

City of Sacramento

Legislation Text

File #: 2019-01849, **Version:** 1

Title:

Contracts: Park Impact Fee Reimbursement Agreements and Fund Transfer

File ID: 2019-01849

Location: Districts 3 and 8

Recommendation:

Adopt a Resolution: 1) approving the First Amendment to the Park Impact Fee Agreement with Sutter Park Development Co., LLC and Tim Lewis Communities for reimbursement of \$77,000 in park impact fees; 2) approving the First Amendment to the Park Impact Fee Agreement with KB Homes Sacramento Inc. for reimbursement of \$112,910 in park impact fees; 3) authorizing the City Manager or the City Manager's designee to execute these park impact fee agreement amendments; 4) delegating authority to the City Manager to enter into park impact fee reimbursement agreements when the developer under a park development agreement, in lieu of applying the park impact fee credits, pays the park impact fee under a fee deferral agreement; 5) authorizing the City Manager or the City Manager's designee to increase the expenditure budget in the Sutter Park Development Project (L19167900) by appropriating \$77,000 from the Park Impact fees (Fund 3204) available fund balance; and, 6) increase the expenditure budget in the Shasta Park Frontage Improvement Project (L19159400) by appropriating \$112,910 from the Park Impact fees (Fund 3204) available fund balance.

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Presenter: None

Attachments:

1-Description/Analysis

2- Sutter Park Development Co., LLC Park Impact Fee Credit/Reimbursement Agreement Amendment

3-Shasta 10 Subdivision and Shasta Park Frontage Improvement/Park Impact Fee Credit Agreement Amendment

4-Resolution

Description/Analysis

Issue Detail: On August 28, 2018, City Council approved the Park Development Impact Fee Credit Agreement with the Sutter Park Development Co., LLC for the development of Sutter Park. The total available Park Impact Fee (PIF) credits were \$270,085, which were to be made available to the developer through a trust account managed by Community Development Department. The PIF credits would be applied with each residential building permit at the Sutter Park residential development until the \$270,085 in credits was exhausted. Sutter Park Development Co., LLC, transferred the PIF credits to Tim Lewis Communities, which constructed the housing. Tim Lewis Communities began applying for residential building permits before the PIF trust account was established. As a result, \$77,000 in PIF funds were paid by Tim Lewis Communities in lieu of applying the PIF credits. Construction of Sutter Park has been substantially completed by Sutter Park Development Co., LLC. Therefore, Tim Lewis Communities is eligible to be reimbursed for the \$77,000 excess PIF paid.

The Shasta 10 subdivision abuts Shasta Park and the developer, KB Homes Sacramento Inc., agreed to build the frontage improvements (sidewalk, curb and gutter) as part of the street improvements along Shasta Park. These improvements provided pedestrian access to park for the residents of the new subdivision. This arrangement allowed for these park improvements to be installed sooner.

On October 24, 2017, City Council approved the Shasta Park Frontage Improvements and Fee Credit/Reimbursement Agreement. Under the agreement, the developer received PIF credits for cost of the frontage improvements in the amount of \$112,910. However, KB Homes Sacramento Inc. applied for residential building permits and completed construction of the 60-lot subdivision under a fee deferral agreement which doesn't allow for applying credits when the fees are due (at time of final inspection). KB Homes Sacramento is now requesting the reimbursement of the frontage improvements construction costs of \$112,910 rather than PIF credits.

Fee deferral agreements under the Statewide Community Infrastructure Program (SCIP) are available to residential builders and allows for impact fee payment to be made when each home is ready for occupancy rather than when the building permit is issued. These agreements encompass all impact fees and require payment of the fees, not credits, at the later date unless the agreement carves out the PIF obligation. Because other residential developers may also enter into these agreements before applying their PIF credits, there may be other instances when the PIF paid needs to be reimbursed once the park construction work has been completed. Therefore, staff is requesting Council to delegate authority to the City Manager to enter into PIF reimbursement agreements when a developer inadvertently pays the PIF charge in lieu of applying PIF credits.

Policy Considerations: Utilizing PIF available fund balance to fund and augment project budgets is consistent with Sacramento City Code Section 18.56.230, as these funds will be expended for reimbursement of the fees paid when park facilities have been constructed to serve the residents and employees of a development project.

Economic Impacts: None

Environmental Considerations: The Environmental Planning Services Division has reviewed this action and determined that it is not a “project” subject to CEQA (California Environmental Quality Act) under Section number 15378(b)(4) because it is an administrative activity that consists of the government fiscal activities..

Sustainability: Not Applicable

Rationale for Recommendation: Prior to issuance of building permits for residential developments, the developer is required to pay PIF” in accordance with the Sacramento City, Title 18, Chapter 18.56 (the “Fee Ordinance”). The Sutter Park and Shasta 10 developers paid the PIF rather than apply their PIF credits under the terms of a fee deferral agreement pursuant to the Statewide Community Infrastructure Program. Staff recommends the City Council approve the reimbursements under the amendments to the Park Impact Fee turnkey agreements and augment the project budgets to fund the reimbursements because the park improvement projects have been constructed and PIF was paid in lieu of applying the PIF credits for such projects.

Financial Considerations: The Fee Ordinance authorizes reimbursements of PIF paid by a developer who undertakes the design and construction of park facilities that otherwise would be built by the City with PIF revenues. There are sufficient funds available in PIF available fund balance (Fund 3204) to support the funding transfers of \$77,000 to project L19167900 and \$112,900 to project L19159400.

Local Business Enterprise (LBE): Not Applicable