN CHECK FEE (8)	\$2,996	\$2,996	\$2,996	\$2,996

Site Plan Review fee (9)	\$0	\$0	\$0	\$0
Design Review fee (9)	\$0	\$0	\$0	\$0
Public Works Construction permit (9)	\$321	\$321	\$321	\$321
SWQCCP/SWPP Plan check/inspections	\$0	\$0	\$0	\$0
Fire Dept Plan Check Fee (10)	\$264	\$264	\$264	\$264
Fire Protection System Plan Check (11)	\$0	\$0	\$0	\$0
Fire Dept./Public Works Plan Check/Inspection Fee (12)	TBD	TBD	TBD	TBD

OTHER BUILDING FEES:

Strong Motion Instrument Program (SMIP)	\$41	\$41	\$41	\$41
General Plan Maintenance and Implementation (GPMI)	\$592	\$592	\$592	\$592
Development Code Maintenance Fee	\$197	\$197	\$197	\$197
Development Oversight Commission fee	\$197	\$197	\$197	\$197
Climate Action Plan Implementation Fee	\$197	\$197	\$197	\$197
Housing Element fee	\$99	\$99	\$99	\$99
Community Rating System Admin fee	\$83	\$83	\$83	\$83
Miscellaneous	\$500	\$500	\$500	\$500
Technology Fee	\$312	\$312	\$312	\$312
Capital Preservation fee	\$197	\$197	\$197	\$197

<b>TOTAL OF FEES SHOWN (13)</b>	<b>\$51,046</b>	<b>\$39,579</b>	<b>\$41,716</b>	<b>\$41,903</b>
---------------------------------	-----------------	-----------------	-----------------	-----------------

CITY OF STOCKTON DEVELOPMENT FEE ESTIMATE

Exhibit D

Project: Hypothetical

Downtown SFR

**PROJECT SUMMARY**

Type	Full Cost	Exempt
	SFR Residential	SFR Residential
Square Feet (000's)	1.8	1.8
Acreage	0.25	0.25
Fee Zone	3	3

**FEE ESTIMATES**

	Residential	Residential
<b>PUBLIC FACILITIES FEES:</b>		
Air Quality	\$187	\$187
City Office Space (1)	\$467	\$0
Community Recreation Center	\$481	\$0
Fire Stations (1)	\$781	\$0
Libraries (1)	\$902	\$0
Parkland	\$2,798	\$0
Police Station (1)	\$591	\$0
Street Improvements (1)	\$13,226	\$0
Surface Water	\$3,359	\$3,359
Agricultural Mitigation Fee (2)	na	na
County Facilities Fee	\$1,707	\$1,707
<hr/>		
Traffic Signals (1)	\$110	\$110
Administration	\$615	\$134
Regional Transportation Impact Fee	\$2,987	\$2,987
<hr/>		
<b>TOTAL PUBLIC FACILITY FEES</b>	<b>\$28,211</b>	<b>\$8,484</b>
<b>OTHER FEES:</b>		
Sewer Connection (MIN 1 DUE) (1) (3)	\$2,800	\$2,800
Water Connection (1) (4)	na	na
Delta Water Supply fee (4)	na	na
Water/Sewer Admin	\$98	\$98
Area of Benefit (5)	na	na
Street Light "In Lieu of" fee (6)	na	na
Flood Control Equalization Fee (7)	TBD	TBD
<b>BUILDING PERMIT FEE (8)</b>	<b>\$4,162</b>	<b>\$4,162</b>
<b>BUILDING PLAN CHECK FEE (8)</b>	<b>\$2,996</b>	<b>\$2,996</b>
Site Plan Review fee (9)	\$1,327	\$1,327
Design Review fee (9)	\$1,164	\$1,164
Public Works Construction permit (9)	\$321	\$321
SWQCCP/SWPP Plan check/inspections	\$0	\$0
Fire Dept Plan Check Fee (10)	\$264	\$264
Fire Protection System Plan Check (11)	\$0	\$0
Fire Dept./Public Works Plan Check/Inspection Fee (12)	TBD	TBD
<b>OTHER BUILDING FEES:</b>		
Strong Motion Instrument Program (SMIP)	\$41	\$41
General Plan Maintenance and Implementation (GPMI)	\$592	\$592
Development Code Maintenance Fee	\$197	\$197
Development Oversight Commission fee	\$197	\$197
Climate Action Plan Implementation Fee	\$197	\$197
Housing Element fee	\$99	\$99
Community Rating System Admin fee	\$83	\$83
Miscellaneous	\$500	\$500
Technology Fee	\$312	\$312
Capital Preservation fee	\$197	\$197
<hr/>		
<b>TOTAL OF FEES SHOWN (13)</b>	<b>\$43,760</b>	<b>\$24,033</b>
	<b>Reduction:</b>	<b>45.08%</b>
<b>Other Fees Not Paid to City</b>		
School Fee (15)	\$4,950	\$4,950
Habitat fee (16)	na	na
<hr/>		
<b>Total Non-City Fees</b>	<b>\$4,950</b>	<b>\$4,950</b>

