REPORT CERTIFICATION

State of California
County of Contra Costa
City of Pittsburg

I, Alice E. Evenson, City Clerk in and for said City Council, City of Pittsburg, County of Contra Costa, State of California, do hereby certify that the hereto attached and foregoing document is a full, true and correct copy of the Report, on file in this office of said City. This Report was approved at a regular meeting of the City Council of the City of Pittsburg on December 15, 2014 by the following vote:

AYES: Members Casey, Craft, Evola, Johnson, Longmire

NOES: None

ABSTAINED: None

ABSENT: None

WITNESS, my hand, and Official Seal
this 16th day of December, 2014

Alice E. Evenson

Alice E. Evenson
City Clerk

OFFICE OF THE CITY MANAGER/EXECUTIVE DIRECTOR
65 Civic Avenue
Pittsburg, CA 94565

DATE:	12/3/2014
TO:	Mayor/Chair and Council/Agency Members
FROM:	Joe Sbranti, City Manager
SUBJECT:	Receive and File Staff's Report on the Review of Development Impact Fees Received by the City of Pittsburg that are Subject to AB 1600 Reporting Requirements
MEETING DATE:	12/15/2014

EXECUTIVE SUMMARY

AB 1600 (Government Code Sections 66000–66008) requires cities to justify and account for developer fees which they enact, increase or impose as a condition of new development for the purposes of financing "public facilities and improvements". AB 1600 also requires an annual review of the developer fees that have been collected and spent during the previous year. This report fulfills these AB 1600 requirements.

FISCAL IMPACT

There is no fiscal impact to receive staff's report on the review of the Development Impact Fees received by the City of Pittsburg.

RECOMMENDATION

Receive staff's report pertaining to the review of Development Impact Fees received by the City of Pittsburg that are subject to AB 1600 reporting requirements.

BACKGROUND

Many cities charge fees on new development to fund public facilities and improvements such as streets, libraries, sewer and water systems and storm drains. These fees are commonly known as Development Impact Fees. In order to ensure that these fees are spent in a timely manner and on projects for which they were collected, the State Legislature passed a bill known as AB 1600 (Mitigation Fee Act). This bill applies to developer fees increased or imposed, on or after January 1, 1989. AB 1600 enacts Government Code Sections 66000-66008 that generally contain the following four requirements:

1. A local jurisdiction must follow the process set forth in the bill and make certain determinations regarding the purpose and use of the fees, and establish a "nexus" or connection between a development project or class of project and the public improvement being financed with the fee.

2. The fee revenue must be segregated from the general fund in order to avoid commingling of public improvement fees and the general fund.

3. If a local jurisdiction has had possession of a developer fee for five years or more and has not committed that money to a project or actually spent that money, then it must make findings describing the continuing need for that money. In addition, an annual report must be made of fees collected, interest earned, projects on which fees were expended, and any transfers or loans from the fee account. This report is to be reviewed by the local agency assessing the fees.

4. If a local jurisdiction cannot make the findings required under Paragraph 3, the city or county must refund the fees collected.

It should be noted that AB 1600 reporting requirements do not apply to the following fees:

Fees charged in lieu of parkland dedication
Regulatory and processing fees
Fees collected pursuant to development agreements
Fees collected pursuant to a reimbursement agreement that exceeds the developer's share of an improvement
Assessment district proceeds or taxes

SUBCOMMITTEE FINDINGS

N/A

STAFF ANALYSIS

The City of Pittsburg assesses the following Developer Impact Fees:

Kirker Creek Drainage Fee
Local Traffic Mitigation Fee
Park Dedication Fee
Inclusionary Housing In-Lieu Fee
Traffic Impact Fair Share Fee
Pittsburg Regional Transportation Development Impact Mitigation Fee
Water Facility Reserve Fees
Sewer Facility Reserve Fees

The Traffic Mitigation Fees, Pittsburg Regional Transportation Development Impact Mitigation Fees, Kirker Creek Drainage Fees, Inclusionary Housing In-Lieu Fees, Traffic Impact Fair Share Fee and the Sewer and Water Facility Reserve Fees that the City of Pittsburg collects, qualify as Development Impact Fees. Therefore, these fees must comply with the above referenced Government Code. Government Code Section 66001 requires the City to make available to the public certain information regarding development impact fees for each fund within 180 days after the end of the fiscal year.

Expenditures of the fees collected must occur within a 5-year period of collection unless the City can make the appropriate findings that there remains reasonable relationships between the current need for the fees and the purpose for which they were originally proposed.

Kirker Creek Drainage Fees collected in the amount of $1,217,343.14 have been on deposit for over five years and these findings are stated on page 2 of the attached report. In addition, there are Traffic Impact Fair Share funds in the amount $499,731 that have been on deposit for over five years and these findings are stated on Page 8 of the attached report.

Although the Park Dedication Fee is covered under the Quimby Act and not AB 1600, staff has included the Park Dedication Fee in this report for reporting purposes only.

ATTACHMENTS: Report for 16 Respective Developer Fee Funds related to Revenues and Expenditures for Fiscal Years 2009/10 through 2013/14
Resolution No. 05-10291; Water and Sewer Development Connection Fees
Resolution No. 05-10372; Sewer Development Connection Fees
Resolution No. 05-10215; Inclusionary Housing "In-Lieu" Fee
Resolution No. 06-10687; Rescinding Resolution No. 06-10651 and Approving and Adopting the Pittsburg Local Transportation Mitigation Fee Program Update Report, Including a Revised Schedule of Local Transportation Development Impact Mitigation Fees and a Revised List of Transportation Improvement Projects
Resolution No. 07-10917; Local Transportation Development Impact Mitigation Fee
Resolution No. 10-11533; Establishing Fees for City's PRTDIM Program
Resolution No. 12-11778; Amending Resolution 05-10291 by Revising Water Facility Reserve Charges
Ordinance No. 01-1180; Adding Chapter 15.104 – Entitled "Stormwater Management Plan for Kirker Creek Watershed Drainage Area" to the Pittsburg Municipal Code
Ordinance No. 05-1236; "The Stormwater Management Plan for Kirker Creek Watershed Drainage Area"
Ordinance No. 06-1275; Park Dedication in New City Subdivisions
Ordinance No. 10-1329; Establishing a Revised Regional Transportation Development Impact Mitigation Fee Program

Report Prepared By: Krista Nuxoll, Financial Analyst
Reviewed By: Tina Olson, Director of Finance

Kirker Creek Drainage Fees Revenues and Expenditures - Fund 302 FY 09/10- FY 13/14	FISCAL YEAR FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Fund Balance - July 1	**1,385,346**	**1,343,696**	**1,333,017**	**1,334,173**	**1,322,341**
REVENUES:					
Kirker Creek Drainage Fees Collected	18,986	61	1,638	1,937	710
Other Revenue:					
Interest Earnings	7,960	10,460	12,818	9,727	(813)
Funding from Outside Sources for Kirker Creek Slide Repair		50,356	3,000		
Transfers-In:					
Total Revenues:	**26,946**	**60,878**	**17,456**	**11,664**	**(103)**
EXPENDITURES:					
Project Expenditures:					
Railroad Ave. Storm Drainage Improvements	60,452	645		7,034	59,169
Kirker Creek Slide Repair		54,612			
Transfers - Out:					
Tsfr-Out to General Fund (Engineering Support)	8,144	16,300	16,300	16,463	16,628
Total Expenditures:	**68,596**	**71,557**	**16,300**	**23,497**	**75,797**
Revenues Over/Under Expenditures:	**(41,650)**	**(10,679)**	**1,156**	**(11,832)**	**(75,900)**
Fund Balance - June 30	**$ 1,343,696**	**$ 1,333,017**	**$ 1,334,173**	**$ 1,322,341**	*** $ 1,246,441**

There have been no fee refunds to-date.

The description of this fee and fee amounts are attached per Ordinance No. 01-1180 dated April 16, 2001 and Ordinance No. 05-1236 dated 02/07/05.

The five-year CIP was adopted by the City Council on May 19, 2014 per Resolution No. 14-12132.

* A portion of these funds ($788,096) have been allocated towards the Railroad Ave. Storm Drainage Improvement project.

KIRKER CREEK DRAINAGE FEES

Fiscal Year Collected		Amt. Collected
FY 01/02		11,961.70
FY 02/03		415,332.00
FY 03/04		27,603.55
FY 04/05		452,615.63
FY 05/06		14,906.26
FY 06/07		214,722.00
FY 07/08		78,676.00
FY 08/09		1,526.00
Total Fees :	**$**	**1,217,343.14**

The above fees collected in the amount of $1,217,343 have been on deposit for over 5 years. Findings are as follows:

The Kirker Creek Drainage Fee was established in May 2001 for the purpose of providing funding for improvements to the storm water drainage system, which was overwhelmed by floodwaters in 1998. The City Council adopted Ordinance No. 01-1180 on May 7, 2001, adding Chapter 15.104, entitled "Storm Water Management Plan for Kirker Creek Watershed Drainage Area", to the Pittsburg Municipal Code. Chapter 15,104.080 set out a fee schedule, currently $0.68 per square foot of impervious area for commercial development in the watershed. Fees collected are deposited in the account of the drainage facilities fund, and may be expended for land acquisition, construction, engineering, administration, repair, maintenance and operation of planned drainage facilities or to reduce the principal or interest of any bonded indebtedness of the drainage area.

Some of these fees were collected more than five years ago. Currently, the Kirker Creek Drainage Fund is insufficient to construct all of the improvements recommended in the 2001 Storm Water Master Plan. As development continues in this area of the City, additional funds will be collected and deposited into the Kirker Creek Drainage Fund and used to construct improvements identified by the 2001 Master Plan. Unfortunately, the timing of these funds is dependent on the pace of development within the watershed and is therefore inexact.

Reviewed and Confirmed By: ______________________________

Joe Sbranti - City Manager

Traffic Mitigation Fees Revenues and Expenditures - Fund 303 FY 09/10- FY 13/14	FY 09/10	FY 10/11	FISCAL YEAR FY 11/12	FY 12/13	FY 13/14
Fund Balance - July 1	3,710,906	4,758,888	3,164,373	2,922,069	2,794,371
REVENUES:					
Traffic Mitigation Fees Collected	497,545	52,386	35,874	1,737	
Other Revenue:					
Interest Earnings	26,005	32,060	29,409	19,733	(1,401)
Grant Revenue	81,513	187,022	117,915	62,430	
CCTA Reimbursement (California Ave Widening)				76,477	
Contra Costa Housing Authority Portion of Funding (El Pueblo Street Rehab)				275,801	
Developer Reimbursement (W. Leland Extension)	1,006,042				
Developer Fair Share for Traffic Signal & Balclutha and Willow Pass					
Sale of Plans and Specifications	2,020	385			
Transfers-In:					
Tsfr-In from 2004 RDA Tax Allocation Bond - Calif Ave Widening (Phase I)	11,722				
Tsfr-In from Water Bond - W. Leland Road Water Pipeline	234,766				
Tsfr-In from Sewer Operating - California Ave Widening (Phase I)	27,521				
Tsfr-In from RDA Tax Increment - California Ave Widening (Phase I)		72,278			
Tsfr-In from Traffic Impact Fair Share (Traffic Signal & Balclutha/Willow Pass)		45,138			
Total Revenues:	1,887,135	389,269	183,198	436,179	(1,401)
EXPENDITURES:					
Project Expenditures:					
W. Leland Extension	182,709				
California Ave. Widening Phase I (North)	39,243	1,805,294	375,502	18,054	9,533
California Ave. Widening Phase II (South)					
Traffic Signal & Balclutha and Willow Pass	117,146	97,329			
El Pueblo Street Rehab Project				338,231	
P/A Hwy/Loveridge Intersection Improvements				23,628	10,707
W. Leland Road Extension (San Marco to Avila)				8,441	639
Other Expenditures:					
Administration/Engineering Support				68,571	70,803
Transfers - Out:					
Tsfr-Out to RDA Fund - Connector Rd. No. Park Plaza	319,916				
Tsfr-Out to RDA Fund - Power/California Ave Pavement Rehab	15,739				
Tsfr-Out to RDA Fund - Old Town Infrastructure	114,399				
Tsfr-Out to RDA Fund - Bailey Rd. Widening/Streetscapes Improv.		31,161		106,950	3,490
Tsfr-Out to General Fund (Engineering Support)	50,000	50,000	50,000		10,000
Total Expenditures:	839,152	1,983,784	425,502	563,876	105,172
Revenues Over/Under Expenditures:	1,047,983	(1,594,515)	(242,304)	(127,698)	(106,573)
Fund Balance - June 30	$ 4,758,888	$ 3,164,373	$ 2,922,069	$ 2,794,371	* $ 2,687,799

There have been no fee refunds to-date.

The description of this fee and fee amounts are attached per Resolution No. 06-10687 dated December 18, 2006.

*A portion of these funds have been allocated towards the California Ave. Widening Project - North and South ($379,753), P/A Hwy and Loveridge Rd Intersection ($65,665), San Marco Blvd/Santa Teresa Signal ($105,000) and West Leland Extension (San Marco to Avila) ($40,920)

The five-year CIP was adopted by the City Council on May 19, 2014 per Resolution No. 14-12132.

Park Dedication Fees Revenues and Expenditures - Fund 304 FY 09/10-FY 13/14	FY 09/10	FY 10/11	FISCAL YEAR FY 11/12	FY 12/13	FY 13/14
Fund Balance - July 1	3,579,370	2,602,204	786,294	2,380,718	2,486,676
REVENUES:					
Park Dedication Fees Collected	23,654		129,886		
Other Revenue:					
Interest Earnings	19,674	13,960	4,369	10,766	8,162
Sale of Plans and Specs	2,115	825		345	214
Ambrose Park Pool Renovation - County Share				577,651	
Grant Revenue (Soccer Fields)			2,909,825	(611)	
John Henry Johnson Park - Housing Related Parks Grant				40,701	72,222
Transfers-In:					
Tsfr-In from 2006 RDA Tax Exempt Bond - Swim Center Rehab	37,216	116,449	1,000,000		
Tsfr-In from 2006 RDA Tax Exempt Bond - Old Town Plaza		930,362	44,637	1	
Total Revenues:	82,659	1,061,596	4,088,716	628,853	80,598
EXPENDITURES:					
Project Expenditures:					
Lasater Park Signage/Construction Warranty					
Video Surveillance Cameras (Parks)	41,311				
Ferris Wheel Install (Small World Park)	54,372				
Centralized Irrigation Control System	51,024				
Sullenberger Swim Center Rehab	39,208	165,283	1,082,782	115,049	34,391
Hillview Junior High Playfield			1,122,930	2,708	-
Small World Park New Features			37,000	87,608	39,824
Woodland Hills Court Resurfacing			13,315		
San Marco Park			401		
Ambrose Park Master Plan & Improvements	6,281	181,402	141,623	36,327	54,085
Buchanan Park Storm Drainage System	26,560	708			
City/PUSD Partnership - Hillview Soccer Field	225,553	707,006			
Old Town Plaza/Block 105 Improvements	474,048	930,362	52,859	7,000	
Marina Vista Soccer Field Screen	8,536				
Central Park Soccer Field Renovation	82,932	842,744	(6,618)		
John Henry Johnson Park Improvements				90,701	72,222
City Park Bball Court/Lighting/Bleachers				128,125	19,471
San Marco Park				132	1,853
Old Town Park				2,533	285,968
Highlands Ranch Dog Park					32,551
Transfers - Out:					
Tsfr-Out to General Fund - Engineering Support	50,000	50,000	50,000	52,710	53,237
Total Expenditures:	1,059,825	2,877,506	2,494,292	522,894	593,602
Revenues Over/Under Expenditures:	(977,166)	(1,815,910)	1,594,424	105,958	(513,004)
Fund Balance - June 30	$ 2,602,204	$ 786,294	$ 2,380,718	$ 2,486,676	* $ 1,973,672

There have been no fee refunds to-date.

The description of this fee and fee amounts are attached per Ordinance No. 06-1275 dated October 16, 2006.

The five-year CIP was adopted by the City Council on May 19, 2014 per Resolution No. 14-12132.

*A major portion of these funds have been programmed towards the following: Small World Park New Features (80,568), Ambrose Park Masterplan ($98,289), San Marco Park ($97,614)., Old Town Park ($1,100,940), and Highlands Ranch Dog Park ($12,449)

Inclusionary Housing In-Lieu Fees Revenues and Expenditures - Fund 305 FY 09/10- FY 13/14	FY 09/10	FY 10/11	FISCAL YEAR FY 11/12	FY 12/13	FY 13/14
Fund Balance - July 1	363,675	366,772	370,523	375,287	378,278
REVENUES:					
Inclusionary Housing In Lieu Fees Collected					
Other Revenue:					
Interest Earnings	3,097	3,752	4,764	2,991	(185)
Transfers-In:					
Total Revenues:	3,097	3,752	4,764	2,991	(185)
EXPENDITURES:					
Project Expenditures:					
Transfers - Out:					
Total Expenditures:	-	-	-	-	-
Revenues Over/Under Expenditures:	3,097	3,752	4,764	2,991	(185)
Fund Balance - June 30	$ 366,772	$ 370,523	$ 375,287	$ 378,278	$ 378,093

There have been no fee refunds to-date.

These fees will be used to help finance future construction of new affordable housing units by private and non-profit developers.

The description of this fee and fee amounts are attached per Resolution No. 05-10215 dated 2/7/2005 and Ordinance No. 04-1229 dated 11/15/04.

Traffic Impact Fair Share Fund Revenues and Expenditures - Fund 306 FY 09/10- FY 13/14	FY 09/10	FY 10/11	FISCAL YEAR FY 11/12	FY 12/13	FY 13/14
Fund Balance - July 1	889,078	568,974	528,001	530,448	504,285
REVENUES:					
Traffic Impact Fair Share Fees Collected					
Other Revenue:					
Interest Earnings	5,367	4,165	5,440	3,837	(258)
Transfers-In:					
Total Revenues:	5,367	4,165	5,440	3,837	(258)
EXPENDITURES:					
Reimbursements - Prior Year Revenue					4,296
Transfer-Out to General Fund (Staff Time - Liaison with CCTA)			2,993		
Transfer-Out to RDA CIP - Bailey Road Improvements Project				30,000	
To Traffic Signal @ Balclutha & Willow Pass (Project Funding)		45,138			
To CCTA for Design & Construction of Frontage Improvements - California Ave.	325,471				
Total Expenditures:	325,471	45,138	2,993	30,000	4,296
Revenues Over/Under Expenditures:	(320,104)	(40,973)	2,447	(26,163)	(4,554)
Fund Balance - June 30	$ 568,974	$ 528,001	$ 530,448	$ 504,285	$ 499,731

11/14/13 - A fee refund of $3,750.00 + $726.00 interest was paid to Empire Business Park (Lonne Carr). Refund due to a deposit intended to extend the left turn lanes at the intersection that was proposed, however there were no plans by the City, Contra Costa County or Caltrans to complete this at this time.

Description of fee:

Traffic Impact Fair Share fees were collected for the purpose of funding transportation projects in the area of new developments. Developers of individual projects paid a fee consistent with their percentage share of the cost of the traffic project, such as road widening or traffic signal, made necessary by their development. The share of responsibility was determined by a traffic study required by the City during the permit approval process. For example, if a fast food restaurant was determined by a traffic study to add 3 percent of the traffic at an intersection that will need a traffic signal, the developer would pay a fee in an amount equivalent to 3 percent of the cost of a signal, or $6,600 for a $220,000 traffic signal project. (See attachment for the amount collected per developer and the description of the specific traffic impact.)

ACCOUNT # 306-55501-5495
TRANSPORTATION MITIGATION (TRAFFIC IMPACT) FAIR SHARE REVENUE
at June 30, 2013

Deposit #	Date	Payee	Description	Amt. Paid	Interest Earned	Receipt #	Funds Used or Returned	Balance
1	05/18/01	A. D. Seeno	Fair Share - West Leland Signal at Oak Hills Drive	19,415.00	7,381.66	R000595397	-	$ 26,797
2	05/18/01	A. D. Seeno	Re-Align Driveway at Los Medanos College with Signal at Leland and Century Blvd.	78,774.52	29,949.10	R000595312	-	$ 108,724
3	09/23/04	Empire Business Park	Fair Share - 3 Left-turn lanes Bailey Road/SR4/Canal Road	3,570.00	725.99	R001136631	(4,296.00)	$ (0)
4	12/12/06	William Lyon Homes	Fair Share for Intersection Improvements at - (1) West Leland Rd/Bailey Road Intersection (2) Avila Road/Willow Pass Road (3) San Marco/West Leland Intersection	351,448.00	42,762.68	0634602-1#17	(30,000.00)	$ 364,211
			Totals:	**$453,207.52**	**$ 80,819.44**		**$ (34,296)**	**$ 499,731**

Funds related to Items 1, 2, and 3 and 4 have been on deposit for over 5 years. Findings are as follows:

1 Traffic Signal at West Leland Road and Oak Hills Drive has not yet been scheduled nor constructed but is included in the City's adopted Capital Improvements Program (S-2). Additional development on the vacant parcel between the Oak Hills Shopping Center and BART will also contribute a share of the traffic impacts at this intersection once it is constructed. The traffic signal project also lies within the project area for several infrastructure projects planned in the Bailey Road/Leland Road area. The pace of development in this area is outside the City's control, but it is a factor that has delayed implementation of this project. Once the remaining development in the area is identified, the intersection will be redesigned and signalized using these funds and Local Traffic Mitigation Fee funding.

2 Fees collected in the amount of $78,774.52 are for improvements to the intersection of East Leland Road and Century Boulevard, near the intersection of East Leland Road and Los Medanos College's eastern entrance. This project is included in the City's adopted Capital Improvement Program as ST-30, but has not yet been scheduled or constructed. Additional development on a vacant parcel on the southeast corner of this intersection will also contribute a share of the traffic impacts at this intersection. A roadway that is proposed to connect this intersection with Buchanan Road and James Donlon Boulevard may also contribute to these impacts. The pace of development in this area is outside the City's control, but it is a factor that has delayed implementation of this project. Once the remaining development in the area is identified, the project will be designed and constructed using these funds.

3 This is the developer's contribution to the capacity improvements at this intersection, which is part of the SR4 interchange. This project is planned outside the City's jurisdiction. The project has not been designed or constructed. On November 14, 2013 funds returned to developer.

4 Intersection improvements are planned at three intersections that will be impacted by development in this area of the city. Specifically,

(a) At Willow Pass and Avila roads, including addition of left turn lanes in the westbound and southbound directions, and a right turn lane from the northbound direction; and

(b) At San Marco and West Leland Road, including converting northbound shared lane into exclusive right turn lane, and convert northbound left turn lane to a thru-lane; and

(c) At Bailey and West Leland Roads, including addition of westbound shared thru/right turn lane, addition of eastbound left turn lane, and eastbound right turn lane.

The timing of the construction of these projects is subject to the pace of development in the area of the City, among other factors. In addition, a portion of the project area lies outside the City's jurisdiction. These funds will be retained pending development of a project scope, schedule and design.

Reviewed and Confirmed By:

Joe Sbranti - City Manager

Pittsburg Regional Transportation Development Impact Mitigation (PRTDIM) Fees Revenues and Expenditures - Fund 307 FY 09/10- FY 13/14	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Fund Balance - July 1			1,275,708	2,880,864	5,432,836
REVENUES:					
PRTDIM Fees Collected		1,368,071	2,028,616	2,863,097	526,872
Other Revenue:					
Interest Earnings		2,634	19,787	27,566	27
Prior Year Revenue					95,526
Transfers-In:					
Total Revenues:	-	1,370,705	2,048,403	2,890,664	622,425
EXPENDITURES:					
Project Expenditures:					
James Donlon Blvd. Extension		22,000	441,622	338,691	82,175
Misc. Expenditures:					
PRTDIM Fee Study/Set-Up Costs/Contractual Fees		43,997	1,625		
Transfers - Out:					
Tsfr-Out to General Fund - Set-Up Administration		29,000			
Total Expenditures:	-	94,997	443,247	338,691	82,175
Revenues Over/Under Expenditures:	-	1,275,708	1,605,156	2,551,973	540,250
Fund Balance - June 30	$ -	$ 1,275,708	$ 2,880,864	$ 5,432,836	* $ 5,973,086

* A portion of these fees ($725,512) have been programmed for the James Donlon Extension project.

There have been no fee refunds to-date.

These fees will be used to help fund regional transportation improvements which are necessary to offset the impacts of continuing growth and development within the City, and to cooperate with the City's regional partners, including ECCRFFA, to fund and implement transportation projects in the regional area.

The description of this fee and fee amounts are attached per Resolution No. 10-11533 dated 09/20/10 and Ordinance No. 10-1329 dated 10/04/10.

Water Facility Reserve Fees - Water Treatment Plant Expansion Revenues and Expenditures - Fund 502 FY 09/10- FY 13/14	FY 09/10	FY 10/11	FISCAL YEAR FY 11/12	FY 12/13	FY 13/14
Fund Balance - July 1	**845,254**	**941,543**	**689,369**	**612,951**	**346,681**
REVENUES:					
Water Facility Reserve Fees Collected	91,000	103,740	83,641	79,200	69,800
Other Revenue:					
Interest Earnings	5,289	7,169	6,462	4,544	(1,741)
Refund to Discovery Builders- Irrigation Meters @ SMV			(4,430)		
Transfers-In from Water Fund					467,796
Total Revenues:	**96,289**	**110,909**	**85,673**	**83,744**	**535,855**
EXPENDITURES:					
Project Expenditures:					
07/08 Water Treatment Plant Capital Repairs/Improvements		37,396	133,442		
Water Treatment Plant SCADA Upgrades		325,687	28,649	36,028	45,096
Water Treatment Plant Sludge Handling Facility (1)				313,987	703,808
Transfers-Out					
Total Expenditures:	**-**	**363,083**	**162,091**	**350,014**	**748,904**
Revenues Over/Under Expenditures:	**96,289**	**(252,175)**	**(76,418)**	**(266,270)**	**(213,049)**
Fund Balance - June 30	**$ 941,543**	**$ 689,369**	**$ 612,951**	**$ 346,681**	*** $ 133,632**

The description of this fee and fee amounts collected prior to August 20, 2005 are attached per Resolution No. 98-8551.

The description of this fee and fee amounts collected on or after August 20, 2005 are attached per Resolution No. 05-10291. Revised fee amounts are attached per Resolution No. 12-11778 dated 02/21/12

12/29/11 - A Fee refund of $4,430 was paid to Discovery Builders for Irrigation Meters at San Marco Villas.

* $64,540 has been programmed to upgrade the Supervisory Control and Data Acquisition (SCADA) system at the Water Treatment Plant.

(1) $550,000 total funding supplied by this fund for the Sludge Handling Facility project will be reimbursed by Fund 509 - Water Treatment Plant Sludget Handling fund, when revenue receipts are sufficient.

Water Facility Reserve Fees - Water Distribution Revenues and Expenditures - Fund 503 FY 09/10- FY 13/14	FISCAL YEAR FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Fund Balance - July 1	**114,194**	**130,372**	**166,887**	**29,446**	**29,661**
REVENUES:					
WFR - Water Distribution Fees Collected	15,360	35,320	10,973		66,400
Other Revenue:					
Interest Earnings	818	1,195	1,585	216	261
Sale of Plans and Specs					
Transfers-In:					
Transfers-In from RDA 2006 Tax Exempt TAB					
Total Revenues:	**16,178**	**36,515**	**12,558**	**216**	**66,661**
EXPENDITURES:					
Project Expenditures:					
2007/08 Water Main/Service/Valve Replacement					
Transfers - Out to Water Operating :			150,000		
Funding for Railroad Ave Waterline Project					
Total Expenditures:	**-**	**-**	**150,000**	**-**	**-**
Revenues Over/Under Expenditures:	**16,178**	**36,515**	**(137,442)**	**216**	**66,661**
Fund Balance - June 30	**$ 130,372**	**$ 166,887**	**$ 29,446**	**$ 29,661**	**$ 96,322**

There have been no fee refunds to-date.

The description of this fee and fee amounts are attached per Resolution No. 05-10291 dated June 20, 2005.
Revised fee amounts are attached per Resolution No.12-11778 dated 02/21/12

These fees will be used to insure that the existing distribution system has available operational capacity to meet the demands of new development outside the Southwest Hills.

Water Facility Reserve Fees - Zone 1 & 2 Reservoir Revenues and Expenditures - Fund 504 FY 09/10- FY 13/14	FY 09/10	FY 10/11	FISCAL YEAR FY 11/12	FY 12/13	FY 13/14
Fund Balance - July 1	**730,205**	**782,544**	**887,806**	**931,319**	**938,122**
REVENUES:					
WFR - Zone 1/11 Reservoir Fees Collected	47,840	98,670	34,176		
Other Revenue:					
Interest Earnings	4,499	6,592	9,338	6,803	(458)
Transfers-In:					
Total Revenues:	**52,339**	**105,262**	**43,513**	**6,803**	**(458)**
EXPENDITURES:					
Project Expenditures:					
Transfers - Out:					
Total Expenditures:	-	-	-	-	-
Revenues Over/Under Expenditures:	**52,339**	**105,262**	**43,513**	**6,803**	**(458)**
Fund Balance - June 30	**$ 782,544**	**$ 887,806**	**$ 931,319**	**$ 938,122**	**$ 937,664**

There have been no fee refunds to-date.

The description of this fee and fee amounts are attached per Resolution No. 05-10291 dated June 20, 2005.
Revised fee amounts are attached per Resolution No. 12-11778 dated 02/21/12

These fees will be used to fund the cost of a water reservoir for Zones 1 and 2 which are not within the Southwest Hills area.

Water Facility Reserve Fees - SE 20" Trans Line Revenues and Expenditures - Fund 505 FY 09/10- FY 13/14	FY 09/10	FY 10/11	FISCAL YEAR FY 11/12	FY 12/13	FY 13/14
Fund Balance - July 1	**570,457**	**612,086**	**695,124**	**734,903**	**740,277**
REVENUES:					
WFR - SE 20" Trans Line Fees Collected	37,760	77,880	32,415		7,200
Other Revenue:					
Interest Earnings	3,869	5,157	7,364	5,375	(332)
Transfers-In:					
Total Revenues:	**41,629**	**83,037**	**39,779**	**5,375**	**6,868**
EXPENDITURES:					
Project Expenditures:					
Transfers - Out:					
Total Expenditures:	**-**	**-**	**-**	**-**	**-**
Revenues Over/Under Expenditures:	**41,629**	**83,037**	**39,779**	**5,375**	**6,868**
Fund Balance - June 30	**$ 612,086**	**$ 695,124**	**$ 734,903**	**$ 740,277**	**$ 747,145**

There have been no fee refunds to-date.

The description of this fee and fee amounts are attached per Resolution No. 05-10291 dated June 20, 2005.
Revised fee amounts are attached per Resolution No. 12-11778 dated 02/21/12

These fees will be used to fund the Zone 2 Transmission Pipeline to the new Zone 2 Reservoir, not in Southwest Hills.

Water Facility Reserve Fees - SW Hills CIP - Phase I & II Revenues and Expenditures - Fund 506 FY 09/10- FY 13/14	FY 09/10	FY 10/11	FISCAL YEAR FY 11/12	FY 12/13	FY 13/14
Fund Balance - July 1	**413,843**	**531,232**	**651,274**	**6,089**	**1**
REVENUES:					
WFR - SW Hills CIP Fees Collected	114,240	115,600	103,280	226,325	225,760
Other Revenue:					
Interest Earnings	3,148	4,443	4,905	430	126
Refund on Prior Year Revenue - William Lyon (Incl. interest)					
Refund to Discovery Builders- Irrigation Meters @ SMV			(4,080)		
Transfers-In:					
Total Revenues:	**117,388**	**120,043**	**104,105**	**226,755**	**225,886**
EXPENDITURES:					
Project Expenditures:					
Transfers - Out:					
Transfer-Out to Water Revenue Bond (1)			749,291	232,843	225,887
Total Expenditures:	**-**	**-**	**749,291**	**232,843**	**225,887**
Revenues Over/Under Expenditures:	**117,388**	**120,043**	**(645,186)**	**(6,088)**	**(1)**
Fund Balance - June 30	**$ 531,232**	**$ 651,274**	**$ 6,089**	**$ 1**	**$ (0)**

The description of this fee and fee amounts are attached per Resolution No. 05-10291 dated June 20, 2005.
Revised fee amounts are attached per Resolution No. 12-11778 dated 02/21/12

12/29/11 - A Fee refund of $4,080 was paid to Discovery Builders for Irrigation Meters at San Marco Villas.

(1) The fees collected will reimburse Water Bond funds used in prior years to construct the new 3.0 MG Zone 2 Reservoir, two pump stations (Zone 2 & 3) and Transmission Pipeline Segments 2-5 to serve Southwest Hills. Reimbursement will take place as funds become available, starting in Fiscal Year 2011/12. Project Descriptions and Expenses incurred are as follows:

West Leland Waterline	234,766
Vista Del Mar Waterline	235,154
Southwest Hills Water Improvement Project	13,200,368
Total Eligible for Reimbursement:	13,670,288
Reimbursed in Fiscal Year 11/12	(749,291)
Reimbursed in Fiscal Year 12/13	(232,843)
Reimbursed in Fiscal Year 13/14	(225,887)
Balance Remaining to Reimburse Water Bond	$12,462,267

Water Facility Reserve Fees - SW Hills Phase III Pipe/Reservoir Revenues and Expenditures - Fund 507 FY 09/10- FY 13/14	FY 09/10	FY 10/11	FISCAL YEAR FY 11/12	FY 12/13	FY 13/14
Fund Balance - July 1	**1,532,985**	**1,556,933**	**1,584,129**	**1,613,830**	**1,714,394**
REVENUES:					
WFR - SW Hills Phase III Pipe Fees Collected	14,952	15,130	14,088	88,770	113,080
Other Revenue:					
Interest Earnings	8,995	12,066	16,502	11,795	(473)
Refund to Discovery Builders- Irrigation Meters @ SMV			(890)		
Transfers-In:					
Total Revenues:	**23,947**	**27,196**	**29,700**	**100,565**	**112,607**
EXPENDITURES:					
Project Expenditures:					
Transfers - Out:					
Total Expenditures:	**-**	**-**	**-**	**-**	**-**
Revenues Over/Under Expenditures:	**23,947**	**27,196**	**29,700**	**100,565**	**112,607**
Fund Balance - June 30	**$ 1,556,933**	**$ 1,584,129**	**$ 1,613,830**	**$ 1,714,394**	**$ 1,827,001**

12/29/11 - A Fee refund of $890 was paid to Discovery Builders for Irrigation Meters at San Marco Villas.

The description of this fee and fee amounts are attached per Resolution No. 05-10291 dated June 20, 2005.
Revised fee amounts are attached per Resolution No.12-11778 dated 02/21/12

These fees will be used to fund the construction of a Transmission Pipeline (P-1) Segment I to serve Southwest Hills

In addition to funding segment P-1, the fees collected will reimburse Water Bond funds used in prior years to construct the new Transmission Pipeline Segments P2-5 to serve Southwest Hills. Reimbursement will take place as funds become available, and after the other segments of the pipeline are completed

Water Facility Reserve Fees - SW Hills Phase III Pump Revenues and Expenditures - Fund 508 FY 09/10- FY 13/14	FY 09/10	FY 10/11	FISCAL YEAR FY 11/12	FY 12/13	FY 13/14
Fund Balance - July 1	**67,305**	**79,717**	**92,438**	**4**	**4**
REVENUES:					
WFR - SW Hills Phase III Pump Fees Collected	11,928	12,070	10,792		
Other Revenue:					
Interest Earnings	484	651	586		(0)
Refund to Discovery Builders- Irrigation Meters @ SMV			(710)		
Transfers-In:					
Total Revenues:	**12,412**	**12,721**	**10,668**	**-**	**(0)**
EXPENDITURES:					
Project Expenditures:					
Transfers - Out:					
Transfer-Out to Water Revenue Bond (1)			103,102		
Total Expenditures:	**-**	**-**	**103,102**	**-**	**-**
Revenues Over/Under Expenditures:	**12,412**	**12,721**	**(92,434)**	**-**	**(0)**
Fund Balance - June 30	**$ 79,717**	**$ 92,438**	**$ 4**	**$ 4**	**$ 4**

12/29/11 - A Fee refund of $710 was paid to Discovery Builders for Irrigation Meters at San Marco Villas.

The description of this fee and fee amounts are attached per Resolution No. 05-10291 dated June 20, 2005.
Revised fee amounts are attached per Resolution No. 12-11778 dated 02/21/12

(1) The fees collected will reimburse Water Bond funds used in prior years to acquire the Zone 4 site at San Marco for water lines serving Zones 3 and higher within the Southwest Hills area. Reimbursement will take place as funds become available, starting in Fiscal Year 2011/12. Project Description and Expenses incurred are as follows:

San Marco Site Land Acquisition	$325,000
Total Eligible for Reimbursement:	$ 325,000
Reimbursed in FY 2011/12:	(103,102)
Balance Remaining to Reimburse Water Bond	$ 221,898

Water Treatment Plant Sludge Handling Revenues and Expenditures - Fund 509 FY 09/10- FY 13/14	FY 09/10	FY 10/11	FISCAL YEAR FY 11/12	FY 12/13	FY 13/14
Fund Balance - July 1	-	-	-	5,120	103,033
REVENUES:					
WFR - Water Treatment Plant Sludge Handling			5,120	97,650	84,920
Other Revenue:					
Interest Earnings				263	193
Transfers-In:					
Total Revenues:	-	-	5,120	97,913	85,113
EXPENDITURES:					
Project Expenditures:					
Transfers - Out:					
Total Expenditures:	-	-	-	-	-
Revenues Over/Under Expenditures:	-	-	5,120	97,913	85,113
Fund Balance - June 30	$ -	$ -	$ 5,120	$ 103,033 (1)	$ 188,146

The Water Treatment Plant (WTP) Sludge Handling Fee (Fund 509) covers the cost of increasing the WTP's capacity for handling additional sedimentation basin sludge, a result of increased WTP water production resulting from additional development within the City.

Revised fee amounts are attached per Resolution No. 12-11778 dated 02/21/12

(1) $550,000 has been programmed for a Sludge Handling Facility at the Water Plant. Fund 502, Water Treatment Plant Expansion is currently funding the project and will be reimbursed when Water Treatment Plant Sludge Handling funds become available

Water Facility Reserve Fees - Zone 1 Reservoir Revenues and Expenditures - Fund 510 FY 09/10- FY 13/14	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Fund Balance - July 1	-	-	-	-	-
REVENUES:					
WFR - Zone 1 Reservoir Fees Collected					34,080
Other Revenue:					
Interest Earnings					141
Transfers-In:					
Total Revenues:	-	-	-	-	**34,221**
EXPENDITURES:					
Project Expenditures:					
Transfers - Out:					
Total Expenditures:	-	-	-	-	-
Revenues Over/Under Expenditures:	-	-	-	-	**34,221**
Fund Balance - June 30	$ -	$ -	$ -	$ -	$ 34,221

There have been no fee refunds to-date.

The description of this fee and fee amounts are attached per Resolution No. 05-10291 dated June 20, 2005.
Revised fee amounts are attached per Resolution No. 12-11778 dated 02/21/12

Sewer Facility Reserve Fees -Collection System Capacity Buy-In Revenues and Expenditures - Fund 522 FY 09/10- FY 13/14	FY 09/10	FY 10/11	FISCAL YEAR FY 11/12	FY 12/13		FY 13/14
Fund Balance - July 1	639,275	702,022	696,852	703,974		156,725
REVENUES:						
Sewer Facility Reserve Buy In - Fees Collected	67,646	4,540	7,332			
Other Revenue:						
Interest Earnings	4,471	5,376	7,226	5,138		(76)
Transfers-In:						
Total Revenues:	72,117	9,916	14,558	5,138		(76)
EXPENDITURES:						
Project Expenditures:						
Highway 4 Trunk Line Relief	9,370	15,087	7,435			
Transfers - Out:						
Transfer-Out to Sewer Operating - Sewer Rehab Project				552,387		
Total Expenditures:	9,370	15,087	7,435	552,387		-
Revenues Over/Under Expenditures:	62,747	(5,170)	7,122	(547,249)		(76)
Fund Balance - June 30	$ 702,022	$ 696,852	$ 703,974	$ 156,725	(1)	$ 156,649

There have been no fee refunds to-date.

The description of this fee and fee amounts collected prior to August 20, 2005 are attached per Resolution No. 97-8495.

The description of this fee and fee amounts collected on or after August 20,2005 are attached per Resolution No. 05-10291. Revised fee amounts are attached per Resolution No. 05-10372

(1) These fees have been programmed for the Highway 4 Trunk Line Relief Project ($133,113). The total project allocation of $200,000 will be treated as a loan to Fund 523 - Sewer Facility Reserve - Hwy 4 Trunk Line to be paid back when revenue receipts are sufficient in fund 523.

Sewer Facility Reserve Fees - Hwy 4 Trunk Line Revenues and Expenditures - Fund 523 FY 09/10- FY 13/14	FY 09/10	FY 10/11	FISCAL YEAR FY 11/12	FY 12/13		FY 13/14
Fund Balance - July 1	**13,164**	**13,734**	**13,838**	**13,982**		**14,084**
REVENUES:						
SFR-Pipe - Fees Collected						1,689
Other Revenue:						
Interest Earnings	570	104	144	102		(5)
Transfers-In:						
Total Revenues:	**570**	**104**	**144**	**102**		**1,684**
EXPENDITURES:						
Project Expenditures:						
Transfers - Out:						
Total Expenditures:	**-**	**-**	**-**	**-**		**-**
Revenues Over/Under Expenditures:	**570**	**104**	**144**	**102**		**1,684**
Fund Balance - June 30	**$ 13,734**	**$ 13,838**	**$ 13,982**	**$ 14,084**	(1)	**$ 15,768**

There have been no fee refunds to-date.

The description of this fee and fee amounts are attached per Resolution No. 05-10291 dated June 20, 2005.
Revised fee amounts are attached per Resolution No. 12-11778 dated 02/21/12

These fees will be used to fund the increase in size for the Highway 4 Sewer Trunk Line to serve new development.

(1) Funds in the amount of $200,000 for the Hwy 4 Trunk Line Relief project are payable to fund 522 Sewer Facility Reserve Buy-In fund when revenue receipts are sufficient.

ATTACHMENT
RESOLUTION NO. 05-10291
DOCUMENT FOLLOWS

BEFORE THE CITY COUNCIL OF THE CITY OF PITTSBURG

In the Matter of: **RESOLUTION NO. 05 - 10291**

Amending Resolution 98-8551 and)
Resolution 97-8495 by Adjusting)
Charges for Water and Sewer)
Development Connection Fees)

The PITTSBURG City Council DOES RESOLVE as follows:

WHEREAS, the City of Pittsburg operates and maintains a potable water system for Pittsburg water customers; and

WHEREAS, the City of Pittsburg operates and maintains a wastewater collection system for Pittsburg sewer customers; and

WHEREAS, the City Council of the City of Pittsburg directed staff to conduct a complete review of both water and sewer rates to address four major issues facing the water and sewer enterprises, as follows:

1. Ensure sufficient funds were collected to finance daily maintenance and operations.
2. Endure reasonable and appropriate funds were collected to provide a reserve for service rate stability and finance major capital replacement and repair projects.
3. Ensure new development paid its fair share of water and sewer system expansion costs and not burden ratepayers.
4. Ensure service rates were equitable and compliant with recent changes in state laws; and

WHEREAS, a sewer connection fee was adopted in 1985 and has not been updated; and

WHEREAS, a water connection fee schedule was adopted in 1997, and the last revision became effective in 2001; and

WHEREAS, the City of Pittsburg City Council authorized the consulting firm of Brown and Caldwell, Engineers to perform a review of the water system and sewer connection fees and make recommendations; and

WHEREAS, the comprehensive study of water and sewer Facility Reserve Charges, or development impact fees, resulted in recommendations to revise and update these charges to ensure an equitable rate structure and adequate revenue; and

WHEREAS, the recommendations have been received by the City of Pittsburg.

NOW, THEREFORE, the City Council finds and determines as follows:

Section 1. Findings

A. The recitals set forth above are true and correct statements and are hereby incorporated.

B. Now, therefore, the City Council of the City of Pittsburg does hereby resolve, modify and amend as follows:

SECTION 1. Pursuant to Section 13.08.040 (Connection Fees) of the Pittsburg Municipal Code

a. The water connection fees shall be based on the number and type of dwelling unit count for residential customers, and a water meter capacity ratio for non-residential customers and as follows:

Residential		
Single family residential	1.0 R	per dwelling unit
Multifamily residential	0.57 R	per dwelling unit
Non-Residential		
5/-8-inch meter	1.0 R	
¾-inch meter	1.0 R	
1-inch meter	2.5 R	
1 ½-inch meter	5.0 R	
2-inch meter	8.0 R	
3-inch meter	16.0 R	
4-inch meter	25.0 R	
6-inch meter	50.0 R	
8-inch meter	90.0 R	
10-inch meter	145.0 R	
12-inch meter	215.0 R	

The water connection fees (facility reserves charges), effective 2005, shall be as follows:

Zone I and II; not SW Hills	R =	$6,960
Zone III; not SW Hills	R =	$3,970
SW Hills; Alves	R =	$5,270
SW Hills, West Coast development	R =	$4,270
SW Hills; Pitts/Bay Point development area	R =	$5,010
SW Hills; San Marco development area	R =	$2,470
SW Hills; San Marco Hills development area	R =	$2,840
SW Hills; San Marco Meadows development	R =	$3,420
SW Hills; Bailey Estates	R =	$2,530
SW Hills; Smith development area	R =	$2,450
SW Hills; Ridge Farms/Bonneville development	R =	$3,520

The water connection fees (facility reserves charges), effective 2006, shall be as follows:

Zone I and II; not SW Hills	R =	$7,040
Zone III; not SW Hills	R =	$4,050
SW Hills; Alves	R =	$5,310
SW Hills, West Coast development	R =	$4,310
SW Hills; Pitts/Bay Point development area	R =	$5,050
SW Hills; San Marco development area	R =	$2,510

SW Hills; San Marco Hills development area	R =	$2,880
SW Hills; San Marco Meadows development	R =	$3,460
SW Hills; Bailey Estates	R =	$2,570
SW Hills; Smith development area	R =	$2,490
SW Hills; Ridge Farms/Bonneville development	R =	$3,560

The water connection fees (facility reserves charges), effective 2007, shall be as follows:

Zone I and II; not SW Hills	R =	$7,130
Zone III; not SW Hills	R =	$4,140
SW Hills; Alves	R =	$5,350
SW Hills, West Coast development	R =	$4,350
SW Hills; Pitts/Bay Point development area	R =	$5,090
SW Hills; San Marco development area	R =	$2,550
SW Hills; San Marco Hills development area	R =	$2,920
SW Hills; San Marco Meadows development	R =	$3,500
SW Hills; Bailey Estates	R =	$2,610
SW Hills; Smith development area	R =	$2,530
SW Hills; Ridge Farms/Bonneville development	R =	$3,600

The water connection fees (facility reserves charges), effective 2008, shall be as follows:

Zone I and II; not SW Hills	R =	$7,220
Zone III; not SW Hills	R =	$4,230
SW Hills; Alves	R =	$5,390
SW Hills, West Coast development	R =	$4,390
SW Hills; Pitts/Bay Point development area	R =	$5,130
SW Hills; San Marco development area	R =	$2,590
SW Hills; San Marco Hills development area	R =	$2,960
SW Hills; San Marco Meadows development	R =	$3,540
SW Hills; Bailey Estates	R =	$2,650
SW Hills; Smith development area	R =	$2,570
SW Hills; Ridge Farms/Bonneville development	R =	$3,640

b. The sewer connection fees shall be based on the number and type of dwelling unit count for residential customers, and a use for non-residential customers as follows:

Residential

Single family residential or duplex
1.0 R per dwelling unit

Multifamily residential, apartments, mobile homes
0.77 R per dwelling unit

Non-Residential

Based on gallons per minute (gpm) flows as determined by City Engineer. The City may, at its option, review flows after two years to verify data submitted. If the data submitted is not correct, then additional fees may be required. Any additional fees would be based on the rates currently in effect.

440 gpd	2.0 R
880 gpd	4.0 R
2000 gpd	9.1 R

The sewer connection fees, effective 2005, shall be as follows:

Sewer Sub-basins SW101-105	R =	$0
Sewer Sub-basins DS601-621 and SW109	R =	$2,980
All other Sewer Sub-basins	R =	$1,940

The sewer connection fees, effective 2006, shall be as follows:

Sewer Sub-basins SW101-105	R =	$0
Sewer Sub-basins DS601-621 and SW109	R =	$3,090
All other Sewer Sub-basins	R =	$2,050

The sewer connection fees, effective 2007 shall be as follows:

Sewer Sub-basins SW101-105	R =	$0
Sewer Sub-basins DS601-621 and SW109	R =	$3,220
All other Sewer Sub-basins	R =	$2,160

The sewer connection fees, effective 2008 shall be as follows:

Sewer Sub-basins SW101-105	R =	$0
Sewer Sub-basins DS601-621 and SW109	R =	$3,430
All other Sewer Sub-basins	R =	$2,270

SECTION 2. The fees establish by this resolution shall take effect sixty (60) days after its adoption, and, annually thereafter effective on November 1st of each year, starting in the year 2006.

Effective each November 1, beginning November 1, 2009, Facility Reserve Charges currently in effect will be increased by one-half of the annual change in the San Francisco Bay Area Consumer Price Index.

PASSED AND ADOPTED by the City Council of the City of PITTSBURG at a regular meeting on the 20th day of June 2005, by the following vote:

AYES: Council Member Casey, Glynn, Johnson, Kee and Mayor Parent
NOES: None
ABSTAINED: None
ABSENT: None

Nancy L. Parent

Nancy L. Parent, Mayor

ATTEST:

Lillian J. Pride

Lillian J. Pride, City Clerk

OFFICE OF THE CITY MANAGER
Administrative Offices
65 Civic Drive
Pittsburg, California 94565

DATE: June 20, 2005

TO: Mayor and Council Members

FROM: Marc S. Grisham, City Manager

SUBJECT: ADOPT RESOLUTION SETTING WATER AND SEWER FACILITY RESERVE CHARGES

EXECUTIVE SUMMARY:

The City Council of the City of Pittsburg directed staff to conduct a complete review of both water and sewer rates to address major issues facing the water and sewer enterprises. The consulting firm of Brown and Caldwell, Engineers, was hired and completed a comprehensive study of water and sewer facility reserve charges (development impact fees). The recommended Facility Reserve Charges were first considered at a noticed public hearing on May 16, 2005 and continued to June 20, 2005. Following discussions with developer representatives, slightly revised Facility Reserve Charge recommendations will be presented.

FISCAL IMPACT:

The increases proposed will meet the costs of expanding the water and sewer systems to accommodate new development, without burdening the existing ratepayers unnecessarily. Revenues from these charges will increase substantially, but are dependent on the pace of new development.

RECOMMENDATION:

Adopt the attached Resolution setting Water and Sewer Facility Reserve Charges.

BACKGROUND:

A facility reserve charge (FRC), or development impact mitigation fee, is a charge to pay for public facilities in existence at the time the charge is imposed and serve new development, or to pay for new facilities that will be constructed in the future that are of benefit to the person or property being charged (new development or upgrades to existing meter capacity).

The facility reserve charges that are developed must meet the regulatory requirements found in Government Code Section 66000 et seq. regarding the establishment of capacity charges. The development of FRCs also must meet the policies stated in the City of Pittsburg's General Plan adopted September 2004. Policy 3-P-11 states that the City should "Review and update the City's development impact fee schedule to ensure that new development pays its proportional share of the costs associated with the provision of facilities for police, parks, water, sewer, storm drainage, and schools".

FRCs ensure that "growth pays for growth" by allocating the cost of new facilities and the cost of unused capacity in existing facilities to new development while allocating the cost of repairing and refurbishing facilities used by current customers to sewer and water rates. FRCs adopted in the past did not adequately cover the costs of expansion of the water system or the value of available sewer system capacity. By not collecting appropriate FRCs, water and sewer ratepayers were unfairly burdened with development-related utility system costs.

FRCs are intended to recover a portion of the City's Capital Improvement Program costs, and utility rate payers' prior investment in capital facilities that support land development through utility system expansion prior to new development

The City has separate FRCs for both the water and sewer utilities. However, the development of FRC unit costs for the water and sewer utilities are very similar and address the same fundamental concerns. The payment of appropriate FRCs should:

1. Recoup the cost of new utility facilities that are necessary to provide utility services to new development, or

2. Recoup the value of utility facilities that have been previously provided for by ratepayer investment through construction, maintenance and rehabilitation and are now available for use by new developments.

The total FRC established for a particular utility and zone of benefit can result from either or both of these fundamental requirements. The unit cost of new capital facilities are established by calculating the cost of these facilities in the City's Capital Improvement Program (CIP) and apportioning these total costs to various developments in an equitable manner through the development of documents such as the Water and Wastewater Master Plans and the Water and Sewer Facility Reserve Charges report.

The unit cost of, or value to be recouped for, existing facilities is established by determining the replacement value of these facilities and equitably apportioning this cost to various developments in proportion with their use of the utility facilities.

The staff recommendations to revise and substantially increase sewer and water Facility Reserve Charges (FRC) based on the analysis prepared by the City's consultant, Brown and Caldwell, was first considered at a noticed public hearing on May 16, 2005. At the May 16 hearing, the City Council continued the consideration of the FRC revisions until June 20. The continuation was intended to provide developers and their representatives to have additional time to review the Brown and Caldwell analysis and negotiate with staff to address any factual errors or differences of opinion prior to further consideration by the City Council.

STAFF ANALYSIS:

Over the past month, Public Works and Engineering Department staff have met with developer representatives many times. The purpose of these meetings was to correct any agreed technical errors in the Brown & Caldwell study of Sewer and Water Facility Reserve Charges (FRC) and discuss any differences of opinion regarding the data, assumptions and methodology used for the Brown & Caldwell study. After several meetings, the differences in opinion between City staff and developer representatives evolved into three basic concerns or issues.

1. A factual (data) error in the development of one of the three sewer FRCs.

2. A difference in legal opinion regarding an existing water facility capacity reservation agreement in favor of West Coast Homebuilders and Seecon Financial & Construction Company which affect only one of eleven water FRCs.

3. A fundamental difference of opinion on how the valuation of the City's existing water and sewer system capacity should be established which affects two of the eleven water FRC's and two of the three sewer FRCs.

Since it is very important to the financial condition of both the Sewer and Water utility funds that reasonably increased FRC's be adopted as soon as possible, staff and developer representatives sought to find a compromise on the above three issues. If a compromise could be reached on the existing utility system capacity valuation methodology (item 3 above), then staff could recommend, and the City Council could adopt, revised fees and limit future discussion to final adjustments of the one water and one sewer fee (items 1 and 2 above) for resolution at a future meeting.

