



Solano County

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Agenda Submittal

Agenda #: **Status:** Approved

Type: Resolution **Department:** County Administrator

File #: 13-0973 **Contact:** Nancy Huston, 784-6100

Agenda date: 12/03/2013 **Final Action:** 12/03/2013

District: All

Attachments: A - PFF Ordinance, B - Nexus Analysis for PFF Update, C - STA Letter, D - Resolution, E - PowerPoint

Date:	Ver.	Action By:	Action:	Result:
12/03/2013	1	Board of Supervisors	Adopted	

Receive and consider the report on the Nexus Analysis for Solano County Public Facilities Fee Update; Conduct public hearing regarding the proposed Public Facilities Fee; and Adopt resolution establishing modified Public Facilities Fee amounts effective February 3, 2014

Published Notice Required? Yes No
 Public Hearing Required? Yes No

DEPARTMENTAL RECOMMENDATION:

The County Administrator's Office recommends that the Board of Supervisors:

- 1) Receive and consider the report on the *Final Nexus Analysis for Solano County Public Facilities Fee Update*;
- 2) Conduct a public hearing regarding the proposed Public Facilities Fee;
- 3) Adopt resolution establishing modified Public Facilities Fee amounts effective February 3, 2014; and
- 4) Authorize staff to negotiate an agreement with the Solano Transportation Authority to coordinate the expenditure of the Regional Transportation Impact Fees.

SUMMARY:

California Government Code section 66000 et seq. requires that local agencies that collect Public Facilities Fee (PFF) evaluate the assumptions that justify the collection of PFF every five

years. Solano County's last evaluation on the criteria for the PFF was completed in 2007. The County Administrator's Office scheduled this *Nexus Analysis for Solano County Public Facilities Fee Update* (Nexus Analysis) in FY2011/12 and subsequently entered into an agreement with Economic and Planning Systems, Inc. (EPS) in June 2012 to conduct the County's five-year review. Based on that analysis, new fee amounts are proposed. Adoption of the new fee amounts will help assure that the County is able to build facilities in future years that become necessary due to growth within the County.

FINANCIAL IMPACT:

Adoption of the proposed PFF amounts will result in revenue to ensure that the County is able to build facilities required to provide services to the County's population in 2033. In FY2012/13, the last year in which PFF revenue information is available for a full year, the County collected approximately \$6.8 million. As proposed in the Update, the PFF would fund approximately \$195 million in capital facilities through 2033. This represents approximately 36 percent of the total costs of the facilities identified in the Update. The County will need to identify and obtain funding for approximately \$346.8 million from non-PFF sources during the life of the fee program.

DISCUSSION:

Background

The County has been collecting Public Facilities Fees (PFF) since 1992 pursuant to the Mitigation Fee Act (Government Code section 66000 et seq.) and Article X of Chapter 11 of the County Code (Attachment A) to assist in the financing of public facility improvements required as the result of new development within Solano County. PFF are collected in both the unincorporated area as well as in the incorporated areas by cities on behalf of the County.

The Mitigation Fee Act requires that the premises and projections upon which PFF were established be evaluated at least every five years. The last evaluation occurred in FY2006/07. On June 26, 2012, the Board approved a contract with EPS to provide the evaluation and analysis for the five-year update. The contract included the following components, based on the scope of work and task list described in the RFQ:

- 1) Comprehensive study evaluating the relationship between new development within the County, including cities, and the amount of public facilities the County must acquire to accommodate growth through 2033.
- 2) Analysis to determine what components should be continued, added/eliminated or modified and what fees should be charged so that adequate revenues are raised to cover future costs for additional public facilities as growth occurs. Solano County currently collects the PFF for the following components: Countywide Public Protection, Health and Social Services, Library, General Government, Sheriff's Patrol and Investigation, Courts, and an administrative oversight charge.
- 3) Analysis to determine whether PFF should be established for a Transportation component.

Current Nexus Analysis

The *Final Nexus Analysis for Solano County Public Facilities Fee Update* (Attachment B) extends the County's planning horizon to 2033 and documents the relationship between new development in Solano County and the public facilities the County must acquire/build to accommodate growth through 2033. The Nexus Analysis also updates facility requirements as some facilities for which PFF was collected have been completed, and others added such as the Inmate Training Facility, Forensic Lab Improvements, new health care facilities, and Juvenile/Collaborative Courts. In addition current population and future population projections have changed significantly from what was included in the 2007 study and are now projected to grow at a slower rate. Land use categories have been refined to be more reflective of current land uses, including facilities for health care, private schools, riding area and barns. The estimate of public facilities required to serve growth assumes that new development will provide facilities adequate to maintain County facility standards.