CITY OF STOCKTON DEVELOPMENT FEE ESTIMATE

Exhibit D

Project: Hypothetical

Downtown Multi-Family

**PROJECT SUMMARY**

Type	Full Cost Multi Residential	Exempt Multi Residential
Units	50	50
Acreage	3	3
Fee Zone	3	3

**FEE ESTIMATES**

	Residential	Residential
<b>PUBLIC FACILITIES FEES:</b>		
Air Quality	\$6,350	\$6,350
City Office Space (1)	\$19,550	\$0
Community Recreation Center	\$20,250	\$0
Fire Stations (1)	\$32,900	\$0
Libraries (1)	\$38,050	\$0
Parkland	\$85,600	\$0
Police Station (1)	\$24,850	\$0
Street Improvements (1)	\$482,800	\$0
Surface Water	\$49,924	\$49,924
Agricultural Mitigation Fee (2)	na	na
County Facilities Fee	\$73,100	\$73,100
Traffic Signals (1)	\$3,325	\$3,325
Administration	\$20,917	\$20,917
Regional Transportation Impact Fee	\$89,613	\$89,613
<b>TOTAL PUBLIC FACILITY FEES</b>	<b>\$947,229</b>	<b>\$243,229</b>
<b>OTHER FEES:</b>		
Sewer Connection (MIN 1 DUE) (1) (3)	\$99,750	\$99,750
Water Connection (1) (4)	na	na
Delta Water Supply fee (4)	na	na
Water/Sewer Admin	\$3,491	\$3,491
Area of Benefit (5)	na	na
Street Light "in Lieu of" fee (6)	na	na
Flood Control Equalization Fee (7)	TBD	TBD
<b>BUILDING PERMIT FEE (8)</b>	<b>\$42,175</b>	<b>\$42,175</b>
<b>BUILDING PLAN CHECK FEE (8)</b>	<b>\$30,366</b>	<b>\$30,366</b>
Site Plan Review fee (9)	\$1,327	\$1,327
Design Review fee (9)	\$1,164	\$1,164
Public Works Construction permit (9)	\$321	\$321
SWQCCP/SWPP Plan check/inspections	\$0	\$0
Fire Dept Plan Check Fee (10)	\$1,698	\$1,698
Fire Protection System Plan Check (11)	\$1,818	\$1,818
Fire Dept./Public Works Plan Check/Inspection Fee (12)	TBD	TBD
<b>OTHER BUILDING FEES:</b>		
Strong Motion Instrument Program (SMIP)	\$1,151	\$1,151
General Plan Maintenance and Implementation (GPMI)	\$16,446	\$16,446
Development Code Maintenance Fee	\$5,482	\$5,482
Development Oversight Commission fee	\$5,482	\$5,482
Climate Action Plan Implementation Fee	\$5,482	\$5,482
Housing Element fee	\$2,741	\$2,741
Community Rating System Admin fee	\$844	\$844
Miscellaneous	\$500	\$500
Technology Fee	\$3,163	\$3,163
Capital Preservation fee	\$5,482	\$5,482
	=====	=====
<b>TOTAL OF FEES SHOWN (13)</b>	<b>\$1,176,112</b>	<b>\$472,112</b>
	<b>Reduction:</b>	<b>59.86%</b>
<b>Fees per unit</b>	<b>\$23,522.24</b>	<b>\$9,442.24</b>
<b>Other Fees Not Paid to City</b>		
School Fee (15)	\$137,500	\$137,500
Habitat fee (16)	na	na
<b>Total Non-City Fees</b>	<b>\$137,500</b>	<b>\$137,500</b>



