

AGENDA ITEM



July 17, 2018, City Council Meeting

Approved for Submittal By:


Jeff Kiser, City Manager

To Be Presented By:


Jeff Kiser, City Manager

To: Honorable Mayor and Members of the Anderson City Council
From: Jeff Kiser, City Manager
Date: July 17, 2018

SUBJECT

Extension of the Impact Fee Enhancement Policy for New Commercial and Industrial development projects.

RECOMMENDATION

Staff recommends that the City Council consider:

Adopting a Resolution extending the Impact Fee Enhancement Policy established by Resolution No. 16-18 and previously extended by Resolution No. 17-22, which will provide authorization to reduce and/or eliminate selected City-wide impact fees for new commercial and industrial development projects within the City of Anderson.

FISCAL IMPACT

The City recognizes a portion of the eliminated fees may need to be offset by either reducing the public infrastructure investments that are the basis for the current fee schedule and / or identifying other legally available funding sources for project needs.

DISCUSSION AND BACKGROUND

On April 19, 2016, the Council adopted Resolution No. 16-18 approving a policy to enhance new commercial and industrial development projects within the City of Anderson.

On June 6, 2017, the Council adopted Resolution No. 17-22, extending enhancement of new commercial and industrial development projects within the City of Anderson.

At this time staff is recommending extending authorization to the 2018/2019 fiscal year. As noted in the original policy, the fiscal impact of each development will be dependent on the project size, location and development needs.

The following is the background discussion from the recommendation on April 19, 2016:

The City of Anderson has a large amount of developable land within the City limits. Much of the undeveloped land is zoned for commercial or industrial development. Commercial and industrial development can create new permanent jobs, increase property taxes, increase sales tax revenue, and helps to promote additional business attraction, retention and expansion. The compilation of these things are the foundation of the financial well-being of the City.

Staff has spent a lot of time researching and investigating stimulus programs that can enhance opportunities in our City. We have structured our plan to be in compliance with our General Plan, the Mitigation Fee Act, and the procedural requirements and statutory prohibitions as defined in State law.

There are six key factors in qualifying for our development fee reduction program as a business owner:

1. **Type of Development:** The development is for new or the expansion of commercial and industrial business opportunities;
2. **Permanency of the Business:** The project is owner occupied or subject to a long term lease;
3. **Job Creation or Sales Tax Revenue:** The development project will create or retain jobs that are a good match for the available workforce in the City of Anderson and/or will increase City sales tax revenues by \$20,000 or greater, annually;
4. **Location:** The development project site is located in an area of the City where public infrastructure to support the proposed commercial or industrial development exists or exists in close proximity;
5. **Zoning:** The site is currently zoned for the development sought;
6. **Overall Revenue Generation for the City:** The development will create an increase in assessed valuation, and therefore property tax receipts due to the City

will increase, which combined with potential sales tax revenue and other revenue streams resulting from the job creation and economic activity of the development, help offset the reduced fees.

Request for the fee reduction program applications shall be made through the City Manager's office and shall be brought before the City Council for analysis and approval. The Council may designate the City Manager as having authority to perform the analysis and grant or deny the fee reduction in place of the City Council where such fee reductions are less than \$25,000.

The City recognizes that impact fees are designed to pay for public infrastructure and accepting the fee reduction may cause the project or a portion of the project to become subject to Prevailing Wage (Labor Code 1720). If uncertainty exists a developer can seek a determination from the Department of Industrial Relations. The fee reduction is at the option of the developer and participation is not mandatory.

A fee reduction may not be offered to a business relocating to the City of Anderson, within the radius set forth in the California Government Code, Sections 53084 and 53084.5.

The City Manager shall be responsible to report to the City Council on an annual basis, the required elements outlined in the Mitigation Fee Act, in addition, to detailing the amount and type of development impact fees reduced for each development project, along with the running total of reduced fees that may need to be offset by other legally permissible City funding sources.