Therefore, the recommended fees will include two fees (one sewer and one water) and be lower than the original recommendation, for reasons described below, but still much higher and closer to reasonable than currently charged. The revised recommendation in this report also includes a recommendation to decrease the existing utility system valuation as a compromise in system capacity valuation methodology. In brief, the recommendation will be different than the original fees proposed in three basic ways.

1. Sewer Facility Reserve Charge

The representative of the Seeno family of companies discovered a factual error in one of the sewer fees that can't be resolved before June 20. This is essentially caused because the Sewer Master Plan is already outdated and needs to be revised to reflect higher density development proposed for the area around the BART station, which was not incorporated into the Sewer Master Plan. Staff agrees there is a factual error and are recommending a fee that, while lower than was originally proposed, is substantially higher than currently charged and is acceptable to developers. The fee recommendation for this zone of benefit will be reevaluated in the very near future after the Sewer Master Plan can be updated to reflect higher development densities and the potential for additional sewer improvements to serve this higher density.

2. Water Facility Reserve Charge

After considerable negotiation, City staff and Seeno representatives were still in disagreement regarding the legal interpretation of several existing agreements between the City and West Coast Homebuilders/Seecon Financial & Construction Company (Agreements). The disagreement on the enforceability of these Agreements results in a disagreement on the amount of the new fee established for the SW Hills - San Marco zone of benefit. In order to move forward on the new FRC adoption, staff is recommending this specific fee be initially established at the amount agreed to by Seeno representatives. This fee, although lower than originally proposed will also be substantially higher than the current fee. As discussed in item 1 above, staff feels it is prudent to adopt this fee at the amount acceptable to Seeno representatives at this time and adjust just this single fee in the very near future after a final legal interpretation can be established.

3. Existing Utility System Valuation

State law requires that "fees may not exceed the estimated reasonable cost of providing the service". There is no definitive guidance in State law as to how a "reasonable estimate" is to be determined. Courts have decided legal challenges to fees based on courts findings that an agency's method was not "reasonable", but instead "capricious". However, court cases to date imply that agencies have broad latitude in establishing fees utilizing a variety of common accounting practices. In its determination of one such court case involving development impact fees, the court stated, "perfection in establishing fees is not possible nor is it expected". Common accounting practices can include valuation of assets based on current or replacement value, assets valuation can also be determined using the depreciated value of the assets, or the escalated acquisition cost method as well as commonly accepted accounting practices. Each of these accounting methods will generate a different asset value but all are generally acceptable and "reasonable". City staff and our consultant chose to use the replacement cost method to establish the value of our current system assets as a basis for establishing a portion of our FRC's for both the water and sewer systems.

Seeno representatives and City staff continue to have a difference of opinion on the accounting method to use in establishing the value of the City's current utility system assets. In order to secure adoption of the new fees and terminate debate over the appropriate method of establishing the value of the system and, more precisely, the value of it's capacity, staff is now recommending reducing the water and sewer systems current replacement value based on 10 years of CIP reinvestment in the systems as a compromise to Seeno team's desire that we use a current system depreciated value. Staff is willing to make this concession, not because we feel there is any flaw in the original recommendation of the accounting methodology on which it was based, but rather to end debate and prevent possible litigation on these issues. In forwarding this revised recommendation, staff has knowingly made some concessions. However, if adopted, the new FRCs as revised following recent negotiations will all be significantly increased, be much more reasonable and require future development to contribute far more funds to utility system expansion, with less burden on utility rate payers who are already experiencing significant rate impacts to address long delayed problems in both the water and sewer utility systems. The originally proposed FRCs from the May 16, 2005 City Council meeting and revised FRC recommendations for the first year (2005), or initial adoption, are shown in Exhibit A for City Council reference as to the magnitude of the agreed changes.

The attached letter from George B. Speir (Exhibit B), representing the Seeno family of companies, is intended to demonstrate the Seeno "Team's" acceptance of these revised FRC recommendations. This letter is also intended to provide assurance that if the City Council adopts the fees as recommended, the only future debate would involve the two fees noted in bullets 1 and 2 above, or new FRCs in the future when the City may be forced to conduct a new study and possibly revised FRC's based on changed conditions.

Marc S. Grisham, City Manager

Report Prepared By: ______________________
John L. Fuller
Director of Public Works

Attachments:
Resolution Adjusting Charges for Water and Sewer Development Connection Fees
Exhibit A: Comparison of original recommended FRCs and revised recommended FRCs
Exhibit B: Letter from George B. Speir; Miller, Starr & Gegalia

ENVIRONMENTAL REVIEW CHECKLIST

AGENDA MEETING DATE: June 20, 2005
AGENDA DATA DESCRIPTION: Adopt Resolution Setting Water and Sewer Facility Reserve Charges

ALL ACTIONS OF THE CITY COUNCIL MUST BE CONSIDERED FOR ENVIRONMENTAL REVIEW. COMPLETE THE CHECKLIST BELOW AND ***ATTACH TO THE APPROPRIATE AGENDA DATA SHEET***. THE EXEMPTION, NEGATIVE DECLARATION OR EIR DETERMINATIONS MUST BE REFERENCED IN THE RESPECTIVE STAFF REPORT AND COPIES ATTACHED WHERE APPROPRIATE.

1. [X] **This is not a project.** No environmental documents must be filed. A project is any activity which may cause a direct physical change in the environment or a reasonably foreseeable indirect change in the environment, and is either (1) undertaken by the City, (2) partly or fully subsidized by the City, or (3) permitted by the City. Only "discretionary projects" are subject to CEQA. Moreover, purchases for supplies, personnel related actions, emergency repairs and general policy-making are examples of actions which are not a project. If any of the following environmental factors would be potentially affected, further environmental review may still be required:

   - [ ] Aesthetics
   - [ ] Biological Resources
   - [ ] Hazards & Hazardous Materials
   - [ ] Mineral Resources
   - [ ] Public Services
   - [ ] Utilities/Service Systems
   - [ ] Agriculture Resources
   - [ ] Cultural Resources
   - [ ] Hydrology/Water Quality
   - [ ] Noise
   - [ ] Recreation
   - [ ] Mandatory Findings of Significance
   - [ ] Air Quality
   - [ ] Geology/Soils
   - [ ] Land Use/Planning
   - [ ] Population/Housing
   - [ ] Transportation/Traffic

2. [ ] This is a project, but it is **statutorily exempt** under Section ______________, Article 18 of the Guidelines for the Implementation of the California Environmental Quality Act or other applicable statutory exemption not listed in the Guidelines.

3. [ ] This is a project, but it is **categorically exempt** from environmental review under Section ______________________________, Article 19 of the Guidelines for Implementation of the California Environmental Quality Act **and** no exceptions to the categorical exemption apply.

4. [ ] This is a project, but is subject to the "common sense" exemption to CEQA, because it can be seen with certainty that there is no possibility that the activity may have a significant effect on the environment. The basis for this determination must be set forth in writing in the Council's findings.

5. [ ] A [ ] **Negative Declaration** [ ] **Mitigated Negative Declaration** (ND/MND) was prepared for this project or the impacts were addressed under a previously completed ND/MND. The Initial Study and ND/MND prepared by the City must be attached to the Council materials for Council review and approval. The Council must adopt a resolution (re)adopting the Negative Declaration or Mitigated Negative Declaration and possibly a mitigation monitoring or reporting program as part of the project approval.

6. [ ] An **Environmental Impact Report** (EIR) was prepared for this project or the impacts have been addressed under a previously completed and certified EIR, SCH No. ___________. The EIR must be provided to Council for review and approval. As part of the project approval, the Council must adopt resolutions (re)certifying the EIR and adopting findings, a mitigation monitoring or reporting program and if necessary, a statement of overriding considerations.

7. [ ] This project falls under the " __________________ " **Master EIR**, State Clearinghouse No. ________________, The new Initial Study prepared pursuant to Section 21157.1 of the Public Resources Code must be attached to the Council materials for Council review and approval. The Council must adopt a resolution adopting certain required findings based on this Initial Study as part of the project approval.

REVIEWED AND APPROVED BY: ________________________________, **PLANNING DEPARTMENT**

NOTE: CEQA regulations are located in the State Public Resources Code, which can be viewed on the internet at: www.leginfo.ca.gov. Should you need further assistance in determining the applicability of CEQA to a Council action, please contact Planning Staff x. 4920.

EXHIBIT A

WATER FEES - 2005	Original Fee	Adjust for Reservoir Capacity Reservation in one zone	Adjust for Reservoir Capacity Reservation and 10 year CIP
Zone I & II not SW Hills	$7,120	$7,120	$6,960
Zone III not SW Hills	$4,130	$4,130	$3,970
SW Hills - Alves	$5,270	$5,270	$5,270
SW Hills – West Coast	$4,270	$4,270	$4,270
SW Hills – Pittsburg/Bay Point	$5,010	$5,010	$5,010
SW Hills – San Marco	$3,620	$2,470	$2,470
SW Hills – San Marco Hills	$2,840	$2,840	$2,840
SW Hills – San Marco Meadows	$3,420	$3,420	$3,420
SW Hills – Bailey Estates	$2,530	$2,530	$2,530
SW Hills – Smith	$2,450	$2,450	$2,450
SW Hills – Ridge Farms	$3,520	$3,520	$3,520

SEWER FEES – 2005	Originally Proposed Fee	Adjust for Unit Count in one zone	Adjust for Unit Count and 10 year CIP
Sub Basin SW101-105	$0	$0	$0
Sub Basin DS601-621 & SW109	$4,330	$3,690	$2,980
All Other Sub Basins	$2,650	$2,650	$1,940

EXHIBIT B

MILLER STARR & REGALIA
A PROFESSIONAL LAW CORPORATION

1331 North California Blvd.
Fifth Floor
P.O. Box 8177
Walnut Creek, California 94596
Facsimile (925) 933-4126
Telephone (925) 935-9400

FAX TRANSMISSION COVER SHEET

June 10, 2005

TO:	John L. Fuller, Director of Public Works City of Pittsburg	FACSIMILE: TELEPHONE:	(925) 252-4004 (925) 252-4110
	Ruthann Ziegler	FACSIMILE: TELEPHONE:	(916) 556-1516 (916) 556-1531

FROM: George B. Speir

RE: Pittsburg Water/Sewer FRC

COMMENTS: Attached is our letter agreeing to the proposed FRCs. Please call if you have questions. Bill

Total Number of Pages ***(including this page)*** 4

If you do not receive all pages, please contact the Copy Center at (925) 935-9400 ext. 240.

MILLER STARR & REGALIA
A PROFESSIONAL LAW CORPORATION

1331 North California Blvd.
Fifth Floor
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Walnut Creek, California 94596
Facsimile (925) 933-4126
Telephone (925) 935-9400

GBS@MSANDR.COM

George B. Speir

June 15, 2005

The Honorable Nancy Parent, Mayor
Members of the City Council
City of Pittsburg
65 Civic Avenue
Pittsburg, CA 94565

Re: June 20, 2005 City Council Meeting
<u>Water and Sewer Facility Reserve Charges</u>

Dear Mayor Parent and Members of the Council:

This firm represents Albert D. Seeno Construction Company, West Coast Home Builders and Discovery Builders with respect to the City's proposed increases to its Water and Sewer Facility Reserve Charges ("FRCs"). As you know, the hearing on the Water and Sewer FRCs was continued from May 16, 2005 until the Council meeting on June 20, 2005, to permit City staff and representatives of my clients and the development community to meet and discuss the City's proposed FRCs. Over the last three weeks, several such meetings have occurred, including four meetings I attended with my clients. My clients, through this office, and through their water resources consultant, Stetson Engineers, were able to point out to City staff, and to the City's consultants, Brown and Caldwell, flaws in the fee which we believed should be revised. City staff has similarly explained to us how and why the fee has been calculated, and has sometimes agreed and sometimes disagreed with our concerns.

Although City staff and my clients have agreed to disagree on some issues, including using replacement cost without depreciation to value existing facilities, we have agreed that the amount of the amended charges which we understand will be proposed by the Director of Public Works, and as described on the attached Exhibit "A", is acceptable to my clients. We therefore support the proposal for adoption of the FRCs as attached, and have agreed that we will not challenge the adoption of these FRCs, in court or otherwise, assuming the amount of the FRCs adopted by the City Council are as recommended by staff. We also agree that if the City increases the FRCs in the future by a construction cost index or similar inflation multiplier, we will not challenge the FRCs as attached, and we reserve only the right to challenge the incremental change in the FRCs. We recognize that the City may in the future propose other changes to the FRCs. Our acceptance of the charges in the amount attached is, of course, not an acceptance of any future or amended charges to be acted upon by future Council action.

As a result of our support and our hope that the Council will adopt staff's recommendation, we have not provided a lengthy analysis, reiterating our concerns regarding the calculation of the FRCs. Those comments have been provided to staff, orally and in writing, as part of the process of reviewing and discussing the FRCs. We would be willing to discuss our concerns directly with you at the Council meeting on June 20, 2005, at your request, should you believe that is appropriate or necessary.

We greatly appreciate the Council's patience in providing enough time to permit this process to occur. We would also like to thank Mr. Fuller, Mr. Pease and Tom Pavletic of Brown & Caldwell, for making themselves available during this process, and for their professionalism in discussing the disagreements we have in the methodology used to calculate the FRCs.

Very truly yours,

MILLER, STARR & REGALIA

George B. Speir

GBS:dj
Enclosure

cc: John L. Fuller, Director of Public Works
Walter Pease, Assistant Public Works Director
Albert D. Seeno, Jr.
Jay F. Torres-Muga
Jeanne Pavao

EXHIBIT "A" to June 15, 2005 letter to City Council

Revisions to Water and Sewer FRCs

WATER CHARGES	Adjust for Reservoir Capacity Reservation and 10 year CIP
Zone I & II not SW Hills	$6,960
Zone III not SW Hills	$3,970
SW Hills - Alves	$5,270
SW Hills – West Coast	$4,270
SW Hills – Pittsburg/Bay Point	$5,010
SW Hills – San Marco	$2,470
SW Hills – San Marco Hills	$2,840
SW Hills – San Marco Meadows	$3,420
SW Hills – Bailey Estates	$2,530
SW Hills – Smith	$2,450
SW Hills – Ridge Farms	$3,520

SEWER CHARGES	Adjust for Unit Count and 10 year CIP
Sub Basin SW101-105	$0
Sub Basin DS601-621 & SW109	$2,980
All Other Sub Basins	$1,940

ATTACHMENT
RESOLUTION NO. 05-10372
DOCUMENT FOLLOWS

BEFORE THE CITY COUNCIL OF THE CITY OF PITTSBURG

In the Matter of: **RESOLUTION NO. 05-10372**

Amending Resolution 05-10291 by)
Revising The Sewer Facility Reserve)
Charge For Sewer Sub-Basins)
DS601-DS621 And SW109)

The PITTSBURG City Council DOES RESOLVE as follows:

WHEREAS, the City of Pittsburg operates and maintains a wastewater collection system for Pittsburg sewer customers; and

WHEREAS, the City Council of the City of Pittsburg directed staff to conduct a complete review of both water and sewer rates to address four major issues facing the water and sewer enterprises, as follows:

1. Ensure sufficient funds were collected to finance daily maintenance and operations.
2. Ensure reasonable and appropriate funds were collected to provide a reserve for service rate stability and finance major capital replacement and repair projects.
3. Ensure new development paid its fair share of water and sewer system expansion costs and not burden ratepayers.
4. Ensure service rates were equitable and compliant with recent changes in state laws; and

WHEREAS, revised and updated Sewer Facility Reserve Charges (Development Connection Fees) were adopted on June 20, 2005; and

WHEREAS, the Facility Reserve Charges were based on the adopted City's 2003 Wastewater Collection System Master Plan (Master Plan) and the City's adopted General Plan, with the exception of the Sewer Facility Reserve Charge for sewer sub-basins DS601–DS621 and SW109 that were based on anticipated higher land use densities in the Pittsburg/Bay Point BART Station area that were adopted in the City of Pittsburg Water Master Plan Amendment no. 2; and

WHEREAS, the Master Plan and the expansion cost component of the Sewer Facility Reserve Charge for sewer sub-basins DS601–DS621 and SW109 needed to be updated to reflect a higher density development proposed for the area around the Pittsburg/Bay Point BART station; and

WHEREAS, the Sewer Expansion project, identified in the Master Plan was analyzed by MWH Consulting Engineers to identify potential additional deficiencies based on higher densities, and remedies and costs to resolve such deficiencies; and

WHEREAS, the City has received recommendations from MWH Consulting Engineers to resolve the additional deficiencies triggered by this higher density; and

WHEREAS, after meetings between City staff, property owners and developer representatives, all parties were able to agree on the proposed facilities needed for the higher densities; and

WHEREAS, the Sewer Facility Reserve Charge for sewer sub-basins DS601–DS621 and SW109 has been revised by Brown & Caldwell based upon the recommendations of MWH Consulting Engineers; and

WHEREAS, the changes to the Sewer Facility Reserve Charge for sewer sub-basins DS601–DS621 and SW109 are recommended for adoption; and

WHEREAS, the recommendations have been received by the City of Pittsburg.

NOW, THEREFORE, the City Council finds and determines as follows:

Section 1. Findings

A. The recitals set forth above are true and correct statements and are hereby incorporated.

B. Now, therefore, the City Council of the City of Pittsburg does hereby resolve, modify and amend Resolution 05-10291 as follows:

The 2005 Sewer Development Connection Fees, effective March 17, 2006, shall be as follows:
Sewer Sub-basins DS601-621 and SW 109 R = $3,550

The Sewer Development Connection Fees, effective November 1, 2006, shall be as follows:
Sewer Sub-basins DS601-621 and SW 109 R = $3,710

The Sewer Development Connection Fees, effective November 1, 2007, shall be as follows:
Sewer Sub-basins DS601-621 and SW 109 R = $3,870

The Sewer Development Connection Fees, effective November 1, 2008, shall be as follows:
Sewer Sub-basins DS601-621 and SW 109 R = $4,030

Section 2.

The fees establish by this resolution shall take effect sixty (60) days after its adoption.

Effective each November 1, beginning November 1, 2009, Facility Reserve Charges currently in effect will be increased by one-half of the annual change in the San Francisco Bay Area Consumer Price Index.

PASSED AND ADOPTED by the City Council of the City of PITTSBURG at a regular meeting on the 17th day of January 2006, by the following vote:

AYES: **Council Member Casey, Glynn, Johnson, Parent and Mayor Kee**

NOES: **None**

ABSTAINED: **None**

ABSENT: **None**

Michael B. Kee, Mayor

ATTEST:

Alice E. Evenson,

Lillian J. Pride, City Clerk deputy

OFFICE OF THE CITY MANAGER
Administrative Offices
65 Civic Drive
Pittsburg, California 94565

DATE: January 17, 2006

TO: Mayor and Council Members

FROM: Marc S. Grisham, City Manager

SUBJECT: ADOPT RESOLUTION REVISING SEWER FACILITY RESERVE CHARGE FOR SEWER SUB-BASINS DS601-DS621 AND SW 109

EXECUTIVE SUMMARY:

The Pittsburg City Council directed staff to conduct a complete review of both water and sewer rates to address major issues facing the water and sewer enterprises. The consulting firm of Brown and Caldwell, Engineers, was hired and completed a comprehensive study of water and sewer Facility Reserve Charges (development impact fees). The recommended Facility Reserve Charges (FRC) were first considered at a noticed public hearing on May 16, 2005. At the request of developers, final adoption of new FRCs was postponed to June 20, 2005. Of the 14 FRCs adopted on June 20, there were two FRCs established based on unresolved issues. This action will clarify and resolve the one unresolved Sewer FRC from June 20.

FISCAL IMPACT:

Adoption of the revised sewer FRC for sewer sub-basins DS601-DS621 and SW 109 will meet the revenue projections necessary to defray the cost of expanding the sewer system to accommodate new development, without burdening the existing ratepayers. Revenues from these charges will increase, but are dependent on the pace of new development within this specific area of development impact and cannot be predicted with certainty.

RECOMMENDATION:

Adopt the attached Resolution revising the Sewer Facility Reserve Charge for sewer sub-basins DS601-DS621 and SW 109.

BACKGROUND:

A Facility Reserve Charge (FRC), or development impact mitigation fee, is a charge to pay for public facilities serving new developments that are in existence at the time the charge is imposed and/or provide for the construction of infrastructure or facilities that are of benefit to the person or property being charged. Facility Reserve Charges must meet the regulatory requirements found in Government Code Section 66000 et seq. regarding the establishment of capacity charges. The development of FRCs also must meet the policies stated in the City of Pittsburg's General Plan adopted September 2004. Policy 3-P-11 states that the City should "Review and update the City's development impact fee schedule to ensure that new development pays its proportional share of the costs associated with the provision of facilities for police, parks, water, sewer, storm drainage, and schools".

FRCs ensure that "growth pays for growth" by allocating the cost of new facilities and the cost of unused capacity in existing facilities to new development to meet the needs of new development that will use the new or existing facilities. Historically, Pittsburg's FRCs did not adequately cover the costs of expansion of the sewer system or adequately value available sewer system capacity. The City's established FRCs are intended to recover a portion of the City's Capital Improvement Program costs, and utility rate payers' prior investment in capital facilities that support land development through utility system expansion prior to new development. By not collecting appropriate FRCs, water and sewer ratepayers were unfairly burdened with development-related utility system costs. Therefore, it was necessary to consider an appropriate and justifiable increase in the City's FRCs.

The City has separate FRCs for both the water and sewer utilities. However, the development of FRC unit costs for the water and sewer utilities are very similar and address the same fundamental concerns. The payment of appropriate FRCs should:

1. Recoup the cost of new utility facilities that are necessary to provide utility services to new development, or

2. Recoup the value of utility facilities that have been previously provided for by ratepayer investment through construction, maintenance and rehabilitation and are now available for use by new developments.

The total FRC established for a particular utility and zone of benefit can result from either or both of these fundamental requirements. The unit cost of new capital facilities are established by calculating the cost of these facilities in the City's Capital Improvement Program (CIP) and apportioning these total costs to various developments in an equitable manner through the development of documents such as the Water and Wastewater Master Plans and the Water and Sewer Facility Reserve Charges report. The unit cost of, or value to be recouped for, existing facilities is established by determining the replacement value of these facilities and equitably apportioning this cost to various developments in proportion to their estimated use of the utility facilities.

The staff recommendations to revise and substantially increase sewer and water Facility Reserve Charges (FRC) based on the analysis prepared by the City's consultant, Brown and Caldwell, was first considered at a noticed public hearing on May 16, 2005. At the May 16 hearing, the City Council continued the consideration of the FRC revisions until June 20, 2005. The continuation was intended to provide developers and their representatives additional time to review the Brown and Caldwell analysis and negotiate with staff to address any factual errors or differences of opinion prior to further consideration by the City Council.

The representative of the Seeno family of companies identified a possible factual error in one of the sewer fees that could not be resolved before the City Council adoption of amended FRCs on June 20, 2005. The factual error resulted from the fact that the Sewer Master Plan adopted on May 5, 2003 is anticipated to become outdated soon, and did not reflect higher land development densities anticipated in the vicinity of the Pittsburg/Bay Point BART Station (BART). The sewer FRC for the BART area originally developed by Brown & Caldwell Engineers was based on lower but adopted land use densities from the Sewer Master Plan and City General Plan. Staff agreed to consider establishing the sewer FRC for the BART area that reflect higher density development proposed for this area, which was not envisioned when the Sewer Master Plan was adopted. Therefore, on June 20, 2005, Public Works staff recommended a sewer FRC for the DS601-DS621 and SW 109 sewer sub-basins (BART area) that, while lower than originally proposed, was substantially higher than currently charged and was acceptable to developers. The FRC for this (BART) area was established to reflect the same sewer project cost to serve new development, but added 944 dwelling units, which lowered the FRC per dwelling unit.

On June 20, 2005, when Public Works staff agreed to recommend a lower sewer FRC for the BART area, it was noted that the Sewer Master Plan should be reanalyzed for the potential impact of this higher density development not considered in the adopted Sewer Master Plan. Staff advised the Developer and City Council that the reanalysis of the Sewer Master Plan might justify further revisions to the sewer FRC for the BART area.

MWH Engineers originally prepared the adopted Sewer Master Plan. Since both City staff and developers agreed that higher density development would probably take place around the BART station, but was not yet reflected in the City's adopted General Plan, City staff directed MWH Engineers to update the Sewer Master Plan to reflect this higher new development density using the original computer model and the revised densities. The updated sewer system analysis indicated that additional sewer system upgrades - EXHIBIT A - would be required to serve the increased development density, thereby increasing the sewer project costs to serve new development in the BART area. Specifically, the new analysis indicated that the higher BART area density requires that an additional 3,900 feet of existing sewer pipe must be increased in size. The expansion component of the sewer FRC adopted on June 20, 2005 for sewer sub-basins DS601-DS621 and SW 109 decreased from the originally proposed $1,680 per equivalent single-family dwelling unit to $1,040 per dwelling unit as a result of raising the density from 1,525 units to 2,473 units. The sewer system expansion component of the FRC for sewer sub-basins DS601-DS621 and SW 109 also needed to be increased to an estimated $1,640 per dwelling unit because of this same increased density and the higher project cost identified in the new analysis.

Based on the reanalysis of the Sewer Master Plan, staff recommended a revision to the BART area sewer FRC. The City Council first considered this second revision to the BART area sewer FRC on September 19, 2005, at which time developer representatives requested that the item be continued to provide them additional time to consider and analyze this latest change. The City Council continued the Public Hearing on the BART area sewer FRC revision to November 7, when developer representatives again requested continuation of this item, claiming difficulty in obtaining and operating the sewer model to complete their independent analysis. The City Council again continued the Public Hearing to December 12, 2005, when the developer representatives again requested, and the City Council granted, a third continuation of the item to January 17, 2006

STAFF ANALYSIS:

Public Works staff was well aware that the computer program for the City's sewer model was complex and required experienced staff to operate it properly. As early as October 12, when staff met with developer representatives, the City offered to have its Sewer Master Plan consultant MWH run the sewer model analysis for the developers to save time and the developers' expense to acquire the appropriate software. However, the developer who requested a continuation of this item preferred to obtain and operate the sewer model software/program independently.

The developer representatives were finally able to acquire and operate the sewer model software and on December 1, 2005 they met with Public Works staff to review their independent findings. The conclusion of the meeting between developer representatives and Public Works staff was that the developer confirmed the City's prior analysis. In a meeting with City staff on December 20, developer representatives agreed that the recommended fee was appropriate given the current cost of sewer construction and the extent of the sewer improvements necessary to provide wastewater collection in the area of the Pittsburg/Bay Point BART station. However, on December 30, 2005, developer representatives raised a new issue previously not discussed (contrary to statements in their letter) regarding how escalated costs (cost of living increases) were handled. These new concerns were separate from the previous discussion of land use density impacts on the fee calculations.

PW staff reviewed the developer's latest concerns with our consultant Brown & Caldwell on January 6, 2006. Staff is willing to agree to calculating escalated costs in a revised manner which will generate the $140 lower initial fee recommendation and have advised developer representatives of this agreement. However, staff also advised the developer representatives that the altered method of fee escalation calculation will not only lower the initial fee, but will generate higher fees than originally recommended for future years. Although staff has, to date, not received confirmation that the developer agrees with and accepts the latest revision staff has agreed to, and would appear to match the developers request in their December 30 letter, we believe they will agree to this hopefully final fee recommendation.

Adoption of the attached resolution will both amend the Sewer Master Plan and reflect a BART area sewer FRC (sewer sub-basins DS601-DS621 and SW 109) appropriate to higher land use density.

Marc S. Grisham, City Manager

Report Prepared By: ______________________________
John L. Fuller
Director of Public Works

Attachments:
Resolution Adjusting Charges for Sewer Development Connection Fees
Exhibit A: Revised Capacity Relief Projects report from MWH

MWH

December 20, 2005

Mr. Walter Pease
Assistant Public Works Director
City of Pittsburg
65 Civic Avenue
Pittsburg, CA 94565

File: 1481039/3.1.2

Subject: Revised Capacity Relief Projects for Oak Hills/Highway 4 Trunk

Dear Mr. Pease:

At your request, we have completed updated project cost estimates based on model results conducted by Stetson Engineers. A summary of the results is presented in the table below. Detailed cost breakdowns are attached.

Project No.	Project	Length (ft.)	Diam. (in.)	Assumed Construction Method	Estimated Capital Cost
C-1	Highway 4 Trunk	9,895	15	Pipe bursting/ bore & jack	$3,236,600
C-2	West Leland Road	1,180	8	Open cut parallel	$ 247,400
C-3	Bailey Road	806	12	Microtunneling	$ 489,800

If you have any questions, please call me at 925-274-2202 or Ben Herston at 925-274-2294.

Sincerely,

Craig Smith
Senior Engineer

cc: Ben Herston

1340 Treat Blvd.
Suite 300
Walnut Creek, California
94597-7966

Tel: 925 933 2250 / 925 975 3400
Fax: 925 945 1760 / 925 975 3412

Delivering Innovative Projects and Solutions Worldwide

CITY OF PITTSBURG
Opinion of Probable Construction Cost

Item No: C-1

Description: **Highway 4 Trunk**

Alignment Limits: Starting at Bailey Rd. along Memorial Way to Ambrose Park, along Hwy. 4 right of way under the Delta De Anza Trail, through residential neighborhood in Carpetta Cr. and Wedgewood Dr., ending at the DDSD Trunk sewer. DDSD connection is appx. 30 feet deep.

Ex. 12" sewer pipe crossing Contra Costa Canal is steep and has sufficient capacity, no need to replace except for consistency with US/DS 15" pipes.

Project Justification: Relieve predicted capacity deficiency in existing sewer for future growth in the southwestern portion of the City, including the BART Specific Plan, Oak Hills, Smith and Bailey Estates developments and expansion and infill of the existing area; must be competed before 100 residential units are added to the area.

Project Summary : 9,895 feet of 15-inch sewer

Potential Utility Conflicts : EBMUD Mokelumne Aqueduct

Permitting & Easement Requirements : City has 20 ft easement for 12-inch sewer line in steel casing. Must submit plans and specifications to EBMUD for approval of new Mokelumne aqueduct crossing, requiring 2 foot minimum clearance. Sewer must be in steel encasement across entire width (100 ft) of EBMUD property.

Alignment Description	Improvement Type	Length (feet)	Pipe Size (inches)
Parallel Highway 4	Pipe Bursting	9,500	15
Underneath EBMUD Mokelumne Aqueduct	Bore & Jack	375	15
Final segment at DDSD connection	Open Cut	20	15
Total		9,895	

Project Costs	Pipe (in.)	Avg. Depth (ft.)	Quantity	Unit Cost ($)	Total Cost ($)
Baseline Construction Cost (BCC)					
Pipe Bursting 12" to 15"	15	10	9,500 lf	182	1,729,000
Bore & Jack (30-inch casing)	15	>15	375 lf	450	168,750
Jacking Pit			1 pit	35,000	35,000
Receiving Pit			1 pit	25,000	25,000
New connection to DDSD (final reach)	15	30'	20 lf	201	4,020
Shoring allowance		30'	1 ls	5,000	5,000
Junction Chamber or Pipe Core Tee Connection			1 ls	25,000	25,000
BCC Total					**1,991,770**
Estimated Construction Cost (ECC) *(BCC plus 30% for contingenices)*					**2,589,300**
Capital Improvement Cost *(ECC plus 25% for engineering, administration, legal, and construction inspection)*					**3,236,600**

Notes:
1. Pipe installation cost assumes average trenching conditions, vertical trench walls with solid shoring, imported backfill, average dewatering, new manholes, pavement removal and replacement, traffic control, mobilization/demobilization, and contractor's overhead and profit.
2. This cost estimate was developed for planning purposes only. A detailed cost estimate should be prepared during project design.
3. Cost estimate accuracy is -30 to +50 percent.

CITY OF PITTSBURG
Opinion of Probable Construction Cost

Item No:	**C-2**
Description:	**West Leland Road**
Alignment Limits:	West Leland Road, from Southwood Dr. to Oak Hills Dr.
Project Justification:	Relieve predicted capacity deficiency in existing sewer under 5-year design storm conditions on West Leland Road; provide capacity for BART Specific Plan, Oak Hills, Smith and Bailey Estates developments; must be completed before 100 residential units are added to this area.
Project Summary :	1,180 feet of 8-inch parallel sewer
Special Conditions:	Heavy traffic conditions, BART station

Alignment Description	Improvement Type	Length (feet)	Pipe Size (inches)	
West Leland Rd, from Southwood Dr. to Oak Hills Dr.	New Sewer	1,180	8	
Total		1,180		

Project Costs	Pipe (in.)	Avg. Depth (ft.)	Quantity	Unit Cost ($)	Total Cost ($)
Baseline Construction Cost (BCC)					
New Sewer (open cut)	8	5-10	1,180 lf	123	145,140
Allowance for Heavy Traffic Control			1,180 lf	6	7,080
BCC Total					**152,220**
Estimated Construction Cost (ECC) *(BCC plus 30% for contingenices)*					**197,900**
Capital Improvement Cost *(ECC plus 25% for engineering, administration, legal, and construction inspection)*					**247,400**

Notes:

1. Pipe installation cost assumes average trenching conditions, vertical trench walls with solid shoring, imported backfill, average dewatering, new manholes, pavement removal and replacement, traffic control, mobilization/demobilization, and contractor's overhead and profit.
2. This cost estimate was developed for planning purposes only. A detailed cost estimate should be prepared during project design.
3. Cost estimate accuracy is -30 to +50 percent.

CITY OF PITTSBURG
Opinion of Probable Construction Cost

Item No: C-3
Description: Bailey Road
Alignment Limits: Bailey Road, north of West Leland

Project Justification: Relieve predicted capacity deficiency in existing sewer under 5-year design storm conditions on Bailey; provide capacity for Smith and Bailey Estates, must be completed before these two developments are started

Project Summary : 806 feet of new 12-inch sewer

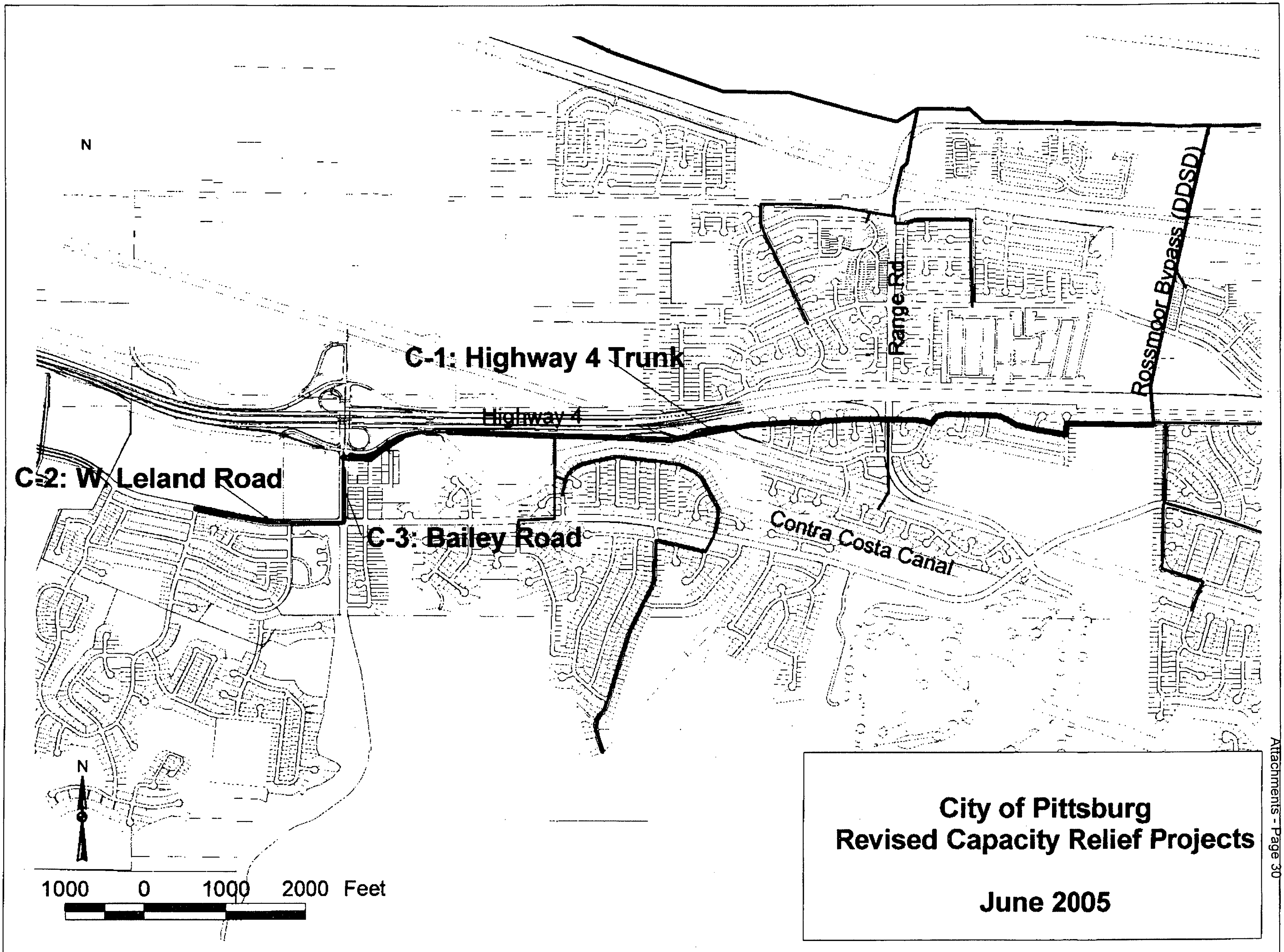
Special Conditions: Heavy traffic conditions, BART station, approach to Highway 4 Interchange.

Contruction Alternative: Open cut

Alignment Description	Improvement Type	Length (feet)	Pipe Size (inches)	
Bailey Road, from West Leland Rd. to Maylard St.	New Sewer	806	12	
Total		806		

Project Costs	Pipe (in.)	Avg. Depth (ft.)	Quantity	Unit Cost ($)	Total Cost ($)
Baseline Construction Cost (BCC)					
New Sewer (microtunnel)	12	10	806 lf	225	181,350
Jacking Pit			2 pit	35000	70,000
Receiving Pit			2 pit	25000	50,000
BCC Total					**301,350**
Estimated Construction Cost (ECC) *(BCC plus 30% for contingenices)*					**391,800**
Capital Improvement Cost *(ECC plus 25% for engineering, administration, legal, and construction inspection)*					**489,800**

Notes:
1. Pipe installation cost assumes average trenching conditions, vertical trench walls with solid shoring, imported backfill, average dewatering, new manholes, pavement removal and replacement, traffic control, mobilization/demobilization, and contractor's overhead and profit.
2. This cost estimate was developed for planning purposes only. A detailed cost estimate should be prepared during project design.
3. Cost estimate accuracy is -30 to +50 percent.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C-1: Highway 4 Trunk
Highway 4
Range Rd
Rossmoor Bypass (DDSD)
C-2: W. Leland Road
C-3: Bailey Road
Contra Costa Canal
N
1000 0 1000 2000 Feet
City of Pittsburg
Revised Capacity Relief Projects
June 2005

ATTACHMENT
RESOLUTION NO. 05-10215
DOCUMENT FOLLOWS

BEFORE THE CITY COUNCIL OF THE CITY OF PITTSBURG

In the matter of: RESOLUTION NO. 05-10215

Resolution Establishing Inclusionary)
Housing In Lieu Fee and Inclusionary)
Housing Monitoring Fee)

The Pittsburg City Council DOES RESOLVE as follows:

A. Based on U.S. Census 2000 data, 49 percent of all households in Pittsburg earn 80 percent or less than the area median income and thereby qualify as Low or Very Low Income households. Additionally, 36 percent of households in Pittsburg spend more than 30 percent of their income on rent or mortgage and associated housing costs such as utilities and insurance.

B. On November 15, 2004, the Council adopted Ordinance No. 04-1229 adopting a Negative Declaration and amending Pittsburg Municipal Code (PMC) in order to add Chapter 18.86: Inclusionary Housing, to the zoning ordinance. The inclusionary housing ordinance requires the construction of affordable housing units as part of all privately-constructed residential developments consisting of four or more units within the City.

C. The ordinance includes incentives for developers to construct affordable units as part of their residential projects, and also includes options for alternative compliance with the ordinance. Among the alternative compliance options is the option for developers, in specific instances and subject to certain findings by the City Council, to pay a fee to the City in lieu of constructing the required affordable units (PMC Subsections 18.86.040.D and 18.86.080.C). Subsection 18.86.080.C of the inclusionary ordinance authorizes the Council to establish, by resolution, the amount of the inclusionary housing in lieu fee.

D. Inclusionary housing in lieu fees paid to the City would be used to purchase existing residential units in order to convert them from market rate to affordable, and to help finance construction of new affordable units by other private and/or non-profit developers.

E. In addition to the in lieu housing fees allowed by the inclusionary ordinance, Subsection 18.86.110.B of the ordinance allows the City to charge a fee to developers and subsequent owners in order to defray the City's costs to monitor the program, including the cost of staff time necessary to verify income levels of occupants and potential buyers of deed restricted affordable units.

F. As part of the establishment of a new development fee, the Council must identify the purpose of the fee and the use to which the fee is to be put. The Council must find that there is a reasonable relationship between the type of development on which the fee would be imposed, and the use of and need for the fee. Additionally, the Council must determine that there is a reasonable relationship between the amount of the fee and the added demand (in this case, for affordable housing and monitoring thereof) created by the development. (Gov. Code Section 66001)

G. In accordance with Government Code Section 66018, a "Notice of Public Hearing" for this inclusionary housing ordinance fee schedule was published in the Ledger Dispatch newspaper on December 31, 2004, and on January 7, 2005. On December 28, 2004, the Notice of Public Hearing was also posted in the Police Department lobby at City Hall and at the Pittsburg Library.

H. In accordance with Government Code Section 66016, the Notice of Public Hearing was mailed on December 28, 2004, to local residential development companies, local community and non-profit organizations, financial institutions and private individuals who had previously attended a Housing Element or inclusionary housing workshop. On January 4, 2005, a written summary of the proposed inclusionary housing in lieu and monitoring fee amounts was prepared and made available for review at a meeting held between City staff and interested members of the public, non-profit housing organizations and development community. Revised fee calculations requested by local developers were made available for review by the same interested parties at a second meeting held on January 7, 2005. A third summary, which included the final fee amounts that were to be recommended to the City Council, was made available for public review and was also mailed to development companies and non-profit organization representatives on January 18, 2005.

I. On January 18, 2005, the City Council opened the public hearing on the establishment of the inclusionary housing in lieu fees and inclusionary housing monitoring fees. As a result of the development company representatives' request for continued discussion with City staff in determination of the proposed fee amounts, the Council continued the hearing to the next regularly scheduled meeting of February 7, 2005.

J. On February 7, 2005, the City Council held a continued public hearing on the establishment of the inclusionary housing in lieu fees and inclusionary housing monitoring fees, at which time oral and/or written testimony was considered.

NOW, THEREFORE, the City Council finds and determines as follows:

Section 1. Findings

The City Council hereby finds that based on the Staff Report entitled, "Establishment of an Inclusionary Housing In-Lieu Fee and Inclusionary Housing Monitoring Fee," dated February 7, 2005, and based on all the information contained in the Planning Department files on the inclusionary housing ordinance, adopted and incorporated here by reference and available for review in the Planning Department located at 65 Civic

Avenue, and based on all written and oral testimony presented at the public hearing that:

A. The Negative Declaration adopted by Ordinance No. 04-1229 was prepared in compliance with Public Resources Code Section 21000 et seq. (the California Environmental Quality Act, "CEQA") and the State CEQA Guidelines, that the Council has considered the information contained therein, and that the adopted Negative Declaration discusses and is adequate for purposes of consideration of the inclusionary housing ordinance fees.

B. The purpose of the inclusionary housing in lieu fee is to allow developers of residential projects an alternative to construction of affordable units as part of their market rate developments when the site location is not suitable for affordable housing, or when the calculated inclusionary requirement includes a "partial" unit. Because the in lieu fees would be used to fund acquisition and/or construction of new affordable units by private and non-profit developers, the inclusionary housing in lieu fees for ownership housing have been determined at four amounts that correspond to the difference between the cost of construction of a typical market rate unit (City of Pittsburg Inclusionary Housing Feasibility Study, August 2004, Tables 12 and 14) and the affordable sale price of that unit. This difference is equivalent to the subsidy necessary to construct a single-family detached residence (Low Density Owner Project) or small-lot single-family or attached/condominium residence (Owner Project), and to sell that unit affordably to an appropriately-sized Moderate, Low or Very Low income household. Because in lieu fees for Rental Projects are not an available option except in instances when the inclusionary requirement includes a fraction that is less than one-half (0.5) of a unit, the inclusionary in lieu fee has been determined at the cost of construction of the unbuilt "partial" unit. All inclusionary in lieu housing fees would be charged per inclusionary or partial inclusionary unit that is not built as part of a residential project and include a seven percent (7%) administrative charge for the City staff time necessary to manage the inclusionary housing in lieu fee account and to facilitate the development of the affordable units by another developer.

C. There is a reasonable relationship between the need for and use of the in lieu fee, and the residential development projects on which the fee would be imposed. Pittsburg currently has a majority of jobs in services and manufacturing sectors, and, correspondingly, a high percentage of low-income households that overpay for housing (Housing Element pages 13-11, 13-33, 13-36). As additional residential development in the City occurs, the increase in the local population will create increased need for service-based jobs (such as property maintenance, retail sales and food service, schools, libraries and emergency response) that offer salaries at or below moderate levels relative to the area median income. Additionally, continued development of executive-style housing consistent with Housing Element goals (program 13-P-1.2) will likely increase household income levels and median housing costs, pricing some Low and Moderate Income households out of the housing market (Housing Element pages 13-33, 13-67). In lieu fees collected from residential developers who opt not to build inclusionary units would be used to construct housing that is affordable to employees of service-based businesses and other Low and Moderate Income households.

D. The purpose of the inclusionary housing monitoring fees is to fund ongoing monitoring and enforcement of inclusionary housing agreements. There is a reasonable relationship between the monitoring fee and the residential property owners that would be charged the fee. Specifically, the fees would re-imburse the City for staff time necessary to periodically review and ensure compliance with a unit's inclusionary requirements, including verification of income and size of eligible households on an annual basis (for rental units), or upon change of ownership (for for-sale units). The amounts of the monitoring fees are based on the estimated cost of staff time to conduct such reviews.

Section 2. Decision

A. Based on the findings set forth above, the City Council hereby establishes inclusionary housing in lieu fees and inclusionary housing monitoring fees in the following amounts:

Inclusionary Housing In Lieu Fees:

Type of Residential Project	**In-lieu Fee per Unbuilt Inclusionary Unit**
Low Density Owner Project	Moderate Income: $ 34,200.00
	Very Low Income: $ 288,900.00
Owner Project	Low Income: $ 146,600.00
	Very Low Income: $ 206,500.00
Rental Project	$154,000.00 (multiplied by fraction, less than 0.5, of inclusionary unit required)

Inclusionary Housing Monitoring Fees:

Type of Project	**Amount of Monitoring Fee (per Inclusionary Unit)**	**Frequency of Payment of Fee**
Low Density Owner Project	$ 100.00	Close of Escrow
Owner Project	$ 100.00	Close of Escrow
Rental Project	$ 35.00	Annually

B. The above fees shall become effective on April 8, 2005, sixty (60) days after the date of adoption of this resolution.

C. The Finance Director is hereby directed to establish a City Inclusionary Housing In Lieu Fee Fund and to place all inclusionary housing in lieu fees collected in said fund as they are received.

D. The Finance Director is hereby directed to place all inclusionary housing monitoring fees collected pursuant to the inclusionary ordinance in the appropriate fund which supports the staff who will be charged with the monitoring of inclusionary units.

PASSED AND ADOPTED by the City Council of the City of Pittsburg at a regular meeting on the 7th day of February, 2005, by the following vote:

AYES: Council Member Casey, Glynn, Johnson, Kee and Mayor Parent

NOES: None

ABSTAINED: None

ABSENT: None

Nancy L. Parent

Nancy L. Parent, Mayor

ATTEST:

Lillian J. Pride

Lillian J. Pride, City Clerk

Office of the City Manager
65 Civic Avenue
Pittsburg, CA 94565

MEMO: February 7, 2005

TO: Mayor and Council Members

FROM: Marc S. Grisham, City Manager

RE: **ESTABLISHMENT OF AN INCLUSIONARY HOUSING IN LIEU FEE AND INCLUSIONARY HOUSING MONITORING FEE.**

EXECUTIVE SUMMARY

The City's recently adopted inclusionary housing ordinance allows developers, in limited circumstances, to pay a fee to the City in lieu of constructing the required affordable units. The Council must establish by resolution the amounts of the fees before developers can utilize this in lieu fee option. The ordinance also allows the City Council to establish fees in order to defray City costs to monitor and enforce inclusionary housing agreements. Staff has drafted a resolution for Council consideration which establishes these fees.

FISCAL IMPACT

Funds collected in the form of in lieu fees would be used for construction of affordable units by another developer. Implementation of the inclusionary ordinance will require City staff to conduct ongoing monitoring in order to ensure compliance with the income and occupancy levels for specified affordable units. As proposed, the City would also be re-imbursed for the necessary additional staff time through payment of administration and monitoring fees on a per-residence basis.

RECOMMENDATION

City Council adopt the attached resolution establishing inclusionary housing in lieu and monitoring fees for the implementation of the inclusionary ordinance requirements.

BACKGROUND

The public hearing on this item was opened at the Council meeting of January 18, 2005. However, in response to local developers' requests for additional time to review the fee amounts and alternative methods of calculation, staff recommended that the Council take no action on the item at that time. The Council moved to continue the public hearing to its next regular meeting of February 7, 2005.

On November 15, 2004, the Council adopted Ordinance No. 04-1229 adopting a negative declaration and amending the Pittsburg Municipal Code in order to add Chapter 18.86: Inclusionary Housing, to the zoning ordinance. The inclusionary housing ordinance requires the construction of affordable housing units as part of all privately-constructed residential developments consisting of four or more units within the City. The ordinance includes incentives for developers to construct affordable units as part of their residential projects, and also includes options for alternative compliance with the ordinance. The ordinance also allows the City to charge a fee to developers and owners of affordable housing constructed under the ordinance in order to defray the City's costs to monitor affordability restrictions, including staff time spent verifying income levels of occupants and potential buyers of deed restricted affordable units.

<u>Inclusionary Housing In Lieu Fee Option</u>: The option for developers to pay the City a fee in lieu of constructing affordable units is one of the alternative compliance options allowed, in limited circumstances, by the inclusionary ordinance. The details of this alternative are outlined in Subsections 18.86.040.D and 18.86.080.C of the inclusionary ordinance. This alternative compliance measure is only available to developers in two situations:

1. When the residential project is a for-sale development and the project site is not suitable for affordable housing due to its distance from services, schools and transit, developers may opt to pay a fee as an alternative to constructing the required affordable units; or

2. When the project is either a rental or a for-sale project and the residential project's calculated inclusionary requirement includes a fraction that is less than 0.5, the project developer may opt to pay a pro rata fee for the "fractional" unit.

Inclusionary housing in-lieu fees paid to the City would be used to purchase existing residential units in order to convert them from market rate to affordable, and/or to help finance construction of new affordable units by another developer.

During two meetings with representatives of local development companies and nonprofit organizations, staff presented three alternative methods to calculating the amounts of the housing in lieu fees, using three combinations of construction costs, market prices and affordable sales prices. A summary of the three alternatives, the assumptions used for each, and the formulas to determine the in lieu fee amounts for each is attached to this staff report as Attachment 4.

Housing In Lieu Fee Calculation: For-Sale Units: Staff recommends that the Council establish the ownership housing in lieu fee using the Construction-Affordability Gap, shown as Alternative 3 on Attachment 4 to this report. Developers would be charged in lieu fees for each inclusionary unit that they do not build as part of their development. As recommended, the in-lieu housing fee amounts for ownership units would be set at four amounts that are equivalent to the affordable housing developer's cost to build and sell a market rate unit at an affordable sales price.

To determine these amounts, staff began with the costs to construct a market rate unit in a residential development, using the construction costs of prototypical low density and low/medium density residential units as listed in Tables 12 and 14 of the Inclusionary Housing Feasibility Study prepared for the City in August 2004. Staff then subtracted the amount that the affordable housing developer could recoup by selling the house at an affordable sales price to an appropriately-sized Very Low, Low or Moderate income household. The difference, which is the recommended amount of the ownership housing in lieu fee, is equivalent to the subsidy that the affordable housing developer needs to build the unit and sell it affordably. Each in lieu fee amount is then increased by a 7% administrative charge for the City staff time necessary to manage the inclusionary housing in lieu fee account and to facilitate the development of the affordable units by another developer.

The recommended in lieu fees for ownership units are differentiated by income categories. This is done in order to increase the developer's options for compliance with the inclusionary ordinance. As an example, with fees differentiated by income level, if a developer of a residential project is required to dedicate 18 Moderate income units and 12 Very Low income units, the developer can either: 1) build all 30 of the requisite affordable units; or 2) request to pay in lieu fees for all 30 of the requisite affordable units; or 3) build the 18 Moderate income units as part of the market rate development, and request to pay in lieu fees for the remaining 12 Very Low income units.

Housing In Lieu Fee Calculation: Rental Units: In contrast with the in lieu fee for for-sale units, the housing in lieu fee for rental units is not based on an affordability gap. Instead, because in lieu fees for rental apartments are only allowed when the project's calculated requirement includes a fraction that is less than 0.5, the recommended fee amount is based strictly on the construction cost of the "partial" unit and does not assume any recouping of costs by the affordable housing developer (as with the owner models). The housing in lieu fee for rental units is also increased by a 7% administrative charge.

Recommended Inclusionary Housing In Lieu Fee Amounts: The five fee amounts in the following tables correspond to the three residential product types ("Low Density Owner Project," "Owner Project" and "Rental Project") identified in the inclusionary ordinance (Section 18.86.040). If the Council approves the in lieu fee option for a given development, the developer may pay all of the applicable housing in lieu fees prior to beginning any construction on the residential project, or to pro rate the total fees and pay a fraction at the time of issuance of a building permit for each market rate unit built in the residential development. For the ownership prototypes, the third column of the table shows what the pro rated fee would be per market rate unit, assuming the developer is allowed to pay the full 15% inclusionary requirement as in lieu fees.