**CITY OF STOCKTON DEVELOPMENT FEE ESTIMATE**  
**(This estimate assumes Shell and Tenant Improvements)**  
**Project: Hypothetical**

**Exhibit D**

**NON RESIDENTIAL REDUCTION**

**PROJECT SUMMARY**

Company Type	Full Cost			50% Reduction		
	Office	Retail	Warehouse	Office	Retail	Warehouse
Square Feet (000's)	100	100	100	100	100	100
Acreage	5	10	10	5	10	10
Fee Zone	1/2	1/2	5/6	1/2	1/2	5/6

**FEE ESTIMATES**

	Office	Retail	Warehouse	Office	Retail	Warehouse
<b>PUBLIC FACILITIES FEES:</b>						
Air Quality	\$32,900	\$68,900	\$40,500	\$32,900	\$68,900	\$40,500
City Office Space (1)	\$8,750	\$4,500	\$5,100	\$4,375	\$2,250	\$2,550
Community Recreation Center	\$7,900	\$4,050	\$4,650	\$3,950	\$2,025	\$2,325
Fire Stations (1)	\$23,700	\$12,200	\$10,800	\$11,850	\$6,100	\$5,400
Libraries (1)	\$18,900	\$9,700	\$11,200	\$9,450	\$4,850	\$5,600
Parkland	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt
Police Station (1)	\$21,100	\$10,800	\$12,400	\$10,550	\$5,400	\$6,200
Street Improvements (1)	\$639,800	\$692,100	\$277,600	\$319,900	\$346,050	\$138,800
Surface Water	\$72,200	\$72,000	\$29,167	\$72,200	\$72,000	\$29,167
Agricultural Mitigation Fee (2)	\$59,510	\$117,580	\$104,940	\$59,510	\$117,580	\$104,940
County Facilities Fee	\$35,000	\$39,000	\$19,000	\$35,000	\$39,000	\$19,000
Traffic Signals (1)	\$19,500	\$80,800	\$8,325	\$19,500	\$80,800	\$8,325
Administration	\$23,482	\$27,791	\$13,092	\$14,480	\$18,624	\$9,070
Regional Transportation Impact Fee	\$150,000	\$119,000	\$90,000	\$150,000	\$119,000	\$90,000
<b>TOTAL PUBLIC FACILITY FEES</b>	<b>\$1,112,742</b>	<b>\$1,258,421</b>	<b>\$626,774</b>	<b>\$743,665</b>	<b>\$882,579</b>	<b>\$461,877</b>
<b>OTHER FEES:</b>						
Sewer Connection (MIN 1 DUE) (1) (3)	\$205,927	\$36,340	\$9,500	\$205,927	\$36,340	\$9,500
Water Connection (1) (4)	\$20,087	\$20,087	\$20,087	\$20,087	\$20,087	\$20,087
Delta Water Supply fee (4)	\$41,444	\$41,444	\$41,444	\$41,444	\$41,444	\$41,444
Water/Sewer Admin	\$9,361	\$3,425	\$2,486	\$9,361	\$3,425	\$2,486
Area of Benefit (5)	na	na	na	na	na	na
Street Light "In Lieu of" fee (6)	See Footnote	See Footnote	See Footnote	See Footnote	See Footnote	See Footnote
Flood Control Equalization Fee (7)	TBD	TBD	TBD	TBD	TBD	TBD
<b>BUILDING PERMIT FEE (8)</b>	<b>\$89,398</b>	<b>\$68,754</b>	<b>\$49,589</b>	<b>\$89,398</b>	<b>\$68,754</b>	<b>\$49,589</b>