It is intended that the fee reduction program will be in place for the 2018/2019 fiscal year, unless amended by the City Council.

ATTACHMENTS

1. Proposed Resolution

RESOLUTION NO. 18-_____**A RESOLUTION OF THE COUNCIL OF THE CITY OF ANDERSON, CALIFORNIA, EXTENDING A POLICY AUTHORIZING TO REDUCE AND/OR ELIMINATE SELECTED CITY WIDE IMPACT FEES FOR INDUSTRIAL AND COMMERCIAL DEVELOPMENT PROJECTS THAT CREATE NEW JOBS, INCREASE ASSESSED PROPERTY VALUATION, GENERATE INCREASED SALES TAX REVENUE AND/OR PROMOTES ECONOMIC DEVELOPMENT**

WHEREAS, the City Council adopted a resolution on April 19, 2016 authorizing reduction and/or elimination of selected city-wide Impact fees for industrial and commercial development projects that create new jobs, increase assessed property valuation, generate increase sales tax revenue and/or promote economic development; and

WHEREAS, the City Council adopted a resolution on June 6, 2017, extending the policy authorizing to reduce and/or eliminate selected city-wide impact fees for industrial and commercial development projects that create new jobs, increase assessed property valuation, generate increase sales tax revenue and/or promote economic development; and

WHEREAS, the City desires to extend authorization of reduction and/or elimination of selected City-wide Impact fees for industrial and commercial development projects within the City for the fiscal year 2018/2019; and

WHEREAS, the City desires to provide incentives to facilitate industrial and commercial development and revitalization in the City of Anderson; and

WHEREAS, certain industrial and commercial development creates permanent jobs, increases property taxes, increases sales tax revenue, and promotes additional business attraction, retention and expansion, which are the foundation of the financial well-being of the City; and

WHEREAS, the economic recession and its effects has created a slowdown of industrial and commercial growth given such conditions have made it more difficult to finance such projects; and

WHEREAS, the City has adopted various development impact fees to mitigate the impacts of new development and to fund infrastructure to serve new development, including parks, police stations, street improvements, and traffic signals pursuant to the Mitigation Fee Act (Gov. Code 66000 et seq.); and

WHEREAS, in certain areas of the City, public infrastructure to support industrial or commercial uses currently exists, so the need for additional development impact fees to pay for development impacts in those areas are reduced or eliminated; and

WHEREAS, the City recognizes that elimination of selected impact fees will reduce the amount of funds available for use on public facilities for each fee that is eliminated; and

WHEREAS, the City recognizes a fee cannot be increased on future developments or other developments to make up for fees eliminated for certain development projects; and

WHEREAS, the City recognizes a portion of the eliminated fees may need to be offset by either reducing the public infrastructure investments that are the basis for the current fee schedule and/or identifying other legally available funding sources; and

WHEREAS, the City desires to provide the incentive to new industrial and commercial development at the earliest possible opportunity to stimulate job creation through direction of its General Plan's Goals, Objectives, and Policies.

NOW, THEREFORE, BE IT RESOLVED, by the Council of the City of Anderson as follows:

1. The City Council shall be authorized to reduce and/or eliminate the following impact fees from industrial development and commercial, except for water connection charges and sewer connection charges, if the following criteria are met:

a. *Type of development project:* The development is for an industrial or commercial project and the business associated with the project supports, leverages, or creates expansion opportunities for Anderson's existing industrial or commercial base;

b. *Permanency of the business:* The development project is owner occupied or subject to a long term lease;

c. *Job Creation or Sales Tax Revenue:* The development project will create or retain jobs that are a good match for the available workforce in the City of Anderson and/or will increase City sales tax revenues to \$20,000 or greater, annually;

d. *Location:* The development project site is located in an area of the City where public infrastructure to support the proposed industrial or commercial development currently exists or is within close province to existing infrastructure;

e. *Zoning:* The site is currently zoned for the development sought; and

f. *Overall revenue generation for the City:* The development will create an increase in assessed valuation, and therefore property tax receipts due to the City will increase, which combined with potential sales tax revenue and other revenue streams resulting from the job creation and economic activity of the development, help offset the reduced fees.