Type of Residential Project	**In Lieu Fee— (Construction-Affordability Gap per Inclusionary Unit Not Built)**	**In Lieu Fee per Market Rate Unit Built (0% Affordable Built)**
Low Density Owner Project	Moderate Income: $ 34,200 Very Low Income: $ 288,900	$ 20,400
Owner Project	Low Income: $ 146,600 Very Low Income: $ 206,500	$ 25,600

Type of Residential Project	**In Lieu Fee— (Construction Cost per Inclusionary Unit Not Built)**	**In Lieu Fee per Market Rate Unit Built**
Rental Project	$ 154,000 (multiplied by fraction less than ½)	Varies

Monitoring Fees: As recommended, monitoring costs would be $100.00 per single-family house (due upon close of escrow of the inclusionary unit that is sold or re-sold) and $35.00 per rental unit (paid annually by the project owner). These costs are based on the estimated staff time necessary to verify compliance with the provisions of the various affordable housing agreements, such as income levels and size of households seeking to purchase or rent inclusionary units.

Type of Project	**Amount of Monitoring Fee (per Affordable Unit Built)**	**Frequency of Payment of Monitoring Fee**
Low Density Owner Project	$ 100.00	Close of escrow
Owner Project	$ 100.00	Close of escrow
Rental Project	$ 35.00	Annually

Required Findings and Effective Date of Fees: As part of the establishment of a new development fee, the Council must identify the purpose of the fee and the use to which the fee is to be put. The Council must find that there is a reasonable relationship between the type of development on which the fee would be imposed, and the use of and need for the fee. Additionally, the Council must determine that there is a reasonable relationship between the amount of the fee and the added demand (in this case, for affordable housing) created by the development (Gov. Code Section 66001).

Upon approval by the City Council, the fees would become effective 60 days after the date of adoption of the resolution and findings establishing the fees.

Public Notice: In accordance with Government Code Section 66018, a "Notice of Public Hearing" for this inclusionary housing ordinance fee schedule was published in the Ledger Dispatch newspaper on December 31, 2004, and on January 7, 2005. On December 28, 2004, the Notice of Public Hearing was also posted in the Police Department lobby at City Hall and at the Pittsburg Library.

In accordance with Government Code Section 66016, the Notice of Public Hearing was mailed on December 28, 2004, to local residential development companies, local community and non-profit organizations, financial institutions and private individuals who had previously attended a Housing Element or inclusionary housing workshop. On January 4, 2005, a written summary of the proposed inclusionary housing in lieu and monitoring fee amounts was prepared and made available for review at a meeting held between City staff and interested members of the public, non-profit housing organizations and development community. Revised fee calculations requested by local developers were made available for review by the same interested parties at a second meeting held on January 7, 2005. A third summary, which included the final fee amounts that were to be recommended to the City Council, was made available for public review and was also mailed to development companies and non-profit organization representatives on January 18, 2005.

STAFF ANALYSIS

The purpose of the affordable in lieu housing fee is to allow developers of residential projects an alternative to construction of affordable units as part of their market rate developments when the site location is not suitable for affordable housing or when the inclusionary requirement results in a "partial" unit. Because the in lieu fees would be used to fund construction and acquisition of new affordable units by private and non-profit developers, the recommended in lieu fees are equal the cost of construction of a "partial" rental unit, or for ownership units, are proposed at amounts that correspond to the subsidy necessary to construct and sell affordably a single-family detached residence and a small-lot single-family or attached/condominium residence (i.e., construction cost less affordable sales price).

There is a reasonable relationship between the need for and use of the in lieu fee, and the residential development projects on which the fee would be imposed. Pittsburg currently has a majority of its jobs in the services and manufacturing sectors, and, correspondingly, a high percentage of low-income households that overpay for housing (Housing Element pages 13-11, 13-33, 13-36). As additional residential development in the City occurs, the increase in the local population will create increased need for service-based jobs (such as property maintenance, retail sales and food service,

City Council Staff Report.
Inclusionary Housing In Lieu Fee and Inclusionary Housing Monitoring Fee.
February 7, 2005

schools, libraries and emergency response) that offer salaries at or below Moderate levels relative to the area median income. Additionally, continued development of executive-style housing consistent with Housing Element goals (program 13-P-1.2) will likely increase household income levels and median housing costs, pricing some Very Low, Low and Moderate Income households out of the housing market (Housing Element pages 13-33, 13-67). Fees collected from residential developers in lieu of creating inclusionary units would be used to construct housing that is affordable to employees working in these areas of service in the community.

The purpose of the administrative monitoring fees is to re-imburse the City for staff time necessary to periodically review and ensure compliance with a unit's inclusionary requirements, including verification of income and size of eligible households on an annual basis (for rental units), or upon change of ownership (for for-sale units). The recommended monitoring fees are based on the estimated cost of staff time to conduct such reviews.

Marc S. Grisham, City Manager

Report Prepared By: Dana Hoggatt
Dana Hoggatt/Associate Planner
MD

ATTACHMENTS:

1. Proposed Resolution
2. Negative Declaration (adopted November 15, 2004)
3. Inclusionary Housing Ordinance (Ord. No. 04-1229)
4. Summary of Alternative Methods to Calculate Housing In Lieu Fees and First-Time Homebuyer Affordability Analysis Table, dated January 12, 2005, with Cover Letter dated January 18, 2005
5. Table of Inclusionary Housing Fees of Other Cities
6. Notice of Public Hearing

ENVIRONMENTAL REVIEW CHECKLIST

AGENDA MEETING DATE: February 7, 2005
AGENDA DATA DESCRIPTION: Establishment of an Inclusionary Housing In Lieu Fee and Inclusionary Housing Monitoring Fee.

ALL ACTIONS OF THE CITY COUNCIL MUST BE CONSIDERED FOR ENVIRONMENTAL REVIEW. COMPLETE THE CHECKLIST BELOW AND ***ATTACH TO THE APPROPRIATE AGENDA DATA SHEET***. THE EXEMPTION, NEGATIVE DECLARATION OR EIR DETERMINATIONS MUST BE REFERENCED IN THE RESPECTIVE STAFF REPORT AND COPIES ATTACHED WHERE APPROPRIATE.

1. ☐ **This is not a project.** No environmental documents must be filed. A project is any activity which may cause a direct physical change in the environment or a reasonably foreseeable indirect change in the environment, and is either (1) undertaken by the City, (2) partly or fully subsidized by the City, or (3) permitted by the City. Only "discretionary projects" are subject to CEQA. Moreover, purchases for supplies, personnel related actions, emergency repairs and general policy-making are examples of actions which are not a project. If any of the following environmental factors would be potentially affected, further environmental review may still be required:

☐ Aesthetics	☐ Agriculture Resources	☐ Air Quality
☐ Biological Resources	☐ Cultural Resources	☐ Geology/Soils
☐ Hazards & Hazardous Materials	☐ Hydrology/Water Quality	☐ Land Use/Planning
☐ Mineral Resources	☐ Noise	☐ Population/Housing
☐ Public Services	☐ Recreation	☐ Transportation/Traffic
☐ Utilities/Service Systems	☐ Mandatory Findings of Significance	

2. ☐ This is a project, but it is **statutorily exempt** under Section ______________, Article 18 of the Guidelines for the Implementation of the California Environmental Quality Act or other applicable statutory exemption not listed in the Guidelines.

3. ☐ This is a project, but it is **categorically exempt** from environmental review under Section ______________________________, Article 19 of the Guidelines for Implementation of the California Environmental Quality Act **and** no exceptions to the categorical exemption apply.

4. ☐ This is a project, but is subject to the "common sense" exemption to CEQA, because it can be seen with certainty that there is no possibility that the activity may have a significant effect on the environment. The basis for this determination must be set forth in writing in the Council's findings.

5. ☒ A ☒ **Negative Declaration** ☐ **Mitigated Negative Declaration** (ND/MND) was prepared for this project or the impacts were addressed under a previously adopted ND/MND.

6. ☐ An **Environmental Impact Report** (EIR) was prepared for this project or the impacts have been addressed under a previously completed and certified EIR, SCH No. __________. The EIR must be provided to Council for review and approval. As part of the project approval, the Council must adopt resolutions (re)certifying the EIR and adopting findings, a mitigation monitoring or reporting program and if necessary, a statement of overriding considerations.

7. ☐ This project falls under the " ________________ " **Master EIR**, State Clearinghouse No. ______________, The new Initial Study prepared pursuant to Section 21157.1 of the Public Resources Code must be attached to the Council materials for Council review and approval. The Council must adopt a resolution adopting certain required findings based on this Initial Study as part of the project approval.

REVIEWED AND APPROVED BY: Melissa Dyas, **PLANNING DEPARTMENT**

NOTE: CEQA regulations are located in the State Public Resources Code, which can be viewed on the internet at: www.leginfo.ca.gov.
Should you need further assistance in determining the applicability of CEQA to a Council action, please contact Planning Staff x. 4920.
H:Finance Forms/Form Environmental Review Checklist (10-19-04)

Attachment 2

CITY OF PITTSBURG
NEGATIVE DECLARATION

INCLUSIONARY HOUSING ORDINANCE

Adopted by the Pittsburg City Council on: November 15, 2004

Notice is hereby given that the City of Pittsburg finds that no significant effect on the environment, as prescribed by the California Environmental Quality Act of 1970 (CEQA), as amended, will occur for the following proposed project:

1. Project Proponent: City of Pittsburg, 65 Civic Avenue, Pittsburg, CA 94565

2. Project Description: This is a City-initiated effort to adopt an ordinance amending Pittsburg Municipal Code in order to require the construction of affordable housing units in all privately-constructed developments within the City of Pittsburg. The amendment would add Chapter 18.86 of Part V: General Land Use Regulations of Title 18: Zoning, in order to incorporate an inclusionary housing requirement. In summary, the ordinance would be consistent with the minimum requirements for affordability as specified in Redevelopment Law, would apply to all new residential construction in the City of Pittsburg, and would require affordable housing as a component of all privately-constructed residential projects in the City. Affordability requirements would vary depending on the type of housing (density and ownership) constructed.

    - For ownership developments constructed on properties designated by the General Plan as *Low Density Residential, Hillside Low Density Residential,* or *Downtown Low Density Residential,* the minimum affordability requirement would be 20% for Moderate-income households, or 9% for Low-income and 6% Very Low-income households. Typical developments in this category include single-family detached residences.

    - For ownership developments constructed on properties designated by the General Plan as *Medium Density Residential* or *Downtown Medium Density Residential,* the minimum affordability requirement would be 20% for Low-income households, or 9% for Low-income and 6% for Very Low-income households. Typical developments in this category include single-family attached and townhouse developments.

    - For ownership developments constructed on properties designated by the General Plan as *High Density Residential, Downtown High Density Residential,* or *Mixed Use*, the minimum affordability requirement would be

20% for Low-income households, or 9% for Low-income and 6% for Very Low-income households. Typical developments in this category include stacked flat condominium developments.

- For all rental developments, the minimum affordability requirement would be 9% for Low-income and 6% for Very Low-income, or 10% for Very Low-income, or 6% for Extremely Low-income households. Typical development in this category includes apartments.

The ordinance would include incentives for compliance as well as options for alternative compliance with the ordinance. Incentives to developers to construct affordable units would include deferred payment of local impact fees from building permit issuance to issuance of certificate of occupancy; financial subsidies; minor reductions in the sizes and/or number of rooms (formal living rooms, formal dining rooms, bathrooms) in the affordable units; and 0.25 credit for construction of large family rental units.

Alternative compliance measures would include opportunities for developers to dedicate buildable land for construction of affordable units by another developer; to pay fees in lieu of partial construction of affordable units (when the calculated requirement includes a fractional unit); to purchase price-restriction covenants in existing developments; or to construct affordable units of the same or comparable size and construction type off-site of the proposed residential development.

The ordinance would establish affordability requirements at the following income thresholds based on area median income (AMI): Moderate-income – up to 110% of AMI; Low-income (for ownership units) – up to 70% of AMI; Low-income (for rental units) – 60% of AMI; Very Low-income – up to 50% of AMI; and Extremely Low-income – up to 30% of AMI. AMI is based on the annual median income in Contra Costa County (currently $82,200.00 for a household of four people).

3. <u>Project Location</u>: City-wide

4. <u>Finding</u>: The Planning Director has determined that the project described above will not have a significant effect on the environment.

5. <u>Statement of Reasons in Support of the Finding</u>: The inclusionary ordinance would not directly entitle any residential development proposal within the City. Individual developments' potential impacts on the natural and built environment would be reviewed at a project-specific level as their applications are submitted for review. General Plan policies adopted in order to reduce potential impacts to wildlife and wetland habitats, water quality and cultural and historic resources, traffic and transportation, recreational facilities and public services, will remain operative after adoption of the inclusionary ordinance. Each future application for residential development would be subject to the affordability requirements in the

ordinance, but would also be reviewed for consistency with adopted General Plan policy in order to minimize each future development's potential impacts.

Impacts resulting from this project were found to be less-than-significant in the following areas: Land Use and Planning, Population and Housing, Geological Problems, Water, Air Quality, Transportation/Circulation, Biological Resources, Energy and Mineral Resources, Hazards, Noise, Public Services, Utilities and Service Systems, Aesthetics, Cultural Resources, Recreation, and Mandatory Findings of Significance.

6. Initial Study: A description of the project, environmental analysis/initial study of the potential effects of the subject proposal, and documents referenced in the initial study may be reviewed at the City of Pittsburg Planning Department, located at 65 Civic Avenue, Pittsburg, CA 94565. The Environmental Impact Reports (EIR) for the General Plan and Los Medanos Community Development Plan are included as reference and are also available for review at the City of Pittsburg Planning Department.

Attachment 3

BEFORE THE CITY COUNCIL OF THE CITY OF PITTSBURG

In the Matter of: ORDINANCE NO. 04-1229

Ordinance Amending Pittsburg Municipal)
Code in order to Add Chapter 18.86 of)
Part V: General Land Use Regulations of)
Title 18: Zoning ("Inclusionary Housing"))

The City Council of the City of Pittsburg DOES ORDAIN as follows:

SECTION 1. Recitals.

A. Based on U.S. Census 2000 data, 49 percent of all households in Pittsburg earn 80 percent or less than the area median income (AMI) and thereby qualify as Low or Very Low Income Households. Additionally, 36 percent of households in Pittsburg spend more than 30 percent of their income on rent or mortgage and associated housing costs such as utilities and insurance. Census data also indicates that the 3.2 person average household size in Pittsburg is higher than that for the County as a whole, which has an average household size of 2.72 persons per household; however, the existing housing stock is inadequate for the number of large households in the City. Specifically, 23 percent of renter and 10 percent of owner households in the City are overcrowded, with occupancies in excess of 1.01 persons per room. Census data further indicates that one-fifth, or 20 percent of households in the City are female-headed households, who are generally disadvantaged by lower average incomes and lower rates of auto and homeownership when compared to male counterparts.

B. November 17, 2003, the City Council adopted Resolution No. 04-9985 amending the Housing Element for the City of Pittsburg. The City Council, as part of its adoption of the Housing Element, committed the City to the development of housing that is affordable to all income levels. Specifically, it is the City's goal to create 1,500 units affordable to Above Moderate Income Households; 268 units affordable to Moderate Income Households; 281 units affordable to Low Income Households; 347 units affordable to Very Low Income Households; and 59 units affordable to Extremely Low Income Households within the 1999 through 2006 reporting period. In order to meet these objectives, the City Council, as part of its adoption of the Housing Element, adopted program 13-P-2.4(J) committing the City to evaluate the need for an inclusionary housing ordinance with options for in-lieu fees or land dedication. The City Council determined that adoption of an inclusionary requirement was necessary if the City was to meet its affordable housing objectives, and initiated the process to prepare such an ordinance.

C. By Minute Order at a regular meeting held on February 2, 2004, the City Council accepted a work program and time line to establish an inclusionary housing ordinance in or prior to the month of February, 2005.

D. On April 5, 2004, the Council adopted Resolution No. 04-10050 appropriating funds for the consulting firm of David Paul Rosen and Associates (DRA) to prepare an inclusionary housing feasibility study and ordinance.

E. On June 3, 2004, and July 28, 2004, DRA held public workshops at the Civic Center in an effort to introduce the intent of the study, obtain public input, and to present the findings of the feasibility study completed in July 2004.

F. The feasibility study completed by DRA found that, under current market conditions, prototypical single-family and ownership residential development would be feasible with or without an inclusionary requirement. The study also found that multi-family rental development with or without an inclusionary requirement is generally infeasible under current market conditions, though a prototypical multi-family development of 22 units per acre was feasible with or without inclusionary requirements, with a density bonus and higher assumed financial risk. The study further analyzed the strengths and weaknesses of various incentives for developers to construct affordable housing and discussed alternative compliance options for construction of affordable units.

G. On September 7, 2004, and September 20, 2004, DRA held two public workshops with members of the public, City Council and Planning Commission. Based on the direction from the Council and Commission at the September 20, 2004, workshop, DRA and staff prepared a draft inclusionary housing ordinance which sets criteria for minimum affordability requirements for both ownership and rental residential projects, establishes incentives, and provides measures for alternative compliance with the ordinance.

H. In order to approve an amendment to the Zoning Ordinance, the Council, upon recommendation by the Commission, must find that the amendment is consistent with the objectives, policies, general land uses and programs in the General Plan; that the land use regulation is compatible with uses and regulations of the land use district or districts for which it is proposed; that there is a community need for the zoning change; and that the change will be in conformity with public convenience, general welfare, and good zoning practice (PMC Section 18.16.020).

1. The proposed inclusionary ordinance is consistent with the General Plan. The ordinance would implement Land Use Element goals 2-G-4 and 2-G-5 and Housing Element goals 13-G-1 and 13-G-2, which support expansion and diversification (in density and type) of the City's housing stock, and ensure that housing is made affordable to all income levels. The ordinance would also implement Housing Element policies 13-P-2.4 and 13-P-2.5, which commit the City to increase the supply of rental housing and homeownership opportunities available and affordable to Extremely Low, Very Low, Low and Moderate Income Households.

2. Incentives adopted with the ordinance would offer developers opportunities to construct small lot single-family infill projects to meet the inclusionary

requirements for estate-lot single-family and hillside estate projects. This component of the ordinance is consistent with adopted General Plan policies 2-P-16, 2-P-19, 2-P-59, 4-P-75, 5-P-5, 5-P-9 and 5-P-21, which encourage development of housing at a range of densities, including low-density hillside development and multiple-unit high-density, mixed use and small lot development on infill and other sites accessible to transit and services. Incentives in the ordinance would also comply with Downtown Element policies 5-P-19, 5-P-24 and 5-P-45, in support of affordable large family housing and reductions in parking requirements in areas of the downtown that are designated for high-density multi-family housing.

3. The proposed inclusionary ordinance is compatible with uses and regulations of the land use districts for the residential and commercial (i.e., mixed use) districts for which it is proposed. The inclusionary ordinance, while it would require development of affordable housing in conjunction with new residential development and would allow some flexibility in development regulations, would not supersede the permitted land uses and maximum densities adopted for the respective zoning districts within which the development would occur; specifically, new residential development must still conform to the allowable uses, density ranges and density bonus standards of the base district regulations as identified in Parts III and IV of the Zoning Ordinance and in City Council Ordinance No. 04-1216 (Interim Zoning Ordinance). Where dedication of land would be permitted by the inclusionary ordinance, the ordinance would still require that the dedicated land be appropriately zoned with adequate density to accommodate regional affordable housing units.

4. There is a community need for the inclusionary ordinance. Almost half of the households in Pittsburg are below Moderate income level, over one-third of households in Pittsburg are overpaying for housing, and 15 percent of all households in Pittsburg are overcrowded. The ordinance is necessary to ensure that a portion of all new rental and ownership housing is reserved for appropriately-sized Extremely Low, Very Low, Low and Moderate Income Households, in order to reduce the percentage of households in the City that are overcrowded and that overpay for housing. Components included in the ordinance would offer developers incentives to create rental housing for large families, also in an effort to reduce the percentage of overcrowded households. Additional incentives in the ordinance would offer reductions from the minimum parking requirements in the Zoning Ordinance and dedication of land within reasonable distance to public facilities, schools, parks, transit, retail and services. These incentives would serve to reduce developers' costs of compliance and would accommodate lower-income households (such as female-headed households) that may not be able to afford a personal vehicle.

5. The inclusionary ordinance would be in conformity with the public convenience, general welfare and good zoning practice. The ordinance would ensure the development of affordable housing necessary for the City to

meet its quantified housing objectives for all income levels, and would ensure that housing is developed to accommodate the high percentage of households in the City that have income levels at or below Moderate income level. The ordinance would also ensure that affordable housing is created and distributed throughout the City on appropriately-zoned sites and, for rental and Very Low income units, on properties that are accessible to and within reasonable distance of public facilities and services.

I. Amendments to zoning ordinances are subject to the California Environmental Quality Act (Public Resources Code (PRC) Section 21080(a)). On October 7, 2004, A Notice of Intent to Adopt a Negative Declaration for this inclusionary housing ordinance was filed with the County Clerk and was posted at City Hall and at the Pittsburg Library, the Planning Director having found that no significant effects upon the environment would occur as a result of this project. The Notice specified the beginning and ending dates of the public review period on the proposed Negative Declaration; a brief description of the project; the location where information on the project and other supporting documentation were available for review; and the date, time and location of the October 12, 2004, Commission public hearing on the project. On October 8, 2004, the Notice of Intent was also published in the local newspaper (Ledger Dispatch) and mailed to individuals and organizations who previously filed written request for such notice, in accordance with State PRC Sections 21092, 21092.2 and 21092.3.

J. On October 10, 2004, and October 26, 2004, the Planning Commission held two duly noticed public hearings on the Inclusionary Housing Ordinance. Following the close of the public hearing on October 26, 2004, the Planning Commission by vote of 6 to 0 (one Commissioner absent) moved to adopt Resolution No. 9530 recommending that the City Council amend Pittsburg Municipal Code in order to add Chapter 18.86: Inclusionary Housing, as presented in Exhibit A to that Resolution.

K. On October 22, 2004, a "Notice of Public Hearing" for the inclusionary housing ordinance was published in the local newspaper, posted at City Hall and the Pittsburg Library, and mailed out to individuals and organizations that requested such notice, in accordance with PMC Section 18.14.010 and Government Code Section 65090. Notice was also mailed to local development companies, community and non-profit organizations and private individuals who had previously attended a Housing Element or inclusionary housing workshop.

L. On November 1, 2004, the City Council held a public hearing on the inclusionary housing ordinance, at which time oral and/or written testimony was considered.

SECTION 2. Findings.

The City Council hereby finds that based on the Staff Report entitled, "Inclusionary Housing Ordinance," dated November 1, 2004, and based on all the information contained in the Planning Department files on the project, adopted and incorporated here by reference and available for review in the Planning Department located at 65 Civic Avenue in Pittsburg, and based on all written and oral testimony presented at the public hearing that:

A. The Negative Declaration and Initial Study prepared for this project were prepared in compliance with CEQA, State and City guidelines, and that the Council has independently reviewed and considered the information contained therein.

B. The amendment to the text of the Zoning Ordinance to add a requirement for inclusionary housing is consistent with the General Plan. The ordinance would implement Land Use, Downtown and Housing Element goals in support of diversity in the density, type and affordability of residential units in the City, and implements Housing Element goals and policies that commit the City to increasing its supply of housing affordable to Extremely Low, Very Low, Low and Moderate Income Households. As an incentive to developers, the ordinance supports development of affordable units at low densities; offers reductions to minimum parking requirements of the Zoning Ordinance; promotes creation of large-family, medium- and high-density rental, mixed use and small-lot single-family developments; and encourages dedication of land or construction of Extremely Low and Very Low income-appropriate units on infill and other sites accessible to public facilities, transit and services.

C. The addition of an inclusionary requirement in the Zoning Ordinance is compatible with uses and regulations of the land use districts for the residential and commercial (i.e., mixed use) districts for which it is proposed. The inclusionary ordinance would require development of affordable housing in conjunction with new residential development, but new residential development must still comply with the use and density regulations identified in Parts III and IV of the Zoning Ordinance and in the Interim Zoning Ordinance. The inclusionary ordinance would also require that any land dedicated in lieu of constructing affordable units be appropriately zoned and allow adequate density to accommodate regional affordable housing needs.

D. There is a community need for the inclusionary ordinance. The ordinance is necessary to ensure that a portion of the community's rental and ownership housing is reserved and affordable for appropriately-sized Extremely Low, Very Low, Low and Moderate Income Households, in order to reduce the percentage of households in the City that are overcrowded and that overpay for housing. The ordinance would encourage developers to create rental housing to add to the currently insufficient supply of rental housing for large families, many of whom live in overcrowded conditions. Additional incentives to reduce parking requirements would serve to reduce developers' costs of compliance, and options to dedicate land near public facilities, transit and services and would accommodate lower-income households (such as female-headed households) that may not be able to afford a personal vehicle.

E. The inclusionary ordinance is in conformity with the public convenience, general welfare and good zoning practice. The ordinance would ensure the development of affordable housing necessary for the City to meet its regional fair share housing allocation and quantified housing objectives for all income levels, and would ensure that housing is developed to accommodate the high percentage of households in the City that have income levels at or below Moderate income level. The ordinance would also ensure that affordable housing is developed throughout the City, on appropriately-zoned sites and on properties that are within reasonable distance of public facilities and services.

SECTION 3. Approval.

Based on the findings and the authority set forth above, the City Council hereby adopts the Negative Declaration, and amends Part V: General Land Use Regulations of Title 18: Zoning of Pittsburg Municipal Code, in order to add Chapter 18.86: Inclusionary Housing, to read as follows:

Chapter 18.86
INCLUSIONARY HOUSING

Sections:

18.86.010 Purpose.

The purpose of this Chapter is to establish minimum requirements, incentives, and alternative measures by which to ensure the provision of safe, decent and affordable housing for all segments of the City's population, regardless of household income.

18.86.020 Applicability.

A. The regulations of this Chapter shall apply to any residential development of five (5) or more dwelling units or residential lots, or dwelling units and residential lots which total five (5) or more in combination.

B. In order to prevent evasion of the provisions of this Chapter, contemporaneous construction of five (5) or more dwelling units on a lot, or on contiguous lots for which there is evidence of common ownership or control, even though not covered by the same City land use approval, shall also be subject to the regulations of this Chapter.

C. A residential development shall be exempt from this Chapter if:

1. The project is subject to a development agreement executed by the project developer and the City, and the project has an inclusionary housing component as approved by the City; or,

2. The project has an inclusionary housing component adopted as part of the approval of a prior City entitlement; or,

3. Prior to the effective date of this Chapter, the City has approved all discretionary planning approvals necessary for the project, including rezoning, general plan change, major subdivision, use permit, or design review approvals.

4. The project replaces Market Rate Units that have been destroyed by fire or other natural catastrophe, provided that the replacement units are built on the same site as the destroyed units, and the number of dwelling units and total building square footage is not higher than that of the destroyed Market Rate Units.

D. Notwithstanding any other provision of this Chapter, the requirements of this Chapter shall be waived, adjusted or reduced if the developer of the Residential Project demonstrates to the City Council, as part of the first approval for the Residential Project and/or as part of any appeal process for the first approval, that applying the requirements of this Chapter would take property in violation of the U.S. or California Constitution.

18.86.030 Definitions.

A. Affordable Ownership Price. Affordable Ownership Price means a sales price that results in a monthly housing payment consistent with California Health and Safety Code Section 50052.5(b), as amended from time to time.

1. For Very Low Income Households, monthly housing payment during the first calendar year of a household's occupancy, including mortgage interest and principal payments, property taxes, mortgage insurance, homeowner's insurance, homeowners' association dues, allowances for utilities and property maintenance costs, and any assessments paid by homeowners, is equal to or less than one-twelfth (1/12) of thirty percent (30%) of fifty percent (50%) of the area median income allowed for appropriately-sized Very Low Income Households.

2. For Lower Income Households, monthly housing payment during the first calendar year of a household's occupancy, including mortgage interest and principal

payments, property taxes, mortgage insurance, homeowner's insurance, homeowners' association dues, allowances for utilities and property maintenance costs, and any assessments paid by homeowners, is equal to or less than one-twelfth (1/12) of thirty percent (30%) of seventy percent (70%) of the area median income allowed for appropriately-sized Lower Income Households.

3. For Moderate Income Households, average monthly housing payments, during the first calendar year of a household's occupancy, including mortgage interest and principal payments, property taxes, homeowner's insurance, homeowners' association dues, allowances for utilities and property maintenance costs, and any assessments paid by homeowners, is equal to or less than one-twelfth (1/12) of thirty-five percent (35%) of one hundred ten percent (110%) of the area median income allowed for appropriately-sized Moderate Income Households.

B. Affordable Rent. The definition of Affordable Rent shall be consistent with California Health and Safety Code Section 50053, as amended from time to time.

1. For Extremely Low Income Households, monthly rent, including utilities and all fees for housing services, is equal to or less than one-twelfth (1/12) of thirty percent (30%) of thirty percent (30%) of the area median income allowed for appropriately-sized Extremely Low Income Households.

2. For Very Low Income Households, monthly rent, including utilities and all fees for housing services, is equal to or less than one-twelfth (1/12) of thirty percent (30%) of fifty percent (50%) of the area median income allowed for appropriately-sized Lower Income Households.

3. For Low Income Households, monthly rent, including utilities and all fees for housing services, is equal to or less than one-twelfth (1/12) of thirty percent (30%) of sixty percent (60%) of the area median income allowed for appropriately-sized Lower Income Households.

C. Affordable Unit. Dwelling units that are required under this Chapter to be rented at an Affordable Rent or available at an Affordable Ownership Price to specified households, and occupied by specified households.

D. Appropriately-sized. "Appropriately-sized" shall be consistent with California Health and Safety Code Section 50052.5(h), as amended from time to time, and shall be based on presumed maximum occupancy levels of one person in a studio apartment, two (2) persons in a one (1) bedroom unit, three (3) persons in a two (2) bedroom unit, and one additional person for each additional bedroom thereafter.

E. Area Median Income. Area median income as published pursuant to California Code of Regulations, Title 25, Section 6932 (or its successor provision).

F. Eligible Household. A household whose household income does not exceed the maximum specified in this section for a given Affordable Unit.

G. Extremely Low Income Household. The definition of Extremely Low Income Household shall be consistent with California Health and Safety Code Section 50106, as amended from time to time. Extremely Low Income Household means persons and families whose income does not exceed thirty percent (30%) of area median income, adjusted for household size.

H. Extremely Low Income Renter Unit. Extremely Low Income Renter Unit means a dwelling unit that is reserved at an Affordable Rent for Extremely Low Income Households.

I. Household Income. The combined adjusted gross income for all adult persons living in a dwelling unit as calculated for the purpose of the Section 8 program under the United States Housing Act of 1937, as amended, or its successor.

J. Low Density Owner Project. Low Density Owner Project means a Residential Project, or portion thereof, intended to be sold to owner-occupants upon completion, and constructed in a *Low Density Residential* or *Hillside Low Density Residential* area as designated in the City of Pittsburg General Plan.

K. Lower Income Household. The definition of Lower Income Household shall be consistent with California Health and safety Code Section 50079.5, as amended from time to time. Lower Income Household means persons and families whose income does not exceed eighty percent (80%) of area median income, adjusted for household size.

L. Lower Income Owner Unit. Lower Income Owner Unit means a dwelling unit in a Residential Project that is reserved for purchase at construction completion at an Affordable Ownership Price for a Lower Income Household.

M. Lower Income Renter Unit. Lower Income Renter Unit means a dwelling unit in a Residential Project that is reserved at an Affordable Rent for a Lower Income Household.

N. Market Rate Units. Dwelling units in Residential Projects that are not Affordable Units under Subsection C of this Section.

O. Moderate Income Household. The definition of Moderate Income Household shall be consistent with California Health and Safety Code Section 50093, as amended from time to time. Moderate Income Household means persons and families whose income does not exceed one hundred-twenty percent (120%) of area median income, adjusted for household size.

P. Moderate Income Owner Unit. Moderate Income Owner Unit means a dwelling unit in a Residential Project that is reserved for purchase at construction completion at an Affordable Ownership Price for a Moderate Income Household.

Q. Owner Project. A Residential Project, or portion thereof, which is intended to be sold to owner-occupants upon completion and is not a Low Density Owner Project.

R. Rental Project. A Residential Project, or portion thereof, which is intended to be rented to tenants upon completion.

S. Residential Project. Any planned development district, subdivision map, conditional use permit, design review or other discretionary City land use approval which entitles five (5) or more dwelling units or residential lots, or dwelling units and residential lots which total five (5) or more in combination.

T. Very Low Income Household. The definition of Very Low Income Household shall be consistent with California Health and Safety Code Section 50105, as amended from time to time. Very Low Income Household means persons and families whose income does not exceed fifty percent (50%) of area median income, adjusted for household size.

U. Very Low Income Owner Unit. Very Low Income Owner Unit means a dwelling unit that is reserved for purchase at construction completion at an Affordable Ownership Price for a Very Low income Household.

V. Very Low Income Renter Unit. Very Low Income Renter Unit means a dwelling unit that is offered at an Affordable Rent for a Very Low Income Household.

18.86.040 Basic Requirements.

A. For Rental Projects:

1. At least nine percent (9%) of all new dwelling units shall be Lower Income Renter Units and six percent (6%) of all new dwelling units shall be Very Low Income Renter Units; or,

2. At least ten percent (10%) of all new dwelling units shall be Very Low Income Renter Units; or,

3. At least six percent (6%) of all new dwelling units shall be Extremely Low Income Renter Units.

B. For Low Density Owner Projects:

1. At least nine percent (9%) of all new dwelling units shall be Moderate Income Owner Units and six percent (6%) of all new dwelling units shall be Very Low Income Owner Units; or,

2. At least twenty percent (20%) of all new dwelling units shall be Moderate Income Owner Units.

C. For Owner Projects:

1. At least nine percent (9%) of all new dwelling units shall be Lower Income Owner Units and six percent (6%) of all new dwelling units shall be Very Low Income Owner Units; or,

2. At least twenty percent (20%) of all new dwelling units shall be Lower Income Owner Units.

D. When the application of the Affordable Unit requirements set forth in the applicable Subsection A, B or C of this Section results in a number that includes a fraction, and the fraction is 0.5 or greater, the developer of the Residential Project must construct the next higher whole number of Affordable Units. When the application of the Affordable Unit requirements set forth in the applicable Subsection A, B or C of this Section results in a number that includes a fraction, and the fraction is less than 0.5, the developer may elect to construct the next higher whole number of Affordable Units or to pay a pro-rata fee to the City in lieu of constructing an Affordable Unit pursuant to Subsection 18.86.080.C. The in lieu fee permitted by this Subsection D shall be equal to the adopted in lieu fee multiplied by the fractional remainder resulting from applying the requirements of the applicable Subsection A, B or C of this Section.

E. The Affordable Units constructed as required under the applicable Subsection A, B or C of this Section shall be approved and completed not later than the times prescribed in Section 18.86.090.

F. For purposes of calculating the number of Affordable Units required by the applicable Subsection A, B or C of this Section, any additional units authorized as a density bonus pursuant to California Government Code Section 65915(b)(1) or (b)(2) shall not be counted as part of the Residential Project.

18.86.050 Performance Standards for Affordable Units.

A. Affordable Units shall be comparable in overall number of bedrooms, proportion of units in each bedroom category, quality of exterior appearance and overall quality of construction to market rate units in the same residential project.

B. Interior features and finishes in affordable units shall be durable, of good quality and consistent with contemporary standards for new housing.

C. A minimum of one (1) full bathroom and one half (0.5) bathroom must be provided in three bedroom Affordable Units, and a minimum of two (2) full bathrooms must be provided in Affordable Units with a minimum of four bedrooms.

18.86.060 Incentives for On-site Compliance.

Subject to the approval of the Planning Commission in conjunction with the Commission's consideration of a vesting tentative map, tentative map, use permit or design review application for the Residential Project, compliance with the basic requirements of the applicable Subsection A, B or C of Section 18.86.040 may include one or more of the following incentives:

A. For Low Density Owner Projects, Affordable Units required by Subsection 18.86.040.B may be constructed as single-family dwelling units on smaller lot sizes and on the same project site as Market Rate Units. Nothwithstanding the minimum lot area requirements of Section 18.50.015 of this Title, the minimum lot size for Affordable Units shall be determined by the Planning Commission in conjunction with its consideration of the tentative map for the Residential Project. All of the Affordable Units constructed under this Subsection A must have a minimum of three bedrooms.

B. For Owner Projects, Affordable Units required by Subsection 18.86.040.C may be constructed as single-family detached dwelling units, single-family attached dwelling units or condominium dwelling units on the same site as Market Rate Units. Nothwithstanding the minimum lot area requirements of Section 18.50.015 of this Title, the minimum lot size for Affordable Units shall be determined by the Planning Commission in conjunction with its consideration of the tentative map for the Residential Project. All of the single-family detached Affordable Units constructed under this Subsection B must have a minimum of three bedrooms. A minimum of one-third (1/3) of the single-family attached or condominium Affordable Units constructed under this Subsection B must have a minimum of three bedrooms.

C. Affordable Units may be a maximum of ten percent (10%) smaller in square footage than Marker Rate Units in the same Residential Project.

D. Affordable Units may have a fewer number of bathrooms than Market Rate Units in the same Residential Project, but in no case shall Affordable Units have fewer than the number of bathrooms per bedrooms as specified in Subsection 18.86.050.C.

E. Affordable Units may have a different interior design than Market Rate Units in the same Residential Project.

F. Affordable Units may have different interior finishes and features than Market Rate Units in the same Residential Project, provided that the finishes and features are durable, of good quality and consistent with contemporary standards for new housing.

G. Minimum off-street parking requirements may be reduced from the requirements of Chapter 18.78 of this Title, for Affordable Units and Market Rate Units in the same Residential Project, provided that the Residential Project is located within walking distance to transit facilities or is a mixed use Residential Project located in the downtown commercial area of the New York Landing Historical District. In order to reduce parking requirements for a Residential Project, the Planning Commission must find that the reduction in parking will reduce demand for on-site parking in an amount equal to the reduction approved, and that the proposed parking ratio will not negatively impact parking facilities in the area.

H. Payment of in lieu parkland dedication fees, local traffic mitigation fees and building inspection fees typically required upon issuance of a building permit may be deferred until the developer of the Residential Project requests a final inspection for occupancy of the dwelling unit for which the permit was issued.

I. Four-bedroom Affordable Units may be constructed in Rental Projects and shall be credited as one and one-quarter (1.25) of a unit in the calculation of total Affordable Units required in Rental Projects pursuant to Subsection 18.86.040.A.

J. The number of dwelling units in a Residential Project may be increased in accordance with density bonus law (Government Code Section 65915).

18.86.070 Financial Subsidies.

At the request of the developer, and subject in each case to the approval of the City Council and Redevelopment Agency, the City and Redevelopment Agency will consider providing public subsidy of Residential Projects which:

A. Provide an amount of Affordable Units in excess of the requirements of this Chapter; or,

B. Provide four-bedroom Affordable Units, and the methodology for calculating the number of Affordable Units in a Rental Project as described in Subsection 18.86.060.I is not used; or

C. Serve households with lower incomes than required under the applicable Subsection A, B or C of Section 18.86.040, while providing the same, or greater number of Affordable Units required under the applicable Subsection A, B or C of Section 18.86.040.

18.86.080 Alternatives to Construction of Affordable Units On-site of Owner Projects or Low Density Owner Projects.

A. Information and Finding Required. In lieu of building all required Affordable Units within an Owner Project or Low Density Owner Project, a developer may elect to meet the basic affordability requirements of this Chapter by utilizing one of the alternatives listed in Subsections B, C, D and E of this Section. Any request for off-site construction of Affordable Units, land dedication, in lieu fee payment or conversion of existing Market Rate Units to Affordable Units shall include a written explanation of why the alternative compliance measure is being requested. The request for off-site compliance shall be subject to the discretion of the City Council, who may approve the request upon finding that the requested off-site compliance measure would provide an opportunity for public benefit not otherwise obtainable through on-site construction.

B. Off-site Construction of Affordable Units. In lieu of building all required Affordable Units within an Owner Project or a Low Density Owner Project, a developer may request to construct, or make possible construction by another developer, all or some Affordable Units on a site or sites not physically contiguous to the Market Rate Units. Pursuant to Subsection A of this Section, any City Council approval of a request to construct Affordable Units off-site will include a requirement that:

1. The number of Affordable Units constructed off-site will be greater than the number of Affordable Units required by the applicable Subsection A, B or C of Section 18.86.040, or will be affordable to households with lower incomes than would otherwise be required by the applicable Subsection A, B or C of Section 18.86.040; and

2. The developer purchase the site for the off-site Affordable Units, secure all planning entitlements, and record affordability covenants against the site prior to issuance of a building permit for the related Market Rate Units; and

3. Final inspections for occupancy for the related Market Rate Units are completed after those for the off-site Affordable Units, or the off-site Affordable Units are secured by a letter of credit from the developer in an amount at a minimum equal to the in lieu fee amount described under Subsection C of this Section; and

4. For Low Density Owner Projects, the Affordable Units allowed by this Subsection A may be constructed as rental Affordable Units, provided that each Affordable Unit shall have a minimum of three bedrooms and the Affordable Units are reserved as Lower Income Renter Units, Very Low Income Renter Units or Extremely Low Income Renter Units in accordance with the basic requirements listed in Subsection 18.86.040.A.

C. Fee In Lieu of Construction. Subject to the discretion of the City Council, a developer of a Residential Project is permitted to pay fees in lieu of constructing Affordable Units if the City Council finds that the Residential Project site is not suitable for affordable housing. To determine suitability for affordable housing, the City will consider issues such as proximity to schools, shopping, public transportation, and recreational amenities. In lieu fees shall be paid upon issuance of the first building permit for a Residential Project. If building permits are issued for only part of a Residential Project, the fee amount shall be based only on the number of units then permitted. The in lieu fee shall be set by the City by fee resolution or other action of the City Council so that the fee amounts are equal to the cost of developing a comparable Market Rate Unit on-site. The City Council may annually review the fee authorized by this Subsection C, and may, based on that review, adjust the fee amount by resolution.

D. Land Dedication. In lieu of building all or a portion of the Affordable Units within a Residential Project, a developer may dedicate, without cost to the City, a lot or contiguous lots sufficient to accommodate at a minimum the number of required Affordable Units for the Residential Project that the developer elects not to build on-site. Wherever dedication of land is allowed by this Chapter, the value of the land shall be determined by the City with a written appraisal report prepared and signed by an appraiser acceptable to the City. If the appraised value of the land is less than the total amount of in lieu fees otherwise required pursuant to Subsection C of this Section, the developer shall dedicate the land and pay an in lieu fee that is equal to the difference between the appraised value of the land and the total amount of in lieu fees otherwise required by Subsection C of this Section.

Pursuant to Subsection A of this Section, the acceptance of an offer to dedicate land in lieu of compliance with other provisions of this Chapter is subject to the discretion of the City Council, who shall consider whether:

1. The true value of the lot or lots to be dedicated is equal to or greater than the amount of in lieu fees based on the cost to construct the otherwise required Affordable Units; and

2. The lot or lots are suitable for construction of Affordable Units at a feasible cost, served by utilities, streets and other infrastructure and there are no hazardous materials or other material constraints on development of affordable housing on the lot or lots; and

3. The lot or lots are located near schools, transit, and services appropriate for an affordable housing project; and

4. The lot or lots are appropriately zoned with adequate density to accommodate the developer's net affordable housing unit requirement; and

5. When dedicated to the City, the lot or lots will exhibit clear title; and

6. Any other terms and conditions as required by the City will be satisfied at the discretion of the City Manager or the Manager's designee.

E. Purchase of Off-Site Covenants. At the discretion of the City Council, a developer may elect to impose affordability covenants that restrict rents or sale prices of dwelling units in an off-site housing development to satisfy the requirements of this Chapter. The affordability covenants must be sufficient to meet the definition of Affordable Units and meet the requirements set forth in Section 18.86.040 and Section 18.86.100.

The imposition of affordability covenants may only satisfy fifty percent (50%) of the Affordable Unit requirements set forth in the applicable Subsection A, B or C of Section 18.86.040. A minimum of fifty percent (50%) of the Affordable Units allowed by this Subsection E shall be affordable to Very Low Income Households, subject to the requirements set forth in the applicable Subsection A, B or C of Section 18.86.040. For purposes of meeting the Affordable Unit requirements set forth in the applicable Subsection A, B or C of Section 18.86.040, two units described under this Subsection E will count as one Affordable Unit.

18.86.090 Time Performance Required.

A. On-site Construction. Affordable Units required by this Chapter shall be constructed and have had final inspections for occupancy prior to issuance of a certificate of occupancy for the related Market Rate Units in any Residential Project that is developed in a single phase. For Residential Projects that are developed in phases, the rate of building permit issuance, construction and final inspection of Affordable Units shall be proportional to the rate of building permit issuance, construction and final inspection of the Market Rate Units within the Residential Project.

B. Alternative Compliance. No building permit shall be issued for any Market Rate Unit in a Residential Project until the developer of the Residential Project has received certification from the City Manager or the Manager's designee that the developer has met, or made arrangements satisfactory to the City to meet, an alternative requirement listed in Section 18.86.080. No final inspection for occupancy for any Market Rate Unit shall be conducted until the developer has constructed and had final inspections for occupancy of the Affordable Units off-site in accordance with the basic requirements of Section 18.86.040, or until the developer has secured a letter of credit in an amount at a minimum equal to the in lieu fee amount described under Subsection 18.86.080.C.

18.86.100 Continued Affordability; City Review of Occupancy.

A. Format and Recordation of Affordability Restrictions. Regulatory agreements consistent with the requirements of this Chapter and acceptable to the City Manager or the Manager's designee shall be recorded against Residential Projects with rental Affordable Units. For Affordable Units designated for owner occupancy, resale restrictions, deeds of trust and/or other documents consistent with the requirements of this Chapter and acceptable to the City Manager or the Manager's designee shall be recorded against owner-occupied Affordable Units. The forms of regulatory agreements, resale restrictions, deeds of trust and other documents required by this Subsection A, and any change in the form of any such document which materially alters any policy in the document, shall be approved by the City Manager or the Manager's designee.

B. Term of Affordability and Restrictions, Rental Affordable Units. In the case of Affordable Units that are initially rented:

1. The documents required by Subsection A of this Section shall be consistent with California Health and Safety Code Section 33334.3(f)(1)(A), as amended from time to time, but in no case shall the minimum term be less than 55 years.

2. The documents required by Subsection A of this Section shall provide for continued occupancy by households occupying the units and whose incomes increase during their occupancy, so that those households may, for a maximum of twelve (12) months, exceed the maximum household income otherwise permitted for the Affordable Unit.

C. Term of Affordability and Restrictions, Owner-occupied Units. In the case of Affordable Units that are initially sold:

1. The documents required by Subsection A of this Section shall be consistent with California Health and Safety Code Section 33334.3(f)(1)(B), but in no case shall the minimum term be less than 45 years. In the case of owner-occupied Affordable Units that are transferred during the required term, renewed restrictions shall be entered into on each change of ownership during the 45-year renewal term. Affordable Units that are owner-occupied and for which the City Council has executed an equity participation agreement with the developer of the Residential Project shall not be subject to the minimum 45-year term required by this Subsection C.

2. The documents required by Subsection A of this Section shall prohibit subsequent rental occupancy unless approved by the City Manager or the Manager's designee.

3. The maximum sales price permitted on resale of an Affordable Unit designated for owner-occupancy shall be the lower of: (1) fair market value or (2) the seller's lawful purchase price under this Chapter, increased by the rate of increase of area median income during the seller's ownership. The documents required by Subsection A of this Section may authorize the seller to recover the market value at time of sale of capital improvements made by the seller and may authorize an increase in the maximum allowable sales price to achieve such recovery. The resale restrictions shall allow the City a right of first refusal to purchase any affordable owner-occupancy unit at the maximum price that could be charged to a purchaser household, at any time the owner proposes sale.

18.86.110 Use and Expenditure of Fees.

A. The fees collected under this Chapter and all earnings from investment of the fees shall be expended exclusively to provide or assure continued provision of affordable housing through acquisition, construction, development assistant, regulation, financing, rent subsidies or other methods, and for costs of administering programs which serve those ends.

B. The City or its designee may charge fees to developers and/or owners of Residential Projects to defray costs associated with the administration of this Chapter.

18.86.120 Affordable Housing Agreement.

Developers of Residential Projects shall enter into affordable housing agreements with the City to establish implementing and monitoring details, including but not limited to provisions related to documenting the obligations of the developer, annual certifications in rental projects, and qualifying buyers/renters in accordance with the requirements and standards of this Chapter. The affordable housing agreement must be approved by the City Council and executed by the developer prior to approval of a final map for a Low

Density Owner Project or Owner Project. For a Rental Project, the affordable housing agreement must be approved by the City Council and executed by the developer prior to issuance of a grading permit or a building permit, whichever occurs first.

18.86.130 Enforcement.

A. The City Attorney shall be authorized to enforce the provisions of this Chapter and all regulatory agreements and resale controls placed on affordable units, by civil action and any other proceeding or method permitted by law.

B. Failure of any official or agency to fulfill the requirements of this Chapter shall not excuse any developer from the requirements of this Chapter.

18.86.140 Severability.

If any clause, sentence, section, or part of this Chapter, or any fee or requirement imposed upon any person or entity, is found to be unconstitutional, illegal, or invalid, such unconstitutionality, illegality, or invalidity shall affect only or impair any of the remaining provisions, clauses, sentences, sections or parts or the effect of this Chapter on other persons or entities. It is hereby declared to be the intention of the City Council that this Chapter would have been adopted had such unconstitutional, illegal, or invalid clause, sentence, section, or part not been included herein, or had such person or entity been expressly exempted from the application of this Chapter.

SECTION 4. Publication.

The City Clerk shall either (a) have this ordinance published once within 15 days after adoption in a newspaper of general circulation, or (b) have a summary of the ordinance published twice in a newspaper of general circulation, once five days before its adoption and again 20 days after its adoption.

The foregoing ordinance was introduced at a meeting of the City Council of the City of Pittsburg held on November 1, 2004, and was adopted and ordered published at a meeting of the City Council held on November 15, 2004, by the following vote:

AYES: Council Member Parent, Kee, Glynn, Beals & Mayor Rios

NOES: None

ABSTAINED: None

ABSENT: None

Aleida Rios

Aleida Rios, Mayor

ATTEST:

Lillian J. Pride

Lillian J. Pride, City Clerk

Attachment 4

City of Pittsburg
Planning Department
Civic Center - 65 Civic Avenue, Pittsburg, CA 94565

Telephone: (925) 252-4920 • FAX: (925) 252-4814

January 18, 2005

RE: REVISED NUMBERS PROPOSED FOR INCLUSIONARY HOUSING IN LIEU AND HOUSING MONITORING FEES

Dear Interested Party:

Thank-you for your attendance and input at the two meetings with staff on January 4, 2005 and January 7, 2005, at which we discussed alternate methods to compute inclusionary housing in-lieu fees for the City of Pittsburg. Three alternatives were presented to those in attendance at the January 7, 2005 meeting, and it was generally agreed that Alternative 3, which was intended to calculate fees based on the gap between construction costs and threshold affordable housing prices, was the most appropriate method for determining in-lieu fees. The equations used to calculate the affordable prices presented at that meeting, however, did not match all RDA requirements, and have since been revised.

Enclosed is a copy of the revised inclusionary housing in-lieu fee report, dated January 12, 2005. The fees for all three alternatives have been recalculated in the attached report utilizing the revised first time homebuyer ownership affordability analysis table (also enclosed) and also now include a 7% administration fee (calculated on base in-lieu fees only) for the City staff time necessary to manage the inclusionary housing in lieu fee account and to facilitate the development of the affordable units by another developer. This report will be presented to the Council at its February 7, 2005 meeting. Staff will be recommending adoption of in-lieu fees for owner occupied homes as presented in Alternative 3 of Table A on page one of the enclosed revised report. Rental unit in-lieu fees would still be based on cost of construction as provided in Alternative 1 of Table A. If you would like me to e-mail you a copy of the revised first time homebuyer ownership affordability analysis table so that you may review the underlying equations, please provide me your e-mail address with your request.

In addition to the in-lieu fees, staff will be recommending the Council adopt two administration fees to off-set the on-going cost of monitoring affordable units that are built under the inclusionary housing ordinance. Based on staff estimated time to monitor the affordable units and based on feedback presented on these fees at the Janaury 4, 2005 and January 7, 2005 meetings, these fees will be recommended to be $100.00 for each affordable single-family unit built (due upon first escrow closing and resale of homes), and $35.00 per affordable rental unit built (paid annually).

We appreciate your time and effort to assist the City of Pittsburg in developing an inclusionary housing ordinance and in-lieu fees that are both fair and supportive of our goals to ensure a variety of housing opportunities and units affordable to all income levels within the community.

If you would like to discuss any of the information enclosed, please feel free to give Dana Hoggatt or myself a call at the number above. You can also reach Dana by e-mail at dhoggatt@ci.pittsburg.ca.us and me by e-mail at mayres@ci.pittsburg.ca.us.

Sincerely,

Melissa Ayres

MELISSA AYRES
Planning Director

Enc: (2) Inclusionary Housing Fee report dated January 12, 2005
First-time Homebuyer Analysis Table dated January 12, 2005

City of Pittsburg Inclusionary Housing Ordinance
Housing In Lieu and Monitoring Fees
January 12, 2005

The inclusionary housing ordinance fee schedule would set up fee amounts for payment of fees in lieu of constructing affordable units as part of a residential project. In calculating the amounts of these fees, three alternatives are presented.

Alternative One: Construction Cost assumes that the inclusionary housing in lieu fee would be the same as the cost of construction of a unit in the Low Density Owner, Owner or Rental Project.

Alternative Two: Market-Affordability Gap is calculated at the gap between the market sales price and the affordable sales price of the unit at a specified density.

Alternative Three: Construction-Affordability Gap is calculated at the gap between the construction cost and the affordable sales price of the unit at a specified density.

In all cases, in lieu fees would be determined based on each inclusionary unit not built as part of the project. An administration fee equal to seven percent (7%) of the inclusionary in lieu fee is also assumed in all scenarios. All fees are rounded to the nearest hundred.

Table A lists inclusionary housing in **lieu fees per inclusionary unit not built**, based on each of the three alternatives above. **Table B** lists inclusionary housing **in lieu fees per market rate unit built within the development**, based on a "weighted" calculation that assumes a 15 percent inclusionary component. Assumptions and calculations for each of the alternatives are provided on the subsequent pages. Note that in lieu fees for Rental Projects are only allowed when the project's calculated requirement includes a fraction that is less than 0.5, and so are not determined on a per unit basis.