The Nexus Analysis outlines the methodologies used in calculating the proposed fee amounts. Some amounts are established based on the service standards used in the 2007 study, such as the projected 0.76 square feet per capital for new library facilities, which is noted in the report. In cases where new or expanded facilities or infrastructure improvements are determined to be needed entirely to accommodate new growth, 100 percent of the costs are attributed to future development. In addition, staff is recommending the proposed PFF amounts be set at levels that are less than or equal to existing amounts. The recommended fee amounts in the Nexus Analysis are slightly lower than the existing amounts for single family and multifamily residential uses and for nonresidential land use categories that are in the existing fee program, including retail, office, industrial and warehouse.

New Transportation Component

The issue of whether to adopt a countywide transportation component of the PFF has been analyzed by the County since 2006. The Board's authorizing the preparation of this nexus study included an analysis to determine whether a transportation component should be established as a means to address the impact of growth on the county regional road system. The transportation component has two parts. The first part, Part A, of the proposed transportation component of the PFF is designed to generate fair-share funding from new development to recover County debt service obligations on the Vanden Road segment of the Jepson Parkway and Suisun Parkway in the unincorporated area. The remaining debt service obligation for these two projects is \$776,306, excluding interest.

The second part, Part B, is the Regional Transportation Impact Fee (RTIF), which was included at the request of the Solano Transportation Authority (STA), in consultation with the STA's RTIF Policy Committee, composed of the seven City Managers, the Mayors, County Administrator, and one County Supervisor. (Attachment C)

According to the RTIF, it is currently estimated that the maximum allowable fee for the RTIF will be approximately \$8,282 per dwelling unit equivalent (DUE), which is equivalent to a single-family unit. However, staff recognizes that development impact fees can impose a significant financial challenge on developers, potentially affecting the economic viability of specific projects. Consequently, staff concurs with the STA recommendation to adopt the RTIF in an amount that ensures the final approved PFF level does not exceed the current PFF level for each of the land uses that currently pay the PFF and is much lower than the maximum allowable RTIF fee. The recommended fee is \$1,500 per DUE or single-family unit, which is 18.1 percent of the maximum allowable fee. The transportation component is expected to generate approximately \$31.8 million based on staff recommendation.

As requested by the STA, staff is recommending that the County enter into an agreement with the STA to coordinate the expenditure of RTIF collected, similar to the agreements that the County has entered into with the Administrative Office of the Courts for the administration of the court component, with the Dixon Public Library District for the library component within the Dixon Public Library District boundaries, and three of the fire protection districts (e.g., Cordelia, Suisun, and Vacaville) for the collection of the fire impact fee.

If the Board approves the inclusion of the RTIF, staff will negotiate an agreement with the STA for the management and expenditure of the RTIF and present that agreement to the Board for approval prior to the effective date of the new fee.

As required by the Government Code, a public notice was published twice and at least 10 days before the Board's consideration of the final report. In addition, letters were sent to individuals requesting advanced 14-day written notice that the Nexus Analysis was available on the County's website, and cities were notified by email. Two public outreach meetings were also held on November 12, 2013 to provide the public the opportunity to be part of the review process. The draft public review report and the final report were also placed on the County's website.

The Nexus Analysis provides the necessary nexus documentation for the adoption of the updated public facilities fee. Article X of Chapter 11 was recently amended to clarify the County's historical practice of adopting PFF by resolution. The new fee amounts would be effective February 3, 2014 with the adoption of the resolution (Attachment D) as authorized by County Code Sec. 11-132.).

ALTERNATIVES:

The Board of Supervisors could:

- 1) Choose to establish lower fee rates than those recommended in this report. Selection of this alternative would result in realizing even lower revenues than the fee rates recommended in the report as the Nexus Analysis provides justification for higher maximum allowable fees. Establishing lower fee amounts than those recommended would have an adverse impact on the County being able to fund future facilities to meet projected growth in the county.
- 2) Choose to defer the proposed new rates until a later date. This would result in the current rates staying in place. This is not recommended as the Nexus Analysis updates the premises and projections for the fee rates with current data assumptions and reduced fee amounts.
- 3) Direct staff to modify assumptions or components included in the Nexus Analysis and return back to the Board. However, this is not recommended as the consultant has provided a thorough analysis supported by specific findings based on current available data.

OTHER AGENCY INVOLVEMENT:

The County Administrator's Office has worked with staff from Auditor-Controller's Office, Ag Commissioner/Weights and Measures, County Counsel, County Library, Resource Management, General Services, Health and Social Services, District Attorney's Office, Sheriff's Office, Probation and Department of Information Technology in providing information to EPS for their comprehensive analysis, and review of the *Final Nexus Analysis for Solano County Public*

Facilities Fee Update. In addition, the County Administrator's Office has shared the report with cities and the development community, including holding two public outreach meetings.