<b>BUILDING PLAN CHECK FEE (8)</b>	<b>\$64,367</b>	<b>\$49,503</b>	<b>\$35,704</b>	<b>\$64,367</b>	<b>\$49,503</b>	<b>\$35,704</b>
Site Plan Review fee (9)	\$1,327	\$1,327	\$1,327	\$1,327	\$1,327	\$1,327
Design Review fee (9)	\$1,164	\$1,164	\$1,164	\$1,164	\$1,164	\$1,164
Public Works Construction permit (9)	\$321	\$321	\$321	\$321	\$321	\$321
SWQCCP/SWPP Plan check/Inspections	\$948	\$948	\$948	\$948	\$948	\$948
Fire Dept Plan Check Fee (10)	\$1,698	\$1,698	\$1,698	\$1,698	\$1,698	\$1,698
Fire Protection System Plan Check (11)	\$1,818	\$1,818	\$1,818	\$1,818	\$1,818	\$1,818
Fire Dept./Public Works Plan Check/Inspection Fee (12)	TBD	TBD	TBD	TBD	TBD	TBD
<b>OTHER BUILDING FEES:</b>						
Strong Motion Instrument Program (SMIP)	\$2,988	\$2,185	\$1,440	\$2,988	\$2,185	\$1,440
General Plan Maintenance and Implementation (GPMI)	\$42,681	\$31,212	\$20,565	\$42,681	\$31,212	\$20,565
Development Code Maintenance Fee	\$14,227	\$10,404	\$6,855	\$14,227	\$10,404	\$6,855
Development Oversight Commission fee	\$14,227	\$10,404	\$6,855	\$14,227	\$10,404	\$6,855
Climate Action Plan Implementation Fee	\$14,227	\$10,404	\$6,855	\$14,227	\$10,404	\$6,855
Housing Element fee	\$7,114	\$5,202	\$3,428	\$7,114	\$5,202	\$3,428
Community Rating System Admin fee	\$1,788	\$1,375	\$992	\$1,788	\$1,375	\$992
Miscellaneous	\$500	\$500	\$500	\$500	\$500	\$500
Technology Fee	\$6,705	\$5,157	\$3,719	\$6,705	\$5,157	\$3,719
Capital Preservation fee	\$14,227	\$10,404	\$6,855	\$14,227	\$10,404	\$6,855
<b>TOTAL OF FEES SHOWN (13)</b>	<b>\$1,669,284</b>	<b>\$1,572,497</b>	<b>\$850,924</b>	<b>\$1,300,207</b>	<b>\$1,196,655</b>	<b>\$686,027</b>
<b>Fees Eligible for Deferral (14)</b>	<b>\$957,764</b>	<b>\$866,527</b>	<b>\$355,012</b>	<b>\$601,639</b>	<b>\$501,877</b>	<b>\$196,462</b>
<b>Fees per sq. ft.</b>	<b>\$16.69</b>	<b>\$15.72</b>	<b>\$8.51</b>	<b>\$13.00</b>	<b>\$11.97</b>	<b>\$6.86</b>
				<b>Reduction:</b>	<b>22.11%</b>	<b>23.90%</b>
<b>Other Fees Not Paid to City</b>						
School Fee (15)	\$47,000	\$47,000	\$47,000	\$47,000	\$47,000	\$47,000
Habitat fee (16)	\$4,830	\$9,540	\$8,520	\$4,830	\$9,540	\$8,520
<b>Total Non-City Fees</b>	<b>\$51,830</b>	<b>\$56,540</b>	<b>\$55,520</b>	<b>\$51,830</b>	<b>\$56,540</b>	<b>\$55,520</b>

