



CITY OF MARTINEZ

**CITY COUNCIL AGENDA
July 7, 2010**

TO: Mayor and City Council

FROM: Philip Vince, City Manager

SUBJECT: Discussion of Economic Stimulus Package Components to Encourage New Development and Rehabilitation Projects

DATE: July 2, 2010

RECOMMENDATION:

Discuss options to be included in an Economic Stimulus Package outlined in this staff report and provide direction to staff.

BACKGROUND:

The City Council, staff and the City Council Economic Development Subcommittee has been discussing the policy, financial, and legal implications of a city-wide economic stimulus package to encourage new development and rehabilitation projects. A local economic stimulus package for a specified 18 month period can provide the following benefits to the community: 1) stimulate and encourage the construction of local development projects that have stalled due to the poor economy and/or inability to secure adequate loans from lending institutions; 2) stimulate and encourage short term construction employment, 3) reduce the cost of already entitled projects or future projects by improving their financial feasibility and ability to attract financing from lending institutions, 4) encourage the construction of needed new affordable and market rate owner occupied and rental housing that will assist the City of Martinez in meeting our RHNA housing requirements and the goals of our existing and proposed Housing Element, and 5) provide an increase in local property and sales taxes.

Based upon previous City Council direction and further discussions with the Economic Development Subcommittee (Vice-Mayor DeLaney and Councilmember Kennedy), staff presents the following approach for your review and consideration:

- Stimulus Package Time frame: 18 Months: August, 2010 thru November, 2011.
- Eligible Projects: Development projects that have received all discretionary approvals and have submitted all appropriate plans, drawings, and specifications for subdivision improvement and/or Building permits within the past five years or during the above defined eligibility period.

- City Wide Program: 35% reduction in development fees citywide. These fees include traffic mitigation, parks and recreation, park in-lieu, cultural facilities, police facilities and childcare facilities. Please refer to the 2009/2010 Impact Mitigation Fees for New Development below.
- Additional Downtown Incentives:
 - URM Projects:
 - No plan check fees for any URM seismic retrofit project
 - 50% rebate on consultant engineering analysis required for all URM buildings in downtown (rebate given when URM seismic retrofit plans are approved)
 - Non-URM Projects: 50% reduction on all inspection fees for all tenant improvement and rehabilitation projects.

FISCAL IMPACT:

The potential financial implications of the proposed economic stimulus program are summarized below:

2009-2010 Impact Mitigation Fees for New Development

LAND USE CATEGORIES					
Impact Mitigation Fees	Single-family residential (per unit)	Multi-family residential (per unit)	Retail (per sq.ft.)	Office (per. sq. ft.)	Industrial (per sq. ft.)
Transportation *	\$2,221	\$1,528	\$2.23	\$1.81	\$0.99
Parks & Recreation	\$2,509	\$1,834	\$1.09	\$1.41	\$0.61
Park in-Lieu	\$5,095	\$3,723	-0-	-0-	-0-
Cultural Facilities	\$3,373	\$2,466	\$1.13	\$1.44	\$0.64
Police Facilities	\$411	\$411	\$0.39	\$0.05	\$0.05
Childcare Facilities	\$432	\$86	\$0.16	\$0.44	\$0.18
Total	\$14,041	\$10,048	\$5.00	\$5.15	\$2.47
* In addition, a Regional Fee may be required for projects that generate greater than 100 new peak hour vehicle trips; and Morello Ave from Midhill Rd to Pettit Lane per Agreement with Citation Northern (Expires October 14, 2012)					

Pursuant to the mandatory URM Ordinance adopted by the City Council last year, owners of URM properties have 24 months to submit their engineering analysis. Based upon this ordinance the owners of all 29 outstanding un-retrofitted buildings will need to submit their engineering analysis during the next 18 months. City staff estimates that if all property owners do their engineering analysis and complete their construction plans the cost of this portion of the program is estimated to be approximately \$29,000. Staff also estimates that the fiscal impact of the other downtown incentive is likely to not exceed \$20,000.

If all eligible projects participate in the proposed stimulus program, staff estimates that the fiscal incentives for the builders from reduced development impact fees and downtown inspection fees, and the proposed URM rebate could be up to a maximum of \$500,000; however, if these projects never move forward, the City will have foregone any new revenue.

It must be noted that the increased property and sales tax generated by the short term economic incentive program will be offset by the loss of Development Impact Fee revenue which normally goes toward Parks and Recreation and Municipal Facility capital improvement projects; however this is somewhat abated by the recent passage of the November 2008 bond measure approved by Martinez voters which allocated over 30 million dollars to Parks and Municipal Facilities over the next eight years. The one-time loss of DIF fees is offset by ongoing property and sales tax revenue captured over time.

OPPORTUNITY SITES IN THE SPECIFIC PLAN

Depending on the number of residential and commercial/office projects that move forward with this economic incentive program, including those outside the immediate downtown area, and the 32 opportunity sites identified in the Specific Plan, up to \$500,000 per year in additional property tax revenue can be generated at near build out. This doesn't even take into account the sales tax generated from added residents and business activity.