Table A:

Type of Residential Project	Alternative 1: Construction Costs	Alternative 2: Market-Affordability Gap	Alternative 3: Construction-Affordability Gap
Low Density Owner	$ 414,100	Mod: $ 257,300	Mod: $ 34,200
		V.L.: $ 512,000	V.L.: $ 288,900
Owner Project	$ 319,900	Low: $ 234,300	Low: $ 146,600
		V.L.: $ 294,300	V.L.: $ 206,500
Rental Project	$ 154,000	N/A	N/A

Table B:

Type of Residential Project	Alternative 1: Construction Costs	Alternative 2: Market-Affordability	Alternative 3: Construction-Affordability
Low Density Owner	$ 62,100	$ 53,900	$ 20,400
Owner Project	$ 48,000	$ 38,800	$ 25,600
Rental Project	Varies	N/A	N/A

The monitoring fee amounts are based on the estimated staff time necessary to verify compliance with the provisions of various affordable housing agreements, such as income levels and sizes of households seeking to purchase or rent inclusionary units. These fees are recommended in the following amounts:

Type of Project	Amount of Monitoring Fee (per Inclusionary Unit)	Frequency of Payment of Fee
Low Density Owner Project	$ 100.00	Resale/Close of Escrow
Owner Project	$ 100.00	Resale/Close of Escrow
Rental Project	$ 35.00	Annually

Alternative One: *Construction Cost*

In this alternative, inclusionary housing in lieu fees would be charged at cost for each inclusionary unit that is **not** built within the project. In lieu fee amounts are based on the cost of construction of: 1) a single-family detached residence, 2) a small-lot single-family or attached/condominium residence, and 3) a rental apartment. The three residential product types correspond to the three product types ("Low Density Owner Project," "Owner Project" and "Rental Project") identified in the inclusionary ordinance. Construction costs per unit are derived from per unit costs of prototypical low, medium and high density projects, as listed in Tables 12 and 14 of the City of Pittsburg Inclusionary Housing Feasibility Study, August 2004.

Type of Residential Project	In Lieu Fee per Inclusionary Unit NOT Built	In Lieu Fee per Market Rate Unit Built
Low Density Owner	$ 414,100	$ 62,100
Owner Project	$ 319,900	$ 48,000
Rental Project	$ 154,000	varies

In lieu fees charged per market rate unit built would be determined as follows:

<u>Residential Project Type</u>:	**Low Density Owner**	
Assumed No. of Units:	100	
Basic Requirement:	15 units (9% Moderate, 6% Very Low)	
Construction Cost per Unit:	$ 387,000	
7% Administration Fee per Unit:	+ $ 27,100	
In Lieu Fee per Unbuilt Inclusionary Unit	= **$ 414,100**	
Total In Lieu Fees Required:	$ 6,211,500	(= 414100 x 15)
In Lieu Fee per Market Rate Unit Built:	**$ 62,100**	(= 6211500 / 100)

<u>Residential Project Type</u>:	**Owner**	
Assumed No. of Units:	100	
Basic Requirement:	15 units (9% Moderate, 6% Very Low)	
Construction Cost per Unit:	$ 299,000	
7% Administration Fee per Unit:	+ $ 20,900	
In Lieu Fee per Unbuilt Inclusionary Unit	= **$ 319,900**	
Total In Lieu Fees Required:	$ 4,798,500	(= 319900 x 15)
In Lieu Fee per Market Rate Unit Built:	**$ 48,000**	(= 4798500 / 100)

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Alternative Two: *Market-Affordability Gap*

In each case, the **market-affordability gap** is calculated as the **difference between market sale price and affordable housing sale price** for the targeted income level.

Three sets of numbers are given for each project type. The first column of numbers identifies the market-affordability gap per inclusionary unit not built, at each income level. In the second column of numbers, the gap is then weighted by the number of inclusionary units required at a specific income level, in order to determine the total in lieu fees due, based on a minimum inclusionary requirement of 15 percent. In the third column of numbers, the total fees are then divided by the total number of market rate units in the development (in this case, 100 units), in order to determine the amount of in lieu fees due per building permit for each market rate unit built. The per unit in lieu fee listed in the third column of numbers assumes that the full 15 percent inclusionary requirement is paid in in lieu fees.

All **Low Density Owner Project** units are assumed to be **four-bedroom units**. The market price for four-bedroom units is the median house price based on recent home sales price lists from the San Marco Valencia, Capistrano and Highlands Ranch developments.

All **Owner Project** units are assumed to be **three-bedroom units**. Because there are no three-bedroom units for sale in typical developments in this category, the assumed market price for three-bedroom units is based on the Inclusionary Housing Feasibility Study (August 2004) assumed price (Table 17), adjusted by the consumer price index through October 2004.

Affordable sales prices assume a 5% down payment, 7% interest rate, and include mortgage, taxes, insurance, utility allowance and maintenance costs. Affordable prices are determined at **110% of AMI for Moderate Income, 70% of AMI for Low Income** and **50% of AMI for Very Low Income**, in accordance with the inclusionary ordinance.

Based on the formula described above, in lieu fees unit would be determined as follows. Affordability gaps for each product type at each income level, as well as the calculations for the fee amounts, are listed on the subsequent page.

Type of Residential Project	**In Lieu Fee, Market Gap per Inclusionary Unit Not Built**	**Market Gap per Inclusionary Unit Not Built (Weighted)**	**In Lieu Fee per Market Rate Unit Built (0% Affordable)**
Low Density Owner	Mod: $ 257,300 V.L.: $ 512,000	$ 359,200	$ 53,900
Owner Project	Low: $ 234,300 V.L.: $ 294,300	$ 258,500	$ 38,800
Rental Project	N/A	N/A	N/A

Alternative Two: Market-Affordability Gap

Residential Project Type:	**Low Density Owner**	
Assumed No. of Units:	100	
Basic Requirement:	15 units (9% Moderate, 6% Very Low)	
4-bedroom House Price:	$ 595,500	
Affordable Price-Moderate:	$ 355,000	
Affordable Price-Very Low:	$ 117,000	
Market-Affordability Gap: Moderate	$ 240,500	= (595500 – 355000)
7% Administration Fee per Mod. Unit:	+ $ 16,800	= (240500 x 0.07)
In Lieu Fee per Unbuilt Moderate Unit	**= $ 257,300**	
Market-Affordability Gap: Very Low	$ 478,500	= (595500 – 117000)
7% Administration Fee per Very Low Unit:	+ $ 33,500	= (478500 x 0.07)
In Lieu Fee per Unbuilt Very Low Unit	**= $ 512,000**	

Weighted In Lieu Fee per Inclusionary Unit NOT Built

= [(257300 x 9) + (512000 x 6)] / 15
= [(2315700) + (3072000)] / 15
= (5387700) / 15
= **$ 359,200**

In Lieu Fee per Market Rate Unit Building Permit (assuming 0% inclusionary)

= (5387700) / 100
= **$ 53,900**

Residential Project Type:	**Owner**	
Assumed No. of Units:	100	
Basic Requirement:	15 units (9% Low, 6% Very Low)	
3-bedroom House Price:	$ 381,000	
Affordable Price-Low:	$ 162,000	
Affordable Price-Very Low:	$ 106,000	
Market-Affordability Gap: Low	$ 219,000	= (381000 – 162000)
7% Administration Fee per Low Unit:	+ $ 15,300	= (219000 x 0.07)
In Lieu Fee per Unbuilt Low Income Unit	**= $ 234,300**	
Market-Affordability Gap: Very Low	$ 275,000	= (381000 – 106000)
7% Administration Fee per Very Low Unit:	+ $ 19,300	= (275000 x 0.07)
In Lieu Fee per Unbuilt Very Low Unit	**= $ 294,300**	

Weighted In Lieu Fee per Inclusionary Unit NOT Built

= [(234300 x 9) + (294300 x 6)] / 15
= [(2108700) + (1765800)] / 15
= (3877500) / 15
= **$ 258,500**

In Lieu Fee per Market D.U. Building Permit (assuming 0% inclusionary)

= (3877500) / 100
= **$ 38,800**

Alternative Three: *Construction-Affordability Gap*

In each case, the **construction-affordability gap** is calculated as the **difference between the construction cost and affordable housing sale price** for the targeted income level.

Three sets of numbers are given for each project type. The first column of numbers identifies the construction-affordability gap per inclusionary unit not built, at each income level. In the second column of numbers, the gap is then weighted by the number of inclusionary units required at a specific income level, in order to determine the total in lieu fees due, based on a minimum inclusionary requirement of 15 percent. In the third column of numbers, the total fees are then divided by the total number of market rate units in the development (in this case, 100 units), in order to determine the amount of in lieu fees due per building permit for each market rate unit built. The per unit in lieu fee listed in the third column of numbers assumes that the full 15 percent inclusionary requirement is paid in in lieu fees.

Construction costs for a unit in a **Low Density Owner Project** and an **Owner Project** are derived from the construction costs as listed in Table 14 of the Pittsburg Inclusionary Housing Feasibility Study (August 2004).

Affordable sales prices assume a 5% down payment, 7% interest rate, and include mortgage, taxes, insurance, utility allowance and maintenance costs. Affordable prices are determined at **110% of AMI for Moderate Income, 70% of AMI for Low Income** and **50% of AMI for Very Low Income**, in accordance with the inclusionary ordinance.

Based on the formula described above, in lieu fees would be determined as follows. Affordability gaps for each product type at each income level, as well as the calculations for the fee amounts, are listed on the subsequent page.

Type of Residential Project	In Lieu Fee, Constr. Gap per Inclusionary Unit Not Built	Construction Gap per Inclusionary Unit Not Built (Weighted)	In Lieu Fee per Market Rate Unit Built (0% Affordable)
Low Density Owner	Mod: $ 34,200 V.L.: $ 288,900	$ 136,100	$ 20,400
Owner Project	Low: $ 146,600 V.L.: $ 206,500	$ 170,600	$ 25,600
Rental Project	N/A	N/A	N/A

Alternative Three: Construction-Affordability Gap

Residential Project Type:	**Low Density Owner**	
Assumed No. of Units:	100	
Basic Requirement:	15 units (9% Moderate, 6% Very Low)	
Construction Cost per Unit:	$ 387,000	
Affordable Price-Moderate:	$ 355,000	
Affordable Price-Very Low:	$ 117,000	
Construction-Affordability Gap: Moderate	$ 32,000	= (387000 – 355000)
7% Administration Fee per Mod. Unit:	+ $ 2,200	= (32000 x 0.07)
In Lieu Fee per Unbuilt Moderate Unit	**= $ 34,200**	
Construction-Affordability Gap: Very Low	$ 270,000	= (387000 – 117000)
7% Administration Fee per Very Low Unit:	+ $ 18,900	= (270000 x 0.07)
In Lieu Fee per Unbuilt Very Low Unit	**= $ 288,900**	

Weighted In Lieu Fee per Inclusionary Unit NOT Built

= [(34200 x 9) + (288900 x 6)] / 15
= [(307800) + (1733400)] / 15
= (2041200) / 15
= $ 136,100

In Lieu Fee per Market D.U. Building Permit (assuming 0% inclusionary)

= (2041200) / 100
= $ 20,400

Residential Project Type:	**Owner**	
Assumed No. of Units:	100	
Basic Requirement:	15 units (9% Low, 6% Very Low)	
Construction Cost per Unit:	$ 299,000	
Affordable Price-Low:	$ 162,000	
Affordable Price-Very Low:	$ 106,000	
Construction-Affordability Gap: Low	$ 137,000	= (299000 – 162000)
7% Administration Fee per Low Unit:	+ $ 9,600	= (137000 x 0.07)
In Lieu Fee per Unbuilt Low Income Unit	**= $ 146,600**	
Construction-Affordability Gap: Very Low	$ 193,000	= (299000 – 106000)
7% Administration Fee per Very Low Unit:	+ $ 13,500	= (193000 x 0.07)
In Lieu Fee per Unbuilt Very Low Unit	**= $ 206,500**	

Weighted In Lieu Fee per Inclusionary Unit NOT Built

= [(146600 x 9) + (206500 x 6)] / 15
= [(1319400) + (1239100)] / 15
= (2558500) / 15
= $ 170,600

In Lieu Fee per Market D.U. Building Permit (assuming 0% inclusionary)

= (2558400) / 100
= $ 25,600

First Time Home Buyer Ownership Affordability Analysis: City of Pittsburg

	5 Room/Persons Moderate	5 Room/Persons Low	5 Room/Persons Very Low	4 Room/Persons Moderate	4 Room/Persons Low	4 Room/Persons Very Low
for-sale	4-Bedroom	4-Bedroom	4-Bedroom	3-Bedroom	3-Bedroom	3-Bedroom
sales price	**355,000.00**	**178,000.00**	117,000.00	**326,000.00**	**162,000.00**	**106,000.00**
City Second						
5% down	17,750.00	8,900.00	5,850.00	16,300.00	8,100.00	5,300.00
1st mortg	337,250.00	169,100.00	111,150.00	309,700.00	153,900.00	100,700.00
payment	2,243.73	1,125.03	739.48	2,060.44	1,023.90	669.96
taxes	369.79	185.42	121.88	339.58	168.75	110.42
insurance	60.00	60.00	60.00	60.00	60.00	60.00
homeowner fee	0.00	0.00	0.00	0.00	0.00	0.00
utilities	150.00	150.00	150.00	150.00	150.00	150.00
other costs	41.00	41.00	41.00	41.00	41.00	41.00
monthly costs	2,864.52	1,561.44	1,112.36	2,651.03	1,443.65	1,031.38
income needed	98,212.26	62,457.73	44,494.35	90,892.29	57,746.02	41,255.05
110% AMI	$ **98,340.00**	$ 98,340.00	$ 98,340.00	$ **91,080.00**	$ 91,080.00	$ 91,080.00
70% AMI	$ 62,595.00	$ **62,595.00**	$ 62,595.00	$ 57,960.00	$ **57,960.00**	$ 57,960.00
50% AMI	$ 44,700.00	$ 44,700.00	$ **44,700.00**	$ 41,400.00	$ 41,400.00	$ **41,400.00**

ASSUMPTIONS:

Assumes buyer can only pay 5% down and closing costs.

Assumes Moderate buyer cannot afford to pay more than 35% of annual income toward principle, interest, taxes, insurances, utilities, repair/maintenance and homeowners dues.

Assumes Low/Very Low income buyer cannot afford to pay more than 30% of annual income toward principle, interest, taxes, insurances, utilities, repair/maintenance and homeowners dues.

Assumes 7.0 fixed rate loan

Assumes one person per bedroom plus one

Assumes 2004 Income Limits

REVISED: 1/12/05

Inclusionary Requirements of Adjacent Cities

City	Owner In Lieu Fee	Rental In Lieu Fee	Notes
Brentwood	$10,000 per built market rate unit (if project has less than 11 units); $235,000 per unbuilt V. Low unit; $176,000 per unbuilt Low income unit	Not available	Basic requirement is **7% Low** and **3% Very Low**. No requirement to construct units if project has 10 or fewer units. If project has 10 or fewer units, in lieu fees may be paid at $10,000 per market rate unit. **In lieu fees based on gap between construction cost and affordable sale price and include administration costs**.
Concord	$17,660 per built market rate unit over four units	$4,903 per built market rate unit over four units	Basic requirement is **10% Low** or **6% Very Low** for rental projects, and **10% Moderate** or **6% Low** for owner projects. No inclusionary requirement or fees required for first four units of a project, or for any project with four or fewer units. Fees allowed only for projects built on less than 20 acres or for fractional units.
Fremont	$30,882 per built market rate unit	Not available	Basic requirement is **15% Moderate** for all owner projects of 7 or more units, and **6% Low** and **9% Very Low** for all rental projects. Fees are only allowed for owner projects with an average lot size of 10,000 square feet or more. **In lieu fee is based on gap between cost of construction and affordable sales price.**
Walnut Creek	Fee based on total project square footage, calculated per square foot at $1.00 times the number of units in the project (i.e., $2.00/sf for 2-unit project, $3.00/sf for 3-unit project...up to $9.00 for 9 units). In lieu fees may be paid for calculated fractional units, based on the following affordability gaps: Low Income Rental: $111,600 V. Low Income Rental: $193,000 Mod. Income Owner: $185,000 Low Income Owner: $306,350 V. Low Income Owner: $394,350	Fee based on total project square footage, calculated per square foot at $0.80 times the number of units in the project (i.e., $1.60/sf for 2-unit project, $2.40/sf for 3-unit project...up to $7.20 for 9 units).	Basic requirement is **10% Moderate** or **6% Low** or **4.5%Very Low** for all owner projects, and **10% Low** or **6% Very Low** for all rental projects. In lieu fees are only allowed for residential projects with 2-9 units, or for calculated fractional units less than 0.7. **In lieu fee amounts are based on the gap between market and affordable sales prices.**

Attachment 5

NOTICE OF PUBLIC HEARING

The Pittsburg City Council will hold a public hearing on:

Date: **January 18, 2005**

Time: **7:00 P.M.**

Place: **City Council Chambers at City Hall**
65 Civic Avenue, Pittsburg, California

Concerning the following matter:

ESTABLISHMENT OF AN INCLUSIONARY HOUSING IN-LIEU FEE AND INCLUSIONARY HOUSING MONITORING FEE.

The City Council has adopted an inclusionary housing ordinance which provides, in some cases, for the payment of an in-lieu fee. The ordinance also provides for the establishment of a fee to cover the administrative costs of monitoring inclusionary housing units that are produced. The City Council will now consider the establishment of these fees as provided for in the inclusionary housing ordinance.

You are invited to submit comments regarding any aspect of this matter in writing or verbally at the public hearing. If you challenge the above matter 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.

For further details on this matter, contact **Dana Hoggatt**, Assistant Planner, 65 Civic Avenue, Pittsburg, by telephone at (925) 252-4920, through e-mail at dhoggatt@ci.pittsburg.ca.us or by fax at (925) 252-4814.

Alice E. Evenson

LILLIAN J. PRIDE, CITY CLERK

ATTACHMENT
RESOLUTION NO. 06-10687
DOCUMENT FOLLOWS

BEFORE THE CITY COUNCIL OF THE CITY OF PITTSBURG

In the Matter of:

Rescinding Resolution No. 06-10651 and Approving and Adopting the Pittsburg Local Transportation Mitigation Fee Program Update Report, Including a Revised Schedule of Local Transportation Development Impact Mitigation Fees and a Revised List of Transportation Improvement Projects	**RESOLUTION NO. 06-10687**

The City Council of the City of Pittsburg hereby finds the following to be true and correct:

1. Pursuant to the *Mitigation Fee Act*, California Government Code Section 66000, et seq., a local agency is authorized to charge a fee to development applicants in connection with approval of a development project for the purpose of defraying all or a portion of the costs of public facilities related to the development project.

2. In 2002, the City initiated a comprehensive update of the Local Transportation Mitigation Fee Program to update the list of transportation improvement projects, including additional local transportation improvements. That update, which was documented in a report entitled "Pittsburg Local Transportation Mitigation Fee (LTMF) Program Update", prepared by the City's consultants (Fehr and Peers), dated December, 2006 (the "Report"), included a list of capital improvement projects and an updated fee structure for new development.

3. The Report establishes that projected new development within the City of Pittsburg will further congest its roadways and place additional demand on the local transportation system.

4. Future development in the City will generate the need for the additional local traffic improvements specified in the Report, and the study determined that these local traffic improvements are consistent with the City's General Plan, adopted on November 16, 2001, by City Council Resolution No. 01-9490.

5. Travelers on some of the local transportation facilities described in Table 2 of the Report, currently experience congestion and delays that are expected to increase in severity as the result of projected development. Expansion and construction of related improvements to the identified transportation facilities will enhance the flow of traffic, reduce congestion and noise, and improve safety and air quality throughout the Regional Area. Based upon this data, the City Council finds that there is a reasonable relationship between the need for the expansion and/or improvements to the identified transportation facilities and to the types of development on which the fee is imposed.

6. The Report finds that a total of twenty-nine (29) local traffic and transportation projects are necessary to accommodate future growth and its associated traffic demand. The specific transportation improvements to be financed by the fees are described in Table

2 of the Report that is deemed to be the capital improvement plan of the program.

7. The estimated costs of the capital improvements, the continued need for those improvements and the reasonable relationship between such need and the impacts of the various types of development pending or anticipated and for which the fee is charged, were studied and reviewed as a part of the project Report.

8. The local traffic/transportation projects are necessary for the safety and capacity of the transportation system as determined by planned growth forecasted by ABAG for the City of Pittsburg.

9. The City of Pittsburg's existing local transportation mitigation fee is insufficient to achieve the transportation improvements necessary to address the impacts generated by new development as identified in the Report. For example, the City of Pittsburg's existing local transportation mitigation fee for single-family residences is $4,020, while the Report indicates that it would actually cost $7,170 per single-family residence to fully fund the necessary improvements. This critical funding shortfall places residents of the community in a condition dangerous to their health and safety because with every approval of a new residence or commercial structure under the old fee, the construction of critical roadway, safety, and accessibility improvements will be delayed unless and until a substantial supplemental funding source is made available to the City.

10. The Buchanan Road Bypass is one of 29 improvements identified by the Report as key to East Contra Costa County's regional infrastructure. The City of Pittsburg has a current and immediate need to construct the Buchanan Road Bypass in order to divert new traffic from existing congested roads, reduce idling time and delay, create a safer pedestrian crossing for school children who attend Highlands Elementary School, and reduce emissions generated by vehicles.

11. The congested condition of some of the City's existing roads will be significantly exacerbated by new development, creating a condition dangerous to public health and safety through increased vehicle emissions, unless increased funding for local transportation improvements is made available. Maximizing emission reductions is necessary to help protect the health and safety of Pittsburg residents as evidenced by the fact that between 1992 and 1995 the state ambient air quality standards for ozone and particulate matter (PM-10), (General Plan Draft Environmental Impact Report, p. 4-45) had been exceeded.

12. The congested condition of some of the City's existing roads will be significantly exacerbated by new development, creating a condition dangerous to public health and safety by delaying police, fire, and paramedic emergency response times, unless increased funding for local transportation improvements is made available.

13. The congested condition of some of the City's existing roads will be significantly exacerbated by new development, compromising public welfare by forcing motorists to endure long, costly delays while commuting to and from school, work, local services, and other destinations, unless increased funding for local transportation improvements is made available. In 2002, the average motorist spent 73 additional hours traveling due to congestion at a cost of $1,516 per traveler (delay cost of $21/hour),

according to a Transportation Research Board study.

14. Certain roadways and intersections in the City of Pittsburg do not meet current accessibility standards as mandated by the Americans with Disabilities Act, which will place new residents and employees of the community in a condition that is dangerous to their health or safety. Additional funding is necessary to provide facilities that comply with federal law. Construction of the projects identified in the Report will make much-needed accessibility improvements by removing barriers and obstructions, closing gaps between missing segments of bike lanes and sidewalks, and installing handicap accessible ramps in some locations.

15. The purpose of the local transportation mitigation fee program is to generate monies that will fund the projects. The projects will improve safety and provide additional transportation capacity. In this way, the transportation system can keep pace with the planned growth in the City by providing assistance for the transportation needs and improved infrastructure contained in the City's General Plan.

16. Adoption of increased local transportation mitigation fees, together with other sources of revenue, will provide for the implementation of a transportation system that provides access to the major developed areas of Pittsburg and maintains acceptable travel conditions on the local transportation system. One other source of such revenues will be fee revenues from the East Contra Costa Regional Fee and Financing Authority's Regional Transportation Development Impact Mitigation (RTDIM) Fee Program, as set forth in Chapter 15.102 of the Pittsburg Municipal Code. Five (5) of the 29 projects that will be partially funded with the local transportation mitigation fees will receive a supplemental source of funding from the RTDIM fee program. Even with such supplemental funding, neither the City's LTMF program nor the RTDIM program will collect all the monies necessary to fully fund all of the projects included in such fee programs and which are needed to offset the impacts of new development. The local transportation mitigation fee will be imposed at the rates set forth in this resolution and the existing, complementary RTDIM will continue to be imposed at the rates set forth by the East Contra Costa Regional Fee and Financing Authority and Council resolution pursuant to Municipal Code Chapter 15.102.

17. The local transportation mitigation fees will be used to pay for administration of the fee area and for the planning, environmental documentation, design, acquisition of right-of-way, and construction of the projects.

18. The cost estimates set forth in Table 2 of the Report are reasonable cost estimates for constructing the projects, and the fees expected to be generated by future developments will not exceed the total costs of constructing the local transportation improvements. There is a reasonable relationship between the amounts of the local transportation mitigation fees set forth in Exhibit "A" and the cost of the public facilities or portion of the public facilities attributable to the development on which the fee is imposed.

19. The Report establishes, by use of a five-step technical analysis, that single, Citywide uniform local transportation mitigation fees are justified as being reasonably related to the types of development on which the fees are to be imposed, and that there is a reasonable relationship between the need for the facilities described in Table 2 of the

Report and the types of development on which the fees are imposed, i.e., single family, multiple family, retirement community, commercial, office, industrial, and other uses. The method of allocation of the fee schedule in Exhibit "A" to a particular development within a class bears a fair and reasonable relationship to each development's burden on, and benefit from the local transportation improvements to be funded by the fees.

20. There is a reasonable relationship between the fee's use and the type of development projects on which the fees are imposed, in that the types of development subject to the fees will generate additional traffic that will place additional demand on the local transportation system. The additional traffic generated by the development projects will result in a need to expand, extend, or improve existing transportation facilities and a need to construct new facilities to mitigate the adverse traffic effects that would otherwise result from such development. Construction of the improvements specified in the Report will result in improved traffic flow, reduced congestion and noise, and improved safety and air quality in the study area.

21. The local transportation mitigation fees collected pursuant to this resolution will be used for transportation improvements that will mitigate impacts and reduce traffic congestion and delays, and improve noise, safety and air quality throughout the City, and the City Council finds that there is a reasonable relationship between the use of the local transportation mitigation fees (transportation improvements) and the type of development projects upon which the fees are imposed.

22. These fees implement policies of the City of Pittsburg General Plan adopted November 16, 2001, including the policies that new development shall contribute its fair share of the cost of public infrastructure and services. This shall include installation of public facilities, payment of impact fees, and participation in a Capital Improvement Financing Program.

23. The City Council determines that the adoption of this local transportation mitigation fees resolution is statutorily exempt from the requirements of the California Environmental Quality Act ("CEQA") pursuant to Section 21080(b)(8) of the Public Resources Code and Section 15273(a)(4) of the CEQA Guidelines because the fees collected from this action will be used for local transportation infrastructure necessary to maintain an acceptable level of service within existing service areas. Once sufficient funds are collected and prior to approval of the final alignment and configuration of the individual transportation improvement projects, the City of Pittsburg will take all other CEQA required actions.

24. The City Council further finds that the adoption of updates in the local transportation mitigation fees annually in accordance with changes in the Engineering News Record Index is also statutorily exempt under Section 15273(a)(4) of the California Environmental Quality Act because the amount of any increase is precisely determinable based on the published change of the Index and relates solely to the increase of construction costs for the previously identified projects.

25. In accordance with Government Code Sections 66016-66018, at least 14 days prior to the public hearing at which this resolution is adopted, notice of the time and place of the hearing was mailed to eligible interested parties who filed a written request

with the City for mailed notice of meetings on new or increased fees or service charges and the Report was available for public review and comment for ten (10) days prior to the public hearing at which this resolution was adopted and ten (10) days advance notice of the public hearing at which this Resolution was adopted was given by publication in accordance with Section 6062(a) of the Government Code.

NOW, THEREFORE, the City Council of the City of Pittsburg does hereby RESOLVE:

Section I. Rescission of Resolution No. 06-10651. After considering the studies and analyses prepared by the City's consultants and staff as reflected in the Pittsburg Local Transportation Mitigation Fee (LTMF) Program Update Report, dated October 2006, together with the testimony received at a public hearing held on November 6, 2006, the City Council rescinds Resolution No. 06-10651, "Approving and Adopting the Pittsburg Local Transportation Mitigation Fee Program Update Report, Including a Revised Schedule of Local Transportation Development Impact Mitigation Fees and a Revised List of Transportation Improvement Projects."

Section II. Approval and Adoption of Report. After considering new studies and analyses prepared by the City's consultants and staff as reflected in the Pittsburg Local Transportation Mitigation Fee (LTMF) Program Update Report, dated December 2006, together with the testimony received at a public hearing held on December 18, 2006, the City Council approves and adopts said Report including the Technical Appendix, and incorporates the Report by reference and makes it a part of this Resolution. The final Report is ordered to be kept on file with the City Clerk.

Section III. Basis for Findings. The Report and the referenced publications contain sufficient information for the City Council to make the above findings, and the City Council declares that it has relied thereon in reaching its conclusions and recommendations set forth herein.

Section IV. Adoption of Findings. Based on this review, the City Council adopts the findings and conclusions set forth herein as its findings in support of adopting a revised schedule of local transportation mitigation fees, in accordance with the funding scenario described as Option 1 in Table 9, "Fee Options and Revenue Impacts," of the Report, and as specifically set forth in Exhibit "A", attached hereto and incorporated herein.

Section V. Adoption of Fees.

A. The fees set forth in Exhibit "A", attached hereto, are enacted as the Local Transportation Mitigation Fees of the City of Pittsburg for local transportation impacts.

B. Those fees established by this resolution shall on January 1 of each year be automatically increased or decreased from the amount then applicable by the same percentage as the percentage of increase or decrease in construction costs between September 1 of the calendar year immediately preceding September 1 of the current calendar year, based on the Engineering News-Record Construction Costs Index – San Francisco Bay area, without further action of the City Council.

C. The local transportation mitigation fees collected pursuant to this resolution shall be used exclusively for the projects listed in Table 2 of the Report.

Section VI. Payment of Fee.

A. The applicable local transportation mitigation fee shall be determined on the basis of the fee schedule in effect at the time of the building permit, or other applicable permit is issued. If no permit is required, then the fees are payable in the amounts in effect at the commencement of the project. The Chief Building Official or other official designated by the City Manager shall determine the amount of the fee in accordance with the standards set forth in this resolution.

B. The property owner shall pay to the City, the local transportation mitigation fee imposed under this chapter in the amount established by this resolution. The fee shall be paid prior to the issuance of a building permit.

C. No building permit shall be issued for property within the City unless the local transportation mitigation fee for that property is paid as required by this resolution.

D. The local transportation mitigation fees shall also be paid as a condition of an extension or renewal of a public permit issued after passage of this resolution if a fee has not been paid previously.

Section VII. Exemptions from Fee. The local transportation mitigation fee shall not be imposed in the following instances of a development project:

A. The fee shall not be required of any project involving replacement of existing structures destroyed by fire or other natural disaster or constructed as part of a redevelopment project, or rehabilitation of existing structures where the total cost of the work undertaken is less than fifty percent (50%) of the value of the existing structure.

B. The following uses are categorically exempt from the fees imposed by this Resolution: Christmas tree lots, seasonal fruit stands, mobile food vendors, and circuses and carnivals.

C. Any alteration or addition to a residential structure, except to the extent that a residential unit is added to a single family residential unit or another unit is added to an existing multi-family residential unit.

Section VIII. Use of Fee Revenue. The revenues raised by payment of the local transportation mitigation fees shall be placed in a separate, interest-bearing account to permit accounting for such revenues and the interest that they generate.

Fees paid pursuant to this resolution shall be placed in a fund to be used solely for the purposes and projects as described below. Any interest accumulated on such funds shall also be used only for said purposes and projects.

A. To pay for acquisition/construction of the Improvements;

B. To pay for design, engineering, construction of and property acquisition for, and reasonable costs of outside consultant studies related to the Improvements;

C. To reimburse developers that have designed and constructed a usable portion of any of the Improvements with prior City approval and have entered into an agreement, as provided in Section 13, below;

D. To pay for and/or reimburse costs of the local transportation mitigation fee program development, including, but not limited to, the cost of studies, legal costs, and other costs of updating the fee; and

E. To pay for and/or reimburse costs of the City of Pittsburg's administration of the local transportation mitigation fee program, including, but not limited to, the cost of studies, legal costs, and other costs of updating the Fee, as shown on Exhibit "A".

Section IX. Periodic Review and Adjustments to Fees.

A. Within one hundred eighty (180) days after the close of each fiscal year, the City Manager or his designee shall prepare a report for the City Council, pursuant to Government Code Section 66006, identifying the balance of fees in the account at the beginning and end of the fiscal year, the fee, interest, and other income, and the amount of expenditure by public facility, any refunds, and other expenditures.

B. The City shall make the periodic report available to the public, and the City Council shall review the report at a regularly scheduled meeting in accordance with Section 66006.

C. The City shall similarly conduct the periodic review under Government Code Section 66001(d) every five (5) years.

D. Pursuant to Government Code Section 66002, the City Council shall also annually review, as a part of its Capital Improvement Plan, the local transportation improvements to be financed with the local transportation mitigation fees. The City Council shall make findings identifying the purpose to which the existing fee balances are to be put and demonstrating a reasonable relationship between the fee and the purpose for which it is charged. This annual review may warrant adjustments to the local transportation mitigation fees adopted herein.

Section X. Applicable Law. The local transportation mitigation fees are imposed upon new development projects, as defined and authorized by the Mitigation Fee Act, California Government Code Sections 66000 et seq., and accordingly are not governed by the provisions of California Constitution Article XIIID.

Section XI. Severability. Each component of the Fee and all portions of this resolution are severable. Should any individual component of the Fee or any portion of this resolution be adjudged to be invalid and unenforceable by a body of competent jurisdiction, then the remaining Fee components and/or resolution portions shall be and continue in full force and effect, except as to those Fee components and/or resolution portions that have force and effect, except as to those Fee components and/or resolution portions that have been adjudged invalid. The City Council of the City of Pittsburg hereby declares that it would have adopted this resolution and each section, subsection, clause, sentence, phrase and other portion thereof, irrespective of the fact that one or more section, subsection, clause sentence, phrase or other portion may be held invalid or unconstitutional.

Section XII. Effective Date. This resolution shall become effective immediately. In accordance with Government Code Section 66017, the Fee shall be effective sixty (60) days from the effective date of this resolution.

PASSED AND ADOPTED by the City Council of the City of Pittsburg at a regular meeting on the 18th day of December 2006, by the following vote:

AYES: Members Casey, Kee, Parent and Mayor Johnson

NOES: None

ABSENT: Evola

ABSTAIN: None

Ben Johnson

Ben Johnson, Mayor

ATTEST:

Alice E. Evenson

Alice E. Evenson, City Clerk

EXHIBIT "A"

2007 LTMF SCHEDULE

Land Use Category	Fee Units	Local Transportation Mitigation Fees (LTMF) Fees	LTMF Fees with City of Pittsburg Administrative Costs (1%)
Single family residential (Rural Estate, Low Density Residential, Low Density Hillside, Rural Residential)	Per dwelling unit	$ 7,170	$ 7,242
Multiple family residential (Medium Density, High Density)	Per dwelling unit	$ 4,370	$ 4,414
Retirement Community	Per dwelling unit	$ 2,712	$ 2,739
Commercial (Neighborhood Commercial, Community Commercial, Service Commercial)	Per square foot of gross floor area	$ 1.26	$ 1.27
Office (Office Commercial)	Per square foot of gross floor area	$ 1.26	$ 1.27
Industrial	Per square foot of gross floor area	$ 1.26	$ 1.27
Other	Per peak hour trip as determined	$ 7,170	$ 7,242

OFFICE OF THE CITY MANAGER
Administrative Offices
65 Civic Avenue
Pittsburg, California 94565

DATE: December 18, 2006

TO: Mayor and Council Members

FROM: Marc S. Grisham, City Manager

SUBJECT: **RESCISSION OF RESOLUTION NO. 06-10651 AND APPROVAL AND ADOPTION OF THE PITTSBURG LOCAL TRANSPORTATION MITIGATION FEE (LTMF) PROGRAM UPDATE REPORT, INCLUDING A REVISED SCHEDULE OF LOCAL TRANSPORTATION MITIGATION FEES AND A REVISED LIST OF TRANSPORTATION IMPROVEMENT PROJECTS, AND ADOPTION OF AN ORDINANCE AMENDING CHAPTER 15.90, "TRANSPORTATION MITIGATION FEE," OF THE PITTSBURG MUNICIPAL CODE**

EXECUTIVE SUMMARY:

The attached Ordinance and Resolution will rescind City Council Resolution No. 06-10651 and adopt new local transportation mitigation fees based upon a revised Pittsburg Local Transportation Mitigation Fee (LTMF) Study Update report, dated December 2006. The report includes several options for updating the fee, which are summarized in Table 9 of the report. The new fees will be based upon new growth projections and a revised list of transportation improvement projects necessary to mitigate new development's local transportation impacts.

FISCAL IMPACT:

The City collects the local transportation mitigation fee (the "fee") from developers and administers the fee projects' construction. If City Council approves staff's recommendations, the current single-family residential fee of $4,020 per unit will be increased to $6,103 per unit, the current multi-family residential fee of $2,733 per unit will be increased to $3,723 per unit, the current retirement community fee of $1,609 per unit will be increased to $2,440 per unit, and the current commercial and industrial fee of $0.63 per square foot will be increased to $1.26 per square foot.

RECOMMENDATION:

Staff recommends the City Council approve and adopt: (1) the attached resolution rescinding Resolution 06-10651, and approving a revised Pittsburg Local Transportation Mitigation Fee (LTMF) Program Update Report and establishing a revised local transportation mitigation fee schedule, which is listed in Exhibit "A" of the resolution and as Option 3 in Table 9 of the report; and (2) an ordinance amending Chapter 15.90, "Transportation Mitigation Fee," of the Pittsburg Municipal Code.

BACKGROUND:

Under Municipal Code Chapter 15.90, the City has adopted a Local Transportation Mitigation Fee ("LTMF"). Projected new development in the City will further congest the roadways and thoroughfares and increase traffic delays in the City. City Council Resolution No. 92-7789 originally set the amount of the LTMF and directed an annual review of the dollar amount of the LTMF.

On November 17, 1997, City Council adopted Ordinance 97-1130. This ordinance approved the "Final Report: Pittsburg Traffic Mitigation Fee Study Update (the "Report") prepared by Fehr & Peers Associates, Inc., dated October 23, 1997, and amended Table 1, "Mitigation Fees by Land Use," contained in Municipal Code Section 15.90.060. The specific transportation improvements to be financed by the LTMF are described in the Report, on file with the City Clerk.

On November 1, 1999, City Council adopted Resolution No. 99-9056, increasing the LTMF by 4.9% to account for a corresponding increase in the Construction Cost Index from October 1997 to October 1999.

On November 6, 2000, City Council adopted Resolution No. 00-9282, increasing the LTMF by 2% to account for a corresponding increase in the Construction Cost Index from October 1999 to October 2000.

On November 19, 2001, City Council adopted Resolution No. 01-9532, increasing the LTMF by 3.3% to account for a corresponding increase in the Construction Cost Index from October 2000 to October 2001.

On September 3, 2002, City Council adopted Resolution No. 02-9674, approving a consultant agreement with Fehr & Peers Associates, Inc. to prepare a Pittsburg Traffic Mitigation Fee Update Study.

On March 17, 2003, City Council adopted Resolution No. 03-9786, increasing the LTMF by 3.3% to account for a corresponding increase in the Construction Cost Index from October 2001 to October 2002.

On January 5, 2004, City Council adopted Resolution No. 04-9973, increasing the LTMF by 2.1% to account for a corresponding increase in the Construction Cost Index from October 2002 to October 2003.

On December 20, 2004, City Council adopted Resolution No. 04-10200, increasing the LTMF by 5.0% to account for a corresponding increase in the Construction Cost Index from October 2003 to October 2004.

On January 3, 2006, City Council adopted Resolution No. 06-10451, increasing the LTMF by 2.6% to account for a corresponding increase in the Construction Cost Index from October 2004 to October 2005.

On July 17, 2006, and on August 21, 2006, City Council held two public workshops to discuss the Draft Pittsburg Local Transportation Mitigation Fee (LTMF) Program Update report, prepared by Fehr & Peers, and determine a preferred fee option.

On November 6, 2006 City Council adopted Resolution No. 06-10651, approving a Pittsburg Local Transportation Mitigation Fee (LTMF) Program Update Report, dated October 2006, and establishing a revised local transportation mitigation fee schedule. The proposed resolution if adopted would rescind Resolution No. 06-10651.

On November 6, 2006 City Council also introduced Ordinance No. 06-1276, amending Chapter 15.90 of the PMC, which establishes a local transportation mitigation fee program. The first reading of Ordinance No. 06-1276 has been abandoned and will not be considered for a second reading. The first reading of the proposed ordinance would replace Ordinance No. 06-1276.

STAFF ANALYSIS:

There are two items for Council action tonight related to the new LTMF Program. The first is a resolution approving and adopting the Fehr & Peers nexus study entitled "Pittsburg Local Transportation Mitigation Fee (LTMF) Program Update", which includes a revised list of transportation improvement projects and a revised schedule of LTMF fees. The second is an ordinance amending PMC Chapter 15.90, "Transportation Mitigation Fee."

The proposed resolution would rescind Resolution No. 06-10651 and approve a new Pittsburg Local Transportation Mitigation Fee (LTMF) Program Update report, dated December 2006. The revised update report was created as a result of comments received from Council and additional staff and consultant analysis. The revised update report yields a decrease of potential fee revenue (from $81,000,000 identified in the October, 2006 report to $73,000,000 identified in the December, 2006 report) as well as a decrease in corresponding fees. This was a result of removing five LTMF projects (RW.3, W. Leland Phase I; RW.7 Range Road Interchange; SG.1, W. Leland/Woodhill Signal; SG.6, W. Leland/Burton Signal; and SG.13, Century/Northpark Signal), accounting for current revenues, and running a new traffic model.

Staff is recommending the adoption of a fee schedule (Exhibit "A" in the attached resolution) that is listed in the report as Option 3 in Table 9. Option 3, if adopted would carry forward the 15% reduction in residential fees and $1.26 cap on non-residential LTMF fees that were recommended and approved by Council on November 6, 2006.

The recommended option also limits non-residential fees to $1.26/s.f., which could potentially be as high as $8.50/s.f., and reduces residential fees by 15% from their full fee potential amounts as described in detail of the report. These City subsidies as well as project funding shortfalls must be generated from other sources to supplement the LTMF program. Potential funding sources for the fee projects are identified in the report, including the Regional Transportation Development Impact Mitigation (RTDIM) fee, funds from Measure C and J, and Grant Programs.

The recommended fee schedule compares well with other local transportation mitigation fee programs in the region. For example, the Single Family Residential Fee being recommended tonight is $6103/unit. This compares with $10,020/unit in the City of Brentwood, $11,279 in the City of Oakley, and $2692 in the City of Concord. The Non-Residential Fee being recommended tonight is $1.26/s.f., which compares with $6.25 in the City of Oakley and $6.95 in the City of Brentwood.

The proposed ordinance would remove Section 15.90.060, "Calculation of fee," which calculates and presents a list of fees in a tabular form, amend Section 15.90.040, "Payment of fee," by removing reference to Section 15.90.060, and amend Section 15.90.010, "Findings and purpose," paragraph E., which references an outdated fee study. These amendments to PMC Chapter 15.90 provide consistency between PMC Chapter 15.102, "Regional Transportation Development Impact Mitigation Fee (RTDIM) Program," and PMC 15.90, "Transportation Mitigation Fee" and enable both transportation fees to be adopted and set by resolution. Staff is re-introducing the proposed ordinance tonight to remove the reference in Municipal Code Section 15.90.010 (E) to the preparation date of the LTMF program update report. This will allow future amendments to be made by resolution and avoid the process of adopting an ordinance every time a program update is made.

Marc S. Grisham, City Manager

Report Prepared by: Paul Reinders

Attachments: - Resolution
- Ordinance
- Pittsburg Local Transportation Mitigation Fee (LTMF) Program Update, dated December 2006

BEFORE THE CITY COUNCIL OF THE CITY OF PITTSBURG

In the Matter of:

Amending Chapter 15.90 of the Pittsburg Municipal Code Which Establishes a Local Transportation Mitigation Fee Program)	**ORDINANCE NO. 06-1281**

The City Council of the City of Pittsburg DOES ORDAIN as follows:

SECTION 1. Findings.

A. The City's Local Traffic Mitigation Fee was originally established by City Council Ordinance No. 92-1033, which approved the "Pittsburg Traffic Mitigation Fee Study, March 1992" and set forth the provisions of Chapter 15.90, "Transportation Mitigation Fee," of the Pittsburg Municipal Code; and

B. On November 17, 1997, the City Council adopted Ordinance 97-1130, which approved the "Final Report: Pittsburg Traffic Mitigation Fee Study Update" prepared by Fehr & Peers Associates, Inc. and dated October 23, 1997, and amended Municipal Code Section 15.90.060 to reflect changes in the Local Traffic Mitigation Fee Schedule; and

C. On July 17, 2006 and August 21, 2006, the City Council held two public workshops to discuss the Draft Pittsburg Local Transportation Mitigation Fee Program Update report, prepared by Fehr & Peers, and determine a preferred fee option for new City development; and

D. The purpose of this ordinance is to amend Municipal Code Chapter 15.90 to update and provide greater clarity with regard to the calculation of Local Transportation Mitigation Fees in the City of Pittsburg.

SECTION 2. Amendment to Municipal Code Section 15.90.010 (E).

Section 15.90.010 of Chapter 15.90 "Transportation Mitigation Fee" of Title 15 "Buildings and Construction" of the Pittsburg Municipal Code is amended as follows:

"E. The specific transportation improvements to be financed by the fee are described in the most recent 'Pittsburg Local Transportation Mitigation Fee (LTMF) Program Update,' adopted by council resolution and on file with the city clerk."

SECTION 3. Amendment to Municipal Code Section 15.90.040

Section 15.90.040 of Chapter 15.90 "Transportation Mitigation Fee" of Title 15 "Buildings and Construction" of the Pittsburg Municipal Code is amended as follows:

"A. The property owner shall pay to the City the transportation mitigation fee established by City Council resolution. The fee shall be paid prior to the issuance of a building permit.

B. The applicable transportation mitigation fee shall be determined on the basis of the fee schedule in effect at the time of the building permit, or other applicable permit is issued. If no permit is required, then the fees are payable in the amounts in effect at the commencement of the project. The Chief Building Official or other official designated by the City Manager shall determine the amount of the fee in accordance with the standards set forth in the City Council resolution.

C. No building permit shall be issued for property within the City unless the transportation mitigation fee for that property is paid as required by this ordinance.

D. The transportation mitigation fees shall also be paid as a condition of an extension or renewal of a public permit issued after passage of this resolution if a fee has not been paid previously."

SECTION 4. Amendment to Municipal Code Section 15.90.060

Section 15.90.060 of Chapter 15.90 "Transportation Mitigation Fee" of Title 15 "Buildings and Construction" of the Pittsburg Municipal Code is stricken and removed in its entirety.

SECTION 5. Effective Date.

This ordinance shall take effect thirty (30) days after its adoption.

SECTION 6. Publication.

The City Clerk shall either (a) have this ordinance published once within 15 days after adoption in a newspaper of general circulation, or (b) have a summary of the ordinance published twice in a newspaper of general circulation, once five (5) days before its adoption and again twenty (20) days after its adoption.

The foregoing ordinance was introduced at a meeting of the City Council of the City of Pittsburg held on December 18, 2006 and was adopted and ordered published at a meeting of the City Council held on _______________, 2006 by the following vote:

AYES:
NOES:
ABSTAINED:
ABSENT:

____
Ben Johnson, Mayor

ATTEST:

____
Alice E. Evenson, City Clerk

Final Report

Pittsburg Local Transportation Mitigation Fee (LTMF) Program Update

December 2006

Prepared for:
City of Pittsburg

Fehr & Peers

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TECHNICAL APPENDIX

Available under separate cover.

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1. INTRODUCTION

BACKGROUND

Pursuant to the *Mitigation Fee Act*, California Government Code Section 66000, et seq. (also known as AB 1600), a local agency is authorized to charge a fee to development applicants in connection with approval of a development project for the purpose of defraying all or a portion of the costs of public facilities related to the development project. The City of Pittsburg first implemented a transportation impact fee (the Local Transportation Mitigation Fee, or LTMF) in 1992 for the purpose of financing capital improvements to the local transportation system. These capital improvements are required to mitigate the traffic impacts of new development within the City of Pittsburg consistent with the land use and transportation policies of the General Plan. Specifically, the purpose of the fee is to maintain baseline levels of service or meet the City's standards for transportation operations.

The City conducted an update of the fee program in 1997 to help fund an expanded list of local transportation improvements. This updated fee was documented in *Pittsburg Traffic Mitigation Fee Study Update: Final Report*, Fehr & Peers, September 1997.

The City of Pittsburg also participates in the East Contra Costa Regional Fee and Finance Authority (ECCRFFA), a joint powers authority consisting of the Cities of Pittsburg, Antioch, Oakley, and Brentwood and the County of Contra Costa. ECCRFFA administers a regional transportation impact fee, known as the Regional Transportation Development Impact Mitigation (RTDIM) fee, for the purpose of generating funds to support the provision of regional transportation infrastructure necessary to serve future travel demand. The RTDIM fee program and the LTMF program work together to comprehensively address future transportation needs in Pittsburg.

PURPOSE

The purpose of this study is to provide the technical basis for a comprehensive update of Pittsburg's Local Transportation Mitigation Fee (LTMF) program. The focus of the updated program is to support an overall transportation system in Pittsburg that serves the expected future demand, based on changes in regional and local land use projections, planned and approved development projects, and associated changes to capital improvements and updated cost estimates. The updated LTMF is also intended to ensure consistency with the recent update of the RTDIM fee program conducted by ECCRFFA.

This report documents the analytical approach for determining the nexus between the fees and the local impact created by anticipated development in Pittsburg. A traffic and fair-share cost analysis is conducted to equitably distribute the costs of the necessary improvements to development that causes the impacts, per the provisions of AB 1600. The most up-to-date versions of the available analytical tools and techniques have been used to ensure the highest level of consistency with current standards.

USE OF THE LOCAL TRANSPORTATION MITIGATION FEE

AB 1600 requires that mitigation fee programs comply with certain basic requirements, including:

- Identifying the purpose of the fee

- Identifying how the fee will be used and the facilities to be funded through the fee
- Determining a reasonable relationship between the fee's use and the type of development on which the fee is imposed
- Determining a reasonable relationship between the need for the public facility and the type of development on which the fee is imposed
- Determining a reasonable relationship between the amount of the fee and the cost of the public facility (or portion of facility) attributable to new development

These items are addressed throughout this study and are summarized in the final chapter.

STUDY AREA

As shown on Figure 1, the study area includes the entire City of Pittsburg. The goal of the study is to calculate a fee that would be collected on new development in all parts of the City.

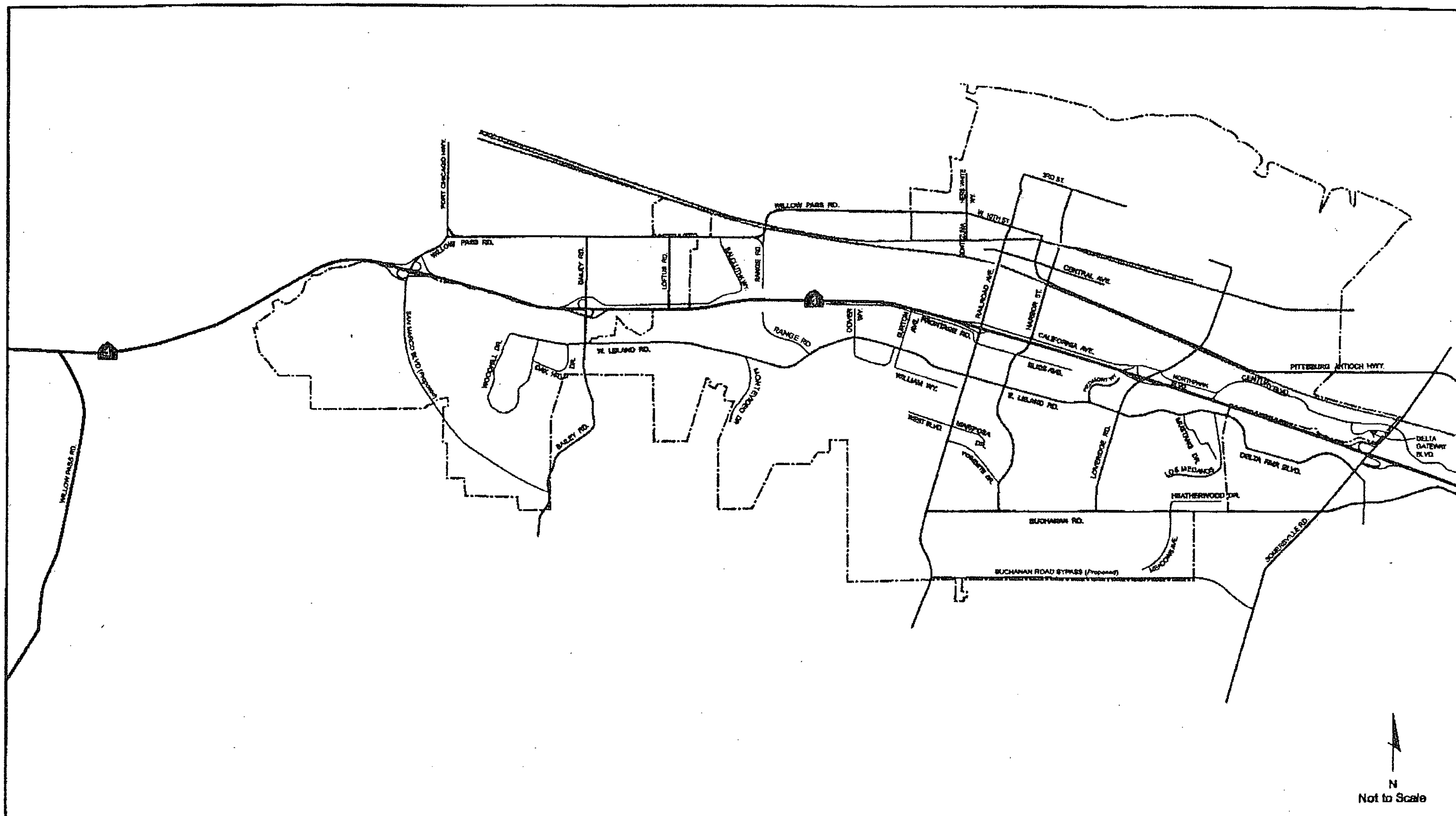
STUDY PROCESS

This study was developed under the direction of City of Pittsburg staff. After review and public hearing, the City Council will consider approval of the study and adoption of a new fee schedule.

ORGANIZATION OF THE REPORT

This report contains a total of six chapters including this introductory chapter.