# STOCKTON CITY COUNCIL

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## RESOLUTION REDUCING CERTAIN PUBLIC FACILITIES FEES AS PART OF STOCKTON'S ECONOMIC RECOVERY INCENTIVE PROGRAM

The City Council of the City of Stockton has adopted Stockton Municipal Code section 16-355.270, creating and establishing the authority for imposing and charging Public Facilities Fees on new development; and

Due to the recent downturn in the economy, very little new development has taken place; and

The unemployment rate in the City of Stockton is nearly 20% and the unemployment rate in the County of San Joaquin is over 16%; and

The City Council of the City of Stockton desires to implement an Economic Recovery Incentive Program, part of which involves reducing certain Public Facilities Fees in order to stimulate new development, attract new companies, improve the unemployment rate, and jump start the local economy; now therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. For non-residential new development, the following Public Facilities Fees shall be reduced by fifty percent (50%) citywide:

- a. City Office Space;
- b. Community Recreation Centers;
- c. Libraries;
- d. Police Stations;
- e. Street Improvements; and
- f. Fire Stations.

This program will automatically sunset on December 31, 2012, unless extended by the City Council.

2. For residential new development within the Greater Downtown Area (as defined in the 2008 Attorney General Settlement Agreement), the following Public Facilities Fees shall not be collected:

- a. City Office Space;
- b. Community Recreation Centers;
- c. Libraries;
- d. Police Stations;
- e. Street Improvements;
- f. Fire Stations; and
- g. Parkland.

This program will automatically sunset on December 31, 2015, unless extended by the City Council.

3. For residential new development within the existing Stockton City limits (as defined in the 2008 Attorney General Settlement Agreement), the following Public Facilities Fees shall be reduced by fifty percent (50%) for all single-family projects:

- a. City Office Space;
- b. Community Recreation Centers;
- c. Libraries; and
- d. Street Improvements;

This program will automatically sunset on December 31, 2012, unless extended by the City Council.

4. The Public Facility Fee Administrative Fee will increase to 3.5%.

5. All other provisions of the Public Facilities Fees Program shall remain in full force and effect.

6. These fee reductions shall take effect immediately upon adoption and apply to applicable building permits issued after the effective date and before the sunset date.

7. The Public Facility Fee Administrative Fee shall go into effect 60 days after the date of adoption and apply to all building permits issued after the effective date and before the sunset date.

PASSED, APPROVED and ADOPTED \_\_\_\_\_.

\_\_\_\_\_  
ANN JOHNSTON  
Mayor of the City of Stockton

ATTEST:

\_\_\_\_\_  
KATHERINE GONG MEISSNER  
City Clerk of the City of Stockton

## FEE SCHEDULE

### Citywide – Nonresidential Projects:

<u>Fee Category</u>	<u>Current Fee</u>	<u>Proposed Fee</u>
<b>City Office Space - Effective September 15, 2010</b>		
•☐Office/High Density	\$87.50 per 1000 s.f.	\$43.75 per 1000 s.f.
•☐Retail/Medium Density	\$45.00 per 1000 s.f.	\$22.50 per 1000 s.f.
•☐Warehouse/Low Density	\$51.00 per 1000 s.f.	\$25.50 per 1000 s.f.
<b>Community Recreation Centers - Effective September 15, 2010</b>		
•☐Office/High Density	\$79.00 per 1000 s.f.	\$39.50 per 1000 s.f.
•☐Retail/Medium Density	\$40.50 per 1000 s.f.	\$20.25 per 1000 s.f.
•☐Warehouse/Low Density	\$46.50 per 1000 s.f.	\$23.25 per 1000 s.f.
<b>Libraries - Effective September 15, 2010</b>		
•☐Office/High Density	\$189.00 per 1000 s.f.	\$94.50 per 1000 s.f.
•☐Retail/Medium Density	\$97.00 per 1000 s.f.	\$48.50 per 1000 s.f.
•☐Warehouse/Low Density	\$112.00 per 1000 s.f.	\$56.00 per 1000 s.f.
<b>Fire Stations - Effective September 15, 2010</b>		
•☐Office/High Density	\$237.00 per 1000 s.f.	\$118.50 per 1000 s.f.
•☐Retail/Medium Density	\$122.00 per 1000 s.f.	\$61.00 per 1000 s.f.
•☐Warehouse/Low Density	\$108.00 per 1000 s.f.	\$54.00 per 1000 s.f.
<b>Police Stations - Effective September 15, 2010</b>		
•☐Office/High Density	\$211.00 per 1000 s.f.	\$105.50 per 1000 s.f.
•☐Retail/Medium Density	\$108.00 per 1000 s.f.	\$54.00 per 1000 s.f.
•☐Warehouse/Low Density	\$124.00 per 1000 s.f.	\$62.00 per 1000 s.f.
<b>Street Improvements (Fee Area 1 &amp; 2) - Effective September 15, 2010</b>		
•☐Office/High Density	\$6,398.00 per 1000 s.f.	\$3,199.00 per 1000 s.f.
•☐Retail/Medium Density	\$6,921.00 per 1000 s.f.	\$3,460.50 per 1000 s.f.
•☐Warehouse/Low Density	\$2,473.00 per 1000 s.f.	\$1,236.50 per 1000 s.f.
<b>Street Improvements (Fee Area 3 &amp; 4) - Effective September 15, 2010</b>		
•☐Office/High Density	\$4,824.00 per 1000 s.f.	\$2,412.00 per 1000 s.f.
•☐Retail/Medium Density	\$6,354.00 per 1000 s.f.	\$3,177.00 per 1000 s.f.
•☐Warehouse/Low Density	\$1,863.00 per 1000 s.f.	\$931.50 per 1000 s.f.
<b>Street Improvements (Fee Area 5 &amp; 6) - Effective September 15, 2010</b>		
•☐Office/High Density	\$7,026.00 per 1000 s.f.	\$3,513.00 per 1000 s.f.
•☐Retail/Medium Density	\$7,772.00 per 1000 s.f.	\$3,886.00 per 1000 s.f.
•☐Warehouse/Low Density	\$2,776.00 per 1000 s.f.	\$1,388.00 per 1000 s.f.