2. Any request for fee reduction and/or waiver shall be brought before the City Council with analysis on whether the applicant or recipient meets the criteria for receipt of the fee waiver/reduction set forth in this Resolution. Alternatively, the City Council, through Resolution, may designate the City Manager as having authority to perform such analysis and grant or deny the fee reduction/wavier in place of the City Council where such fee reduction or waiver is less than \$25,000. The City shall hereafter develop an application form containing areas for the applicant to identify and explain his/her/its position on the criteria set out in this Resolution for receipt of the fee reduction/waiver, and said form shall further

identify any other information as reasonably necessary to assist City in determining whether a fee reduction/wavier can be had.

3. Recognizing that impact fees are designed to pay for public infrastructure, the reduction in fees under this resolution may cause the payment of prevailing wage to be required for the portion of any industrial or commercial development that is not public infrastructure. That where uncertainty exists in the potential of triggering prevailing wage as a result of the reduction or waiver, the owner/developer is encouraged to seek an administrative inquiry and determination from the Department of Industrial Relations as to whether the reduction or waiver will trigger prevailing wage obligations under California law, including but not limited to California Labor Code, Section 1720 et. seq. Where prevailing wage may be triggered by the receipt of a fee reduction/waiver, the applicant may seek to reduce the impact fee to a level considered "de minimus" in comparison to the applicant's overall project as set forth in California Labor Code, Section 1720 (c)(3) and further defined in California case law.

4. A fee reduction/waiver may not be offered to businesses relocating within the radius set forth in the California Government Code, Sections 53084 and 53084.5; however, such incentives are available to a retailer expanding operations into the City of Anderson by conducting a comparable operation to that existing in the nearby jurisdiction.

5. In addition to the annual report required under the Mitigation Fee Act, the City Manager shall prepare and present a report to the Council by the end of the one year term, detailing the amount and type of development impact fees reduced/waived for each development project, along with the running total of reduced fees that may need to be offset by other legally permissible City funding sources, and/or capital improvement projects planned at the time of adoption of the impact fees that will be reduced or eliminated.

6. The City's ability to reduce and/or eliminate selected impact fees shall apply to all new qualifying industrial development or commercial projects upon which building permits are issued after the effective date of this resolution. A fee waiver or reduction is not mandatory and is accepted at the discretion of the recipient.

7. To maintain compliance with AB 562 (California Government Code, Section 53083) if the City's waiver or reduction in impact fees is to exceed \$100,000, the City Council shall provide to the public, and through its internet Web site, the following information:

- a. The name and address of all corporations or any other business entities, except for sole proprietorships, that are the beneficiary of the economic development subsidy, if applicable.
- b. The start and end dates and schedule, if applicable, for the economic development subsidy.
- c. A description of the economic development subsidy, including the estimated total amount of the expenditure of public funds by, or of revenue lost to, the local agency as a result of the economic development subsidy.

- d. A statement of the public purposes for the economic development subsidy.
- e. Projected tax revenue to the local agency as a result of the economic development subsidy.
- f. Estimated number of jobs created by the economic development subsidy, broken down by full-time, part-time, and temporary positions.

Before granting an economic development subsidy, each local agency shall provide public notice and a hearing regarding the economic development subsidy in compliance with the State's Government Code.

8. This Resolution shall expire June 30, 2019, unless sooner brought to Council for action on eliminating the reduction/waiver of impact fees policy, after which all impact fees will revert back to the full rate at that time without further action by the City.

PASSED AND ADOPTED BY the City Council of the City of Anderson on July 17, 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Norma Comnick, Mayor

ATTEST:

Juanita Barnett, City Clerk