- *Chapter 2* – Fee Program Background summarizes the status of the current LTMF program and describes the projects proposed to be included in the updated LTMF program.
- *Chapter 3* – Analysis Methodology describes the methods used in conducting the technical analysis necessary to establish the nexus.
- *Chapter 4* – Analysis Results describes the results of the nexus analysis.
- *Chapter 5* – LTMF Program Funding Considerations discusses the effect of the impact fees on the financing of the City's transportation improvement program.
- *Chapter 6* – Program Summary provides a brief summary of the study results presented here and reviews the requirements of AB 1600.



Pittsburg Transportation Mitigation Fee Update

FEHR & PEERS
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June 2008
2208-1

STUDY AREA
FIGURE 1

2. FEE PROGRAM BACKGROUND

The City of Pittsburg has experienced considerable population and employment growth over the past decade, and it continues to be a major growth center in the region. This growth in population and employment translates into increased demand for travel, and traffic congestion on local roads has resulted. Highway 4, the primary regional transportation route through Pittsburg, is typically heavily congested in the westbound direction during the weekday AM peak period, and in the eastbound direction in the PM peak period. This is a result of having significantly more housing than employment in East County communities. According to the 1998 Pittsburg General Plan, traffic on Highway 4 increased by almost 50 percent between 1986 and 1996 as continued housing construction occurred in Pittsburg and elsewhere in East County; Caltrans data shows that volumes on Highway 4 have continued to grow by approximately 30% over the past five years. Traffic volumes on Pittsburg's major arterials have also experienced significant increases, due to growth within Pittsburg as well as congestion on Highway 4, with many drivers seeking alternative cut-through routes.

According to the Countywide Transportation Plan, increases in freeway traffic in Contra Costa County are expected to be greatest along Highway 4 in the vicinity of Pittsburg and Antioch. The East County Action Plan projected an increase in traffic of more than 72 percent on Highway 4 between Railroad Avenue and Somersville Road between 1990 and 2010. Major arterial roadways are also forecast to experience dramatic increases in traffic. For example, the East County Action Plan estimates an increase of 44 percent on Kirker Pass Road between 1990 and 2010. These increases are due to household and job growth both in Pittsburg and in adjacent communities.

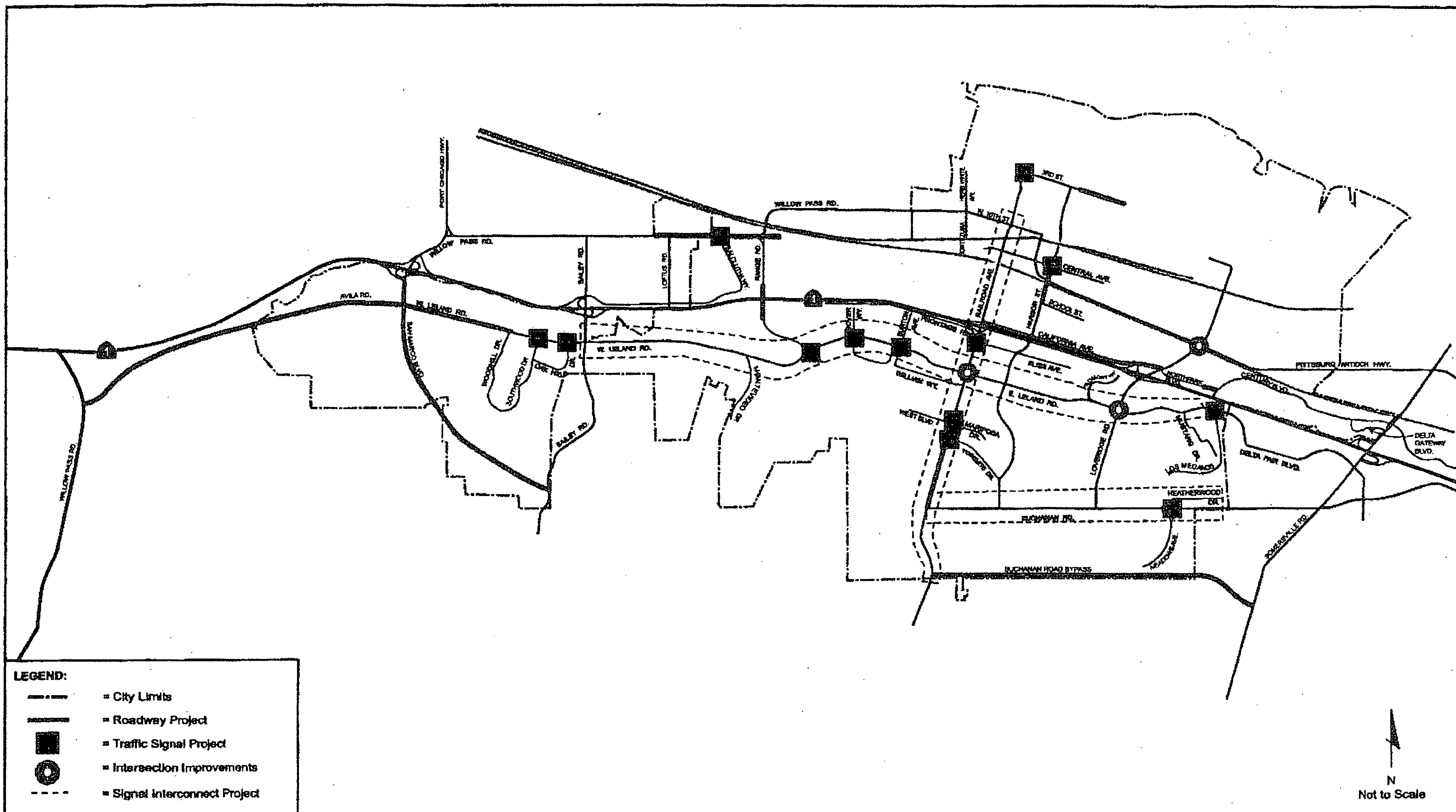
This chapter describes the current status of the traffic mitigation fee in Pittsburg. As described in the previous chapter, the City last updated the fee program in 1997, as documented in *Pittsburg Traffic Mitigation Fee Study Update: Final Report*, Fehr & Peers, September 1997. The fee levels are adjusted annually to account for inflation in construction costs.

THE CURRENT LTMF PROGRAM

Figure 2 displays the location of the improvements encompassed by the LTMF program as it was updated in 1997. The current LTMF provides contributions toward several improvements, including:

- Widening of Railroad Avenue, California Avenue, and Avila Road.
- Intersection improvements at Railroad Avenue/Leland Road, Loveridge Road/Leland Road, and Loveridge Road/Pittsburg-Antioch Highway.
- Construction of the Buchanan Road Bypass, the Range Road overcrossing, and the extension of West Leland Road.

Table 1 displays the current schedule of impact fees for each land use category. The subsidy column reflects the City's policy of subsidizing fees on non-residential land uses to encourage employers to locate in Pittsburg. While the subsidy is a substantial portion of the costs allocated to non-residential uses, it does not affect or increase the residential fees. The 1997 fee study report discussed this policy in further detail, and estimated that the subsidy would represent about 37% of the total residential and non-residential fees collected.



Pittsburg Transportation Mitigation Fee Update

FEHR & PEERS
TRANSPORTATION CONSULTANTS

June 2006
2208-2

1997 LOCAL TRANSPORTATION MITIGATION FEE PROJECTS
FIGURE 2

TABLE 1
CURRENT (2006) CITY OF PITTSBURG LOCAL TRANSPORTATION MITIGATION FEES

LAND USE CATEGORY	CURRENT FEE	SUBSIDY
Rural Estate (RE)	$4,020/ D.U.	$0.00
Low Density Residential (RL)	$4,020/ D.U.	$0.00
Low Density-Hillside (RL-H)	$4,020/ D.U.	$0.00
Rural Residential (RR)	$4,020/ D.U.	$0.00
Medium Density (RM)	$2,733/ D.U.	$0.00
High Density (RH)	$2,733/ D.U.	$0.00
Retirement Community (RC)	$1,609/ D.U.	$0.00
Neighborhood Commercial (CN)	$10.61/ S.F.	$9.98/S.F.
Community Commercial (CC)	$7.55/ S.F.	$6.92/S.F.
Service Commercial (SC)	$10.61/ S.F.	$9.98/S.F.
Office Commercial (OC)	$7.55/ S.F.	$6.92/S.F.
Industrial	$2.41/ S.F.	$1.78/S.F.

Notes: D.U. = Dwelling Unit, S.F. = Square Foot

Source: City of Pittsburg, 2006.

THE PROPOSED FEE PROGRAM

The nexus analysis presented in the subsequent chapters is based on recent interest in expanding the list of improvement projects included in the fee program. Figure 3 shows the improvement projects to be included in the proposed fee program. Examples of projects in this updated fee program that were not included in the previous LTMF project lists include:

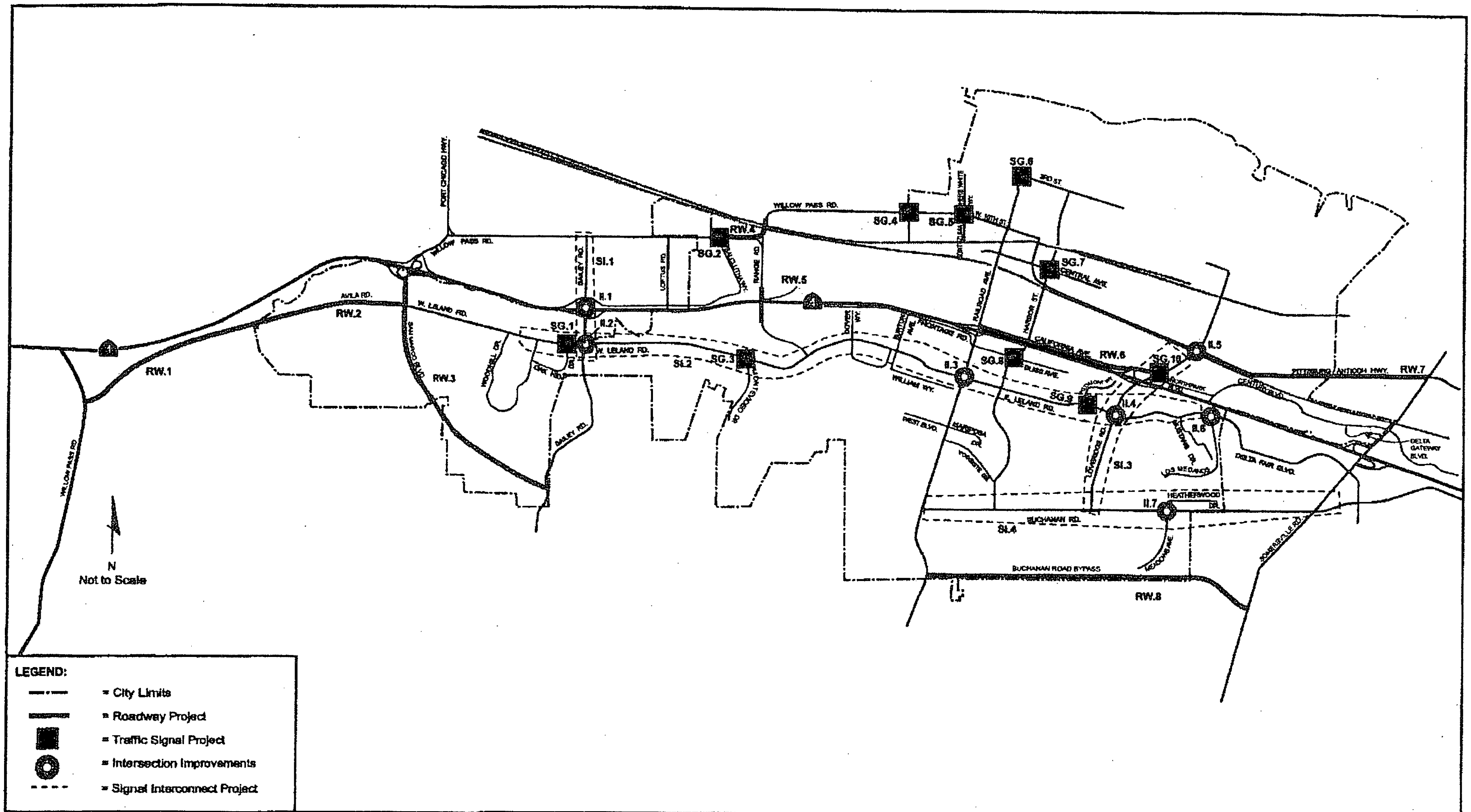
- Bailey Road and Loveridge Road signal interconnect projects.
- Intersection improvements at East Leland Road/Los Medanos College, West Leland Road/Bailey Road, SR4/Bailey Road, and Railroad Avenue/Leland Avenue.
- Traffic signalization projects at West Leland Road/Oak Hills Drive, West Leland Road/Montevideo Drive, West 10th Street/Herb White Way, and California Avenue/Loveridge Road, among others.

The Range Road overcrossing is also included in the LTMF update. The Range Road interchange was considered for inclusion and was analyzed in earlier drafts of this report, but was excluded from the final program at the direction of the City Council.

All of the improvements included in this fee study update have been identified through previous planning studies or environmental impact analyses conducted in the City. For instance, many of the improvements were identified in certified EIRs as mitigation measures needed to address cumulative traffic impacts, or have been identified as necessary through local planning efforts.

All roads within the City of Pittsburg's jurisdiction are considered part of the local transportation network, and are thus eligible for funding through the LTMF program. However, while all facilities in the local transportation network are eligible for LTMF funding, not all improvements on all facilities will be part of the LTMF program. The projects selected for inclusion in the LTMF program are those that improve city-wide transportation conditions by serving traffic from multiple development areas, typically on major or minor arterial streets.

The nexus analysis presented in the following chapters calculates the fees that could be collected to support these projects.



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December 2006
2206-3

Pittsburg Transportation Mitigation Fee Update

2006 LOCAL TRANSPORTATION MITIGATION FEE PROJECTS

FIGURE 3

3. ANALYSIS METHODOLOGY

This chapter describes the methodology used to determine the nexus between the impact from new development in Pittsburg and the needed improvements. The focus of the fee program is on developing an overall transportation system that will accommodate the City's expected future traffic demand.

The technical analysis for this study was completed through a series of five steps. Each is listed below, along with a brief description. The next chapter describes how these steps were applied to the City of Pittsburg and the results of the fee calculations.

Step 1 – Summarize Capital Improvements and Estimate Costs

As described in Chapter 2, the City has defined a set of transportation projects necessary to provide the capacity needed to accommodate future growth in the City. Estimated costs for each of the improvements were provided by the City.

Step 2 – Identify Existing Deficiencies on Local Network

By definition, a fee program charges fees to new development to fund transportation improvements necessary to serve the demand and impacts generated by that new development. The following procedure was used to determine if any of the transportation projects identified in Step 1 are on facilities that experience current traffic problems, as defined by the City.

A complicating factor in the evaluation of existing traffic conditions is the ongoing construction project along Highway 4 and the Railroad Avenue interchange. This construction activity can be expected to cause temporary changes in traffic patterns, as drivers try to avoid the construction-related delays around the Railroad Avenue corridor. This means that traffic counts collected now may not be representative of typical, non-construction periods.

To address this issue, peak hour traffic counts at a number of intersections around the City were assembled from traffic studies conducted just prior to the Railroad Avenue construction project. However, no data was available from these previously-published reports for several of the intersections to be included in this study. New traffic data was collected at these intersections, as well as at several other key locations in the vicinity of the Railroad Avenue corridor. By comparing the non-construction and during-construction data at a few key intersections, we could determine the likely effects of the construction project on localized traffic patterns. These results were then used to adjust the new traffic counts to better represent pre-construction conditions.

The resulting intersection turning movement data was used to evaluate the existing level of service (LOS) at intersections that would be affected by the planned transportation improvements in the City's LTMF program. These results were compared to the City's LOS thresholds to determine if any of the study intersections have existing deficiencies.

For regional roads defined as Routes of Regional Significance by the transportation planning committee for East County (TRANSPLAN), we compared the intersection LOS results to the standards listed in the

2004 *Traffic Service Objectives Monitoring Report.*[1] Intersections that did not meet either the City's or TRANSPLAN's standards were flagged as having an existing deficiency.

Step 3 – Summarize the Amount of New Development Expected in Pittsburg

As described in more detail below, the regional travel model used in this study to analyze the transportation effects of new development is based upon regional forecasts of residential and commercial growth produced by the Association of Bay Area Governments (ABAG). The land use projections available for use in the regional model at the time this analysis was conducted extend to the year 2025 and are consistent with ABAG forecasts produced in their Projections 2000 (P'00) and Projections 2002 (P'02) datasets.

Step 3 consists of the following three sub-steps: 1) estimating the amount of new development expected in Pittsburg; 2) converting the projections of future employment into estimates of building area; and 3) converting the overall land use projections into the units necessary for fee calculation, known as Dwelling Unit Equivalents (DUEs). The three sub-steps are described more fully below.

Estimating Future New Development in Pittsburg

For purposes of the fee calculation, it is important to identify the amount of residential and non-residential land use currently in the City, in order to produce a reasonably accurate estimate of the new development that will be subject to the updated fee. The following general land use categories were used in this summary: single-family residential, multi-family residential, retail jobs, service jobs, and other jobs. The CCTA model contains employment data in a few additional categories with relatively small numbers of jobs; to simplify the calculations, all of the employment in the City was consolidated into the three categories listed above (retail, service, and other).

Estimates of current residential development in Pittsburg were provided by City staff and derived from California Department of Finance records. Current employment estimates were taken from ABAG's most recent set of land use data, Projections 2005 (P'05). Projections of future (2025) housing and jobs in the City were taken from the CCTA model and were checked for reasonableness against P'05 projections, and against recent local development trends.

Converting Employment Projections to Building Area

The ABAG-based land use forecasts for Pittsburg include both residential and non-residential uses. Non-residential uses are represented in terms of numbers of jobs. Because the fees will be assessed on the basis of building area, the forecasts of total jobs were converted into building area by applying the following factors:

- Office: 275 square feet/job

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1. As required by Contra Costa County's Measure C, the transportation planning committee for East County (TRANSPLAN) regularly prepares an Action Plan for the Routes of Regional Significance in the subregion. The Action Plan defines quantifiable Traffic Service Objectives (TSOs) for each major regional facility and actions necessary to achieve those objectives. CCTA periodically prepares a TSO Monitoring Report to document the current status of the TSOs and progress made toward achieving them. The most recent TSO Monitoring Report was published in December 2004.

- Retail: 500 square feet/job
- Other: 400 square feet/job

These factors reflect relationships between employment and building area that can be derived from the *Trip Generation* publication of the Institute of Transportation Engineers, and are consistent with factors used in recent General Plan analyses and other traffic studies in East County.

Converting Land Use Projections to Dwelling Unit Equivalents (DUEs)

The concept of DUEs is commonly used in fee studies to account for the fact that different development types generate traffic with different characteristics and with different levels of impact on the City's transportation system. For purposes of this LTMF update, we applied the DUE conversion factors used in the recently-completed RTDIM fee update for ECCRFFA. These factors account for peak hour trip rates, the effects of pass-by trips, and trip lengths associated with each of the development types. For example, commercial uses tend to generate more trips per square foot than office uses, but those commercial trips tend to be shorter in length (for instance, people tend to drive farther to work in an office than they do to buy groceries or rent videos). The DUE conversion process accounts for these differences in impact on the transportation system.

The factor for commercial uses is applied to the retail jobs category in the CCTA model projections, the office factor is applied to service jobs, and the industrial factor is applied to other jobs. All DUEs are then normalized to the single-family residential rate.

Step 4 – Calculate Project Costs Attributable to New Development

For improvement projects on facilities that are not subject to an existing deficiency (as defined in Step 2), the need for the improved facility is generated by new development rather than by existing transportation problems. Therefore, all of the estimated project costs could potentially be included in the fee program.

For projects on facilities that have been identified as experiencing existing deficiencies, the cost of the improvement was divided between existing development and new development. The cost share attributable to new development, and therefore eligible for inclusion in the fee program, was calculated as follows:

1. Quantify the existing deficiency by determining the current traffic volume that exceeds the available capacity. For example, if a facility with a theoretical capacity of 2,000 vehicles is currently carrying 2,200 vehicles, the existing deficiency would be calculated as 2,200 – 2,000 = 200. The theoretical capacity was based on the maximum volume that would either meet the applicable LOS standard or fail to satisfy the signal warrant (thereby allowing an unsignalized intersection to continue to operate without a signal).

2. Determine the future traffic growth by subtracting the current traffic volumes from the forecasted future traffic volumes. For example, if the future demand on the facility is projected to be 2,500 vehicles, the future traffic growth would be calculated as 2,500 – 2,200 = 300.

3. Define the "overall benefit" of the project as the correction of the existing deficiency (from number 1 above) plus the accommodation of future growth (from number 2). In our example, the overall

benefit of improving the road would be to correct the existing deficiency of 200 vehicles and to accommodate the future growth of 300 vehicles, for a total benefit of 500.

4. Calculate new development's share of the benefit as the result of number 2 divided by number 3. In this case, the share of the benefit to new development would be 60%, or 300 divided by 500. Therefore, 60% of the project cost would be included in the fee program. The remaining 40% of the project cost would need to be funded through other sources.

After accounting for existing deficiencies, the next step was to determine how much of the traffic on the improved facility was attributable to new development in Pittsburg, and how much was attributable to "regional" growth (new development outside Pittsburg). This level of analysis requires the use of a regional travel demand model, which uses land use and transportation network inputs to produce estimates of future travel demand and usage of roadway facilities. This study used the most recent version of the regional travel demand model adopted for use in Contra Costa County. This model, developed and maintained by the Contra Costa Transportation Authority (CCTA) and implemented in the TransCAD software program, is the primary transportation analysis tool available at this time for regional planning studies in East County.

In this study, model runs were conducted to estimate future (2025) traffic demand in East County based on official regional land use forecasts provided by ABAG. For each improvement project, the CCTA model was used to determine the amount of local traffic using the affected intersection or roadway segment. Local traffic was defined as trips generated by new development that had either an origin or a destination (or both) in Pittsburg. Trips with neither a Pittsburg origin nor a Pittsburg destination were defined as regional. The local percentage was calculated by dividing the number of local trips on a facility by the total number of new trips. The local percentage was then applied to the total project cost to determine the Pittsburg share of the cost. This represents the level of funding that could be paid for through Pittsburg's LTMF. The percentage of the cost not attributable to new development in Pittsburg would be covered by other funding sources.

Step 5 – Determine Fee Amounts

The existing balance in the City's Local Traffic Mitigation Fee account was subtracted from the total cost to be contributed by new development (Step 4). This total was then divided by the total number of new DUEs (Step 3) to determine the appropriate fee amount for each land use category.

4. ANALYSIS RESULTS

This chapter summarizes the results of the nexus analysis steps outlined in Chapter 3. Further detail on technical procedures and calculations is provided in the Technical Appendix (available under separate cover).

Step 1 – Summarize Capital Improvements and Estimate Costs

As described earlier, the City defined a comprehensive set of transportation projects that would provide the capacity estimated to accommodate projected growth. Table 2 provides a list of the improvements, along with estimated costs provided by the City.

The proposed project list includes improvements to major arterials and to local roads, signalization of a number of currently unsignalized intersections, and the installation of signal interconnect systems to improve traffic flow along several major arterials. Many of these projects are already included in the existing LTMF program, as shown by an asterisk next to the project description in Table 2.

TABLE 2
2006 LTMF UPDATE - PROJECT LIST

ID	Project	Description	Total Cost
Roadway Projects			
RW.1	Avila Road Widening*	Widen to two lanes each direction between Willow Pass Rd and West Leland Rd.	$6,825,000
RW.2	W. Leland Road Phase II	Extend from San Marco Blvd to Avila Rd., two lanes each direction.	$12,180,000
RW.3	San Marco Boulevard	New two-lane roadway between existing terminus and Bailey Rd.	$7,240,000
RW.4	Willow Pass Road Widening and bridge reconstruction*	Widen to four lanes between Loftus Rd and Range Road ramp.	$4,200,000
RW.5	Range Road over-crossing*	New two-lane crossing over SR 4.	$22,050,000
RW.6	California Avenue Widening*	Widen to four lanes between Railroad Ave and Loveridge Rd.	$17,535,000
RW.7	Pittsburg-Antioch Highway Widening	Widen to four lanes between Loveridge Rd and Somersville Rd.	$11,550,000
RW.8	Buchanan Road Bypass*	New two-lane road from Somersville Road to Kirker Pass Road	$34,965,000
Signal Interconnect Projects			
SI.1	Bailey Road	Signal interconnect between Willow Pass Rd and Willow Ave/Oak Hills Circle.	$210,000
SI.2	Leland Road*	Signal interconnect from existing terminus to Delta Fair Blvd.	$315,000
SI.3	Loveridge Road	Signal interconnect between Pittsburg-Antioch Highway and Buchanan Rd.	$105,000
SI.4	Buchanan Road*	Signal interconnect between Railroad Ave and Somersville Rd.	$525,000
Traffic Signal Projects			
SG.1	W. Leland Road/ Oak Hills Drive	Install new signal.	$210,000

TABLE 2
2006 LTMF UPDATE - PROJECT LIST

ID	Project	Description	Total Cost
SG.2	Willow Pass Road/ Balclutha Way*	Install new signal.	$210,000
SG.3	W. Leland Road/ Montevideo Drive	Install new signal.	$194,250
SG.4	Willow Pass Road/ Empire Business Park	Install new signal.	$157,500
SG.5	W. 10th Street/ Herb White Way	Install new signal.	$210,000
SG.6	Railroad Avenue/ 3rd Street*	Install new signal.	$210,000
SG.7	Harbor Street/ Central Avenue*	Install new signal.	$210,000
SG.8	Harbor Street/ Bliss Avenue	Install new signal.	$194,250
SG.9	E. Leland Road/ Piedmont Way	Install new signal.	$194,250
SG.10	California Avenue/ Loveridge Road	Install new signal.	$210,000
Intersection Improvements			
II.1	SR 4/Bailey Road	Add a northbound left turn lane.	$105,000
II.2	W. Leland Road/ Bailey Road	Add a westbound right turn lane, southbound right turn lane, and eastbound left turn lane.	$1,050,000
II.3	Railroad Avenue/ Leland Avenue*	Add an eastbound right turn lane and a northbound left turn lane.	$525,000
II.4	Loveridge Road/ Leland Avenue*	Add a southbound right turn lane.	$210,000
II.5	Pittsburg-Antioch Highway/Loveridge Road.	Add an eastbound right turn lane and an additional westbound left turn lane.	$178,500
II.6	E. Leland Road/Los Medanos College*	Lengthen the Century/Leland eastbound left-turn lane by realigning the easternmost Los Medanos College driveway.	$420,000

TABLE 2 2006 LTMF UPDATE - PROJECT LIST			
ID	**Project**	**Description**	**Total Cost**
II.7	Buchanan Road/ Meadows Avenue Control Point Metering*	Install signal metering to limit traffic flow	$525,000
Total			$122,713,750

Notes:

* Projects listed in the 1997 TMF Report.

Source: Fehr & Peers, 2006.

Step 2 – Identify Existing Deficiencies on Roadway Network

The traffic analysis determined if deficiencies exist at locations with planned roadway improvements listed on Table 2 above. Two standards were used in this analysis — the East County Action Plan (for Routes of Regional Significance) and the City of Pittsburg General Plan (for all other routes).

According to the East County Action Plan, signalized intersections on Routes of Regional Significance are acceptable if they operate at a mid-LOS D (volume-to-capacity ratio of 0.85) or better, except for intersections on Bailey Road from West Leland to Canal, which are acceptable at a level of service E. The Action Plan does not address unsignalized intersections on these routes.

For City of Pittsburg routes, acceptable operations at signalized intersections are defined as LOS D or better. For unsignalized intersections, acceptable operations are defined as LOS D or better and low enough traffic volumes that the peak hour traffic signal warrant is not triggered. The method for evaluating unsignalized intersections is to first look at the LOS results; if the intersection operates at LOS D or better, it is considered acceptable. If the worst approach operates at an LOS E or F, then the peak hour signal warrant is checked; if volumes are high enough to meet the warrant thresholds, then the intersection is considered to operate unacceptably and require improvement.

Traffic counts at a number of study intersections throughout the City were assembled as described in Chapter 3, and the results of the level of service analysis are shown in Table 3. Two intersections currently operate below the applicable LOS standard: California Avenue/Railroad Avenue and East Leland Road/Los Medanos College.

The California Avenue/Railroad Avenue intersection, which is signalized, currently operates at LOS F in the AM peak hour. This intersection will be reconstructed and improved as part of the ongoing Railroad Avenue improvement project. The capital improvement project included in this LTMF update does not include further upgrades to this intersection specifically, but rather involves the widening of California Avenue itself between Railroad Avenue and Loveridge Road. Therefore, the fact that the California Avenue/Railroad Avenue intersection currently operates at LOS F is not considered an existing deficiency for the purposes of this study, because it does not affect the California Avenue widening project that is part of the LTMF program.

The East Leland Road/Los Medanos College intersection, which is side-street stop controlled, has a worst-approach LOS E in the AM peak and LOS F in the PM peak, and meets the peak hour signal warrant in the PM peak hour. This location is planned for improvement through project II.6 listed in this TMF update. This existing deficiency was treated as described in Chapter 3.

As discussed in Chapter 3, Step 2, the current operations of Routes of Regional Significance is assessed through comparison with the Traffic Service Objectives (TSOs) reported in the *2004 TSO Monitoring Report*. This report indicates that one of the facilities identified for improvement in the updated fee program currently does not meet the relevant TSO. Buchanan Road between Railroad Avenue and Somersville Road currently exceeds the Delay Index TSO[2] during both the AM and PM peak hours. This facility is therefore considered to have an existing deficiency, which is consistent with the findings presented in the recent ECCRFFA update (documented in *East Contra Costa Regional Fee Program Update: Final Report*, Fehr & Peers, June 2005). The analysis in the ECCRFFA report determined the proportion of the capacity needs on Buchanan Road attributable to new development (about 68%), and this same factor was applied in this study both for the signal interconnect improvement to Buchanan Road (project SI.4), as well as to the Buchanan Road Bypass construction project (project RW.8) because the Bypass is partially intended to address traffic issues along existing Buchanan Road. The other facilities highlighted for improvement in this program are not subject to exceedances of the established TSOs.

2. The Delay Index is a measure of traffic congestion, and is defined as the ratio of the time required to travel between two points during the peak hour when roads are most congested, to the time required during uncongested off-peak times.

TABLE 3
EXISTING LEVEL OF SERVICE ANALYSIS

ID	Intersection	Control	AM Peak Hour		PM Peak Hour		Peak Hour Signal Warrant Met?	Existing Deficiency?
			V/C or Delay[1]	LOS[2]	V/C or Delay[1]	LOS[2]		
1	W. Leland Road/ Oak Hills Drive	SSS	3.5 (12.6 NB)	A (B NB)	2.6 (11.5 NB)	A (B NB)	N	N
2	Bailey Road/ WB SR 4 ramps	Signal	0.87	D	0.85	B		N
3	Bailey Road/ EB SR 4 ramps	Signal	0.68	B	0.8	C		N
4	W. Leland Road/ Bailey Road	Signal	0.9	D	0.75	C		N
5	Willow Pass Road/ Loftus Road	Signal	0.43	A	0.7	B		N
6	Willow Pass Road/ Balclutha Way	SSS	3.2 (41.7)	A (E)	3.7 (61.1)	A (F)	N	N
7	W. Leland Road/ Montevideo Drive	SSS	0.6 (19.3)	A (C	1.2 (116.2)	A (F)	N	N
8	Willow Pass Road/ Range Road - south side	SSS	5.8 (10.8)	A (B)	9.6 (15.1)	A (C)	N	N
9	Willow Pass Road/ Range Road -north side	Uncontrolled						N
10	W. 10th Street/ Herb White Way	SSS	3.1 (12.7)	A (B)	2.2 (20.6)	A (C)	N	N
12	Buchanan Road/ Railroad Avenue	Signal	0.46	A	0.59	A		N
13	Railroad Avenue/ Leland Road	Signal	0.63	B	0.8	C		N
14	**California Avenue/ Railroad Avenue**	**Signal**	**1.07**	**F**	**0.79**	**C**		**N***
15	Harbor Street/ Bliss Avenue	SSS	6.0 (61.2)	A (F)	11.7 (56.6)	B (F)	N	N
16	California Avenue/ Harbor Street	Signal	0.67	B	0.78	C		N
17	Harbor Street/ Central Avenue	AWS[5]	9.9 (10.1)	A (B)	10.3 (10.5)	B (B)	N	N
18	E. Leland Road/ Piedmont Way	Signal	0.43	A	0.58	A		N
19	Buchanan Road/ Loveridge Road	Signal	0.73	C	0.7	B		N

TABLE 3
EXISTING LEVEL OF SERVICE ANALYSIS

ID	Intersection	Control	AM Peak Hour		PM Peak Hour		Peak Hour Signal Warrant Met?	Existing Deficiency?
			V/C or Delay[1]	LOS[2]	V/C or Delay[1]	LOS[2]		
20	Loveridge Road/ Leland Road	Signal	0.67	B	0.72	C		N
21	California Avenue/ Loveridge Road	Signal	0.9	D	0.51	A		N
22	Pittsburg-Antioch Highway/Loveridge Road	Signal	0.69	B	0.79	C		N
23	Buchanan Road/ Meadows Avenue	Signal	0.67	B	0.78	C		N
24	**E. Leland Road/ Los Medanos College**	**SSS**	**0.5 (40.7)**	**A (E)**	**8.8 (170.4)**	**A (F)**	**Y**	**Y**
25	Buchanan Road/ Somersville Road	Signal	0.68	B	0.68	B		N

Notes:

Bold = Exceeding applicable service standards.

* Explanation of existing deficiency determination provided in Chapter 4, Step 2.

1. For signalized intersections, volume-to-capacity ratio is presented. For unsignalized intersections, information presented is intersection average delay (followed by worst approach delay in parentheses) expressed in seconds per vehicle.
2. For unsignalized intersections, information presented is intersection average LOS (followed by worst approach LOS in parentheses).
3. SSS = Side-Street STOP.
4. An all-way stop has recently been installed at this intersection as a temporary measure in advance of a planned traffic signal. However, it is analyzed here as a side-street stop because that is the more realistic alternative to a signal, and thus captures how it would operate if not signalized.
5. AWS = All-Way STOP.

Source: Fehr & Peers, 2006.

Step 3 – Summarize the Amount of New Development Expected in Pittsburg

Chapter 3 described the sources of information used to estimate the amount of new development expected in Pittsburg. This section provides additional detail on how those development projections were derived.

To estimate Pittsburg's current (year 2005) residential development, we used data provided by City staff and based on California Department of Finance records, which indicate a total of approximately 20,000 housing units in Pittsburg in 2005. This total was then split into single- and multi-family units according to the appropriate proportions in the CCTA model.

To estimate the current number of jobs in Pittsburg, we began with data from ABAG P'05 on the total number of jobs in Pittsburg in 2005 (approximately 15,000) and divided that total among the "retail," "service," and "other" categories according to the appropriate proportions in the CCTA model.

Projections of year 2025 housing and jobs in Pittsburg were drawn from the CCTA model, resulting in estimates of approximately 26,500 housing units and 29,000 jobs. These figures were split into single- and multi-family housing, and into the appropriate employment categories, based on the relevant proportions in the CCTA model. Table 4 shows the City-wide totals of housing and employment for both 2005 and 2025.

As described earlier, the land use projections in the CCTA model are based on a combination of P'00 and P'02 information. ABAG has recently prepared a new set of projections, P'05, and we compared the 2025 projections from the CCTA model with the P'05 data to ensure reasonableness. For both housing and jobs, the P'05 projections are slightly lower than those in the CCTA model, with the P'05 projections containing approximately 24,000 housing units and 28,000 jobs in Pittsburg in 2025.

We also checked historical growth trends in Pittsburg. The CCTA model projections translate into a growth rate of about 325 building permits per year over the next 20 years. This is a somewhat slower rate of growth than the roughly 400 units per year that the City has processed over the past five years. By contrast, the P'05 projections would translate into a growth rate of only 200 units per year, which is half the rate the City has recently experienced. Therefore, the 2025 projections from the CCTA model seem reasonable given recent trends.

As described in Chapter 3, the land use forecasts were then converted to DUEs to account for the fact that different development types generate traffic with different characteristics and levels of impact on the City's transportation system. Table 5 presents the conversion factors used to calculate DUEs in this study. Please note that these factors are consistent with those used in the recent ECCRFFA fee update and reflect the most recent trip generation information available from the national reference source, the Institute of Transportation Engineers (ITE). These factors are different from those used in the 1997 LTMF study, reflecting differences in trip generation rates, employee density ratios, and other elements of the calculation. The results of the DUE conversion are presented in Table 6.

TABLE 4
PITTSBURG HOUSING AND EMPLOYMENT PROJECTIONS

Land Use Category	2005	2025	Total Growth	% Growth
Single-family units	14,052	18,180	4,128	29%
Multi-family units	6,022	8,357	2,335	39%
Total residential	***20,074***	***26,537***	***6,463***	***32%***
Retail jobs	3,768	7,046	3,279	87%
Service jobs	4,822	9,657	4,835	100%
Other jobs	6,480	12,622	6,142	95%
Total jobs	***15,070***	***29,325***	***14,255***	***95%***

Source: CCTA, ABAG, Fehr & Peers.

TABLE 5
DUE CONVERSION FACTORS

Land Use Category	Unit	Peak Hour Trip Rate[1]	% New Trips[2]	Average Trip Length[3]	VMT per Unit	DUE per Unit
Single-Family	DU	1.01	100	9.6	9.7	1.00
Multi-Family	DU	0.62	100	9.6	6.0	0.61
Commercial	1,000 SF	3.75	50	5.0	9.4	0.97
Office	1,000 SF	1.49	65	10.7	10.4	1.07
Industrial	1,000 SF	0.76	80	10.7	6.5	0.67

Notes:

1. ITE *Trip Generation*, 7th Edition.
2. SANDAG *Brief Guide of Vehicular Traffic Generation Rates*, July 1998.
3. Average trip lengths for the East County area from the model, in miles.

Source: Fehr & Peers, 2006.

TABLE 6
GROWTH IN DUES

Land Use Category	Total Growth	DUE Per Unit	Growth Converted to DUEs
Single-family units	4,128	1.00	4,128
Multi-family units	2,335	0.61	1,424
Total residential	***6,463***		***5,552***
Retail jobs	3,279	0.97	1,590
Service jobs	4,835	1.07	1,423
Other jobs	6,142	0.67	1,646
Total jobs	***14,255***		***4,659***
TOTAL DUEs			***10,211***

Notes:

1. Relationship between land use categories in the model and the fee program assumed to be: Retail=Commercial; Service=Office; and Other=Industrial.
2. Retail DUE conversion based on 500 square feet per job and a DUE per thousand square feet of 0.97. DUE = Retail Jobs * 0.500 * 0.97
3. Service DUE conversion based on 275 square feet per job and a DUE per thousand square feet of 1.07. DUE = Service Jobs * 0.275 * 1.07
4. Other DUE conversion based on 400 square feet per job and a DUE per thousand square feet of 0.67. DUE = Other Jobs * 0.400 * 0.67

Source: Fehr & Peers, 2006.

Step 4 – Calculate Project Costs Attributable to New Development

As described in Chapter 3, if a facility is not subject to an existing deficiency, then the need for improvement is generated by new development rather than by existing transportation problems and all of the estimated improvement costs are included in the fee program. For those projects that improve currently deficient facilities (the East Leland/Los Medanos College improvement and the Buchanan Road signal interconnect and the Buchanan Road Bypass, as described in Step 2 above), the proportion of the cost attributable to new development was calculated as detailed in Chapter 3. In addition, the proportion of traffic not related to growth in Pittsburg was also excluded from the project cost. Table 7 summarizes these calculations and shows the resulting amounts that would be included in the fee program in the column titled Potential Fee Contribution.

Using the East Leland/Los Medanos intersection improvement as an example, that side-street stop-controlled location currently has traffic volumes high enough to meet the peak hour signal warrant. Peak hour volumes on the minor street would need to decrease by 23 vehicles for the intersection to operate adequately under current conditions. The travel modeling process forecast growth in peak hour traffic of 94 vehicles at this intersection. Therefore, the total benefit of the improvement would be to correct the existing deficiency of 23 plus accommodate the future growth of 94, for a total benefit of 117. New development's share of that benefit would be 94 divided by 117, or 80%.

TABLE 7
POTENTIAL FEE CONTRIBUTIONS

ID	Project	Total Cost	Adjustment for Existing Deficiency[1]	Pittsburg Share of New Traffic	Potential Fee Contribution
Roadway Projects					
RW.1	Avila Road Widening	$6,825,000		66%	$4,504,500
RW.2	W. Leland Road Phase II*	$12,180,000		68%	$8,282,400
RW.3	San Marco Boulevard	$7,240,000		79%	$5,719,600
RW.4	Willow Pass Road Widening and bridge reconstruction*	$4,200,000		81%	$3,402,000
RW.5	Range Road over-crossing	$22,050,000		97%	$21,386,458
RW.6	California Avenue Widening*	$17,535,000		96%	$16,833,600
RW.7	Pittsburg-Antioch Highway* Widening	$11,550,000		81%	$9,355,500
RW.8	Buchanan Road Bypass*	$34,965,000	68%	2%	$475,524
Signal Interconnect Projects					
SI.1	Bailey Road	$210,000		84%	$176,400
SI.2	Leland Road	$315,000		75%	$236,250
SI.3	Loveridge Road	$105,000		81%	$85,050
SI.4	Buchanan Road	$525,000	68%	93%	$332,010
Traffic Signal Projects					

TABLE 7
POTENTIAL FEE CONTRIBUTIONS

ID	Project	Total Cost	Adjustment for Existing Deficiency[1]	Pittsburg Share of New Traffic	Potential Fee Contribution
SG.1	W. Leland Road/Oak Hills Drive	$210,000		84%	$176,400
SG.2	Willow Pass Road/ Balclutha Way	$210,000		81%	$170,100
SG.3	W. Leland Road/ Montevideo Drive	$194,250		73%	$141,803
SG.4	Willow Pass Road/ Empire Business Park	$157,500		90%	$141,750
SG.5	W. 10th Street/Herb White Way	$210,000		88%	$184,800
SG.6	Railroad Avenue/3rd Street	$210,000		100%	$210,000
SG.7	Harbor Street/Central Avenue	$210,000		100%	$210,000
SG.8	Harbor Street/Bliss Avenue	$194,250		96%	$186,480
SG.9	E. Leland Road/Piedmont Way	$194,250		75%	$145,688
SG.10	California Avenue/ Loveridge Road	$210,000		63%	$132,300
Intersection Improvements					
II.1	SR 4/Bailey Road	$105,000		85%	$89,250
II.2	W. Leland Road/Bailey Road	$1,050,000		74%	$777,000
II.3	Railroad Avenue/ Leland Avenue	$525,000		85%	$446,250
II.4	Loveridge Road/Leland Avenue	$210,000		82%	$172,200
II.5	Pittsburg-Antioch Highway/Loveridge Road.	$178,500		61%	$108,885

TABLE 7
POTENTIAL FEE CONTRIBUTIONS

ID	Project	Total Cost	Adjustment for Existing Deficiency[1]	Pittsburg Share of New Traffic	Potential Fee Contribution
II.6	E. Leland Road/ Los Medanos College	$420,000	80%	72%	$241,920
II.7	Buchanan Road/Meadows Avenue Control Point Metering	$525,000		94%	$493,500
Total Cost					$74,817,617
Subtract Existing LTMF Account Balance					$1,554,382
Total Cost Minus Existing Funds					$73,263,235
Projected Growth in DUE's					10,211
Fee per DUE					$7,170

Notes:

* Projects that also appear in the RTDIM fee program. Combined funding for these projects is discussed further in Chapter 5.

[1] For projects addressing existing deficiencies, the Adjustment for Existing Deficiency column shows the proportion of project costs attributable to traffic generated by future development.

Source: Fehr & Peers, 2006.

Step 5 – Determine Fee Amounts

Table 8 displays the calculated impact fees. These fees have been calculated based on the complete list of projects included in the proposed TMF program as shown in Table 2. The total fee contribution calculated in Table 7 ($74,817,617) minus the existing funds in the City's LTMF account ($1,554,382) was divided by the total number of Dwelling Unit Equivalents (DUEs) expected in Pittsburg (10,211) to calculate the resulting fee per DUE ($7,170). These figures do not reflect any reductions or subsidies that the City may choose to implement. This calculation also does not consider the effects of other funding sources that may be available to some of the projects.

TABLE 8
PRELIMINARY FEE CALCULATIONS

Land Use Category	Current Fees[1]	Potential Fees
Rural Estate (RE)	$4,020/D.U.	$7,170/D.U.
Low Density Residential (RL)	$4,020/D.U.	$7,170/D.U.
Low Density-Hillside (RL-H)	$4,020/D.U.	$7,170/D.U.
Rural Residential (RR)	$4,020/D.U.	$7,170/D.U.

Medium Density (RM)	$2,733/D.U.	$4,370/D.U.
High Density (RH)	$2,733/D.U.	$4,370/D.U.
Retirement Community (RC)	$1,609/D.U.	$2,870/D.U.
Neighborhood Commercial (CN)	$10.61/S.F.	$7.00/S.F.
Community Commercial (CC)	$7.55/S.F.	$4.90/S.F.
Service Commercial (SC)	$10.61/S.F.	$7.00/S.F.
Office Commercial (OC)	$7.55/S.F.	$7.70/S.F.
Industrial	$2.41/S.F.	$4.80/S.F.

[1] Does not reflect the subsidy currently applied for non-residential uses.

Source: City of Pittsburg, Fehr & Peers, 2006.

The new potential fee amounts represent a change from the current fee schedule, for a variety of reasons. The total cost of the program has increased since the 1997 LTMF study was completed, due to a combination of factors such as the inclusion of additional capital improvements and increases in the cost of construction and right-of-way acquisition. The 1997 LTMF study estimated the cost of the overall program at about $86 million (in 1997 dollars), while this updated program cost is estimated at over $122 million (in current dollars). The proportion of the program cost that is projected to be covered by fee revenues has remained relatively similar; in 1997, fee revenues were projected to cover 58% of the program cost, while this new update estimates that fee revenues will cover about 60% of the total program.

The analytical tools and techniques used to develop the fee calculations have also changed since 1997. This update makes use of the new regional travel demand model available from CCTA, which was adopted for use in eastern Contra Costa County in the summer of 2005 and incorporates recent land use forecasts from ABAG. In addition, this LTMF update uses several analytical procedures, such as the methods to account for existing deficiencies and to convert land use forecasts into DUEs, that are consistent with the recent RTDIM update prepared by ECCRFFA and reflect the most recent information from the transportation planning industry's reference sources. All of these elements are different from those used in the 1997 LTMF study, and account for the differences in the fee levels presented above.

OPTIONS FOR FEE ADJUSTMENTS

As noted in Chapter 2, the current LTMF program includes fee subsidies for non-residential land uses. The following presents several options for applying varying levels of subsidy to various land use categories and summarizes the effect on the overall revenue that would be generated by the updated LTMF program. Table 9 presents this information for the program. The following options were examined:

1. Limit non-residential fees to $1.26 per square foot (which is double the current fee level). This would involve subsidies of between $3.54 and $6.44 per square foot for the different commercial and industrial land use categories. It is estimated that this would result in a 36% reduction in LTMF program revenue.

2. Limit non-residential fees to $1.26 per square foot, and use the residential fees adopted by the City Council at their November 2006 hearing. It is estimated that this would result in a 40% reduction in LTMF program revenue.

3. Limit non-residential fees to $1.26 per square foot and reduce residential fees by 15%. It is estimated that this would result in a 44% reduction in LTMF program revenue.

4. Limit non-residential fees to $1.26 per square foot and reduce residential fees by 25%. It is estimated that this would result in a 49% reduction in LTMF program revenue.

This information is provided for illustrative purposes to show the effects of adjusting the fee amounts for different categories of land uses. For example, for every 5% reduction in the residential fee there is about a $2 million decrease in fee revenues that must be made up through other funding sources.

TABLE 9
FEE OPTIONS AND REVENUE IMPACTS

Land Use Category	Potential Fees without Range Road Interchange	Option 1: Limit non-residential fees to $1.26 per square foot	Option 2: Council-Approved Fees (November 2006)	Option 3: Option 1 plus reduce residential fees by 15%	Option 4: Option 1 plus reduce residential fees by 25%
Rural Estate	$7,170/D.U.	$7,170/D.U.	**$6,766/D.U.**	**$6,095/D.U.**	**$5,378/D.U.**
Low Density Residential	$7,170/D.U.	$7,170/D.U.	**$6,766/D.U.**	**$6,095/D.U.**	**$5,378/D.U.**
Low Density-Hillside	$7,170/D.U.	$7,170/D.U.	**$6,766/D.U.**	**$6,095/D.U.**	**$5,378/D.U.**
Rural Residential	$7,170/D.U.	$7,170/D.U.	**$6,766/D.U.**	**$6,095/D.U.**	**$5,378/D.U.**
Medium Density	$4,370/D.U.	$4,370/D.U.	**$4,131/D.U.**	**$3,715/D.U.**	**$3,278/D.U.**
High Density	$4,370/D.U.	$4,370/D.U.	**$4,131/D.U.**	**$3,715/D.U.**	**$3,278/D.U.**
Retirement Community	$2,870/D.U.	$2,870/D.U.	**$2,712/D.U.**	**$2,440/D.U.**	**$2,153/D.U.**
Neighborhood Commercial	$7.00/S.F.	**$1.26/S.F.**	**$1.26/S.F.**	**$1.26/S.F.**	**$1.26/S.F.**
Community Commercial	$4.90/S.F.	**$1.26/S.F.**	**$1.26/S.F.**	**$1.26/S.F.**	**$1.26/S.F.**
Service Commercial	$7.00/S.F.	**$1.26/S.F.**	**$1.26/S.F.**	**$1.26/S.F.**	**$1.26/S.F.**
Office Commercial	$7.70/S.F.	**$1.26/S.F.**	**$1.26/S.F.**	**$1.26/S.F.**	**$1.26/S.F.**
Industrial	$4.80/S.F.	**$1.26/S.F.**	**$1.26/S.F.**	**$1.26/S.F.**	**$1.26/S.F.**
Overall Revenue	$73,000,000	$47,000,000	$44,000,000	$41,000,000	$37,000,000
% reduction		36%	40%	44%	49%
$ reduction		$26,000,000	$29,000,000	$32,000,000	$36,000,000

Source: Fehr & Peers, 2006.

5. LTMF PROGRAM FUNDING CONSIDERATIONS

This chapter describes some of the other sources of funds that may be used to complement LTMF revenues in completing the capital improvements addressed in this study.

FUNDING OF LTMF PROJECTS

As with the original LTMF program, the fee revenue from the updated LTMF program will not pay the total cost of all the identified improvements. Funding will need to be generated from other sources to supplement the LTMF revenues. The following describes some of the other sources of funds that could be applied to improvements in the LTMF program.

RTDIM Fee – As described earlier, the ECCRFFA administers a regional transportation impact fee known as the RTDIM fee. On Table 7, five projects in the LTMF program were shown with an asterisk to denote that those projects are also included in the RTDIM fee program. As discussed in detail on pages 23 through 25 of the *East Contra Costa Regional Fee Program Update, Final Report*, June 16, 2005, the RTDIM fee program does not cover all of the costs associated with its capital improvement projects. In fact, the RTDIM fees only provide about 30% of the funds needed to cover the total costs of the program. The RTDIM fee program relies upon several other sources of funds (such as bridge toll revenues through Regional Measure 2, State Transportation Improvement Program (STIP) funds, the County-wide sales tax known as Measure C/Measure J, and other programs) to supplement the regional fee revenues, and even after accounting for those other funding sources, there is still an estimated shortfall of almost $390 million (or about 23%) in the RTDIM fee program.

Given this shortfall and the fact that most of the other sources of funds identified to supplement the RTDIM program are not targeted to any of the five projects located in Pittsburg, it is reasonable to conclude that the regional funds available to support these five Pittsburg projects will likely be fairly limited. Any RTDIM funds received for these five projects will be used to cover the portion of the costs that are not included in the LTMF program (i.e., the costs that are not attributable to new development in Pittsburg). In this way, the LTMF and the RTDIM fee programs will work together to address the needs for transportation improvements in Pittsburg.

Measure C/Measure J – Approved by Contra Costa County voters in 1988, Measure C imposed a one-half cent sales tax to help pay for transportation improvements over a 20-year period. The sales tax was reauthorized as Measure J in November 2004. The City of Pittsburg will be eligible to receive some Measure C/Measure J funds to help construct improvements to the local transportation network. These funds could be used to help cover the unfunded portion of the LTMF program (such as the share of project costs attributable to existing deficiencies).

Grant Programs – The City of Pittsburg routinely applies for grants through various state and federal programs (such as the Congestion Mitigation and Air Quality, or CMAQ program) to help finance public infrastructure. The timing and amount of these grants can vary substantially from year to year, depending on the availability of funds at the granting agency and the number of applicants. One of the uses for these grant funds would be to cover the costs associated with correcting existing deficiencies identified in Table 7.

LTMF PROGRAM ADMINISTRATION

As has been the case since the program's inception, the LTMF will be adjusted annually to reflect changes in construction costs. The City will track trends in project costs over time (for example, through use of the Construction Cost Index published in the Engineering News Record) and will use that information to assist in determining appropriate adjustments to the LTMF program, which could take the form of fee refunds if project costs decline or fee increases if costs escalate.

6. PROGRAM SUMMARY

This report provides a detailed discussion of the elements of the proposed Pittsburg LTMF program and explains the analytical techniques used to develop this nexus study. The report addresses all of the fee program elements required by AB 1600, as described below.

- *Identifying the purpose of the fee*

  The purpose of the LTMF program is to mitigate the traffic impacts of new development within the City, consistent with the land use and transportation policies of the General Plan, by developing an overall transportation system that will accommodate the City's expected future traffic demand.

- *Identifying how the fee will be used and the facilities to be funded through the fee*

  The fee will be used to help fund capital improvement projects necessary to accommodate future traffic demand in Pittsburg. Table 2 describes the projects to be funded through the fee.

- *Determining a reasonable relationship between the fee's use and the type of development on which the fee is imposed*

  As described in the report, different types of development generate traffic with different characteristics. The calculations presented in Tables 4, 5 and 6 account for these different characteristics by applying different per-unit fee factors to each type of development. These considerations account for the differential impacts on the local transportation system generated by different development types.

- *Determining a reasonable relationship between the need for the public facility and the type of development on which the fee is imposed*

  The need for the facilities listed in Table 2 has been established through a series of technical reports and studies conducted over the last several years, as described in Chapter 2. Table 3 shows that there are few existing deficiencies on any of the facilities to be included in this LTMF program, indicating that most of the need for improvements is going to be generated by new development.