<b>Fee Category</b>	<b>Current Fee</b>	<b>Proposed Fee</b>
<b>Street Improvements (Fee Area 6A) - Effective September 15, 2010</b>		
•☐Office/High Density	\$7,601.00 per 1000 s.f.	\$3,800.50 per 1000 s.f.
•☐Retail/Medium Density	\$8,223.00 per 1000 s.f.	\$4,111.50 per 1000 s.f.
•☐Warehouse/Low Density	\$2,355.00 per 1000 s.f.	\$1,177.50 per 1000 s.f.

**Administrative Fee - Effective November 14, 2010**

All Applicable Fees	2.5%	3.5%
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**Sunset: December 31, 2012**

**Greater Downtown Area – Residential Projects:**

<b>Fee Category</b>	<b>Current Fee</b>	<b>Proposed Fee</b>
<b>City Office Space - Effective September 15, 2010</b>		
•☐Single Family Units	\$467.00 per unit	EXEMPT
•☐Multiple Family Units	\$391.00 per unit.	EXEMPT.
•☐Guest Rooms	\$98.25 per room	\$49.125 per room

**Community Recreation Centers - Effective September 15, 2010**

•☐Single Family Units	\$481.00 per unit	EXEMPT
•☐Multiple Family Units	\$405.00 per unit.	EXEMPT
•☐Guest Rooms	EXEMPT	EXEMPT

**Libraries - Effective September 15, 2010**

•☐Single Family Units	\$902.00 per unit	EXEMPT
•☐Multiple Family Units	\$761.00 per unit.	EXEMPT
•☐Guest Rooms	\$171.00 per room	\$85.50 per room

**Parkland - Effective September 15, 2010**

•☐Single Family Units	\$2,798.00 per unit	EXEMPT
•☐Multiple Family Units	\$1,712.00 per unit.	EXEMPT
•☐Guest Rooms	EXEMPT	EXEMPT

**Fire Stations - Effective September 15, 2010**

•☐Single Family Units	\$781.00 per unit	EXEMPT
•☐Multiple Family Units	\$658.00 per unit.	EXEMPT
•☐Guest Rooms	\$89.00 per room	\$44.50 per room

**Police Stations - Effective September 15, 2010**

•☐Single Family Units	\$591.00 per unit	EXEMPT
•☐Multiple Family Units	\$497.00 per unit.	EXEMPT
•☐Guest Rooms	\$199.00 per room	\$99.50 per room

<u>Fee Category</u>	<u>Current Fee</u>	<u>Proposed Fee</u>
<b>Street Improvements (Fee Area 1 &amp; 2) - Effective September 15, 2010</b>		
•☐Single Family Units	\$15,381.00 per unit	EXEMPT
•☐Multiple Family Units	\$11,229.00 per unit.	EXEMPT
•☐Guest Rooms	\$11,998.00 per room	\$5,999.00 per room
<b>Street Improvements (Fee Area 3 &amp; 4) - Effective September 15, 2010</b>		
•☐Single Family Units	\$13,226.00 per unit	EXEMPT
•☐Multiple Family Units	\$9,656.00 per unit.	EXEMPT
•☐Guest Rooms	\$10,315.00 per room	\$5,157.50 per room
<b>Street Improvements (Fee Area 5 &amp; 6) - Effective September 15, 2010</b>		
•☐Single Family Units	\$16,355.00 per unit	EXEMPT
•☐Multiple Family Units	\$11,936.00 per unit.	EXEMPT
•☐Guest Rooms	\$12,756.00 per room	\$6,378.00 per room
<b>Street Improvements (Fee Area 6A) - Effective September 15, 2010</b>		
•☐Single Family Units	\$16,355.00 per unit	EXEMPT
•☐Multiple Family Units	\$11,936.00 per unit.	EXEMPT
•☐Guest Rooms	\$12,756.00 per room	\$6,378.00 per room
<b>Administrative Fee - Effective November 14, 2010</b>		
All Applicable Fees	2.5%	3.5%