- *Determining a reasonable relationship between the amount of the fee and the cost of the public facility (or portion of facility) attributable to new development*

  The nexus analysis presented in this report accounts for existing deficiencies in the local transportation system and does not include the costs of rectifying those deficiencies in the fee program. The costs attributable to traffic demand generated outside the City of Pittsburg are similarly removed from the program. Thus, the LTMF program is targeted toward the costs of public improvements attributable to new development within Pittsburg; Table 7 provides detailed information on these calculations.

ATTACHMENT
RESOLUTION NO. 07-10917
DOCUMENT FOLLOWS

BEFORE THE CITY COUNCIL OF THE CITY OF PITTSBURG

In the Matter of:

Approving and Adopting the December 2007 Update to the December 2006 Report: Pittsburg Local Transportation Mitigation Fee (LTMF) Program Update, Including a Revised Schedule of Local Transportation Development Impact Mitigation Fees	))))))	RESOLUTION NO. 07-10917

The City Council of the City of Pittsburg hereby finds the following to be true and correct:

1. Pursuant to the *Mitigation Fee Act*, California Government Code Section 66000, *et seq*., a local agency is authorized to charge a fee to development applicants in connection with approval of a development project for the purpose of defraying all or a portion of the costs of public facilities related to the development project.

2. In 2007, the City initiated an update of the Local Transportation Mitigation Fee Program to include an additional option to reduce the fee for residential development. That update, which was documented in a report entitled "December 2007 Update to the December 2006 Report: Pittsburg Local Transportation Mitigation Fee (LTMF) Program Update", prepared by the City's consultants (Fehr and Peers Transportation Consultants), dated December 2007 (the "Report"), included a list of capital improvement projects and optional fee structures for new development.

3. The Report establishes that projected new development within the City of Pittsburg will further congest its roadways and place additional demand on the local transportation system.

4. Future development in the City will generate the need for the additional local traffic improvements specified in the Report, and the study determined that these local traffic improvements are consistent with the City's General Plan, adopted on November 16, 2001, by City Council Resolution No. 01-9490.

5. Travelers on some of the local transportation facilities described in Table 2 of the Report, currently experience congestion and delays that are expected to increase in severity as the result of projected development. Expansion and construction of related improvements to the identified transportation facilities will enhance the flow of traffic, reduce congestion and noise, and improve safety and air quality throughout the Regional Area. Based upon this data, the City Council finds that there is a reasonable relationship between the need for the expansion and/or improvements to the identified transportation facilities and to the types of development on which the fee is imposed.

6. The Report finds that a total of twenty-nine (29) local traffic and transportation projects are necessary to accommodate future growth and its associated traffic demand. The specific transportation improvements to be financed by the fees are described in Table 2 of the Report that is deemed to be the capital improvement plan of the program.

7. The estimated costs of the capital improvements, the continued need for those improvements and the reasonable relationship between such need and the impacts of the various types of development pending or anticipated and for which the fee is charged, were studied and reviewed as a part of the project Report.

8. The local traffic/transportation projects are necessary for the safety and capacity of the transportation system as determined by planned growth forecasted by the Association of Bay Area Governments (ABAG) for the City of Pittsburg.

9. The Buchanan Road Bypass is one of 29 improvements identified by the Report as key to East Contra Costa County's transportation infrastructure. The City of Pittsburg has a current need to construct the Buchanan Road Bypass in order to divert new traffic from existing congested roads, reduce idling time and delay, create a safer pedestrian crossing for school children who attend Highlands Elementary School, and reduce emissions generated by vehicles.

10. The congested condition of some of the City's existing roads will be significantly exacerbated by new development, compromising public welfare by forcing motorists to endure long, costly delays while commuting to and from school, work, local services, and other destinations.

11. The purpose of the local transportation mitigation fee program is to generate monies that will fund the projects. The projects will improve safety and provide additional transportation capacity. In this way, the transportation system can keep pace with the planned growth in the City by providing assistance for the transportation needs and improved infrastructure contained in the City's General Plan.

12. The local transportation mitigation fees, together with other sources of revenue, will provide for the implementation of a transportation system that provides access to the major developed areas of Pittsburg and maintains acceptable travel conditions on the local transportation system. One other source of such revenues will be fee revenues from the East Contra Costa Regional Fee and Financing Authority's Regional Transportation Development Impact Mitigation (RTDIM) Fee Program, as set forth in Chapter 15.102 of the Pittsburg Municipal Code. Five (5) of the 29 projects that will be partially funded with the local transportation mitigation fees will receive a supplemental source of funding from the RTDIM fee program. The local transportation mitigation fee will be imposed at the rates set forth in this resolution and the existing, complementary RTDIM will continue to be imposed at the rates set forth by the East Contra Costa Regional Fee and Financing Authority and Council resolution pursuant to Municipal Code Chapter 15.102.

13. The local transportation mitigation fees will be used to pay for administration of the fee area and for the planning, environmental documentation, design, acquisition of right-of-way, and construction of the projects.

14. The fees expected to be generated by future developments will not exceed the total costs of constructing the local transportation improvements. There is a reasonable relationship between the amounts of the local transportation mitigation fees and the cost of the public facilities or portion of the public facilities attributable to the development on which the fee is imposed.

15. The Report establishes, by use of a five-step technical analysis, that single, Citywide uniform local transportation mitigation fees are justified as being reasonably related to the types of development on which the fees are to be imposed, and that there is a reasonable relationship between the need for the facilities described in Table 2 of the Report and the types of development on which the fees are imposed, i.e., single family, multiple family, commercial, office, industrial, and other uses. The method of allocation of the fee to a particular development within a class bears a fair and reasonable relationship to each development's burden on, and benefit from the local transportation improvements to be funded by the fees.

16. There is a reasonable relationship between the fee's use and the type of development projects on which the fees are imposed, in that the types of development subject to the fees will generate additional traffic that will place additional demand on the local transportation system. The additional traffic generated by the development projects will result in a need to expand, extend, or improve existing transportation facilities and a need to construct new facilities to mitigate the adverse traffic effects that would otherwise result from such development. Construction of the improvements specified in the Report will result in improved traffic flow, reduced congestion and noise, and improved safety and air quality in the study area.

17. The local transportation mitigation fees collected pursuant to this resolution will be used for transportation improvements that will mitigate impacts and reduce traffic congestion and delays, and improve noise, safety and air quality throughout the City, and the City Council finds that there is a reasonable relationship between the use of the local transportation mitigation fees (transportation improvements) and the type of development projects upon which the fees are imposed.

18. These fees implement policies of the City of Pittsburg General Plan adopted November 16, 2001, including the policies that new development shall contribute its fair share of the cost of public infrastructure and services. This shall include installation of public facilities, payment of impact fees, and participation in a Capital Improvement Financing Program.

19. The City Council determines that the adoption of this local transportation mitigation fees resolution is statutorily exempt from the requirements of the California Environmental Quality Act ("CEQA") pursuant to Section 21080(b)(8) of the Public Resources Code and Section 15273(a)(4) of the CEQA Guidelines because the fees collected from this action will be used for local transportation infrastructure necessary to maintain an acceptable level of service within existing service areas. Once sufficient funds are collected and prior to approval of the final alignment and configuration of the individual transportation improvement projects, the City of Pittsburg will take all other CEQA required actions. The City Council further finds that the adoption of updates in the local transportation mitigation fees annually in accordance with changes in the Engineering News Record Index is also statutorily exempt under Section 15273(a)(4) of the California Environmental Quality Act because the amount of any increase is precisely determinable based on the published change of the Index and relates solely to the increase of construction costs for the previously identified projects.

NOW, THEREFORE, the City Council of the City of Pittsburg does hereby RESOLVE:

Section I. Approval and Adoption of Report. After considering the studies and analyses prepared by the City's consultants and staff as reflected in the December 2007 Update to the December 2006 Report: Pittsburg Local Transportation Mitigation Fee (LTMF) Program Update, together with the testimony received at the public hearing, the City Council approves and adopts said Report including the Technical Appendix, and incorporates the Report by reference and makes it a part of this Resolution. The final Report is ordered to be kept on file with the City Clerk.

Section II. Basis for Findings. The Report and the referenced publications contain sufficient information for the City Council to make the above findings, and the City Council declares that it has relied thereon in reaching its conclusions and recommendations set forth herein.

Section III. Adoption of Findings. Based on this review, the City Council adopts such findings and conclusions set forth herein as its findings in support of adopting a revised schedule of local transportation mitigation fees, in accordance with the funding scenario described as Option 3 in Table 9, "Fee Options and Revenue Impacts," of the Report, attached hereto and incorporated herein.

Section IV. Adoption of Fees.

A. The fees set forth in the fee option chosen by Council, shown in Table 9 of the Report, are enacted as the Local Transportation Mitigation Fees of the City of Pittsburg for local transportation impacts.

B. Those fees established by this resolution shall, beginning on January 1, 2009, and January 1 of each year thereafter, be automatically increased or decreased from the amount then applicable by the same percentage as the percentage of increase or decrease in construction costs between September 1 of the calendar year immediately preceding September 1 of the current calendar year, based on the Engineering News-Record Construction Costs Index – San Francisco Bay Area, without further action of the City Council. The Engineering News Record Construction Cost Index for the San Francisco Bay Area is commonly used in the local engineering profession to account for changes in construction costs due to changes in material costs and labor rates observed in this region.

C. The local transportation mitigation fees collected pursuant to this resolution shall be used exclusively for the projects listed in Table 2 of the Report.

Section V. Payment of Fee.

A. The applicable local transportation mitigation fee shall be determined on the basis of the fee schedule in effect at the time a building permit, or other applicable permit is issued. If no permit is required, then the fees are payable in the amounts in effect at the commencement of the project. The Chief Building Official or other official designated by the City Manager shall determine the amount of the fee in accordance with the standards set forth in this resolution.

B. The property owner shall pay to the City, the local transportation mitigation fee imposed under this chapter in the amount established by this resolution. The fee shall be paid prior to the issuance of a building permit.

C. No building permit shall be issued for property within the City unless the local transportation mitigation fee for that property is paid as required by this resolution.

D. The local transportation mitigation fees shall also be paid as a condition of an extension or renewal of a public permit issued after passage of this resolution if a fee has not been paid previously.

Section VI. Exemptions from Fee. The local transportation mitigation fee shall not be imposed in the following instances of a development project:

A. The fee shall not be required of any project involving replacement of existing structures destroyed by fire or other natural disaster or constructed as part of a redevelopment project, or rehabilitation of existing structures where the total cost of the work undertaken is less than fifty percent (50%) of the value of the existing structure.

B. Projects involving replacing structures on property not covered under Section VI, paragraph A, shall pay a fee equal to the difference between the fee calculated for the proposed use and the fee calculated for the existing use. The amount of fee credit given for existing structures shall be based upon the current fee in effect when the fee is to be paid and only applies to the property that has structures being replaced.

C. The following uses are categorically exempt from the fees imposed by this Resolution: Christmas tree lots, seasonal fruit stands, mobile food vendors, and circuses and carnivals.

D. Any alteration or addition to a residential structure, except to the extent that a residential unit is added to a single family residential unit or another unit is added to an existing multi-family residential unit.

Section VII. Use of Fee Revenue. The revenues raised by payment of the local transportation mitigation fees shall be placed in a separate, interest-bearing account to permit accounting for such revenues and the interest that they generate.

Fees paid pursuant to this resolution shall be placed in a fund to be used solely for the purposes and projects as described below. Any interest accumulated on such funds shall also be used only for said purposes and projects.

A. To pay for acquisition/construction of the Improvements;

B. To pay for design, engineering, construction of and property acquisition for, and reasonable costs of outside consultant studies related to the Improvements;

C. To reimburse developers that have designed and constructed a usable portion of any of the Improvements with prior City approval and have entered into an agreement, as provided in Section 13, below;

D. To pay for and/or reimburse costs of the local transportation mitigation fee program development, including, but not limited to, the cost of studies, legal costs, and other costs of updating the fee; and

E. To pay for and/or reimburse costs of the City of Pittsburg's administration of the local transportation mitigation fee program, including, but not limited to, the cost of studies, legal costs, and other costs of updating the Fee.

Section VIII. Periodic Review and Adjustments to Fees.

A. Within one hundred eighty (180) days after the close of each fiscal year, the City Manager or his designee shall prepare a report for the City Council, pursuant to Government Code Section 66006, identifying the balance of fees in the account at the beginning and end of the fiscal year, the fee, interest, and other income, and the amount of expenditure by public facility, any refunds, and other expenditures.

B. The City shall make the periodic report available to the public, and the City Council shall review the report at a regularly scheduled meeting in accordance with Section 66006.

C. The City shall similarly conduct the periodic review under Government Code Section 66001(d) every five (5) years.

D. Pursuant to Government Code Section 66002, the City Council shall also annually review, as a part of its Capital Improvement Plan, the local transportation improvements to be financed with the local transportation mitigation fees. The City Council shall make findings identifying the purpose to which the existing fee balances are to be put and demonstrating a reasonable relationship between the fee and the purpose for which it is charged. This annual review may warrant adjustments to the local transportation mitigation fees adopted herein.

Section IX. Applicable Law. The local transportation mitigation fees are imposed upon new development projects, as defined and authorized by the Mitigation Fee Act, California Government Code Sections 66000 *et seq.*, and accordingly are not governed by the provisions of California Constitution Article XIIID.

Section X. Severability. Each component of the Fee and all portions of this resolution are severable. Should any individual component of the Fee or any portion of this resolution be adjudged to be invalid and unenforceable by a body of competent jurisdiction, then the remaining Fee components and/or resolution portions shall be and continue in full force and effect, except as to those Fee components and/or resolution portions that have been adjudged invalid. The City Council of the City of Pittsburg hereby declares that it would have adopted this resolution and each section, subsection, clause, sentence, phrase and other portion thereof, irrespective of the fact that one or more section, subsection, clause sentence, phrase or other portion may be held invalid or unconstitutional.

Section XI. Effective Date. This resolution shall become effective immediately. In accordance with Government Code Section 66017, the Fee shall be effective sixty (60) days from the effective date of this resolution.

PASSED AND ADOPTED by the City Council of the City of Pittsburg at a regular meeting on the 17th day of December 2007, by the following vote:

AYES: Members Evola, Kee, Parent and Mayor Casey

NOES: None

ABSENT: Member Johnson

ABSTAIN: None

Will Casey

Will Casey, Mayor

ATTEST:

Alice E. Evenson

Alice E. Evenson, City Clerk

OFFICE OF THE CITY MANAGER/EXECUTIVE DIRECTOR
65 Civic Avenue
Pittsburg, CA 94565

DATE: 12/11/2007

TO: Mayor and Council Members

FROM: Marc S. Grisham, City Manager

SUBJECT: **APPROVAL AND ADOPTION OF THE DECEMBER 2007 UPDATE TO THE DECEMBER 2006 REPORT: PITTSBURG LOCAL TRANSPORTATION MITIGATION FEE (LTMF) PROGRAM UPDATE, INCLUDING NEW FEE OPTIONS TABLE (Continuation of a Public Hearing held on November 17, 2007)**

MEETING DATE: 12/17/2007

EXECUTIVE SUMMARY

The attached resolution will adopt new local transportation mitigation fees based upon a December 2007 Update to the December 2006 Report, Pittsburg Local Transportation Mitigation Fee (LTMF) Program Update (the "Report"). The Report was prepared by the City's consultant, Fehr & Peers, Transportation Consultants, and includes a new option (Option 3) to reduce the current residential fees by approximately 9.3%.

FISCAL IMPACT

The City collects and maintains an account for the local transportation mitigation fee (the "fee") from developers, and administers the fee projects' construction. If City Council approves staff's recommendation to adopt Option 3, listed in Table 9 of the Report, the current single-family residential fee of $7170 per dwelling unit (DU) would be reduced to $6500 / DU, the current multi-family residential fee of $4370 / DU would be reduced to $3962 / DU, the current retirement community fee of $2870 / DU would be reduced to $2602, and the current commercial and industrial fee of $1.26 per square foot would remain the same.

RECOMMENDATION

Staff recommends the City Council approve and adopt the December 2007 Update to the December 2006 Report: Pittsburg Local Transportation Mitigation Fee (LTMF) Program Update. Further, staff recommends the City Council adopt Option 3 listed in Table 9, "Fee Options and Revenue Impacts," of the Report and adopt a fee schedule based upon it, with an additional 1% mark-up for administrative and legal costs. Administrative and legal costs have been shown in the past to exceed the 1% mark-up recommended for this fee.

BACKGROUND

Under Municipal Code Chapter 15.90, the City has adopted a Local Transportation Mitigation Fee (the "LTMF"). Projected new development in the City will further congest the roadways and thoroughfares and increase traffic delays in the City. City Council Resolution No. 92-7789 originally set the amount of the LTMF and directed an annual review of the dollar amount of the LTMF.

On November 17, 1997, City Council adopted Ordinance 97-1130. This ordinance approved the "Final Report: Pittsburg Traffic Mitigation Fee Study Update", prepared by Fehr & Peers Associates, Inc., dated October 23, 1997, and amended Table 1, "Mitigation Fees by Land Use," contained in Municipal Code Section 15.90.060. The specific transportation improvements to be financed by the LTMF are described in the Report, on file with the City Clerk.

City Council has since periodically adjusted the LTMF based on increased construction costs and updated the Report to account for new development projections and additional projects.

On December 18, 2006 City Council adopted Resolution No. 06-10687, Rescinding Resolution No. 06-10651 and approving and adopting the most recent Pittsburg Local Transportation Mitigation Fee Program Update Report, including a revised schedule of local transportation mitigation fees and a revised list of transportation improvement projects, and adoption of an Ordinance amending Chapter 15.90, "Transportation Mitigation Fee," of the Pittsburg Municipal Code.

On November 19, 2007 City Council held a public hearing to consider the 2007 Update to Final Report: Pittsburg Local Transportation Mitigation Fee (LTMF) Program Update. The public hearing was continued to December 17, 2007.

SUBCOMMITTEE FINDINGS

Not applicable.

STAFF ANALYSIS

The item for Council action tonight is related to the City's Local Transportation Mitigation Fee Program. Attached is a resolution approving and adopting a December 2007 Update to the December 2006 Report, Pittsburg Local Transportation Mitigation Fee (LTMF) Program Update. The Report includes a new table of fee options and revenue impacts (Table 9).

Staff is recommending the City Council approve and adopt this Report, along with the attached LTMF schedule based upon option 3 listed in Table 9 of the Report. This is consistent with other similar development fee reductions (e.g. the Regional Transportation Development Impact Mitigation fee), which serve to encourage development in Pittsburg.

A 1% mark-up for administrative and legal costs will be added to the LTMF fee schedule.

ATTACHMENTS: Resolution
December 2007 Update to the December 2006 Report: Pittsburg Local Transportation

Mitigation Fee (LTMF) Program Update, and Technical Appendix
2008 LTMF Schedule

Report Prepared By: Paul Reinders

EXHIBIT "A"

2008 LTMF SCHEDULE

Land Use Category	Fee Units	Local Transportation Mitigation Fees (LTMF) Fees	LTMF Fees with City of Pittsburg Administrative Costs (1%)
Single family residential (Rural Estate, Low Density Residential, Low Density Hillside, Rural Residential)	Per dwelling unit	$ 6,500	$ 6,565
Multiple family residential (Medium Density, High Density)	Per dwelling unit	$ 3,962	$ 4,002
Retirement Community	Per dwelling unit	$ 2,602	$ 2,628
Commercial (Neighborhood Commercial, Community Commercial, Service Commercial)	Per square foot of gross floor area	$ 1.26	$ 1.27
Office (Office Commercial)	Per square foot of gross floor area	$ 1.26	$ 1.27
Industrial	Per square foot of gross floor area	$ 1.26	$ 1.27
Other	Per peak hour trip as determined	$ 6,500	$ 6,565

ATTACHMENT
RESOLUTION NO. 10-11533
DOCUMENT FOLLOWS

BEFORE THE CITY COUNCIL OF THE CITY OF PITTSBURG

In the Matter of:

Resolution Adopting the 2010 East Contra Costa Regional Fee Program Update And Establishing Fees for City's PRTDIM Program Pursuant to Pittsburg Municipal Code Section 15.103.020	)))))	RESOLUTION NO. 10-11533

The City Council of the City of Pittsburg DOES RESOLVE as follows:

WHEREAS, since 1994 the City of Pittsburg has imposed a regional traffic development impact mitigation fee on new development in the City to pay for new development's fair share of required regional transportation infrastructure improvements; and

WHEREAS, on September 20, 2010, the City Council adopted an urgency ordinance codifying Pittsburg Municipal Code Chapter 15.103, which established a new Pittsburg Regional Transportation Development Impact Mitigation Fee ("PRTDIM") program in the City of Pittsburg; and

WHEREAS, the City retained Fehr & Peers to prepare a PRTDIM fee nexus study ("Fee Study") entitled "2010 East Contra Costa Regional Fee Program Update," in accordance with the requirements of Government Code Section 66000 et seq. ("Mitigation Fee Act"); and

WHEREAS, the Fee Study identifies a list of necessary regional transportation improvements approved by the City and its regional transportation partners, including the East Contra Costa Regional Fee and Financing Authority; and

WHEREAS, the Fee Study provides information and data regarding the nexus between the identified regional transportation improvements and the benefitting land uses that would pay the PRTDIM fees at the time of development; and

WHEREAS, it is the City's policy that new development should contribute its fair share to public facilities and services through the imposition of impact fees which are used to finance, defray or reimburse the City for the costs of facilities required to serve such new development; and

WHEREAS, on September 20, 2010, the City Council held a duly noticed public hearing on the proposed PRTDIM fees consistent with the Mitigation Fee Act; and

WHEREAS, the Fee Study prepared by Fehr & Peers has been made available to the public for review and comment at least ten (10) days before the public hearing on the proposed PRTDIM fees consistent with the Mitigation Fee Act; and

WHEREAS, pursuant to the provisions of Pittsburg Municipal Code Chapter 15.103, the City Council of the City of Pittsburg desires to impose and adopt the Fee Study and identified PRTDIM fees in accordance with the nexus calculations and recommendations in the Fee

Study.

NOW, THEREFORE, the City Council finds and determines as follows:

Section 1. Recitals

The City Council hereby finds and determines that the above recitals are true and correct and have served as the basis, in part, for the findings and actions of the City set forth below.

Section 2. Mitigation Fee Act Compliance

The City Council finds and determines that the 2010 East Contra Costa Regional Fee Program Update ("Fee Study") prepared by Fehr & Peers, attached as Exhibit A to the staff report and incorporated herein by this reference, complies with the requirements of the Mitigation Fee Act by establishing the basis for the imposition of the fees on new development. This finding is based on the fact that the Fee Study:

A. Identifies the purpose of the fees;
B. Identifies the use to which the fees will be put;
C. Shows a reasonable relationship between the use of the fees and the type of development project on which the fees are imposed;
D. Demonstrates a reasonable relationship between the need for the public facilities and the type of development projects on which the fees are imposed;
E. Demonstrates a reasonable relationship between the amount of the fees and the cost of the public facilities or portion of the public facilities attributable to the development on which the fees are imposed.

Section 3. Use of PRTDIM Fees

The City Council hereby determines that the fees collected pursuant to Pittsburg Municipal Code Chapter 15.103 shall be used to finance and implement the public facilities described or identified in the Fee Study, plus related administrative costs including consultant, legal, City staff and other expenses incurred in developing and/or administering the Fee.

Section 4. Project Descriptions and Cost Estimates

The City Council has considered the specific project descriptions and cost estimates identified in the Fee Study and hereby approves such project descriptions and cost estimates and finds them reasonable as the basis for calculating and imposing the PRTDIM fees.

Section 5. Adoption of Fee Study

The City Council hereby adopts the 2010 East Contra Costa Regional Fee Program Update ("Fee Study") prepared by Fehr & Peers, attached as Exhibit A to the staff report and incorporated herein by this reference, consistent with Pittsburg Municipal Code Section 15.103.020.

Section 6. Adoption of PRTDIM Fees

The City Council hereby adopts the PRTDIM fee schedule attached as Exhibit B to the staff report and incorporated herein by this reference, consistent with Pittsburg Municipal Code Section 15.103.020.

Section 7. Severability

If any Section of this Resolution is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining Sections shall nevertheless continue in full force and effect without being impaired or invalidated in any way.

Section 8. Effective Date

This Resolution shall take effect immediately upon adoption, consistent with the urgency ordinance adopted by the City Council on September 20, 2010 codifying the PRTDIM program at Pittsburg Municipal Code Chapter 15.103.

Section 9. Application of Fees

The fees established by the PRTDIM program and identified in this Resolution shall be applied to all new development within the City as of September 7, 2010.

APPROVED AND ADOPTED by the City Council of the City of Pittsburg at a regular meeting on the 20th day of September, 2010, by the following vote:

AYES:	Casey, Johnson, Parent, Evola
NOES:	Kee
ABSTAINED:	None
ABSENT:	None

Salvatore N. Evola

Salvatore N. Evola, Mayor

ATTEST:

Alice E. Evenson

Alice E. Evenson, City Clerk

Final Report

East Contra Costa Regional Fee Program Update

September 2010

WC10-2756

FEHR & PEERS
TRANSPORTATION CONSULTANTS

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1. INTRODUCTION

BACKGROUND

The purpose of a regional transportation impact fee program is to support an overall regional transportation system in East County that serves the expected future travel demand. The East Contra Costa Regional Fee and Financing Authority (ECCRFFA or the Authority) is a regional planning agency charged with obtaining the funding for regional transportation improvement projects in eastern Contra Costa County. The Authority's jurisdiction has traditionally encompassed the eastern portion of the County, including unincorporated areas as well as the Cities of Antioch, Brentwood, Oakley, and Pittsburg.

The Authority first implemented a transportation impact fee in 1994. The original fee program is documented in *Response to Proposed Route 4 Bypass Authority Development Fee Program*, Korve Engineering, April 1993. The fee was designed to provide a contribution from new development toward a series of regional transportation improvements, such as the State Route (SR) 4 Bypass and the widening of SR 4 through Pittsburg and Antioch. Working with the member agencies and Caltrans, the Authority has successfully utilized fee revenue to initiate the design and construction of the SR 4 Bypass, and has contributed funds to other regionally significant projects.

The fee program has undergone some modifications in the intervening years, with the fee levels for each community being changed periodically to reflect changes in construction costs. The Authority conducted an update of the fee program in 2001 to help fund an expanded list of regional transportation improvements. As the program update process was proceeding, a second joint powers authority was established (the East County Transportation Improvement Authority, or ECTIA). The fee structures for both Authorities were finalized in January 2002, and fees were levied by both Authorities to support different lists of improvement projects. A combined Strategic Plan was published in February 2003 outlining the cash flow projections and project prioritization for the regional improvements supported by the fee programs.

In 2005, the two fee Authorities were combined into a single entity by dissolving ECTIA and updating ECCRFFA to cover a comprehensive set of needed improvements to the regional transportation system. An updated nexus study was conducted and documented in the *Final Report: East Contra Costa Regional Fee Program Update*, June 2005. All of the jurisdictions adopted an updated fee schedule at that time, which has been annually adjusted to account for construction cost changes.

PURPOSE OF CURRENT STUDY

In the summer of 2010, the City of Pittsburg formally withdrew from ECCRFFA and requested that the June 2005 nexus study report be updated. This document is intended to update the June 2005 report. The key information from the June 2005 report has been maintained: for example, the list of capital improvement projects remains the same, and the same analytical methods and procedures are used in the fee calculations. Updated information has been applied where available: for example, updates have been applied to the project cost estimates as well as the projections of future land development in the East County area, and the most recent version of the Contra Costa Transportation Authority (CCTA) regional travel model has been used.

The structure of the report remains similar, with some changes made to reflect current conditions. Notations have been added to explain where elements of the June 2005 nexus study have been maintained as is, and where updates have been incorporated. The reader is encouraged to refer directly to the original June 2005 report for specific information about the nexus study conducted at that time.

ORGANIZATION OF THE REPORT

This report contains a total of four chapters including this introductory chapter.

- *Chapter II* – Current Fee Program summarizes the status of the current ECCRFFA fee program and identifies the projects included in the program.
- *Chapter III* – Analysis describes the methods used and the results of the technical analysis conducted to establish the nexus.
- *Chapter IV* – Funding Considerations discusses fee options and other sources of funds for the overall regional transportation improvement program.

2. CURRENT FEE PROGRAM

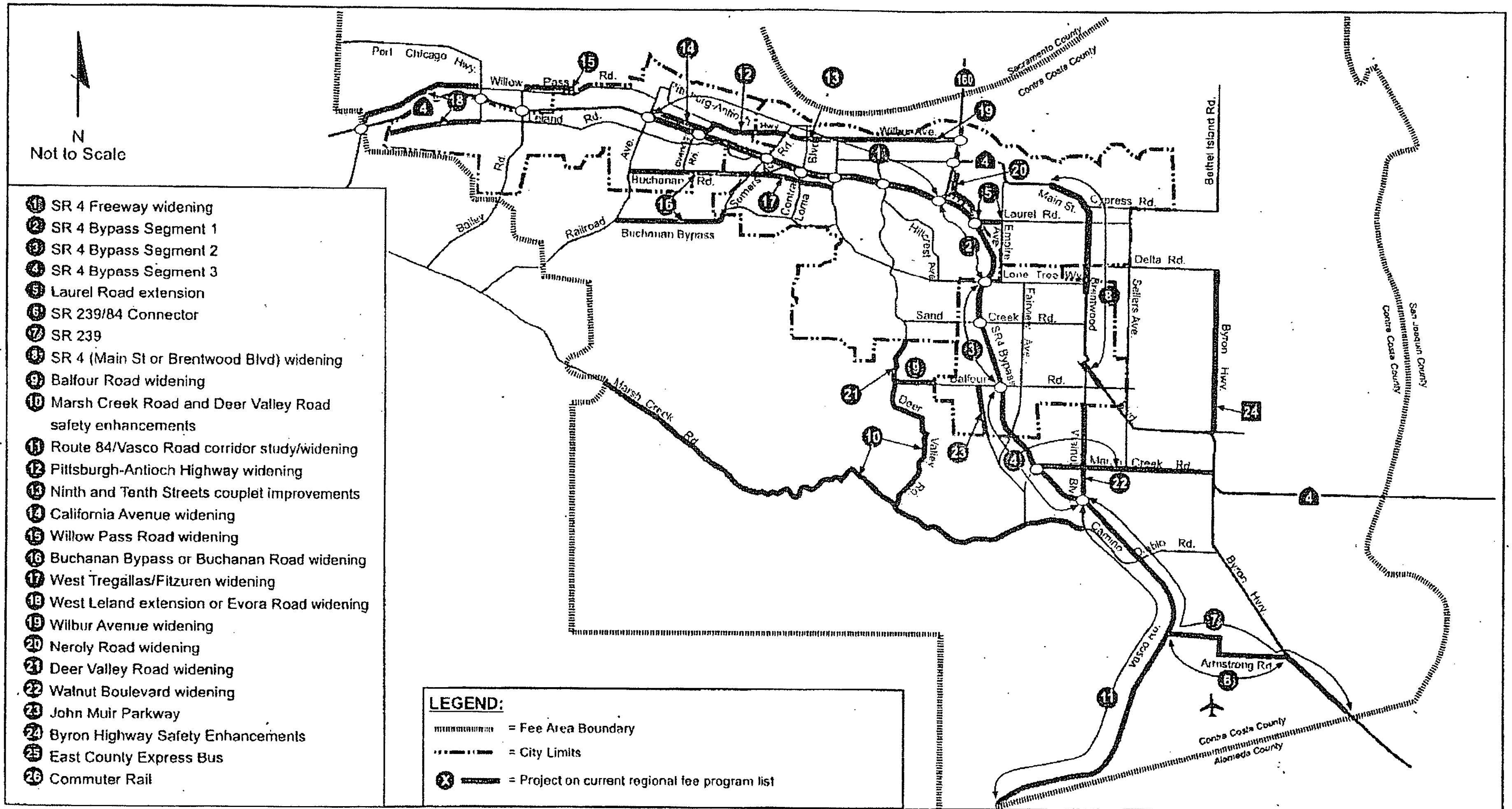
Eastern Contra Costa County is an area that has experienced considerable population and employment growth. This growth in population and employment translates into increased demand for travel, and congestion on East County's freeways and arterial roads has resulted. The *Route 4 East Corridor Major Investment Study*, May 1999, as well as the *SR 4 Corridor System Management Plan* currently being prepared by Caltrans and the Metropolitan Transportation Commission (MTC), are two of the regional planning documents that provide extensive information on travel trends and expected growth in East County, and forecast increasing congestion on the major facilities in the area without substantial improvements to the transportation system.

Currently, the ECCRFFA fee program includes 26 transportation improvement projects, such as the widening of the SR 4 freeway, continued construction of the SR 4 Bypass, improvements to local arterial roads such as Willow Pass Road and Balfour Road, and the extension of major regional transit service through eBART. The current fee schedule is shown in Table 1, and a map of the projects is provided on Figure 1.

TABLE 1
CURRENT ECCRFFA REGIONAL TRANSPORTATION DEVELOPMENT IMPACT FEES

Land Use	Unit	Fee per Unit
Single-Family	DU	$ 17,795.00
Multi-Family	DU	$ 10,924.00
Commercial	Sq. Ft.	$ 1.49
Office	Sq. Ft.	$ 1.31
Industrial	Sq. Ft.	$ 1.31
Other	Unit	$ 17,795.00

Source: East Contra Costa Regional Fee and Financing Authority; fees effective January 1, 2010.



EAST COUNTY REGIONAL FEE PROJECTS

FIGURE 1

3. ANALYSIS

This chapter describes the analytical process used to determine the nexus between the impact from new development in East County and the needed improvements. The focus of the fee program is on developing a regional transportation system that will accommodate the expected future traffic demand.

The technical analysis for this study was completed through a series of six steps. Each is listed below, along with a brief description. Specific notations are included to denote which analytical steps have been maintained from the original June 2005 study, and which have been updated.

Step 1 – Determine Capacity Needs to Accommodate Future Growth

The June 2005 nexus study conducted an analysis to determine the need for future capacity improvements in East County in order to accommodate the expected future travel demand. Estimates of future travel in East County based on the then-current regional land use projections from the Association of Bay Area Governments (ABAG) were used to evaluate the expected future traffic demand in the major corridors serving regional traffic, namely the east-west corridor along existing SR 4 and the north-south corridor along the future SR 4 Bypass. This "screenline" analysis was used to determine how many lanes of additional roadway capacity would be needed to accommodate the expected future demand.

Since the June 2005 study was conducted, new travel demand modeling tools have been developed by the Contra Costa Transportation Authority (CCTA) and used throughout Contra Costa County, and new land use projections have been developed by ABAG. In order to confirm the screenline analysis from the June 2005 study, we applied the most recent version of the CCTA model, which produces forecasts of future travel demand to the year 2030, and examined the results for the same locations evaluated in the original study. The new model produces estimates of future traffic volumes throughout the regional corridors in the East County that are similar to or higher than the results shown in the June 2005 study. This confirms that the capacity enhancements identified in the 2005 study as being necessary to serve future demand remain needed.

Step 2 – Identify Needed Improvement Projects and Costs

As documented in the June 2005 nexus study, the participating jurisdictions worked together in extensive coordination meetings to define a set of transportation projects that would provide the capacity estimated to be needed through the analysis described above. The list of capital improvement projects identified through that process has been maintained in this updated report, and is provided in Table 2. The regional benefit of the roadway improvement projects is linked to the capacity needs identified through the screenline analysis described in Step 1. For transit projects, benefits derive from improved connectivity to regional destinations and additional transportation choices for East County travelers.

It should be noted that, as was the case in the June 2005 report, a few elements of the capital improvement projects on the list in Table 2 have been constructed. The purpose of the nexus study is to establish the relationship between the impacts caused by development in East County and the costs to address those impacts by improving the regional transportation system, and to calculate the maximum fee that would result from those improvements (while acknowledging that the actual fee charged has always been substantially less than the maximum). While some elements of that regional system have now been built, many other elements are either under construction or remain to be completed. For purposes of consistency, all elements of the system remain on the project list, and before calculating the maximum fees, we deduct the value of all the regional fees that have been collected to date, in order to account for the fact that development that has occurred over the past 16 years has already contributed to the regional improvements.

Estimated costs for each of the improvements were provided by the sponsoring agency as part of the June 2005 nexus study.. In cases where more recent cost estimates are now available, those have been incorporated into this updated report and are noted in Table 2. In cases where more recent cost estimates were not readily available, we have applied an index factor to adjust the original cost estimates to reflect current conditions. The cost index factor reflects the San Francisco regional Construction Cost Index as published in the Engineering News Record (ENR), and equates to 1.186 (or an 18.6% increase in costs). This cost adjustment is the same as the net adjustment that has been applied to the ECCRFFA fees cumulatively over the past five years to adjust them for changes in construction costs.

TABLE 2
CAPITAL IMPROVEMENT PROJECT LIST AND ESTIMATED COSTS

Number	Project	Description	Jurisdiction	Cost Estimate from 2005 Report ($ million)	New Cost Estimate ($ million)
1	SR 4 Freeway widening	Railroad Avenue to Loveridge Road, widen to 8 lanes	CCTA	$ 98.0	$ 101.0[1]
		Loveridge Road to Somersville Road, widen to 8 lanes	CCTA	$ 75.0	$ 167.0[1]
		Somersville Road to Bypass (8 lanes to Hillcrest, 6 lanes to Bypass)	CCTA	$ 240.0	$ 426.0[1]
		Hillcrest Avenue Interchange expansion	Antioch, CCTA	$ 10.0	$ 11.9[2]
2	SR 4 Bypass Segment 1	Phase 1: 6 lanes to Laurel Road, interchanges at Laurel Road and Lone Tree Way	Bypass Authority	$ 103.6	$ 106.0[1]
		Phase 2: SR 160 Interchange	Bypass Authority	$ 25.0	$ 50.0[1]
		Laurel interchange, phase 2	Bypass Authority	$ 1.0	$ 1.2[2]
3	SR 4 Bypass Segment 2	Phase 1: 2 lanes	Bypass Authority	$ 20.0	$ 29.0[1]
		Phase 2: 4 lanes, Sand Creek Road to Balfour Road	Bypass Authority	$ 16.0	$ 20.8[1]
		Widen to 6 lanes, Laurel Road to Sand Creek Road	Bypass Authority	$ 38.0	$ 45.1[2]
		Sand Creek Road Interchange	Bypass Authority	$ 30.0	$ 32.9[1]
4	SR 4 Bypass Segment 3	Balfour to Marsh Creek Road (2 lanes) plus Marsh Creek east-west connector	Bypass Authority	$ 44.0	$ 80.0[1]
		Vasco Road Extension, Marsh Creek Road to Vasco Road, 2 lanes	Bypass Authority	$ 10.0	$ 11.9[2]
		Segment 3, widen to 4 lanes	Bypass Authority	$ 38.0	$ 45.1[2]
		Balfour Road Interchange	Bypass Authority	$ 36.0	$ 68.8[1]
		Marsh Creek Road Interchange	Bypass Authority	$ 24.0	$ 28.5[2]
		Vasco Road Interchange	Bypass Authority	$ 20.0	$ 23.7[2]
5	Laurel Road Extension	SR4 Bypass to Empire Avenue, 6 lanes	Antioch, Oakley	$ 24.2	$ 28.7[2]
6	SR 239/84 Connector	Armstrong Road extension, 2 lanes (formerly Byron Airport Road)	County	$ 6.1	$ 7.2[2]
7	SR 239	Corridor study and preliminary design (no construction costs)	County	$ 10.0	$ 10.0[3]
8	SR 4 (Main Street or Brentwood Boulevard) widening	Vintage Parkway in Oakley to Marsh Creek bridge in Brentwood and Chestnut Street to Balfour Road in south Brentwood, 4 lanes	Oakley, Brentwood	$ 31.0	$ 36.8[2]

TABLE 2
CAPITAL IMPROVEMENT PROJECT LIST AND ESTIMATED COSTS

Number	Project	Description	Jurisdiction	Cost Estimate from 2005 Report ($ million)	New Cost Estimate ($ million)
9	Balfour Road widening	Deer Valley Road to Brentwood city limits, widen to 4 lanes	County	$ 6.8	$ 8.1[2]
10	Marsh Creek Road and Deer Valley Road safety enhancements	Marsh Creek: Walnut Blvd to Clayton Deer Valley: Balfour to Marsh Creek Rd	County	$ 14.2	$ 16.8[2]
11	Route 84/Vasco Road	Widen to 4 lanes to County line	County	$ 209.0	$ 247.9[2]
Northern Parallel Arterials					
12	Pittsburg-Antioch Highway	Somersville Road to Loveridge Road, widen to 4 lanes	Antioch, Pittsburg	$ 11.0	$ 13.0[2]
13	Ninth and Tenth Streets	A Street to L Street, couplet improvements	Antioch	$ 4.5	$ 5.3[2]
14	California Avenue	Railroad Avenue to Loveridge Road, widen to 4 lanes	Pittsburg	$ 16.7	$ 19.8[2]
15	Willow Pass Road	Range Road to Loftus Road and Bailey Road to city limits, widen to 4 lanes	Pittsburg, County	$ 6.9	$ 8.2[2]
Southern Parallel Arterials					
16	Buchanan Bypass	New 4-lane arterial (perhaps 2 lanes, depending on studies)	Pittsburg	$ 40.0	$ 47.5[2]
	or Buchanan Road	Railroad Avenue to Somersville Road, widen to 4 lanes	Pittsburg, Antioch		
17	West Tregallas Road/ Fitzuren Road	Lone Tree Way to Buchanan Road, widen to 4 lanes	Antioch	$ 25.0	$ 29.7[2]
18	West Leland Road	Extend from San Marco to Avila Road (Concord)	Pittsburg	$ 11.6	$ 13.8[2]
	or Evora Road	Willow Pass Road (BP) to Willow Pass Road (Concord), widen to 4 lanes	County		
Regional Arterial Projects					
19	Wilbur Avenue	Minaker Dr. to SR 160, widen to 4 lanes	Antioch, County	$ 20.0	$ 23.7[2]
20	Neroly Road	Oakley Rd to Laurel Rd, widen to 4 lanes	Oakley	$ 5.0	$ 5.9[2]
21	Deer Valley Road	Antioch city limits to Balfour Road, widen to 4 lanes	County	$ 9.0	$ 10.7[2]
22	Walnut Boulevard	Brentwood city limits to SR 4 Bypass, widen to 4 lanes	County	$ 12.0	$ 14.2[2]
23	John Muir Parkway	New roadway between Balfour Road and Fairview Avenue	Brentwood	$ 11.4	$ 13.5[2]
24	Byron Highway	Delta Road to SR 4, safety enhancements	County	$ 3.6	$ 4.3[2]
Regional Transit Projects					
25	East County Express Bus		Tri-Delta Transit	$ 8.3	$ 9.8[2]
26	Commuter Rail (eBART)		CCTA	$ 377.0	$ 462.0[1]
Total Cost				$ 1,691.9	$ 2,285.8

1. Updated cost information was provided by sponsoring agency.
2. Updated cost was derived by applying construction cost escalation factor of 18.6% to 2005 cost estimate.
3. No escalation factor applied, because this project does not involve construction.

Step 3 – Identify Existing Deficiencies on Regional Network

By definition, a fee program charges fees to new development in order to fund transportation improvements necessary to serve the demand and impacts generated by that new development. The following procedure was used to determine if any of the transportation projects identified in Step 2 were on facilities that experience current traffic problems, as defined by the region.

As required by Contra Costa County's Measures C and J, the transportation planning committee for East County (TRANSPLAN) regularly prepares an Action Plan for the Routes of Regional Significance in the subregion. The Action Plan defines quantifiable Traffic Service Objectives (TSOs) for each major regional facility and actions necessary to achieve those objectives. CCTA periodically prepares a TSO Monitoring Report to document the current status of the TSOs and progress made toward achieving them. At the time of the June 2005 report, the available TSO Monitoring Report was dated December 2004. Since then, the 2007 TSO Monitoring Report was prepared and published in September 2008.

While a new Action Plan was completed in 2009 that defined slightly different "multimodal" transportation service objectives (MTSOs), a new MTSO monitoring report has not yet been prepared. Therefore, we will refer to the 2004 and 2007 TSO monitoring reports. The TSO monitoring reports are used to determine the status of the facilities identified in Step 2 as needing improvement. If the reports indicate that a facility identified in Step 2 is not currently meeting its applicable TSO, then that facility is flagged as an existing deficiency.

In the East County area, the Delay Index is the primary TSO used to assess the performance of major road segments along regional freeways and arterials. The Delay Index is a measure of traffic congestion, and is defined as the ratio of the time required to travel between two points during the peak hour when roads are most congested, to the time required during uncongested off-peak times. On rural routes, a measure of peak hour Level of Service (LOS) for rural highways is used in addition to the Delay Index TSO. In conjunction with the participating jurisdictions during the preparation of the June 2005 report, it was determined that the Delay Index and Rural Highway LOS TSOs were the appropriate measures of current transportation system performance to use in evaluating the presence of existing deficiencies in East County.

The 2004 TSO Monitoring Report indicated that two of the facilities identified for improvement in the fee program were not meeting the relevant TSO. These facilities were: State Route 4 between Loveridge Road and Hillcrest Avenue, which exceeded the Delay Index TSO during the AM peak hour; and Buchanan Road between Railroad Avenue and Somersville Road, which exceeded the Delay Index TSO during both the AM and PM peak hours. The June 2005 study therefore considered these two facilities to have existing deficiencies, and the costs for improving them were treated differently, as described in more detail under Step 4 below.

The 2007 TSO Monitoring Report contains somewhat different information about existing deficiencies. The report indicated that TSOs were not being met at the following locations: Vasco Road, which exceeded the roadway segment LOS standard during both AM and PM peak hours; Evora Road, which exceeded the Delay Index TSO during the AM peak hour; and Buchanan Road, which exceeded the Delay Index TSO during the PM peak hour.

In order to preserve consistency with the June 2005 nexus study, and also to present a conservative fee calculation, all of the facilities identified as deficient in <u>either</u> the 2004 or 2007 TSO Monitoring Report are being treated as existing deficiencies in this study. The remainder of the regional facilities highlighted for improvement in this program are not subject to exceedances of the established TSOs.

Step 4 – Calculate Project Costs Attributable to New Development

For improvement projects on facilities that are not subject to an existing deficiency (as defined in Step 3), the need for the improved facility is being generated by new development rather than by existing transportation problems. Therefore, all of the estimated project costs are included in the fee program.

For projects on facilities that have been identified as experiencing existing deficiencies, the cost of the improvement was divided between existing development and new development. The cost share attributable to new development, and therefore included in the fee program, was calculated as follows:

1. Quantify the existing deficiency by determining the current traffic volumes that exceed the available capacity. For example, if a facility with a theoretical capacity of 2,000 vehicles is currently carrying 2,200 vehicles, the existing deficiency would be calculated as 2,200 – 2,000 = 200.

2. Determine the future traffic growth by subtracting the current traffic volumes from the forecasted future traffic volumes. For example, if the future demand on that facility is projected to be 2,500 vehicles, the future traffic growth would be calculated as 2,500 – 2,200 = 300.

3. Define the overall benefit of the project as the correction of the existing deficiency (from number 1 above) plus the accommodation of future growth (from number 2). In our example, the overall benefit of improving the road would be to correct the existing deficiency of 200 vehicles and to accommodate the future growth of 300 vehicles, for a total benefit of 500.

4. Calculate new development's share of the benefit as the result of number 2 divided by number 3. In this case, the share of the benefit to new development would be 60%, or 300 divided by 500. Therefore, 60% of the project cost would be included in the fee program. The remaining 40% of the project cost would need to be funded through other sources.

Based on the discussion in Step 3 above, the projects that were considered to address existing deficiencies include the State Route 4 Freeway Widening, Buchanan Road, Vasco Road, and Evora Road. Table 2 shows the resulting amounts that would be included in the fee program in the column titled Potential Fee Contribution. For SR 4 (project #1), the fee program contains about 93% of the total cost. For Buchanan Road (project #16), the fee program contains 68% of the project cost. For Vasco Road (project #11), the fee program contains 82% of the project cost, and for Evora Road (project #18), the fee program contains 92% of the cost.

The cost shares for a few other unique projects were addressed differently.

- For the construction of John Muir Parkway (project #23), the developments fronting that road are conditioned to provide a portion of the improvement (equivalent to $8.8 million), so only the remaining cost is included in the fee program.
- The projects to construct safety enhancements along Marsh Creek and Deer Valley Roads (project #10) and along Byron Highway (project #24) do not add lanes of capacity to the subject roads, but do correct roadway safety issues that will be exacerbated by the growth in traffic due to new development. Both existing and new traffic will benefit from improvements that address safety issues. Therefore, the fee program covers a percentage of the cost equal to the expected growth in overall development. In this case, new growth is expected to constitute 23% of the total future development in East County, so 23% of the cost of this project is included in the fee program.
- Regional transit projects (Express Bus in project #25 and eBART in project #26) are addressed similarly to the Marsh Creek/Deer Valley Roads safety enhancement project described above. Again, because new growth is expected to constitute 23% of the total future development in East County, 23% of the cost of these projects is included in the fee program. As described in Step 2, many East County residents will benefit in some way from these regional transit improvements, no matter where they live and whether they are a new resident or an existing one.

Table 3 shows the total costs of each project, as well as the portion of the cost that is considered to be eligible for funding through the regional fee program (i.e., the portion of the cost that reflects the application of the various percentages described above).

TABLE 3
PROJECT COSTS ELIGIBLE FOR FEE FUNDING

Number	Project	Description	Jurisdiction	Total Cost ($ million)	Cost Eligible for Fee Funding ($ million)
1	SR 4 Freeway widening	Railroad Avenue to Loveridge Road, widen to 8 lanes	CCTA	$ 101.0	$ 93.9[1]
		Loveridge Road to Somersville Road, widen to 8 lanes	CCTA	$ 167.0	$ 155.3[1]
		Somersville Road to Bypass (8 lanes to Hillcrest, 6 lanes to Bypass)	CCTA	$ 426.0	$ 396.2[1]
		Hillcrest Avenue Interchange expansion	Antioch, CCTA	$ 11.9	$ 11.0[1]
2	SR 4 Bypass Segment 1	Phase 1: 6 lanes to Laurel Road, interchanges at Laurel Road and Lone Tree Way	Bypass Authority	$ 106.0	$ 106.0
		Phase 2: SR 160 Interchange	Bypass Authority	$ 50.0	$ 50.0
		Laurel interchange, phase 2	Bypass Authority	$ 1.2	$ 1.2
3	SR 4 Bypass Segment 2	Phase 1: 2 lanes	Bypass Authority	$ 29.0	$ 29.0
		Phase 2: 4 lanes, Sand Creek Road to Balfour Road	Bypass Authority	$ 20.8	$ 20.8
		Widen to 6 lanes, Laurel Road to Sand Creek Road	Bypass Authority	$ 45.1	$ 45.1
		Sand Creek Road Interchange	Bypass Authority	$ 32.9	$ 32.9
4	SR 4 Bypass Segment 3	Balfour to Marsh Creek Road (2 lanes) plus Marsh Creek east-west connector	Bypass Authority	$ 80.0	$ 80.0
		Vasco Road Extension, Marsh Creek Road to Vasco Road, 2 lanes	Bypass Authority	$ 11.9	$ 11.9
		Segment 3, widen to 4 lanes	Bypass Authority	$ 45.1	$ 45.1
		Balfour Road Interchange	Bypass Authority	$ 68.8	$ 68.8
		Marsh Creek Road Interchange	Bypass Authority	$ 28.5	$ 28.5
		Vasco Road Interchange	Bypass Authority	$ 23.7	$ 23.7
5	Laurel Road Extension	SR4 Bypass to Empire Avenue, 6 lanes	Antioch, Oakley	$ 28.7	$ 28.7
6	SR 239/84 Connector	Armstrong Road extension, 2 lanes (formerly Byron Airport Road)	County	$ 7.2	$ 7.2
7	SR 239	Corridor study and preliminary design (no construction costs)	County	$ 10.0	$ 10.0
8	SR 4 (Main Street or Brentwood Boulevard) widening	Vintage Parkway in Oakley to Marsh Creek bridge in Brentwood and Chestnut Street to Balfour Road in south Brentwood, 4 lanes	Oakley, Brentwood	$ 36.8	$ 36.8
9	Balfour Road widening	Deer Valley Road to Brentwood city limits, widen to 4 lanes	County	$ 8.1	$ 8.1
10	Marsh Creek Road and Deer Valley Road safety enhancements	Marsh Creek: Walnut Blvd to Clayton Deer Valley: Balfour to Marsh Creek Rd	County	$ 16.8	$ 3.9[3]
11	Route 84/Vasco Road	Widen to 4 lanes to County line	County	$ 247.9	$ 203.3[1]
Northern Parallel Arterials					
12	Pittsburg-Antioch Highway	Somersville Road to Loveridge Road, widen to 4 lanes	Antioch, Pittsburg	$ 13.0	$ 13.0
13	Ninth and Tenth Streets	A Street to L Street, couplet improvements	Antioch	$ 5.3	$ 5.3

TABLE 3
PROJECT COSTS ELIGIBLE FOR FEE FUNDING

Number	Project	Description	Jurisdiction	Total Cost ($ million)	Cost Eligible for Fee Funding ($ million)
14	California Avenue	Railroad Avenue to Loveridge Road, widen to 4 lanes	Pittsburg	$ 19.8	$ 19.8
15	Willow Pass Road	Range Road to Loftus Road and Bailey Road to city limits, widen to 4 lanes	Pittsburg, County	$ 8.2	$ 8.2
Southern Parallel Arterials					
16	Buchanan Bypass	New 4-lane arterial (perhaps 2 lanes, depending on studies)	Pittsburg	$ 47.5	$ 32.3[1]
	or Buchanan Road	Railroad Avenue to Somersville Road, widen to 4 lanes	Pittsburg, Antioch		
17	West Tregallas Road/ Fitzuren Road	Lone Tree Way to Buchanan Road, widen to 4 lanes	Antioch	$ 29.7	$ 29.7
18	West Leland Road	Extend from San Marco to Avila Road (Concord)	Pittsburg	$ 13.8	$ 12.6[1]
	or Evora Road	Willow Pass Road (BP) to Willow Pass Road (Concord), widen to 4 lanes	County		
Regional Arterial Projects					
19	Wilbur Avenue	Minaker Dr. to SR 160, widen to 4 lanes	Antioch, County	$ 23.7	$ 23.7
20	Neroly Road	Oakley Rd to Laurel Rd, widen to 4 lanes	Oakley	$ 5.9	$ 5.9
21	Deer Valley Road	Antioch city limits to Balfour Road, widen to 4 lanes	County	$ 10.7	$ 10.7
22	Walnut Boulevard	Brentwood city limits to SR 4 Bypass, widen to 4 lanes	County	$ 14.2	$ 14.2
23	John Muir Parkway	New roadway between Balfour Road and Fairview Avenue	Brentwood	$ 13.5	$ 4.7[2]
24	Byron Highway	Delta Road to SR 4, safety enhancements	County	$ 4.3	$ 1.0[3]
Regional Transit Projects					
25	East County Express Bus		Tri-Delta Transit	$ 9.8	$ 2.3[3]
26	Commuter Rail (eBART)		CCTA	$ 462.0	$ 106.3[3]
Total Cost				$ 2,285.8	$ 1,787.1
Collected Fees[4]					$ (213.0)
Total Fee Contribution					$ 1,574.1

1. For projects addressing existing deficiencies, only the cost share attributed to traffic generated by future developments is included in the fee program.
2. The remainder of the cost is provided by developers fronting John Muir Parkway.
3. For transit projects and safety enhancement projects, only the cost share proportional to new development's share of total future population (23%) is included in the fee program.
4. Regional fee funds collected to date.

Step 5 – Summarize the Amount of New Development Expected in East County

The ABAG-based land use forecasts for East County include both residential and non-residential uses. Non-residential uses are represented in terms of numbers of jobs. The future land use assumptions presented here have been updated to reflect the currently available land use data for East County from the CCTA model, which is based on ABAG *Projections 2005*. The ABAG forecasts are the official regional land use projections developed for use in regional planning applications. The most recent set of land use projections is ABAG *Projections 2009*; however, those figures have not yet been incorporated into the CCTA model and thus are not readily available for use in this analysis. For comparison purposes, we have looked at the citywide total growth figures from both *Projections 2005* and *Projections 2009*; the projections are fairly similar for the City of Pittsburg, while in other East County cities, the more recent projections generally show slower growth trends, particularly in terms of jobs. This indicates that using the *Projections 2005* data in the fee calculations will be more conservative, in that the higher amount of growth will result in lower fees for each land use category.

Table 4 shows the land use totals, both for households and employment, for the jurisdictions in East County for both years 2010 and 2030. (Note that the land use projections available for the June 2005 report extended only to the year 2025; more recent projections now extend to 2030.)

TABLE 4
LAND USE PROJECTIONS IN EAST COUNTY JURISDICTIONS

Jurisdiction	Year 2010				Year 2030			
	House-holds	Employment			House-holds	Employment		
		Service	Retail	Other		Service	Retail	Other
Antioch	34,654	5,887	6,765	11,627	42,917	11,112	11,388	19,885
Brentwood	20,967	3,072	1,988	3,603	24,954	7,264	5,691	6,465
Oakley	10,119	1,283	737	3,552	12,822	3,474	1,553	7,353
Pittsburg	20,775	4,709	3,978	8,644	31,145	10,950	7,256	15,309
Unincorporated East County	16,897	1,489	698	6,352	22,415	2,236	1,729	8,081
Total East County	103,412	16,440	14,166	33,778	134,253	35,036	27,617	57,093

Sources: CCTA Travel Demand Model, 2010.

Fee programs typically use the concept of the dwelling unit equivalent (DUE), to account for the fact that different development types generate traffic with different characteristics and to normalize for those effects. This update remains consistent with the June 2005 study's procedure for converting land use projections into DUEs, with some minor updates to account for new reference materials that are now available.

Because the fees are assessed on the basis of building area, the forecasts of total employees were converted to square feet of non-residential development by applying the following factors (which are the same as used in the June 2005 report):

- Office: 275 square feet/employee
- Retail: 500 square feet/employee
- Other: 400 square feet/employee

These factors reflect relationships between employment and building area that can be derived from the *Trip Generation* publication of the Institute of Transportation Engineers, and are consistent with factors used in recent General Plan analyses and other traffic studies in East County.
The conversion to DUEs was further accomplished by applying use-specific trip rates from ITE *Trip Generation* (we now use the 8th Edition of that report, which has recently become available), estimates of pass-by trips from

SANDAG *Brief Guide of Vehicular Traffic Generation Rates, July 2002* (which is an update of the 1998 SANDAG report to which the previous nexus study referred), and average trip lengths for each trip purpose from the June 2005 report. For example, commercial uses tend to generate more trips per square foot than office uses, but those commercial trips tend to be shorter in length (because people tend to drive farther to work in an office than they do to buy groceries or rent videos); the DUE conversion process accounts for these differences in impact on the transportation system. All DUEs were then normalized to the single-family residential rate.

Table 5 contains the conversion factors used to calculate DUEs in this study. Table 6 shows the forecasted growth by jurisdiction between the current year and 2030, both in terms of numbers of households and jobs, and in terms of DUEs. The total number of DUEs estimated between 2010 and 2030 is relatively similar to the number of DUEs estimated between 2005 and 2025 in the original June 2005 report.

TABLE 5
DUE CONVERSION FACTORS

Land Use Category	Unit	Peak Hour Trip Rate[1]	% New Trips[2]	Average Trip Length[3]	VMT per Unit	DUE per Unit
Single Family	DU	1.01	100%	9.6	9.7	1.00
Multi Family	DU	0.62	100%	9.6	6	0.62
Commercial	1,000 SF	3.73	50%	5.0	9.3	0.96
Office	1,000 SF	1.49	65%	10.7	10.4	1.07
Industrial	1,000 SF	0.83	80%	10.7	7.1	0.73

1. PM peak hour rates from ITE *Trip Generation*, 8th Edition.
2. SANDAG *Brief Guide of Vehicular Traffic Generation Rates*, July 2002.
3. Average trip lengths for the East County area from the CCTA model, in miles.

Source: Fehr & Peers, 2010.

TABLE 6
FORECASTED GROWTH IN EAST COUNTY, CONVERTED TO DUES

Jurisdiction	Estimated Growth (2010-2030)				Estimated Growth in DUEs (2010-2030)				
	House-holds	Employment			Residential[1]	Non-Residential			Sum
		Service	Retail	Other		Service[2]	Retail[3]	Other[4]	
Antioch	8,263	5,225	4,623	8,258	7,230	1,537	2,219	2,411	13,397
Brentwood	3,987	4,192	3,703	2,862	3,611	1,233	1,777	836	7,457
Oakley	2,703	2,191	816	3,801	2,422	645	392	1,110	4,569
Pittsburg	10,370	6,241	3,278	6,665	9,189	1,836	1,573	1,946	14,544
Unincorporated East County	5,518	747	1,031	1,729	4,986	220	495	505	6,206
Total East County	**30,841**	**18,596**	**13,451**	**23,315**	**27,438**	**5,471**	**6,456**	**6,808**	**46,173**

Notes: Relationship between land use categories in the model and the fee program were assumed to be: Retail=Commercial; Service=Office; and Other=Industrial.
1. The multi family units were multiplied by a DUE factor of 0.62.
2. Service DUE conversion based on 275 square feet per employee and a DUE per thousand square feet of 1.07. DUE = EMP * 0.275 * 1.07
3. Retail DUE conversion based on 500 square feet per employee and a DUE per thousand square feet of 0.96. DUE = EMP * 0.500 * 0.97
4. Other DUE conversion based on 400 square feet per employee and a DUE per thousand square feet of 0.73. DUE = EMP * 0.400 * 0.67

Source: Fehr & Peers, 2010.

Step 6 – Determine Fee Amounts

The maximum total cost to be contributed by new development (which was determined in Step 4 to be $1,574.1 million) is then divided by the total number of new DUEs (which was determined in Step 5 to be 46,173) to determine the appropriate fee amount for each land use category. Table 7 displays the impact fees resulting from these calculations. These figures do not reflect any reductions that may be implemented (for example, ECCRFFA has historically reduced the fees for non-residential uses in order to promote economic development and job creation in East County). This calculation also does not consider the effects of other funding sources that may be available to some of the projects. Existing development in East County has been contributing to transportation improvements for many years, through payment of earlier regional fees, transportation-related sales taxes, gasoline taxes and other programs, and consideration of those other sources of transportation funds is addressed in the next chapter.

TABLE 7
PRELIMINARY FEE CALCULATIONS

Land Use Category	Fee Calculation Results
Single-Family Residential (per dwelling unit)	$ 34,090.41
Multi-Family Residential (per dwelling unit)	$ 21,136.06
Commercial (per square foot)	$ 32.73
Office (per square foot)	$ 36.48
Industrial (per square foot)	$ 24.89
Other	$ 34,090.41

Source: Fehr & Peers, 2010.

4. FUNDING CONSIDERATIONS

This chapter describes different fee options and other sources of funds for the regional transportation improvements. Table 8 presents a summary of the funding scenarios discussed in this chapter.

FULL FEE CALCULATIONS

As described in Chapter 3, the basic nexus calculations of the total fees that could be charged to new development result in fees per DUE of approximately $34,000. As shown in the Full Fee column in Table 8, an updated program that charged fees equivalent to those presented in Table 8 would generate an estimated $1,574.1 million. In addition, ECCRFFA staff report that approximately $213 million has been collected to date through the regional fee programs to support the listed improvement projects. Thus, the Full Fee scenario shows $1,787.1 million generated by regional fees, as compared to the total project cost of $2,285.8 million. This scenario is provided for informational purposes only, to illustrate the situation if regional fees were the only sources of funding for the transportation projects listed. However, other sources of funding outside of the regional fee program are available to support some of the improvements on the project list. To the extent that funding opportunities are known for certain projects, those are described in more detail below.

OTHER FUNDING SOURCES

As with most fee programs, the fee revenue is not expected to cover the total cost of all regional improvements. Other funding will be generated, some of which has already been identified. The following describes some of the other sources of funds that are available for regional projects; many of these have been allocated specifically to both the SR 4 East project and the eBART project, according to fact sheets available from CCTA, and other allocations are expected over the life of these programs.

Measure C/Measure J – Approved by Contra Costa County voters in 1988 as Measure C and renewed in 2004 as Measure J, it imposes a one-half percent sales tax to pay for transportation improvements. Approximately $390 million has been allocated to the SR 4 East widening (from Railroad Avenue to the SR 4 Bypass) and eBART.

Regional Measures 1 and 2 – These regional voter-approved charges impose surcharges on the seven Bay Area toll bridges to help pay for transportation improvement projects in major travel corridors throughout the Bay Area. Approximately $267 million of these funds are being allocated for SR 4 East and eBART.

State Transportation Improvement Program (STIP) Funds – Generated by gas tax revenues, these funds are allocated by the State of California to Contra Costa County every two years for programming transportation improvement projects. About $127 million of STIP funds are currently allocated for SR 4 East and eBART; other allocations are expected but are not known at this time.

Other Funds – Other sources of funds for the SR 4 East project include: $40 million in federal funds, $39 million from the state Transportation Congestion Relief Program (TCRP), $85 million in state Proposition 1B funds, and about $10 million in State/Local Partnership funds. Other sources for the eBART project include: $5 million in TCRP, $40 million in Proposition 1B, and $115 million in AB 1171 funds.

Again, it is likely that other funds will be available for other projects, but they are uncertain at this time.

EFFECTS OF DIFFERENT FEE SCENARIOS

The availability of funds from other federal, state and local sources allows for reductions in the fees charged through the regional program. In addition, the governing board always has the option to set fees at specific levels in order to support various policy goals. Two fee alternatives are presented here and in Table 8 for informational purposes.

- ***Alternative A***: This alternative reflects the fee levels currently being charged by ECCRFFA. Accounting for other funding sources, the fee program under this alternative would experience a deficit estimated at $438.7 million.

- ***Alternative B***: This alternative reflects a reduction of about 11% compared to the fee levels currently being charged by ECCRFFA. Accounting for other funding sources, the fee program under this alternative would experience an estimated deficit of $496.7 million.

TABLE 8
FUNDING CONSIDERATIONS

	Full Fee*	Alternative A	Alternative B
Proposed Fee			
Single-Family Residential (per DU)	$ 34,090.41	$ 17,795.00	$ 15,795.00
Multi-Family Residential (per DU)	$ 21,136.06	$ 10,924.00	$ 9,700.50
Commercial (per SF)	$ 32.73	$ 1.49	$ 1.32
Office (per SF)	$ 36.48	$ 1.31	$ 1.16
Industrial (per SF)	$ 24.89	$ 1.31	$ 1.16
Program Funding Summary			
Funding Sources	***($ million)***	***($ million)***	***($ million)***
Future Fee Revenue Projections [1]	$ 1,574.1	$ 516.2	$ 458.2
Regional Fee Funds Collected To Date	$ 213.0	$ 213.0	$ 213.0
SR 4 Widening Funding Sources[2]		$ 661.9	$ 661.9
eBART Funding Sources		$ 456.0	$ 456.0
Total Program Funding	**$ 1,787.1**	**$ 1,847.1**	**$ 1,789.1**
Total Program Cost	**$ 2,285.8**	**$ 2,285.8**	**$ 2,285.8**
Total Surplus/Deficit	**$ (498.8)**	**$ (438.7)**	**$ (496.7)**

1. Weighted average of the updated fees based on the amount of new development projected in each jurisdiction, and applied to the full list of projects.
2. SR 4 Widening funds include $98.9M for segment between Railroad Avenue and Loveridge Road, $167M for segment between Loveridge Road and Somersville Road, and $396M for segment between Somersville Road and SR 4 Bypass.

* As described in the text, the Full Fee scenario is an informational illustration of the hypothetical situation where regional fees are the only sources of funding for the listed projects.

Sources: CCTA, SR 4 Bypass Authority, Fehr & Peers, 2010.

EXHIBIT B

PRTDIM FEE SCHEDULE*

UNIT TYPE	***FEE AMOUNT***
Single-Family Residential (per DU)	$15,795.00
Multi-Family Residential (per DU)	$9,700.50
Commercial (per SF)	$1.32
Office (per SF)	$1.16
Industrial (per SF)	$1.16

*Fee amounts are consistent with Alternative B, identified in Table 8 of the Fee Study.

OFFICE OF THE CITY MANAGER/EXECUTIVE DIRECTOR
65 Civic Avenue
Pittsburg, CA 94565

DATE: 9/10/2010

TO: Mayor and Council Members

FROM: Marc S. Grisham, City Manager

SUBJECT: Adoption of a City Council Resolution Adopting the 2010 East Contra Costa Regional Fee Program Update and Establishing Fees for City's PRTDIM Program Pursuant to Pittsburg Municipal Code Section 15.103.020

MEETING DATE: 9/20/2010

EXECUTIVE SUMMARY

On September 20, 2010, the City Council adopted Urgency Ordinance No. 10-1328, adding Chapter 15.103 to the Pittsburg Municipal Code ("PMC") and establishing the Pittsburg Regional Transportation Development Impact Mitigation Fee ("PRTDIM") program. PMC Chapter 15.103 provides the structure and details the requirements of the PRTDIM program. PMC Section 15.103.020 authorizes the City Council to "set forth the specific amount of the PRTDIM fees" by resolution based on the 2010 East Contra Costa Regional Fee Program Update ("Fee Study") and any subsequent updates to the Fee Study. The attached Resolution would adopt the 2010 East Contra Costa Regional Fee Program Update (attached as Exhibit "A") and establish fees for the City's PRTDIM program pursuant to PMC Section 15.103.020.

FISCAL IMPACT

There is no fiscal impact to the City. City will continue to collect regional traffic mitigation fees from new development and apply those funds to transportation projects of regional significance.

RECOMMENDATION

That the City Council adopt the attached Resolution adopting the 2010 East Contra Costa Regional Fee Program Update attached as Exhibit "A", and establishing fees for City's PRTDIM program pursuant to PMC Section 15.103.020. Further, that the City Council adopt the PRTDIM fee schedule attached as "Exhibit "B", representing Alternative B of the Fee Study.

BACKGROUND

On September 20, 2010, City adopted an urgency ordinance establishing the PRTDIM program by codifying PMC Chapter 15.103. The stated purpose of the PRTDIM program is to ensure that new development in City continues to pay its fair share of regional transportation improvement projects. Through the PRTDIM program, City intends to continue supporting the East Contra Costa Regional Fee and Financing Authority ("ECCRFFA") and other regional partners in multi-jurisdictional transportation planning efforts and projects of regional significance in East County.

As required by PMC Section 15.103.020, the PRTDIM Fee Study and fee amounts are to be established by resolution.

SUBCOMMITTEE FINDINGS

na

STAFF ANALYSIS

The proposed Resolution would adopt the Fee Study and fee amounts as required by the PMC. The Fee Study identifies a list of regional transportation improvements approved by the City and its regional transportation partners, including ECCRFFA and TRANSPLAN, and deemed necessary to account for the impacts associated with new development.

On July 6, 2010, the City Council adopted Resolution No. 10-11494 authorizing the City Manager to enter into an agreement with Fehr & Peers for the creation of a Fee Study related to the proposed PRTDIM program. In an effort to continue regional coordination and collaboration with the City's regional partners, the Fee Study utilizes the same list of twenty six (26) regionally significant projects developed by TRANSPLAN and utilized by ECCRFFA in the formulation of ECCRFFA's regional fee.

The Fee Study complies with the requirements of the Mitigation Fee Act by establishing the basis for the imposition of the PRTDIM fees on new development. The Fee Study identifies the purpose of the PRTDIM fees, identifies how the fees will be utilized, shows a reasonable relationship between the use of the fees and the type of development project on which the fees are imposed and demonstrates a reasonable relationship between the need for the public facilities and the type of development project on which the fees are imposed. The Fee Study includes descriptions and cost estimates for the identified projects and demonstrates the nexus between the identified projects and the amount of PRTDIM fees imposed.

The attached Resolution would establish the amount of the PRTDIM fees pursuant to PMC Section.103.020. As evidenced in Chapter 3 of the Fee Study, the basic nexus calculations support a fee to new development of approximately $34,000 per single-family dwelling unit. Page 19 of the Fee Study, however, provides two alternative options to this full fee amount (see Table 8, "Funding Considerations"). Alternative A would establish the PRTDIM fee at the level currently being charged by ECCRFFA. Alternative B would establish a fee of $15,795 per single family residential unit and $9,700.50 per multi-family residential unit, a reduction of approximately 11% compared to Alternative A. Again, the Fee Study demonstrates that the identified projects, project costs and development projections would support a full regional traffic fee of approximately $34,000 per dwelling unit. Both

Alternative A and Alternative B are below the fully supported fee amount, and are justified by the Fee Study.

Staff recommends that the City Council adopt the fees identified in Alternative B. Staff believes that the lower fee alternative is appropriate given the current economy. The adoption of the fees identified in Alternative B may help stimulate a weak housing market and encourage the creation of additional jobs in the construction field. In addition, recent dramatic reductions in housing costs have made the regional fee amounts a higher percentage of total new home prices. Staff believes that the proposed fees identified in Alternative B may encourage more housing starts and help stimulate the economy. It should be noted that the City Council has the authority to revisit the issue and establish revised PRTDIM fee amounts in the future.

Pursuant to the requirements of the Mitigation Fee Act, notice of a public hearing related to the PRTDIM program and related fees was published in a newspaper of general circulation, notice was mailed to individuals and entities that have filed a written request, and the information supporting the PRTDIM program and fee, including the Fee Study, were available to the public at least ten (10) days prior to the public hearing.

Staff recommends that the City Council adopt the attached Resolution adopting the 2010 East Contra Costa Regional Fee Program Update and establishing fees for City's PRTDIM program pursuant to PMC Section 15.103.020.

ATTACHMENTS: Resolution
Exhibit "A", Fee Study
Exhibit "B", PRTDIM Fee Schedule

Report Prepared By: Paul Reinders, Senior Civil Engineer

ATTACHMENT
RESOLUTION NO. 12-11778
DOCUMENT FOLLOWS

BEFORE THE CITY COUNCIL OF THE CITY OF PITTSBURG

In the Matter of:

Amending Resolution 05-10291) By Revising the Water) Facility Reserve Charges)	RESOLUTION NO. 12-11778

The Pittsburg City Council DOES RESOLVE as follows:

WHEREAS, the City of Pittsburg operates and maintains a potable water system for Pittsburg water customers; and,

WHEREAS, Section 13.08.040 of the Pittsburg Municipal Code authorizes facilities reserve charges to be adopted by resolution;

WHEREAS, the City of Pittsburg conducted a complete Water Facility Reserve Charges rate study in 2005; and,

WHEREAS, On June 20, 2005, the City Council approved Resolution 05-10291 to approve updated Water Facility Reserve Charges (Water Connection Fees); and,

WHEREAS, on October 4, 2010, the City Council approved Resolution 10-11546, adopted 2010 Water System Master Plan (2010 Plan); and,

WHEREAS, the new 3.0 million gallon West Leland Reservoir and the two new pump stations identified as part of the 2010 Plan have been constructed, and more accurate costs can now be used to determine equitable Facility Reserve Charges; and,

WHEREAS, the bond costs are now known and are included in the cost of the facilities; and,

WHEREAS, the rate of increase in the average Construction Cost Index in 2005 was assumed to be 3%; and,

WHEREAS, the rate of increase in the Engineering News Record (ENR) 20-City Construction Cost Index (CCI) has been 4%; and,

WHEREAS, the City Council authorized the consulting firm of Municipal Financial Services to review the water system facility reserve charges and make recommendations; and the recommendations have been prepared and received by the City of Pittsburg; and

WHEREAS, the development community has had an opportunity to review and comment on the recommended changes.

NOW, THEREFORE, the City Council finds and determines as follows:

Section 1. Findings

A. The recitals set forth above are true and correct statements and are hereby incorporated.

B. Now, therefore, the City Council of the City of Pittsburg does hereby resolve, modify and amend as follows:

"SECTION 1. Pursuant to Section 13.08.040 Connection Fees of the Pittsburg Municipal Code

a. The water connection fees shall be based on the number and type of dwelling unit count for residential customers, and a water meter capacity ratio for non-residential customers and as follows:

Residential		
Single family residential	1.0 R	per dwelling unit
Multifamily residential	0.77 R	per dwelling unit
Non-Residential		
5/-8-inch meter	1.0 R	
¾-inch meter	1.0 R	
1-inch meter	2.5 R	
1 ½-inch meter	5.0 R	
2-inch meter	8.0 R	
3-inch meter	16.0 R	
4-inch meter	25.0 R	
6-inch meter	50.0 R	
8-inch meter	90.0 R	
10-inch meter	145.0 R	

b. The Water Facility Reserve Charges shall be as follows:

Southeast Hills and Infill		
Montreux	R =	$2,970
Thomas Ranch	R =	$3,540
Sky Ranch	R =	$4,010
Zone 1	R =	$8,410
Zone 2	R =	$5,840
Southwest Hills		
Alves/Vista del Mar	R =	$6,210
Zone 2	R =	$5,300
San Marco – Villages A & M (Zone 2)	R =	$6,160
San Marco (single family development area)	R =	$2,230
Zone 3 and above (not San Marco)	R =	$3,760

The Water Facility Reserve Charges, effective November 1, 2012 shall be as follows:

Southeast Hills and Infill		
Montreux	R =	$3,090
Thomas Ranch	R =	$3,680
Sky Ranch	R =	$4,160
Zone 1	R =	$8,670
Zone 2	R =	$6,050
Southwest Hills		
Alves/Vista del Mar	R =	$6,380
Zone 2	R =	$5,440
San Marco – Villages A & M (Zone 2)	R =	$6,330
San Marco (single family development area)	R =	$2,310
Zone 3 and above (not San Marco)	R =	$3,880

The Water Facility Reserve Charges, effective November 1, 2013 shall be as follows:

Southeast Hills and Infill		
Montreux	R =	$3,190
Thomas Ranch	R =	$3,800
Sky Ranch	R =	$4,290
Zone 1	R =	$8,940
Zone 2	R =	$6,230
Southwest Hills		
Alves/Vista del Mar	R =	$6,520
Zone 2	R =	$5,560
San Marco – Villages A & M (Zone 2)	R =	$6,470
San Marco (single family development area)	R =	$2,360
Zone 3 and above (not San Marco)	R =	$3,970

The Water Facility Reserve Charges, effective November 1, 2014 shall be as follows:

Southeast Hills and Infill		
Montreux	R =	$3,300
Thomas Ranch	R =	$3,930
Sky Ranch	R =	$4,430
Zone 1	R =	$9,200
Zone 2	R =	$6,440
Southwest Hills		
Alves/Vista del Mar	R =	$6,680
Zone 2	R =	$5,690
San Marco – Villages A & M (Zone 2)	R =	$6,610
San Marco (single family development area)	R =	$2,430
Zone 3 and above (not San Marco)	R =	$4,080

Section 2. "Zone 3 and above (not San Marco)" is defined as the development areas identified in the 2010 Water System Master Plan Figure 3.5 as: Smith, Bailey Estates, Faria, Montecito, Village O, Village C, Ridge Farms, De Bonneville and Spilker.

Section 3. The fees establish by this resolution shall take effect sixty (60) days after its adoption.

PASSED AND ADOPTED by the City Council of the City of PITTSBURG at a regular meeting on the 21st day of February 2012, by the following vote:

AYES:	Casey, Evola, Longmire, Parent, Johnson
NOES:	None
ABSTAINED:	None
ABSENT:	None

Ben Johnson

Ben Johnson, Mayor

ATTEST:

Alice E. Evenson

Alice E. Evenson, City Clerk

Exhibit A

City of Pittsburg

Comparison of current and proposed Water Facility Reserve charges.

	Current - effective 11/1/08	Proposed 2/21/12	change from current 11/1/2008
Southeast Hills and Infill			
Montreux	$4,230	**$2,970**	($1,260)
Thomas Ranch	$4,230	**$3,540**	($690)
Sky Ranch (Zone 2-4)	$4,230	**$4,010**	($220)
Zone 1 infill	$7,220	**$8,410**	$1,190
Zone 2 infill	$7,220	**$5,840**	($1,380)
Southwest Hills			
Pitts/Bay Point	$5,130	**$5,300**	$170
West Coast	$4,390	**$5,300**	$910
San Marco - Villages A&M	$2,590	**$6,160**	$3,570
San Marco	$2,590	**$2,230**	($360)
San Marco Hills (now San Marco)	$2,960	**$2,230**	($730)
San Marco Meadows (now Montecito)	$3,540	**$3,760**	$220
Alves/Vista del Mar	$5,390	**$6,210**	$820
Bailey Estates	$2,650	**$3,760**	$1,110
Smith	$2,570	**$3,760**	$1,190
Ridge Farms/Bonneville	$3,640	**$3,760**	$120

Charge is per single family dwelling unit (R)

CITY OF PITTSBURG
WATER UTILITIES DEPARTMENT
65 Civic Avenue, Pittsburg, California 94565

June 30, 2011

To: Interested Parties

Subject: **City of Pittsburg City Council Consideration of Increase to Water System Development Connection Fees**

On July 7, 2005, the City Council of the City of Pittsburg adopted revised Water Development Connection Fees (DCFs). The DCFs were based on the City's Water System Master Plan and its Amendment No. 2. At that time, representatives of local developers noted that bonding costs noted in the Plan and fee calculations were speculative and that project costs were estimates. The City agreed, and adopted the DCFs without using estimated bond costs as a basis. In 2011, the City is incurring actual bond and project costs, and is reevaluating the DCFs to ensure adequate revenue is collected to cover the cost of development.

The City Council adopted Water System Master Plan Amendment No. 3 on July 2, 2007. In November 2008, the development community asked that proposed revisions to the Water Development Fees be postponed until the new Water System Master Plan was completed. The City agreed to this request.

The 2010 Water System Master Plan (2010 Plan) was adopted in October 2010. While Amendments No. 1 and 2 mostly focused on the Southwest Hills, Amendment No. 3 and the 2010 Plan included the Southeast Hills and Pressure Zones 1 and 2 (Infill) within the City. As a result, the Southeast Hills and Infill components for the water system have been better defined, and costs have been more accurately allocated. For these reasons, the City is now proposing revisions to the Water Development Fees.

The proposed DCFs reflect actual project and bond costs for the Zone 2 Pump Station, and Southwest Hills' pipelines, reservoir and Zone 3 pump station. The new 3.0 million gallon West Leland Reservoir and two new pump stations (Water Treatment Plant Zone 2 and Vista del Mar Zone 3) are complete. More accurate costs can now be included in the project cost component of the DCF analysis. Bond costs are now known and are included in the calculation of the DCFs.

In addition to projects and bond costs, there are the following changes and fee impacts:

- Rates have not increased since November 1, 2008.
- The "buy-in" cost for the Water Treatment Plant was reanalyzed and has been reduced; capacity expansion costs were identified.
- Water Distribution System "buy-in" costs is based on the 2010 Water System Master Plan data. This is the most significant portion ($3,840) of the rate increase for the Southeast Hills and Infill DCFs (see attachment).

The Pittsburg City Council's consideration of changes to the Facility Reserve Charges is tentatively scheduled for a Public Hearing in September. Please review the enclosed table of proposed fee changes and provide comments and/or concerns to the Water Utilities Department by August 12, 2011 for consideration and inclusion.

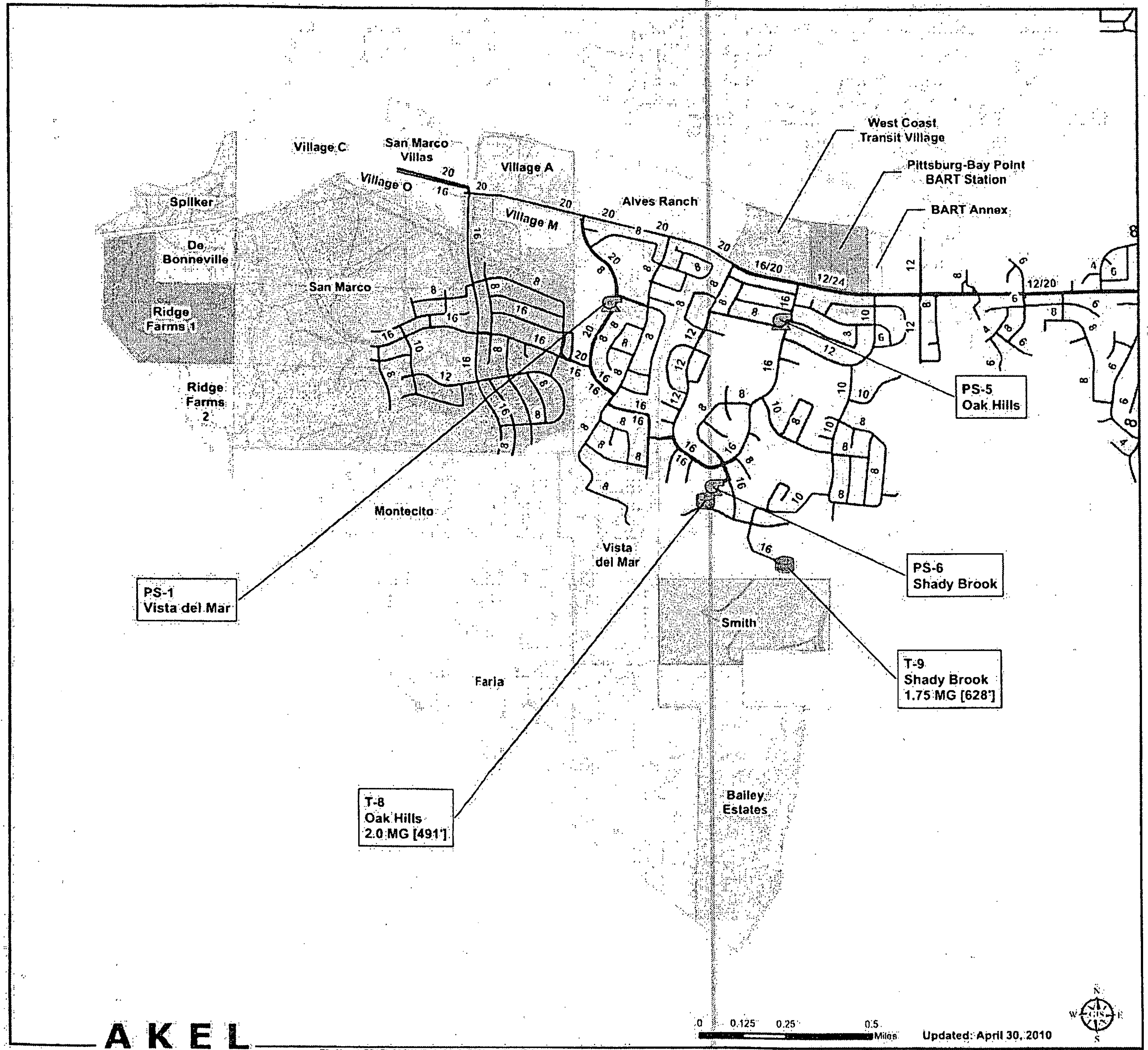
Copies of the June 2011 draft Development of Water Facility Reserve Charges report are available from the Water Utilities or Engineering Departments or by calling LeeAnn Knight at 252-4998.

Sincerely

Walter C Pease

Walter C. Pease
Director of Water Utilities
(925) 252-6966

c. Joe Sbranti, City Manager
Keith Halvorson, City Engineer



Legend

Existing

- WTP
- Storage Tank
- Booster Stations
- Pipes

Southwest Hills Developments

- Alves Ranch
- BART Annex
- Bailey Estates
- De Bonneville
- Faria
- Montecito
- Pittsburg-Bay Point BART Station
- Ridge Farms 1
- Ridge Farms 2
- San Marco
- Smith
- Spilker
- San Marco Villas
- Village A
- Village C
- Village M
- Village O
- Vista del Mar
- West Coast Transit Village
- Parcels
- Water Bodies

Figure 3.5
Southwest Hills Future Developments
Water System Master Plan
City of Pittsburg

Exhibit D

OFFICE OF THE CITY MANAGER/EXECUTIVE DIRECTOR
65 Civic Avenue
Pittsburg, CA 94565

DATE: 2/3/2012

TO: Mayor and Council Members

FROM: Joe Sbranti, City Manager

SUBJECT: Adoption of a City Council Resolution to Amend Resolution 05-10291 Revising the Water Facility Reserve Charges

MEETING DATE: 2/21/2012

EXECUTIVE SUMMARY

In June 2005, the City adopted updated Water Facility Reserve Charges on new development to pay for construction of facilities needed to serve the new areas of the City. The City has since sold bonds to pay for various utility improvements and completed construction of two pump stations and one reservoir. With the adoption of the 2010 Water System Master Plan, the City authorized a review of the City fee structure for Water Facility Reserve Charges. Recommendations of the study include adjustments to the fee schedule that are proposed for adoption.

FISCAL IMPACT

The adoption of the revised Water Facility Reserve Charges will provide approximately $30 million through build-out that is required to pay the costs of water system expansion to accommodate new development without burdening the existing ratepayers. Revenues from these changes are dependent on the pace of new development.

RECOMMENDATION

Adopt the attached Resolution revising the Water Facility Reserve Charges.

BACKGROUND

A facility reserve charge (FRC), or development impact mitigation fee, is a charge to pay for public facilities serving new developments that are in existence at the time the charge is imposed, or to pay for new facilities that benefit new development or the person or property being charged.

FRCs ensure that "growth pays for growth" by allocating the cost of new facilities and the cost of unused capacity in existing facilities to new development, while allocating the cost of repairing and refurbishing existing facilities to meet the needs of new development that will use them. The City has separate FRCs for water and sewer utilities.

On June 20, 2005, the City Council adopted Resolution 05-10291 to revise water development connection fees (FRCs) based on the City's Water System Master Plan and its Amendment No. 2. At that time, representatives of local developers noted that bonding costs noted in the Plan and fee calculations were speculative and that project costs were estimates. The City agreed, and adopted the Water FRCs without using estimated bond costs as a basis.

On July 2, 2007, the City Council approved Resolution 07-10835 adopting the Water System Master Plan Amendment No. 3. In November 2008, the development community asked that the proposed revisions to the Water FRCs be postponed until the new Water System Master Plan was completed. The City agreed to this request.

On October 4, 2010, the City Council approved Resolution 10-11546 adopting the 2010 Water System Master Plan (2010 Plan). While Amendments No. 1 and 2 focused on the Southwest Hills, Amendment No. 3 and the 2010 Plan included the Southeast Hills and Pressure Zones 1 and 2 (Infill) within the City. As a result, the Southeast Hills and Infill components for the water system have been better defined, and costs have been more accurately allocated. For these reasons, the City is now proposing revisions to the Water FRCs.

SUBCOMMITTEE FINDINGS

N/A

STAFF ANALYSIS

The proposed Water FRCs vary from $2,230 to $8,410 per single family unit. As a cost comparison, Contra Costa Water District charges $8,773 for each standard residential (5/8" x ¾" inch meter) connection.

Development areas with the highest charges are those that (1) are not building any pump stations, transmission lines or reservoirs as part of their projects; and (2) are buying into the existing distribution system for fire flow and reliability. Development areas with the lowest charges are those that have built or will build most of their facilities as part of their development.

Facility Reserve Charges must meet regulatory requirements found in Government Code Section 66000 et seq. regarding the establishment of capacity charges. The development of FRCs also must meet the policies stated in the City of Pittsburg's General Plan adopted in September 2004. General Plan Policy 3-P-11 states that the City should "Review and update the City's development impact fee schedule to ensure that new development pays its proportional share of the costs associated with the provision of facilities for police, parks, water, sewer, storm drainage, and schools".

FRCs are intended to recover a portion of the City's Capital Improvement Program costs, as well as utility rate payers' prior investment in capital facilities that will benefit the new developments.

Historically, Pittsburg's FRCs have not adequately covered the costs of expanding the water system or not adequately valued the available water system capacity. By not collecting appropriate FRCs, current water and sewer ratepayers will be unfairly burdened with development-related utility system costs. For this reason, staff is recommending approval of the FRC rate adjustments attached to this report.

The City has separate FRCs for both the water and sewer utilities. However, the method of developing FRC unit costs for the water and sewer utilities is very similar. The payment of appropriate FRCs should: 1) recoup the cost of new utility facilities necessary to provide utility services to new development, and/or 2) recoup the value of utility facilities that have been previously provided for by ratepayer investment through construction, maintenance, and rehabilitation and are now available for use by new developments.

The unit cost of new capital facilities is established by calculating the cost of these facilities in the City's Capital Improvement Program (CIP) and apportioning these total costs to various developments in an equitable manner through the documents such as the Water System Master Plan and the Water FRC report.

The unit cost of, or value to be recouped for, existing facilities is established by determining the replacement value of these facilities and apportioning this cost to various developments in proportion with their use of the utility facilities. Staff's recommendations to revise the Water FRC are based on the analysis prepared by the City's consultant, Municipal Financial Services.

The current fee schedule was approved in November 2008. The rates were based on an amendment to the 2001 Water System Master Plan, Amendment No. 2, which was adopted in 2005.

The rates did not include projected costs or changes included in Water System Master Plan Amendment #3, which was adopted in 2007 with an analysis of developments anticipated in the southeast hills and infill development. The rates also did not take into account bond costs for current projects. These costs are now known and have been included in the calculation of the revised FRC rate schedule.

Since the adoption of the current fee schedule, the City has also completed construction of a new 3.0 million gallon Zone 2 West Leland Reservoir and the new Zone 2 and Vista del Mar Zone 3 Pump Stations. As a result, cost estimates used as a basis for the current fees have been updated with more accurate, actual cost data.

The proposed new FRC rate schedule includes the San Marco Village A & M development area as a contributing development to the cost of the new Zone 2 reservoir. The capacity that was available in the Oak Hills Reservoir has been fully used by the developer.

The proposed San Marco Zone 4 Pump Station, originally projected to be built by the City, is now being built by the developer. The Water FRC for the Bailey Estates area has also been updated to reflect the demand on the Southwest Hills pump stations and reservoirs.

The "buy-in" cost for the Water Treatment Plant was reanalyzed and includes the cost to expand the capacity for handling sludge. The net effect has been a reduction in the buy-in cost.

In addition, the new fee schedule reflects a change to the multifamily residential factor from 0.57 R to 0.77 R. This is based on a more accurate identification of water use for multi-family units in the 2010 Water System Master Plan of 340 gallons per dwelling unit per day.

Developers were notified of the proposed changes by letter dated June 30, 2011. Comments were requested by August 12, 2011. One developer (Seecon) also received a printed copy of the "Development of Water Facility Reserve Charges" report with their letter. Staff has met on several occasions with Seecon staff and their consulting engineers and has provided additional information as requested.

ATTACHMENTS: Resolution Revising Water Facility Reserve charges
Exhibit A: Comparison of current and proposed Water Facility Reserve charges
Exhibit B: Development of Water Facility Reserve Charges. Municipal Financial Services report (on file with City Clerk).
Exhibit C: Letters to developers
Exhibit D: Southwest Hill Future Developments. 2010 Water System Master Plan Figure 3.5.

Report Prepared By: Walter C. Pease, Director of Water Utilities

ATTACHMENT
ORDINANCE NO. 01-1180
DOCUMENT FOLLOWS

BEFORE THE CITY COUNCIL OF THE CITY OF PITTSBURG

In the Matter of: **ORDINANCE NO. 01-1180**

Adopting an Ordinance Adding Chapter)
15.104 - Entitled "Stormwater Management)
Plan for Kirker Creek Watershed Drainage)
<u>Area " to the Pittsburg Municipal Code)</u>

The City Council of the City of Pittsburg DOES ORDAIN as follows:

<u>Section 1</u>. <u>Background.</u>

The Kirker Creek Watershed is the City of Pittsburg's most vulnerable flood area because if its size and location. This major watershed covers the greater part of the City of Pittsburg. Water collection originates in the hills of the southernmost end of the watershed and flows north through the City. Undersized culverts are unable to contain the runoff and overflow, causing flooding.

In 1998, the El Nino stormwater runoff exceeded the capacities of Kirker Creek and as a result, Highway 4 flooded which closed off access to Pittsburg and neighboring communities for approximately one week.

Through the Stormwater Management Plan improvements study, it was determined that in order to increase capacity and eliminate flooding, the need for channel improvements, culvert and bridge modifications and detention basins for storage would be required.

On January 19, 1999 the City Council approved by resolution 99-8789 the Kirker Creek Drainage Improvement Plan and Schedule.

In May, 1999 the City of Pittsburg accepted a (STIP) State Transportation Improvement Program grant for 3.5 million, to fund a portion of the mitigation proposed in the Stormwater Management Plan, and to alleviate the flooding problem on Route 4. The grant requires the City to adopt an ordinance requiring on-site or other mitigation of additional runoff caused by new development in the Kirker Creek Watershed Drainage Area.

In July 1999, the City of Pittsburg approved an agreement with consultant firm, Mark Thomas & Co. Inc. to prepare environmental documentation and final design for the Kirker Creek drainage improvement project.

On October 16, 2000, the City certified the Final Environmental Impact Report for the Kirker Creek Watershed flood relief and approved the Mitigation Plan for the State Route 4/Loveridge Road Flood Relief Project (Kirker Creek).

Section 2. Summary.

This ordinance adds Chapter 15.104 to Title 15 of the City Municipal Code, Stormwater Management Plan for Kirker Creek Watershed Drainage Area and requires new development in the Kirker Creek Watershed to either permanently mitigate stormwater flow or pay a fee calculated in proportion to the creation of new impervious surface within the drainage area.

Section 3. Addition of New Municipal Code Chapter 15.104.

A new Chapter 15.104 entitled "Stormwater Management Plan for Kirker Creek Watershed" is added to Title 15 of the Municipal Code to read as follows:

"CHAPTER 15.104
STORMWATER MANAGEMENT PLAN
FOR KIRKER CREEK WATERSHED DRAINAGE AREA

15.104.010 Definitions.

For purposes of this section, the listed terms shall be defined as follows:

A. "Impervious surface" means any hard surface area which either prevents or retards the entry of water into the soil mantle as it entered under natural conditions pre-existent to development, and/or a hard surface area which causes water to run off the surface in greater quantities or at an increased rate of flow from the flow present under natural conditions existing prior to development.

B. Permanent on-site detention facility means to construct on said property to be developed a facility that is intended to remain in service permanently on the development site.

C. "Temporary On-site" means to construct a "temporary" short-term measure that will later be removed or changed.

D. "City Official" means the Director of Community Development or a staff person designated by the Director to perform the duties set forth in this ordinance.

E. "Kirker Creek Watershed" is that area in the City of Pittsburg as defined on attached map.

15.104.020 Kirker Creek Watershed Stormwater Management Plan.

The Kirker Creek Watershed Drainage Improvement Plan & Schedule adopted by the City Council by Resolution 99-8789 on January 19, 1999, is the Stormwater Management Plan for the Kirker Creek Watershed Drainage Area.

15.104.030 Findings.

The Council finds and determines that said drainage area has inadequate drainage facilities; that future subdivision and development of property within said drainage area will have a significant adverse impact on existing and future development; that development of property within the drainage area, with its resultant increase in impervious surfaces, will require the construction of facilities described in the Stormwater Management Plan; that the fees herein provided to be charged are uniformly applied per acre for Commercial and Industrial, or per unit for Residential and Multifamily Residential of impervious surface basis and fairly apportioned within said drainage area on the basis of benefits conferred on property upon which additional impervious surfaces in said drainage area are constructed; that the estimated total of all fees collectible hereunder does not exceed the estimated total costs of all drainage facilities shown on the Stormwater Management Plan; and that the drainage facilities planned are in addition to existing drainage facilities already serving the drainage area at the time of the adoption of the Stormwater Management Plan.

15.104.040 Exemptions.

A. The fee shall not be required for the following: 1) to replace a structure destroyed or damaged by fire, flood, winds or other acts of God, provided the resultant structure has the same, or less imperious surface as the original structure; 2) To modify structures or other impervious surfaces, provided the amount of ground coverage is not increased by more than 100 square feet; or 3) To convey land to a government agency, public entity, public utility, or abutting property owner where a new building lot or site is not created as a result of the conveyance.

B. The fee shall not apply to property north of Pittsburg/Antioch Highway because the City finds that such properties are downstream of Kirker Creek and do not contribute flow to Kirker Creek. However, property owners downstream of Kirker Creek will be required to mitigate their stormwater flow in accordance with other applicable laws and City requirements.

15.104.050 Conditions Of Development.

The City Council finds that existing facilities are inadequate and that the creation of new impervious surface area in the Kirker Creek Watershed prior to the completion of downstream improvements will create a substantial risk of flooding. Accordingly, the following conditions will apply to new development within the Kirker Creek Watershed prior to completion of all recommended improvements to the drainage area downstream of the proposed development:

A. A property owner may construct permanent on-site detention facilities to contain any increase in runoff between pre-and post-development conditions. Pre-development conditions are at the time of application; post-development conditions are after construction of the development has begun. Sizing of detention facilities will be in accordance with the Stormwater Management Plan criteria. If permanent on-site detention facilities are constructed, no fee is required under this ordinance.

B. A property owner may construct temporary on site or off-site detention measures that must remain in place until downstream improvements required by the Stormwater Management Plan are completed. Temporary measures could include, but are not limited to: 1) allowing temporary ponding in parking lots or other impervious areas; 2) enclosing roofs with parapets to contain water; or 3) conveying the runoff to a temporary cistern/tank. Sizing for temporary detention measures will be according to the Stormwater Management Plan criteria. The City Official must review and approve temporary measures proposed for the development. When the downstream improvements required by the Stormwater Management Plan are completed, then the temporary detention measures can be eliminated. Where temporary drainage measures are utilized, a property owner will be required to pay drainage fees in accordance with the fee schedule.

C. Unless a property owner utilizes either permanent on-site detention facilities or temporary detention measures as described above, approval of the proposed development will be delayed until the downstream improvements required by the Stormwater Management Plan are completed. The drainage fees are payable when development occurs.

D. Single lots under 6,000 square feet are exempt from physical mitigation. However, payment of the drainage fee is still required.

E. All new development, whether subject to the drainage fee or not, is responsible for construction of all drainage facilities needed to connect the development site to the City's existing storm drain system.

15.104.060 Building Permits.

Except as expressly permitted by this ordinance, the City Official shall not issue any building permit for construction within the drainage area until the required drainage fee has been paid. For initial construction the fee shall be as set forth in fee schedule. For single family residential swimming pools on lots for which the drainage fee has not been paid, the fee shall be $572 per pool for increased impervious areas such as the concrete decking and walkways built around the pool. For other construction, modifications or replacements to an existing facility that cause an increase in impervious surface, including but not limited to driveways, walks, patios etc., the amount of net increase in impervious surface shall be subject to a fee of $ 0.65 per square foot, but in no case shall it exceed the amount required under the fee schedule.

15.104.070 Subdivisions.

Except as expressly permitted by this ordinance, the property owner shall pay the drainage fee on the entire proposed subdivision or on each individual unit for which a final or parcel map is filed prior to recordation of said map. Townhouse, condominium and cluster housing type subdivisions creating individual lots less than 4,000 square feet shall be treated as multifamily residential and the lot size used in determining the "square feet of land per unit" shall be the lot size prior to subdividing. The fee amount shall be as set forth in the fee schedule.

15.104.080 Fee Schedule.

The fee schedule is based on a uniform fee per square foot of new impervious surface area created by development as a result of the relationship between increased impervious surface which results in increased stormwater runoff. The fee schedule has been developed in accordance with the Contra Costa Country Flood Control and Water Conservation District's County Report on Impervious Surface Drainage Fee Ordinance that specifies Standard Impervious Surface area for each land use category. The following fee is based on the estimated standard impervious surface area per acre or unit at $0.65/SF.

Land Use Category	Measured By	Building Permit (1)	Subdivision Permit (2)
Commercial/Industrial	acre	$26,728	$28,711
Offices - Medium (with15 to 25% Site free of impervious surface areas)	acre	$22,906	$25,597
Offices - Light (with 25% or more of Site free of impervious surface areas)	acre	$19,169	$21,606
Multifamily Residential (Including Mobile Home Parks):			
<2500 SF land/unit (3)	acre	$21,060	$21,060
2500 to 2999	unit	$1,248	$1,248
3000 to 3999	unit	$1,430	$1,430
4000 to 4999	unit	$1,664	$1,664
5000 to 5999	unit	$1,905	$1,905
6000 to 6999	unit	$2,139	$2,139
7000 to 7999	unit	$2,366	$2,366
8000 +	unit	$2,483	$2,483
Single Family Residential Projects			
4000 to 4999 SF lot size	unit	$1,749	$2,802
5000 to 5999	unit	$1,827	$2,919
6000 to 6999	unit	$1,905	$3,036
7000 to 7999	unit	$1,983	$3,153
8000 to 8999	unit	$2,100	$3,322
10,000 to 13,999	unit	$2,334	$3,660
14,000 to 19,999	unit	$2,724	$4,212
20,000 to 29,999	unit	$3,367	$5,051
30,000 to 39,999	unit	$4,180	$6,032
40,000+	unit	$5,012	$6,949

Note: (1) Building permit fees are based on standard impervious surface area without streets included.
(2) Subdivision permit fees are based on standard impervious surface area with streets included.
(3) Lot size divided by number of units

On single family lots, barns and sheds in excess of 400 square feet and tennis and sports courts shall not be considered as incidental residential facilities included in the above fee schedule. The drainage fee for the portion of these facilities in excess of 400 square feet shall be calculated using the square foot fee in section 15.104.060 "Building Permits" and shall be in addition to the above fee amounts.

For the purpose of this ordinance lot size shall be: (1) for existing lots, that land shown on the latest equalized assessment roll as a lot; or (2) for new subdivision lots, that land shown on the final or parcel map as a lot. The fee amounts under "Single Family Residential" shall apply to lots containing only one dwelling unit. For multifamily residential (including mobile home parks) fees will be as listed in 15.104.080 "Fee Schedule."

15.104.090 Fee Payment.

All fees collected hereunder shall be paid into the City and deposited to the account of the drainage facilities fund established by the Finance Department for the drainage area. Monies in said fund shall be expended solely for land acquisition, construction, engineering, administration, repair, maintenance and operation or reimbursement for the same, in whole or in part, of planned drainage facilities within the drainage area or to reduce the principal or interest of any bonded indebtedness of the drainage area.

15.104.100 Review Of Fees.

Project estimates shall be reviewed every year or sooner as deemed necessary that this ordinance is in effect. The fee schedule shall be adjusted annually on January 1 to account for inflation using the Engineering News Record Construction Cost Index. Such adjustment shall not require further notice or public hearing.

15.104.110 Severability.

If any section, subsection, clause or phrase of this ordinance is for any reason held to be invalid, such decision shall not effect the remaining portions of this ordinance. The City Council declares that it would have passed this ordinance and each section, subsection, sentence, clause and phrase thereof irrespective of the fact that any one or more such provisions be declared invalid."

Section 4. Publication.

The City Clerk shall either (a) have this ordinance published once within fifteen (15) days after adoption in a newspaper of general circulation, or (b) have a summary of the ordinance published twice in a newspaper of general circulation, once five (5) days before its adoption and again twenty (20) days after its adoption.

This ordinance shall take effect 60 days after its adoption.