**Sunset: December 31, 2015**

**“Existing City Limits” (as of 10/14/2008)  
Residential Projects:**

<u>Fee Category</u>	<u>Current Fee</u>	<u>Proposed Fee</u>
<b>City Office Space - Effective September 15, 2010</b>		
•☐Single Family Units	\$467.00 per unit	\$233.50 per unit
•☐Multiple Family Units	\$391.00 per unit.	\$195.50 per unit.
•☐Guest Rooms	\$98.25 per room	\$49.125 per room
<b>Community Recreation Centers - Effective September 15, 2010</b>		
•☐Single Family Units	\$481.00 per unit	\$240.50 per unit
•☐Multiple Family Units	\$405.00 per unit.	\$202.50 per unit.
•☐Guest Rooms	EXEMPT	EXEMPT

<b>Fee Category</b>	<b>Current Fee</b>	<b>Proposed Fee</b>
<b>Libraries - Effective September 15, 2010</b>		
• <input type="checkbox"/> Single Family Units	\$902.00 per unit	\$451.00 per unit
• <input type="checkbox"/> Multiple Family Units	\$761.00 per unit.	\$380.50 per unit.
• <input type="checkbox"/> Guest Rooms	\$171.00 per room	\$85.50 per room
<b>Fire Stations - Effective September 15, 2010</b>		
• <input type="checkbox"/> Single Family Units	\$781.00 per unit	\$781.00 per unit
• <input type="checkbox"/> Multiple Family Units	\$658.00 per unit.	\$658.00 per unit.
• <input type="checkbox"/> Guest Rooms	\$89.00 per room	\$44.50 per room
<b>Police Stations - Effective September 15, 2010</b>		
• <input type="checkbox"/> Single Family Units	\$591.00 per unit	\$591.00 per unit
• <input type="checkbox"/> Multiple Family Units	\$497.00 per unit.	\$497.00 per unit
• <input type="checkbox"/> Guest Rooms	\$199.00 per room	\$99.50 per room
<b>Street Improvements (Fee Area 1&amp; 2) - Effective September 15, 2010</b>		
• <input type="checkbox"/> Single Family Units	\$15,381.00 per unit	\$7,690.50 per unit
• <input type="checkbox"/> Multiple Family Units	\$11,229.00 per unit.	\$5,614.50 per unit.
• <input type="checkbox"/> Guest Rooms	\$11,998.00 per room	\$5,999.00 per room
<b>Street Improvements (Fee Area 3 &amp; 4) - Effective September 15, 2010</b>		
• <input type="checkbox"/> Single Family Units	\$13,226.00 per unit	\$6,613.00 per unit
• <input type="checkbox"/> Multiple Family Units	\$9,656.00 per unit.	\$4828.00 per unit.
• <input type="checkbox"/> Guest Rooms	\$10,315.00 per room	\$5,157.50 per room
<b>Street Improvements (Fee Area 5 &amp; 6) - Effective September 15, 2010</b>		
• <input type="checkbox"/> Single Family Units	\$16,355.00 per unit	\$8,177.50 per unit
• <input type="checkbox"/> Multiple Family Units	\$11,936.00 per unit.	\$5,968.00 per unit.
• <input type="checkbox"/> Guest Rooms	\$12,756.00 per room	\$6,378.00 per room
<b>Street Improvements (Fee Area 6A) - Effective September 15, 2010</b>		
• <input type="checkbox"/> Single Family Units	\$16,355.00 per unit	\$8,177.50 per unit
• <input type="checkbox"/> Multiple Family Units	\$11,936.00 per unit.	\$5,968.00 per unit.
• <input type="checkbox"/> Guest Rooms	\$12,756.00 per room	\$6,378.00 per room
<b>Administrative Fee - Effective November 14, 2010</b>		
All Applicable Fees	2.5%	3.5%

**Sunset: December 31, 2012**

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