The foregoing ordinance was introduced at a meeting of the City Council of the City of Pittsburg held on April 16, 2001, and was adopted and ordered published at a meeting of the City Council held on May 7, 2001, by the following vote:

AYES: Council Member Aiello, Lewis, Rios and Mayor Quesada

NOES: Council Member Beals

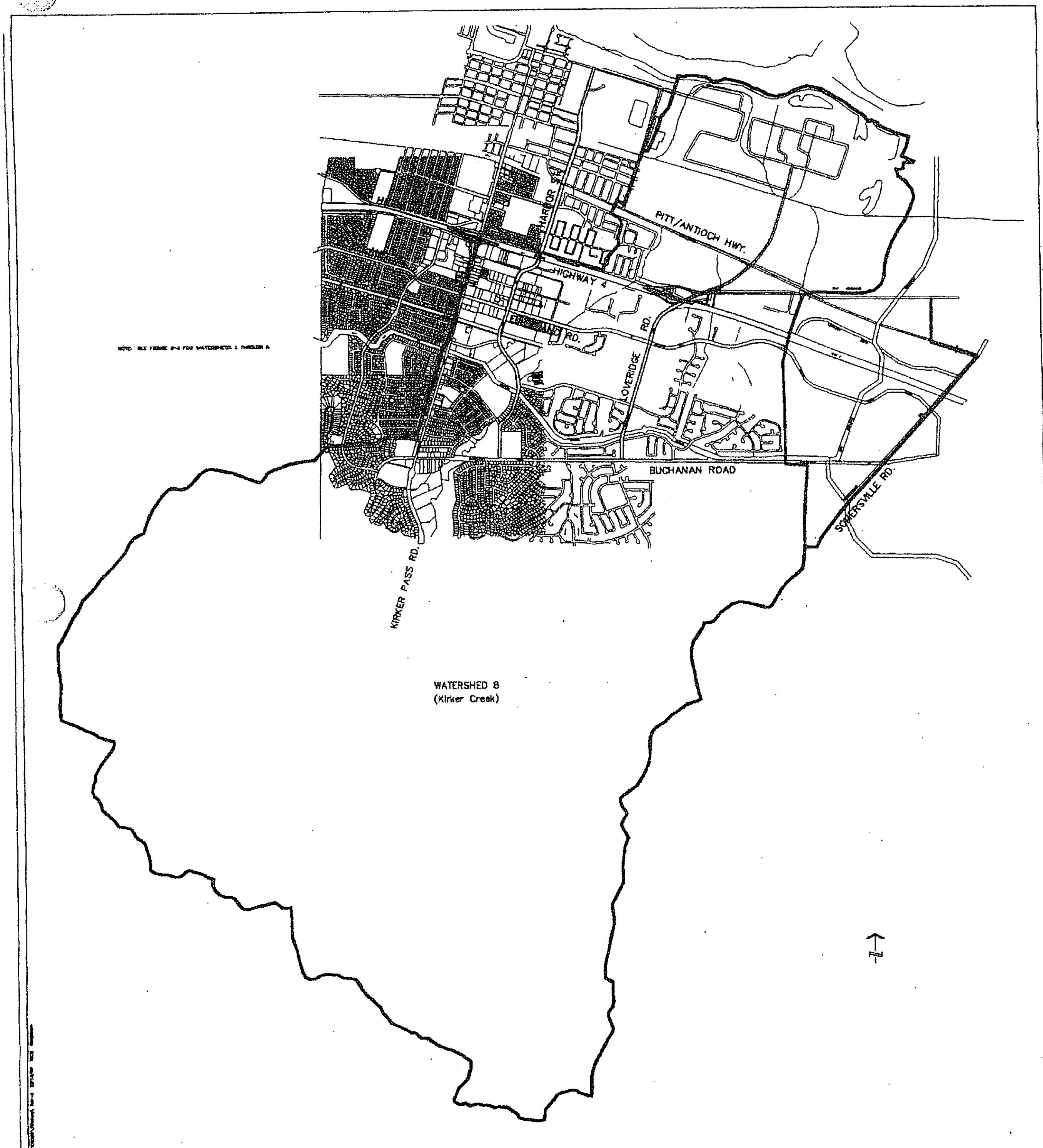
ABSTAINED: None

ABSENT: None

Frank R. Quesada, Mayor

ATTEST:

Alice E. Evenson, Deputy
Lillian J. Pride, City Clerk



KIRKER CREEK WATERSHED

OFFICE OF THE CITY MANAGER

DATE: May 7, 2001

TO: Mayor and Council Members

FROM: Willis A. Casey, City Manager

RE: Second Reading of the Kirker Creek Watershed, Stormwater Management Plan Drainage Fee Ordinance No. 01-1180

BACKGROUND

On April 16, 2001, the City Council approved the Kirker Creek Watershed, Stormwater Management Plan Drainage Fee Ordinance No. 01-1180. This is the second reading.

RECOMMENDATIONS

It is recommended that the City Council adopt the Kirker Creek Watershed Stormwater Management Plan Drainage Fee Ordinance No. 01-1180.

Willis A. Casey, City Manager

Report Prepared By: Rebecca Ines, Administrative Analyst I

Attachments

1. Kirker Creek Watershed, Stormwater Management Plan Drainage Fee Ordinance No. 01-1180.

ATTACHMENT
ORDINANCE NO. 05-1236
DOCUMENT FOLLOWS

BEFORE THE CITY COUNCIL OF THE CITY OF PITTSBURG

In the Matter of: **ORDINANCE NO. 05-1236**

Ordinance to Amend Sections 15.104.060,)
15.104.070 and 15.104.080 of the Pittsburg)
Municipal Code Related to "The Stormwater)
Management Plan for Kirker Creek)
Watershed Drainage Area.")

The City Council of the City of Pittsburg DOES ORDAIN as follows:

Section 1.

The City adopted Ordinance 01-1180 on May 7, 2001, adding Chapter 15.104, entitled "Stormwater Management Plan for Kirker Creek Watershed Drainage Area," to the Pittsburg Municipal Code. Chapter 15.104.080 established a fee schedule for new development in the Kirker Creek Watershed Drainage Area to cover the costs of the increase of new impervious surfaces that contribute to the Stormwater runoff. The drainage fee was based upon the method utilized by the Contra Costa County Flood Control District and is consistent with fees established by neighboring cities' stormwater drainage fees. All new development is required to pay a uniform fee per square foot of impervious surface of new improvements. The initial rate, still in effect, is $ 0.65 per square foot.

Section 2. Findings

The Council reaffirms the findings set forth in Ordinance 01-1180, that: "Project estimates shall be reviewed every year or sooner as deemed necessary that this ordinance is in effect. The fee schedule shall be adjusted annually on January 1 to account for inflation using the Engineering News Record Construction Cost Index. Such adjustment shall not require further notice or public hearing." The Construction Cost Index indicates an increase of 4.5% since the ordinance was adopted in May 2001.

Section 3. Summary

The City Council adopted Ordinance No. 01-1180 on May 7, 2001, which added Chapter 15.104, entitled "Stormwater Management Plan for Kirker Creek Watershed Drainage Area," to the Pittsburg Municipal Code. The Ordinance implemented a uniform mitigation fee per square foot of new impervious surface areas created by development. The ordinance stipulated that the fee is to be reviewed every year to adjust for inflation. This fee has not been increased since it's inception in 2001 and is due for a review. An increase to $0.68 per square foot is justified by increases in the reference index and construction costs of recent local projects.

Section 4. Title 15, Chapter 15.104, Section 15.104.060, is hereby amended to read as follows:

"15.104.060 Building Permits.

Except as expressly permitted by the ordinance codified in this chapter, the city official shall not issue any building permit for construction within the drainage area until the required drainage fee has been paid. For initial construction, the fee shall be based upon calculations provided by the developer, of the increase in impermeable areas of all improvements, including street improvements, sidewalks, building roofs, parking lots, etc. For single family residential swimming pools on lots for which the drainage fee has not been paid, the fees shall be calculated for the pool area and increased impervious areas such as the concrete decking and walkways built around the pool. For other construction, modifications or replacements to an existing facility that cause an increase in impervious surface, including but not limited to driveways, walks, patios, etc., the amount of net increase in impervious surface shall be subject to a fee paid prior to the issuance of a permit. All fees charged shall be at the rate listed in the Fee Schedule."

Section 5. Title 15, Chapter 15.104, Section 15.104.070, is hereby amended to read as follows:

"15.104.070 Subdivisions.

Except as expressly permitted by the ordinance codified in this chapter, the property owner shall pay the drainage fee for the increase in impermeable surfaces on the frontage improvements for the proposed subdivision for which a final or parcel map is filed prior to recordation of said map. Drainage fees for each home within the subdivision shall be paid prior to issuance of the building permit for all impermeable surfaces created by the home and related on-site improvements. All fees charged shall be at the rate listed in the Fee Schedule."

Section 6. Title 15, Chapter 15.104, Section 15.104.080, is hereby amended to read as follows:

"15.104.080 Fee Schedule.

All fees charged under this code will be calculated at the rate of $0.68 per square foot for the increased impervious area. The fee charged under this code section is based upon a uniform fee per square foot of impervious surface area created by development because the increased impervious surface results in increased stormwater runoff. The fees to be charged under this code shall be calculated from plans and measurements of the actual proposed increased impervious area, i.e., roof areas, sidewalks, and frontage improvements that cause increased runoff."

Section 7. Publication

The City Clerk shall either (a) have this ordinance published once within fifteen (15) days after adoption in a newspaper of general circulation, or (b) have a summary of the ordinance published twice in a newspaper of general circulation, once five (5) days before its adoption and again twenty (20) days after its adoption.

This ordinance shall take effect, thirty (30) days after its adoption.

The foregoing ordinance was introduced at a meeting of the City Council of the City of Pittsburg held on January 18, 2005 and was adopted and ordered published at a meeting of the City Council held on February 7, 2005 by the following vote:

AYES: Council Member Casey, Glynn, Johnson, Kee and Mayor Parent

NOES: None

ABSTAINED: None

ABSENT: None

Nancy L Parent

Nancy L. Parent, Mayor

ATTEST:

Alice E. Evenson, deputy

Lillian J. Pride, City Clerk

OFFICE OF THE CITY MANAGER
65 Civic Avenue
Pittsburg, California 94565

MEMO: February 7, 2005

TO: Mayor and City Council Members

FROM: Marc S. Grisham, City Manager

RE: **ADOPTION OF ORDINANCE NO. 05-1236 AMENDING THE MUNICIPAL CODE 15.104 TO UPDATE THE FEE FOR THE STORMWATER MANAGEMENT PLAN FOR THE KIRKER CREEK WATERSHED DRAINAGE AREA.**

EXECUTIVE SUMMARY

On January 18, 2005, the City Council introduced Ordinance No. 05-1236 to amend the Municipal Code 15.104 to update the fee for the Stormwater Management Plan for the Kirker Creek Watershed Drainage Area. This is the second reading. To implement this change, the Council must now adopt the ordinance.

RECOMMENDATION

Adopt the attached ordinance amending of the Stormwater Management Plan for Kirker Creek Watershed Drainage Fee Area to be increased from $0.65 to $0.68 per square foot of new impervious surface area.

STAFF ANALYSIS

The ordinance will become effective 30 days after its adoption.

Marc S. Grisham, City Manager

Report Prepared By: Rebecca Ines, Admin. Analyst

ATTACHMENTS: Ordinance No. 05-1236

CITY OF PITTSBURG
NOTICE OF PUBLIC HEARING

THE PITTSBURG CITY COUNCIL WILL HOLD A PUBLIC HEARING ON:

Date: **January 18, 2005**

Time: **7:00 P.M.**

Place: **City Hall**
65 Civic Avenue, Pittsburg, CA
Third Floor Council Chambers

Concerning the following matter:

A proposed Amendment to Municipal Code 15.104, to increase the fee of the Stormwater Management Plan for Kirker Creek Watershed Drainage Area.

The City Council adopted Ordinance # 01-1180 in May 7, 2001 adding Chapter 15.104 "Stormwater Management Plan for Kirker Creek Watershed Drainage Area", to the Pittsburg Municipal Code. The fee is to be reviewed every year to adjust for inflation. This fee has not been increased since it's inception in 2001. An increase to $0.68 per square foot is justified by increases in the reference index and construction costs of recent City projects.

Interested persons regarding any aspect of this matter may be heard in writing or verbally at this time.

For further details on this matter, contact Keith Halvorson, Assistant City Engineer, 65 Civic Avenue, Pittsburg, CA (925) 252-4930.

Dated January 4, 2005

Alice E. Evenson deputy
Lillian J. Pride, City Clerk

ATTACHMENT
ORDINANCE NO. 06-1275
DOCUMENT FOLLOWS

BEFORE THE CITY COUNCIL OF THE CITY OF PITTSBURG

In the Matter of:

Ordinance Amending Municipal Code Section 17.32.020 Relating to Park Dedication In New City Subdivisions	)))	ORDINANCE NO. 06-1275

The City Council of the City of Pittsburg DOES ORDAIN as follows:

SECTION 1. Findings.

A. California Government Code § 66477 authorizes a City Council to require the dedication of park land or the payment of in lieu fees as a condition to the approval of a tentative map in a new subdivision;

B. California Government Code § 66477 requires a City to provide definite standards for determining the proportion of a subdivision to be dedicated and the amount of any fee to be paid in lieu thereof;

C. Municipal Code Section 17.32.020, adopted under the authority of California Government Code § 66477, requires the dedication of land or payment of fees in lieu thereof, or a combination of both, for park or recreational purposes; and

D. The purpose of this ordinance is to amend Municipal Code Section 17.32.020 to provide greater clarity and more definite standards for calculating the value of a park land dedication in lieu fee in the City of Pittsburg.

SECTION 2. Amendment to Municipal Code Section 17.32.020.

Section 17.32.020 of Chapter 17.32 "Dedication and Reservations" of Title 17 "Subdivisions" of the Pittsburg Municipal Code is amended as follows:

"17.32.020 Park Dedication

A. Authority. This section is enacted under the general police power and Government Code Section 66477.

B. Requirements. As a condition of approval of a tentative or parcel map, at the option of the City, the subdivider shall dedicate land, pay a fee instead, or do a combination of both, as to be detailed in the conditions of the tentative or parcel map, for park or recreational purposes according to the standards and formula in this section.

C. General Standard.

1. The dedication of land or payment of fees, or both, shall be the proportionate amount necessary to provide five (5) acres of park area per one thousand (1,000) persons residing within a subdivision.

2. The amount of land dedicated or fees paid is based upon the residential density. Residential density is determined on the basis of the tentative or parcel map and the average household size.

3. No land dedication or fee is required on a parcel for which park dedication requirements have previously been met.

D. Standards and Formula for Dedication of Land.

1. Where a park or recreation facility is designated in the park and recreation element of the Pittsburg general plan to be located in whole or in part within a proposed subdivision, the subdivider is required to dedicate the land for a local park. All park land dedicated shall conform to the provisions of this section.

2. The amount of land to be dedicated shall be determined according to the following standards and formula:

Dwelling Type	Density per DU	Park Acres per 100 units
Single-family (detached)	3.46 persons/unit	1.73 acres
Multiple-family (including condos/ townhomes/apts.)	2.65 persons/unit	1.325 acres

3. The subdivider shall without credit provide: (a) full street improvements and utility connections including curbs, gutters, street paving, traffic control devices, street trees, and sidewalks adjacent to land which is dedicated under this section; (b) fencing along the property line of the subdivision contiguous to the dedicated land; and (c) other minimal improvements which the City determines to be essential to the acceptance of land for residential purposes.

4. Dedication of land is governed by the procedure in subsection K of this section.

E. Formula for Fees in Lieu of Land Dedication.

1. If (a) there is no park or recreation facility designated in the general plan within a proposed subdivision, or (b) the dedication of land under subsection D of this section is not feasible or compatible with the general plan, or (c) the City has previously acquired the necessary park property, or (d) the City otherwise determines that in lieu fees will be required, the subdivider shall pay a fee instead of land dedication.

2. The amount of an in lieu fee required under this section shall be calculated and collected as follows:

a. Fair market value shall be determined at the time of approval of the final map covering the territory in question

b. Any applicable in lieu fee shall be paid in full to the City at the time of approval of the final map covering the territory in question.

c. The City may, but is not required to, value and collect an in lieu fee at an earlier date if consistent with (i) an agreement executed and signed by the party responsible for the payment of the in lieu fee, (ii) a resolution by the City Council authorizing the early payment of the in lieu fee, and (iii) the best interests of the citizens of the City of Pittsburg.

d. Fair market value shall be the value of a typical buildable acre of land within the City suitable for residential or parkland development excluding areas which are unbuildable due to flooding, topography, easements, or other restrictions. Park sites should be designed so that at least eighty percent (80%) of the site has slopes of less than three percent (3%) and should be available for year-round use.

e. The City has the sole discretion to determine what is and what is not a typical buildable acre of land for purposes of this section. The City's determination as to what constitutes a typical buildable acre of land shall be binding for purposes of this Chapter.

f. The fair market value of land for in lieu fee purposes shall be established periodically by the City Council through a City Park Fee Resolution.

g. Biennially, or more frequently as directed by the City Council, the City Engineer shall determine the average fair market value of a buildable acre of land within the City. The City Engineer may coordinate the appraisal of land and direct appropriate City resources for the determination of this fair market value. The City Engineer's fair market value determination shall be considered by the City Council upon adoption of the City Park Fee Resolution.

h. The City Engineer may, but is not required to, hire one or more professional appraisers to assist in determining fair market value pursuant to subsection E(2)(g). The City Engineer, and any appraisal, shall consider the following when determining fair market value for purposes of this section:

1. The General Plan;
2. Residential zoning and density;
3. Building entitlements;
4. Existing citywide public improvements;
5. The value of private improvements required in citywide residential developments, including the improvements listed in subsection D of this section;
6. The sales price or appraised value of comparable residentially zoned property within the city utilizing data from the previous two (2) calendar year period; and
7. The sales price or appraised value of comparable residentially zoned property outside the City utilizing data from the previous two (2) calendar year period.

i. The City Council shall occasionally, but at least once every other fiscal year, update the City Park Fee Resolution. The City Council may, at its option, choose to update the City Park Fee Resolution more frequently as new market information becomes available. The fair market value established in the City Park Fee Resolution shall be applied to the calculation of all park dedication in lieu fees required under this section.

j. The fair market value established in each City Park Fee Resolution shall be adjusted for inflation pursuant to the Bay Area Consumer Price Index until an updated fair market value is established by the City Council. When applicable, the adjusted rate shall be established each February and shall be based on the average 12 month inflation rate of the preceeding 12 months.

F. Fees in Lieu of Land Dedication - Fifty (50) Parcels or Less. If the proposed subdivision contains fifty (50) parcels or less, the City may only require the payment of fees under this section, and may not require the dedication of land. However, this section does not preclude the dedication and acceptance of land for park and recreation purposes in a subdivision of fifty (50) parcels or less if the subdivider proposes dedication voluntarily and the land is acceptable to the City.

G. Combination of Fees and Dedication. The Planning Commission may approve a combination of fee payment and land dedication when:

1. Only a portion of a proposed and accepted park falls within a subdivision. That portion shall be dedicated for park purposes and a fee is required for any additional amount of land that would otherwise be required for dedication; or

2. A major part of the park or recreation site has already been acquired and only a small portion of land is needed from the subdivision to complete the site. The needed portion shall be acquired by dedication and a fee required for any additional amount of land that would otherwise be required for dedication; or

3. The Planning Commission determines that a combination of fees and dedication will best serve the public interest.

The Planning Commission's determination as to fees, dedication, or a combination of both may be appealed to the City Council by the party responsible for the dedication of land or the payment of in lieu fees or by the City Manager.

H. Determination of Land or Fee. Whether the City accepts land dedication or requires a fee, or a combination of both, is determined by considering the following:

1. Open Space, Youth and Recreation element of the General Plan;
2. Topography, geology, access and location of land in the subdivision available for dedication. Proposed park sites should be designed so that eighty percent (80%) of the site has slopes of less than three percent (3%) and should be available for year-round use;
3. Size and shape of the subdivision and land available for dedication, specifically, proposed park sites should consist of a minimum of two (2) contiguous acres in new residential neighborhoods;
4. The feasibility of dedication;
5. Whether the City has previously acquired sufficient land for park and recreation purposes;
6. Whether the public interest is best served by the dedication of land or the imposition of an in lieu fee; and
7. The factors set forth in subsections F and G of this section.

I. Partial Credit for Private Open Space. Where private open space for active park and recreation uses is provided in a proposed subdivision, the City may grant partial credit not to exceed fifty percent (50%) against the requirement of land dedication or payment of fees if the City finds it is in the public interest to do so and that all of the following standards are met:

1. Yard, court areas, setbacks and other open area or landscaping required to be maintained by the zoning and building ordinances and regulations are not included in the computation of credit; and
2. The private ownership and maintenance of the area is adequately provided for by recorded written agreement, covenants or restrictions; and
3. The use of the private area is restricted for park and recreational purposes by recorded covenants which run with the land in favor of the future owners of property within the subdivision and which cannot be amended or eliminated without the City's consent; and
4. The proposed private area is reasonably adoptable for use for active park and recreational purposes, taking into consideration such factors as size, shape, topography, geology, access and location; and
5. The proposed facilities are in substantial conformance with the parks and recreation element of the general plan; and
6. The space for which credit is given is a minimum of two (2) acres and provides a minimum of four (4) of the following local park basis elements, or a combination of elements and other recreational improvements, which will meet the specific recreation and park needs of the future residents of the area:

Elements	Acres
a. Children's play apparatus areas	.50 - .75
b. Family picnic areas	.25 - .75
c. Landscape parklike and quiet areas	.50 - 1.00

d. Game court areas	.25 - .50
e. Turf play fields	1.00 - 3.00
f. Swim pool (42′ x 75′) with adjacent deck and lawn	.25 -.50
g. Recreation center buildings	.15 -.25

J. Credit for Park and Recreation Improvements. If the subdivider provides park and recreation improvements to the dedicated land (other than improvements required by subsection D(3) of this section), the value of the improvements is a credit against the payment of fees or dedication of land required by this section. To qualify for credit under this subsection, the subdivider must first obtain approval from the Recreation and Planning Commissions for the precise improvements to be installed.

K. Procedure.

1. General. When a developer submits a tentative map to the City, he shall specify as part of the filing how he intends to satisfy the park dedication requirements of this section.

2. Recommendation and Decision. At the time of approval of a tentative map, the Planning Commission shall determine whether to require a dedication of land, payment of a fee instead, or a combination of both. The Planning Commission's decision shall be based upon a report and recommendation from the Recreation Commission which shall include:

a. The amount of land required for purposes of park dedication;

b. Credit to be given under subsection I or J of this section;

c. The location of the dedicated land or proposed use of in lieu fees.

The decision of the Planning Commission may be appealed to the City Council by the party responsible for the dedication of land or the payment of in lieu fees or by the City Manager.

3. Time for Dedication or Payment.

a. The subdivider shall dedicate the land required for dedication at the time of the filing of the final or parcel map for the subdivision.

b. The subdivider shall pay the required in-lieu fees at a time consistent with Sections E(2)(b) – E(2)(c).

L. Use of Land and Fees.

1. The land, fees, or combination of both may be used only for the purpose of developing new or rehabilitating existing neighborhood or community park or recreational facilities to serve the subdivision.

2. The City Council shall develop and adopt a schedule specifying how, when, and where it will use the land, fees and interest. Fees and interest collected under this section shall be committed within five (5) years after the payment of the fees or the issuance of building permits on one-half (1/2) the lots created by the subdivision, whichever occurs later.

M. Exemptions. This section does not apply to:

1. Subdivisions containing less than five (5) parcels and not used for residential purposes. However, the City shall place the following condition on the parcel map:

"If, within four (4) years, a building permit is required for construction of a residential structure on one (1) or more of the parcels, the owner of each such parcel is required to pay a park dedication fee under this chapter before the permit is issued."

2. Commercial or industrial subdivisions or to condominium projects or stock cooperatives which consist of the subdivision of airspace in an existing apartment building which is more than five (5) year old when no new dwelling units are added."

SECTION 3. Effective Date.

This ordinance shall take effect thirty (30) days after its adoption.

SECTION 4. Publication.

The City Clerk shall either (a) have this ordinance published once within 15 days after adoption in a newspaper of general circulation, or (b) have a summary of the ordinance published twice in a newspaper of general circulation, once five (5) days before its adoption and again twenty (20) days after its adoption.

The foregoing ordinance was introduced at a meeting of the City Council of the City of Pittsburg held on October 2, 2006 and was adopted and ordered published at a meeting of the City Council held on October 16, 2006 by the following vote:

AYES: Members Casey, Glynn, Johnson, Parent and Mayor Kee

NOES: None

ABSTAINED: None

ABSENT: None

Michael B. Kee, Mayor

ATTEST:

Alice E. Evenson

Lillian J. Pride, City Clerk deputy

OFFICE OF THE CITY MANAGER
Administrative Offices
65 Civic Avenue
Pittsburg, California 94565

DATE: October 16, 2006

TO: Mayor and Council Members

FROM: Marc S. Grisham, City Manager

SUBJECT: AMENDMENTS TO MUNICIPAL CODE SECTION 17.32.020 RELATING TO PARK DEDICATION REQUIREMENTS IN NEW CITY SUBDIVISIONS

EXECUTIVE SUMMARY:

The attached Ordinance, if adopted by the City Council, will clarify the procedure for park dedication and the imposition of in lieu fees within the City. The proposed amendments to the Municipal Code give the City the express authority to require the dedication of land, impose an in lieu fee, or a combination of both. Under the proposed Ordinance, the City Council will establish the fair market value of land for in lieu fee purposes by Resolution. The Ordinance also requires that land be valued at the time of final map acceptance. This is the second reading of the proposed Ordinance.

FISCAL IMPACT:

The Ordinance, if adopted, will reduce the administrative costs associated with the valuation of land in each subdivision and will provide consistency with regard to the valuation and payment of in lieu fees. The proposed park dedication structure will continue to generate significant revenue for the City's park and recreation facility needs.

RECOMMENDATION:

That the City Council adopt the attached Ordinance amending Municipal Code Section 17.32.020 relating to park dedication in new city subdivisions.

STAFF ANALYSIS:

California Government Code Section 66477 (also known as the "Quimby Act") authorizes the City to require the dedication of park land or the payment of an in lieu fee as a condition to the approval of a tentative map in a new subdivision. The Quimby Act requires the City to establish definite standards for determining the proportion of a subdivision to be dedicated and the amount of any fee to be paid in lieu thereof.

Staff, including the City Attorney, reviewed the existing standards and procedures relating to the dedication of park land and the payment of in lieu fees in new City subdivisions. The current park dedication section of the Municipal Code is unclear and has led to several practical problems in application. The City Engineer has requested that the Municipal Code be clarified to provide more definite standards for park dedication and in lieu fee valuation.

Dedication of Land or Payment of an In Lieu Fee

Municipal Code Section 17.32.020 is currently unclear as to whether the City has the authority to require the dedication of land, the payment of an in lieu fee, or a combination of both. The proposed amendments to the Municipal Code make it clear that the City has the authority to determine on a case-by-case basis whether the dedication of land, the payment of fees, or a combination of both will be required.

In addition, Policy 8(P)(6) of the Pittsburg General Plan calls for the City to revise its park dedication ordinance to define "useable area" for parkland dedication requirement purposes. The adoption of the attached Ordinance will enable the City to meet this express directive of the Pittsburg General Plan.

The Timing of the Fair Market Value Determination

Under the current language of Municipal Code Section 17.32.020(E), fair market value for the purpose of calculating in lieu fees is determined at the time of tentative map approval. As a practical matter, approval of the tentative map occurs early in the development planning process. California real estate prices have risen considerably over the years, and the City has routinely been forced to accept the value of land at the tentative map approval stage even when the physical construction of a subdivision occurs years later.

The proposed Ordinance would change the timing of the fair market value determination for in lieu fee purposes. If approved, fair market value will now be determined at the time of approval of a final map. The City will be in a better position to collect fees that reflect the value of land in a subdivision and fund appropriate park and recreational facilities with those fees.

The proposed amendments to the Municipal Code also allow for an earlier valuation and payment of in lieu fees where authorized by resolution of the City Council, memorialized in a written agreement, and found to be in the best interests of the citizens of Pittsburg.

Fair Market Value Determination

Under the current language of Municipal Code Section 17.32.020(E)(2), fair market value for in lieu fee purposes is the value of a "typical buildable acre of the subdivision, excluding areas which are unbuildable due to flooding, topography, easements, or other restrictions." This fair market value is to be determined by the City with a written report prepared and signed by an appraiser acceptable to the City.

This provision in the Municipal Code has given rise to considerable confusion on land dedication matters. The Quimby Act requires the City to adopt "definite standards" for the dedication of land and the imposition of in lieu fees. The City's current Municipal Code provisions do not define a "buildable acre" or give additional guidance to an appraiser charged with determining the fair market value of land.

The proposed amendments to Municipal Code Section 17.32.020 establish clear guidelines for the determination of fair market value for in lieu fee purposes. The City Council will establish, by a City Park Fee Resolution, a standard value for a buildable acre of land within the City. This will be the rate for determining in lieu fees. This will substantially reduce the administrative costs associated with the analysis of multiple appraisals and negotiations over the fair market value of land in a particular subdivision. Additionally, it will provide developers with a definite and consistent standard to consider as a project moves forward.

The proposed amendments direct the City Engineer to determine the average fair market value of land in the City. Standards are provided for the appraisal of land under the City Engineer's direction. The City Engineer's determination as to fair market value is to be considered by the City Council when the Council establishes the City Park Fee Resolution.

Under the proposed amendments to the Municipal Code, the City Council is required to update the City Park Fee Resolution at least once every two years. The City Council may, at its option, choose to update the City Park Fee Resolution more frequently as new market information becomes available.

Appeal of Planning Commission Decision

The Municipal Code provisions relating to park dedication require the Planning Commission to determine whether to require the dedication of land, the payment of an in lieu fee, or a combination of both. The Planning Commission also determines the amount of land required for purposes of park dedication or the payment of a corresponding in lieu fee.

The current Municipal Code allows a decision of the Planning Commission to be appealed to the City Council, but does not indicate which parties have the right to appeal. The proposed amendments to the Municipal Code clarify the appeal process by authorizing either the party responsible for the dedication of land or the City Manager to appeal a decision of the Planning Commission to the City Council.

Marc S. Grisham, City Manager

Attachments:
Ordinance No. 06-1275

ATTACHMENT
ORDINANCE NO. 10-1329
DOCUMENT FOLLOWS

BEFORE THE CITY COUNCIL OF THE CITY OF PITTSBURG

In the Matter of:

An Ordinance Adding Chapter 15.103 to	)	
the Pittsburg Municipal Code Establishing	)	ORDINANCE NO. 10-1329
a Revised Regional Transportation	)	
Development Impact Mitigation Fee Program	)	

The City Council of the City of Pittsburg DOES ORDAIN as follows:

SECTION 1. Recitals.

A. The City previously adopted regional traffic development impact fees, codified in Pittsburg Municipal Code Chapters 15.100 and 15.102, respectively, applicable to new residential, commercial and industrial development to offset the costs of upgrading the regional transportation system to serve new development in the City.

B. By Resolution No. 10-11492, the City Council authorized the City's withdrawal from the East Contra Costa Regional Fee and Financing Authority ("ECCRFFA"), a joint powers agency previously designated by the City as the agency responsible for the funding and implementation of transportation improvement projects in the East Contra Costa County area ("East County").

C. The City has determined that the best interests of the public will be served through the establishment of a Revised Regional Transportation Development Impact Fee Program ("Fee Program"), which would allow the City to establish fee collection, financing, and management mechanisms, an implementation schedule for identified projects, and coordinate the funding of regional projects with the City's regional partners, including ECCRFFA.

D. The City contracted with Fehr & Peers to prepare an "East Contra Costa Regional Fee Program Update" ("Fee Study") which updates ECCRFFA's 2005 nexus study report by revising information related to project cost estimates and land use projections within East County.

E. The City desires to adopt a new regional traffic development impact fee based on the content of the Fee Study, and to set forth the same by ordinance in the Pittsburg Municipal Code.

F. The City has determined that this Ordinance is based on the construction of public facilities and/or improvements identified by using levels on important regional routes in East County as specified by TRANSPLAN and previously adopted by ECCRFFA.

G. A public hearing on the proposed Ordinance was noticed by publication in a newspaper of general circulation in accordance with applicable laws.

SECTION 2. Adding Chapter 15.103 "Pittsburg Regional Transportation Development Impact Mitigation Fee ("PRTDIM") Program" to Title 15 "Buildings and Construction" of the Pittsburg Municipal Code

Title 15 "Buildings and Construction" of the Pittsburg Municipal Code is hereby amended to add Chapter 15.103 "Pittsburg Regional Transportation Development Impact Mitigation Fee ("PRTDIM") Program," which shall read as follows:

Section 15.103.010 Findings and Purpose.

A. Projected new development in the City of Pittsburg will further congest the freeways and arterial roadways in the cities of Pittsburg, Antioch, Brentwood, Oakley and the unincorporated eastern portion of Contra Costa County (the "regional area") and place additional demands on the regional transportation system.

B. The City of Pittsburg previously participated in the East Contra Costa Regional Fee and Financing Authority ("ECCRFFA"), a joint powers agency, for the funding and implementation of transportation improvement projects in the regional area.

C. The City of Pittsburg intends to establish its own comprehensive fee program to help fund regional transportation improvements which are necessary to offset the impacts of continuing growth and development within the City, and to cooperate with the City's regional partners, including ECCRFFA, to fund and implement transportation projects in the regional area. Expansion and construction of the improvements identified in the 2010 East Contra Costa Regional Fee Program Update ("fee study"), on file and available for review at the City, will increase the flow of traffic, reduce congestion and noise, and improve safety and air quality throughout the regional area.

D. Pursuant to the Mitigation Fee Act, California Government Code Section 66000, *et seq.*, a local agency is authorized to charge a fee to development applicants in connection with approval of a development project for the purpose of offsetting all or a portion of the costs of public facilities related to the development project.

E. The Pittsburg city council finds that the creation of a Pittsburg Regional Transportation Development Impact Mitigation Fee ("PRTDIM") program is necessary to ensure that new development pays its fair share of the construction costs of the regional transportation improvements identified in the 2010 East Contra Costa Regional Fee Program Update, and any subsequently adopted fee program updates.

F. This chapter is statutorily exempt from the requirements of the California Environmental Quality Act ("CEQA") pursuant to Section 21080(b)(8) of the Public Resources Code and Section 15273(a)(4) of the CEQA Guidelines because the fees collected as a result of this action will be used for regional transportation infrastructure necessary to maintain an acceptable level of service within existing service areas. Once sufficient funds are collected and prior to the approval of the final alignment and configuration of the individual transportation improvement projects, the City of Pittsburg or other lead agency, as appropriate, will take all other CEQA required actions. The city council further finds that the adoption of the automatic change in PRTDIM fees annually in accordance with changes in the Engineering News-Record index is also statutorily exempt under Section 15273(a)(4) because the amount of any increase is precisely determinable based on the published change of the index and relates solely to the increase of construction costs for the previously identified projects.

Section 15.103.020 Adoption of PRTDIM Fees and Reports.

The city council shall, by resolution, set forth the specific amount of the PRTDIM fees based on the 2010 East Contra Costa Regional Fee Program Update and any subsequent fee program updates adopted by the city council. The city council may, by resolution, update the PRTDIM fees as often as necessary. All such resolutions adopting or updating PRTDIM fees shall contain the findings necessary under the Mitigation Fee Act.

Section 15.103.030 Automatic Fee Increases.

PRTDIM fees established by city council resolution shall, on January 1st of each year, be automatically increased or decreased from the amount then applicable by the same percentage as the percentage of increase or decrease in construction costs between September 1st of the calendar year immediately preceding September 1st of the current calendar year, based on the Engineering News-Record Construction Costs Index – San Francisco Bay Area, without further action by the city council.

Section 15.103.040 Payment of Fees.

A. The property owner shall pay to the city the PRTDIM fee established by city council resolution. The fee shall be paid prior to the issuance of a building permit, or at such earlier time as agreed to in writing between the property owner and the city.

B. The applicable PRTDIM fee shall be determined on the basis of the fee schedule in effect at the time of building permit issuance, or at such earlier time as agreed to in writing between the property owner and the city. If no permit is required, then the fees are payable in the amounts in effect at the commencement of the project. The chief building official or other official designated by the city manager shall determine the amount of the fee in accordance with the standards set forth in the city council resolution.

C. No building permit shall be issued for property within the city unless the PRTDIM fee for that property is paid or otherwise satisfied as required by this chapter.

D. The PRTDIM fees shall also be paid as a condition of an extension or renewal of a public permit issued prior to the adoption of this ordinance if a city regional traffic mitigation fee has not been paid previously.

Section 15.103.050 Fee Exemptions.

A. Developments that are subject to the PRTDIM fee established by this chapter shall be exempt from payment of the City of Pittsburg regional transportation mitigation fee (RTMF) codified in chapter 15.100 and the regional transportation development impact mitigation fee (RTDIM) codified in chapter 15.102.

B. Developments that are not subject to the PRTDIM fee established by this chapter shall remain subject to payment of the city of Pittsburg regional transportation development impact mitigation fee (RTDIM) codified in chapter 15.102.

C. The PRTDIM fee shall not be required of any project involving the replacement of existing structures destroyed by fire or other natural disaster, to the extent that the replacement project does not exceed the number of units or intensity of use that existed prior to the fire or other natural disaster.

D. The PRTDIM fee shall not be required of any project involving the rehabilitation of existing structures where the total cost of the work undertaken is less than fifty percent (50%) of the value of the existing structure. The property owner has the burden to document, to the chief building official's satisfaction, that a rehabilitation project on the property qualifies for this exemption.

E. The following uses are categorically exempt from the fees imposed by this chapter: Christmas tree lots, seasonal fruit stands, mobile food vendors and circuses and carnivals.

F. Any alteration or addition to a residential structure, except to the extent that a residential unit is added to a single-family residential unit or another unit is added to an existing multifamily residential unit.

Section 15.103.060 Creation of PRTDIM Fee Account.

The funds generated by payment of the PRTDIM fee shall be placed into a separate account established for the funding of regional transportation projects consistent with this chapter. The funds in the account, including any accumulated interest, shall be used only for the purposes and projects described in this section.

A. To pay for the acquisition/construction of the improvements identified in the 2010 East Contra Costa Regional Fee Program Update, and any subsequently adopted fee program updates ("improvements");

B. To pay for the design, engineering, construction of any property acquisition for, and the reasonable costs of outside consultant studies and analyses related to, the improvements;

C. To reimburse other public entities, including ECCRFFA, for the improvements constructed by other sources, including funds generated by other public entities, unless such funds were obtained from grants or gifts intended by the grantor to be used for the improvements;

D. To reimburse developers that have designed, constructed and/or dedicated a useable portion of any of the improvements, with city's prior written approval, and have entered into an agreement with the city that provides for such reimbursement;

E. To pay for and/or reimburse costs of city's PRTDIM program development and ongoing administration of the PRTDIM fee program, including, but not limited to, the cost of studies, legal costs, and other costs related to updating the fee; and

F. To pay for and/or reimburse costs related to the City of Pittsburg's administration of the PRTDIM fee program, including, but not limited to, the costs of studies, legal costs, and other costs related to administering the PRTDIM program and updating the fee.

Section 15.103.070 Annual and Five-Year PRTDIM Program Reviews.

A. Within one hundred eighty (180) days after the close of each fiscal year, the city manager or his or her designee shall prepare a report for the city council, pursuant to Government Code Section 66006, identifying the balance of fees in the account at the beginning and end of the fiscal year, including any revenue, interest, credit, refunds, reimbursements and the amount of expenditures, if any, identified by public facility, and any other income or expenditures during the fiscal year.

B. The city shall make the periodic report available to the public, and the city council shall review the report at a regularly scheduled meeting in accordance with Government Code Section 66006.

C. The city shall conduct the periodic review required by Government Code Section 66001(d) every five years.

D. Pursuant to Government Code Section 66002, the city council shall annually review, as part of its capital improvement plan, the regional traffic improvements identified in the fee study to be financed with PRTDIM fees. The city council shall make findings identifying the purpose to which the existing fee balances are to be put and demonstrating a reasonable relationship between the fee and the purpose for which it is charged. This annual review may warrant adjustments to the PRTDIM fees.

Section 15.103.080 Other Authority.

This chapter is intended to establish a supplemental method for funding the cost of certain regional transportation improvements identified in the 2010 East Contra Costa Regional Fee Program Update, and any subsequently adopted fee program updates. The provisions of this chapter shall not be construed to limit the power of the city council to impose any other fee or exactions or to continue to impose existing fees or exactions on development within the city, but shall be in addition to any other requirements the city council is authorized to impose or has previously imposed. In addition, individual property owners shall remain obligated to fund, construct and/or dedicate the improvements, public facilities and other exactions or dedications required by the city, including without limitation those required by the city standard details and specifications and other applicable public works standards.

Section 15.103.090 Severability.

Each component of this chapter is severable. Should any portion of this chapter be held invalid and unenforceable by a body of competent jurisdiction, then the remaining portions shall continue to be in full force and effect. The city council of the city of Pittsburg declares that it would have adopted this chapter and each section, subsection, clause, sentence, phrase and other portion thereof, irrespective of the fact that one or more section, subsection, clause, sentence, phrase or other portion may be held invalid or unconstitutional.

SECTION 3. Severability

If any Section, paragraph, sentence or other portion of this Ordinance is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining Sections, paragraphs, sentences and portions shall nevertheless continue in full force and effect without being impaired or invalidated in any way.

SECTION 4. Effective Date

This ordinance shall be in full force and effective sixty (60) days after its adoption.

SECTION 5. Publication

The City Clerk shall either (a) have this ordinance published once within 15 days after adoption in a newspaper of general circulation or (b) have a summary of the ordinance published twice in a newspaper of general circulation, once 5 days before its adoption and again 20 days after adoption.

The foregoing ordinance was introduced at a meeting of the City Council of the City of Pittsburg held on September 20, 2010 and was adopted and ordered published at a meeting of the City Council held on October 4, 2010 by the following vote:

AYES:	Casey, Johnson, Evola
NOES:	None
ABSTAIN:	None
ABSENT:	Kee, Parent

Salvatore N. Evola

Salvatore N. Evola, Mayor

ATTEST:

Alice E. Evenson

Alice E. Evenson, City Clerk

OFFICE OF THE CITY MANAGER/EXECUTIVE DIRECTOR
65 Civic Avenue
Pittsburg, CA 94565

DATE: 9/24/2010

TO: Mayor and Council Members

FROM: Marc S. Grisham, City Manager

SUBJECT: Second Reading of Ordinance No. 10-1329, Adding Chapter 15.103 to the Pittsburg Municipal Code Establishing a Revised Regional Transportation Development Impact Mitigation Fee Program

MEETING DATE: 10/4/2010

EXECUTIVE SUMMARY

Ordinance No. 10-1329 will create a new municipal code chapter for a revised regional transportation development impact mitigation fee program, which was enacted by City Council Resolution No. 10-11533. The ordinance provides the basic framework for the collection, use and administration of the Pittsburg Regional Transportation Development Impact Fee (PRTDIM) in a manner that can be easily accessed by the general public in Pittsburg's Municipal Code.

FISCAL IMPACT

No fiscal impact is anticipated because the PRTDIM fee includes a 1% City administrative fee.

RECOMMENDATION

(1) Staff recommends that the City Council adopt a motion waiving further reading of Ordinance No. 10-1329.

(2) Staff recommends that the City Council adopt Ordinance No. 10-1329 and direct the City Clerk to publish the ordinance in a manner consistent with Government. Code Section 36933.

BACKGROUND

On June 6, 1994, the City of Pittsburg adopted Resolution 94-8066, authorizing a Joint Exercise of Powers Agreement ("JPA") with the Cities of Antioch, Brentwood and the County of Contra Costa, which provided for the creation of ECCRFFA to assist in the establishment of a uniform regional development fee program and the funding and implementation of regional transportation improvement projects in the East County area. In 1999, the City of Oakley was added as a member of ECCRFFA.

On August 1, 2005, the City of Pittsburg adopted Resolution 05-10348, approving the adoption of a Second Amendment to the ECCRFFA JPA, which provided for a revision of the ECCRFFA regional transportation improvement program consistent with the "East Contra Costa Regional Fee Program Update," previously approved by the ECCRFFA Board. The Second Amendment updated the relevant fees and regional transportation projects to be funded, as defined in the program update report.

Over time, the City has expressed concerns related to the fact that certain regional transportation projects within the City were not funded as promised by ECCRFFA in the past. For more than a year, the City attempted to work with ECCRFFA to address the City's desire to prioritize certain regional transportation projects essential to Pittsburg residents. Despite good faith negotiations between the parties, the outstanding issues between the City and ECCRFFA were not resolved to City's satisfaction. On July 6, 2010, the City Council adopted Resolution No. 10-11492 authorizing the City Manager to provide notice to ECCRFFA and its member agencies of the City's intent to withdraw from ECCRFFA.

City has, since the initiation of the withdrawal process, made it clear to its regional transportation partners (including ECCRFFA and TRANSPLAN) that it was the City's intention to create its own regional transportation mitigation fee program to ensure that new development in City continues to pay its fair share toward transportation projects of regional significance. Through the proposed regional program, City intends to continue supporting ECCRFFA, multi-jurisdictional transportation planning efforts and projects of regional significance in East County.

SUBCOMMITTEE FINDINGS

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STAFF ANALYSIS

The attached Ordinance would add chapter 15.103 to the Pittsburg Municipal Code establishing the new PRTDIM fee program. The PRTDIM program is necessary to ensure that new development pays its fair share of the costs associated with the projects identified in the 2010 East Contra Costa Regional Fee Program Update ("Fee Study"). The Fee Study identifies a list of regional transportation improvements approved by the City and its regional transportation partners, including ECCRFFA, and deemed necessary to account for the impacts associated with new development.

The PRTDIM program, as proposed, would require developers of property in the City to pay a PRTDIM fee in an amount established by City Council resolution prior to the issuance of a building permit for the project. The applicable fee is to be determined based upon the fee schedule in effect at the time of building permit issuance. In the event that no building permit is required, the PRTDIM fee is payable in the amounts in effect at the time of commencement of the project in question. No building permit is to be issued for property within the City unless and until the PRTDIM fee for that property is paid as required by the attached Ordinances.

The attached Ordinances authorize the City Council to adopt the Fee Study and any subsequent updates by resolution. The City Council is similarly authorized to set the specific amount of the PRTDIM fees by resolution, consistent with the calculations and limitations identified in the Fee Study. PRTDIM fees, once established, increase (or decrease) automatically each year based on the percentage change in the Engineering News-Record Construction Costs Index – San Francisco Bay Area.

Certain development projects are exempt from payment of the PRTDIM fee consistent with Section 15.103.050. For example, a project limited to the replacement of an existing structure destroyed by fire or other natural disaster is exempt from the PRTDIM. Similarly, certain projects involving the rehabilitation of an existing structure and/or an alteration or addition to an existing structure are exempt from the PRTDIM fee.

Funds generated by payment of the PRTDIM fee must be placed into a separate account established for the funding of regional transportation projects. Consistent with Section 15.103.060, the funds in the account (including any accumulated interest) may be used only for identified purposes, including but not limited to the acquisition, construction, design, and engineering of identified improvements, the reimbursement of other public entities, including ECCRFFA, for any improvements constructed by other sources, the reimbursement of developers that have designed, constructed, and/or dedicated a usable portion of any identified improvement, and to reimburse the City for costs associated with the administration of the PRTDIM program.

The attached Ordinance will establish the proposed PRTDIM fee program. The City is committed to regional transportation project development in East Contra Costa County, and will continue to work cooperatively with ECCRFFA and other regional partners to develop regional solutions to East County's transportation issues.

ATTACHMENTS: Ordinance No. 10-1329

Report Prepared By: Paul Reinders, Senior Civil Engineer

OFFICE OF THE CITY MANAGER/EXECUTIVE DIRECTOR
65 Civic Avenue
Pittsburg, CA 94565

DATE: 9/10/2010

TO: Mayor and Council Members

FROM: Marc S. Grisham, City Manager

SUBJECT: Adoption of an Urgency Ordinance and Introduction and Waive First Reading of an Ordinance Adding Chapter 15.103 to the Pittsburg Municipal Code Establishing the Pittsburg Regional Transportation Development Impact Mitigation Fee Program

MEETING DATE: 9/20/2010

EXECUTIVE SUMMARY

On July 6, 2010, the City Council adopted Resolution No. 10-11492 authorizing the City Manager to provide notice to the East Contra Costa Regional Fee and Financing Authority ("ECCRFFA") and its member agencies of the City's intent to withdraw from ECCRFFA. Subsequently, the City provided ECCRFFA with notice of its intent to withdraw as authorized by the underlying joint powers agreement. As discussed throughout the withdrawal process, the City intends to create its own regional transportation mitigation fee program to ensure that new development in City continues to pay its fair share toward transportation projects of regional significance. Through its regional program, City intends to continue supporting ECCRFFA, TRANSPLAN, multi-jurisdictional transportation planning efforts and projects of regional significance in East County. The attached ordinances, if adopted, would establish the Pittsburg Regional Transportation Development Impact Mitigation Fee ("PRTDIM") program.

FISCAL IMPACT

There is no fiscal impact to the City. City will continue to collect regional traffic mitigation fees from new development and apply those funds to transportation projects of regional significance.

RECOMMENDATION

That the City Council: 1) adopt the attached Urgency Ordinance Adding Chapter 15.103 to the Pittsburg Municipal Code Establishing the Pittsburg Regional Transportation Development Impact Mitigation Fee Program; and 2) introduce, read by title only, and waive the first full reading of the attached Ordinance Adding Chapter 15.103 to the Pittsburg

Municipal Code Establishing the Pittsburg Regional Transportation Development Impact Mitigation Fee Program.

BACKGROUND

On June 6, 1994, the City of Pittsburg adopted Resolution 94-8066, authorizing a Joint Exercise of Powers Agreement ("JPA") with the Cities of Antioch, Brentwood and the County of Contra Costa, which provided for the creation of ECCRFFA to assist in the establishment of a uniform regional development fee program and the funding and implementation of regional transportation improvement projects in the East County area. In 1999, the City of Oakley was added as a member of ECCRFFA.

On August 1, 2005, the City of Pittsburg adopted Resolution 05-10348, approving the adoption of a Second Amendment to the ECCRFFA JPA, which provided for a revision of the ECCRFFA regional transportation improvement program consistent with the "East Contra Costa Regional Fée Program Update," previously approved by the ECCRFFA Board. The Second Amendment updated the relevant fees and regional transportation projects to be funded, as defined in the program update report.

Over time, the City has expressed concerns related to the fact that certain regional transportation projects within the City were not funded as promised by ECCRFFA in the past. For more than a year, the City attempted to work with ECCRFFA to address the City's desire to prioritize certain regional transportation projects essential to Pittsburg residents. Despite good faith negotiations between the parties, the outstanding issues between the City and ECCRFFA were not resolved to City's satisfaction. On July 6, 2010, the City Council adopted Resolution No. 10-11492 authorizing the City Manager to provide notice to ECCRFFA and its member agencies of the City's intent to withdraw from ECCRFFA.

City has, since the initiation of the withdrawal process, made it clear to its regional transportation partners (including ECCRFFA and TRANSPLAN) that it was the City's intention to create its own regional transportation mitigation fee program to ensure that new development in City continues to pay its fair share toward transportation projects of regional significance. Through the proposed regional program, City intends to continue supporting ECCRFFA, multi-jurisdictional transportation planning efforts and projects of regional significance in East County.

SUBCOMMITTEE FINDINGS

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STAFF ANALYSIS

The proposed Ordinances would add chapter 15.103 to the Pittsburg Municipal Code establishing the new PRTDIM fee program. The PRTDIM program is necessary to ensure that new development pays its fair share of the costs associated with the projects identified in the 2010 East Contra Costa Regional Fee Program Update ("Fee Study"). The Fee Study identifies a list of regional transportation improvements approved by the City and its regional transportation partners, including ECCRFFA, and deemed necessary to account for the impacts associated with new development.

Pursuant to the requirements of the Mitigation Fee Act, notice of a public hearing related to the PRTDIM program was published in a newspaper of general circulation, notice was mailed to individuals and entities that have filed a written request, and the information supporting the PRTDIM program and fee, including the Fee Study, were available to the public at least ten (10) days prior to the public hearing.

The PRTDIM program, as proposed, would require developers of property in the City to pay a PRTDIM fee in an amount established by City Council resolution prior to the issuance of a building permit for the project. The applicable fee is to be determined based upon the fee schedule in effect at the time of building permit issuance. In the event that no building permit is required, the PRTDIM fee is payable in the amounts in effect at the time of commencement of the project in question. No building permit is to be issued for property within the City unless and until the PRTDIM fee for that property is paid as required by the attached Ordinances.

The attached Ordinances authorize the City Council to adopt the Fee Study and any subsequent updates by resolution. The City Council is similarly authorized to set the specific amount of the PRTDIM fees by resolution, consistent with the calculations and limitations identified in the Fee Study. PRTDIM fees, once established, increase (or decrease) automatically each year based on the percentage change in the Engineering News-Record Construction Costs Index – San Francisco Bay Area.

Certain development projects are exempt from payment of the PRTDIM fee consistent with Section 15.103.050. For example, a project limited to the replacement of an existing structure destroyed by fire or other natural disaster is exempt from the PRTDIM. Similarly, certain projects involving the rehabilitation of an existing structure and/or an alteration or addition to an existing structure are exempt from the PRTDIM fee.

Funds generated by payment of the PRTDIM fee must be placed into a separate account established for the funding of regional transportation projects. Consistent with Section 15.103.060, the funds in the account (including any accumulated interest) may be used only for identified purposes, including but not limited to the acquisition, construction, design, and engineering of identified improvements, the reimbursement of other public entities, including ECCRFFA, for any improvements constructed by other sources, the reimbursement of developers that have designed, constructed, and/or dedicated a usable portion of any identified improvement, and to reimburse the City for costs associated with the administration of the PRTDIM program.

URGENCY FINDINGS

Government Code Section 36937(b) authorizes the City Council, by a 4/5 vote, to adopt an urgency ordinance for the immediate preservation of the public peace, health and safety. Urgency ordinances take effect immediately upon adoption.

Staff believes that the following facts and circumstances support the City Council's ability to adopt the attached urgency ordinance as necessary for the immediate preservation of the public peace, health and safety:

A. The identified transportation improvements are needed due to increased congestion attributable to projected growth in population in East County. These improvements were identified by using levels on important regional routes in East County as specified by TRANSPLAN. The improvements include widening various roads, safety enhancements on several roads, and improvements to routes parallel to State Route 4. The public health, safety and welfare are compromised by the delay in financing and constructing the improvements identified in the Fee Study.

B. There is a direct relationship between increased traffic congestion and the increase of vehicle and pedestrian accidents and air quality degradation. Decreased air quality negatively affects the health of persons living and working in the area, including children and infants. Any delay in the construction of the improvements will detrimentally affect the public welfare and health because of increased traffic congestion in the affected areas, and increased air pollution as a result of the traffic congestion.

C. Traffic congestion adversely affects emergency personnel response times, including fire protection, medical and law enforcement services. By alleviating such congestion, the identified improvements will enable the agencies that provide those services locally and regionally to respond to emergencies in a timely manner.

D. A number of new commercial and residential developments are currently in the planning and/or building permit issuance stage. If development is allowed to occur without adopting the PRTDIM program intended to fund the infrastructure necessary to mitigate regional transportation impacts from new development, the circulation system will further degrade without a source of critical funding to implement those improvements.

CONCLUSION

The attached Ordinances, if adopted, would establish the proposed PRTDIM fee program. The City is committed to regional transportation project development in East Contra Costa County, and will continue to work cooperatively with ECCRFFA and other regional partners to develop regional solutions to East County's transportation issues.

Staff recommends that the City Council: 1) adopt the attached Urgency Ordinance Adding Chapter 15.103 to the Pittsburg Municipal Code Establishing the Pittsburg Regional Transportation Development Impact Mitigation Fee Program; and 2) introduce, read by title only, and waive the first full reading of the attached Ordinance Adding Chapter 15.103 to the Pittsburg Municipal Code Establishing the Pittsburg Regional Transportation Development Impact Mitigation Fee Program.

ATTACHMENTS: Ordinances (2)

Report Prepared By: Paul Reinders, Senior Civil Engineer