In the past four years alone there has been significant time and effort in securing entitlements for certain Opportunity Sites identified in the Specific Plan; in addition, there are four other parcels in the downtown area that are generating a lot of interest for future commercial/office and multi-family residential and may complete their applications within the 18 month time frame. The Specific Plan identified Opportunity Site number five as a long term objective to build infill housing and relocate the Corporation Yard. Staff developed some opportunities that might facilitate this happening in the next 9 to 12 months.

The City is issuing a RFP by September 2010, for a more optimum use of the 48,000 square foot Zocchi tilt up building which is recognized as Opportunity Site 2 in the Attachment. The renovation of the interior and exterior of the Zocchi building will likely be expedited if an investor can take advantage of the Catalyst Program. It is also important to remember that the community will also benefit from sales tax revenue as the new residents will purchase local goods and services, although this amount is difficult to estimate.

ALTERNATIVES:

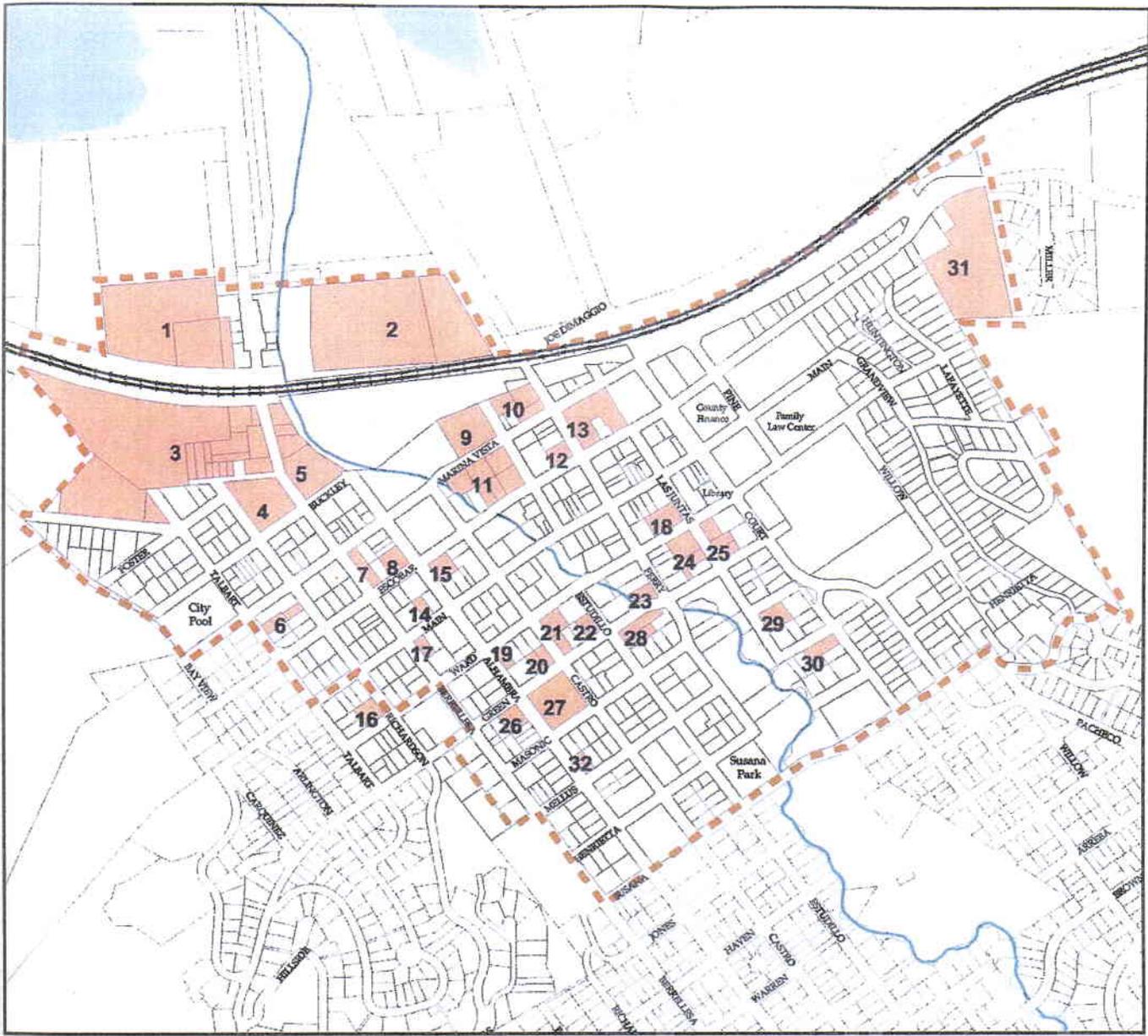
1. (A) Approve 35% reduction on development impact fees and all plan inspection fees on projects entitled within the last five years or the above defined eligibility period; and (B) reduce all URM engineering consultant and plan check charges by 50% to entice the owners of the remaining 29 unreinforced buildings to meet compliance in the downtown area.
2. (A) Establish a two tiered Economic Incentive Program whereas all residential and commercial/office entitled projects approved within the past five years receive a 20% reduction on Development Impact and Inspection fees; and (B) whereas all new applications that are deemed complete in the next 18 months receive a 35% reduction in Development Impact Fees and Plancheck Inspection and; (C) reduce all URM consultant engineering and plan check charges by 50% in the next 18 months.
3. Don't approve an Economic Incentive Program as outlined above and direct staff to pursue other options.

RECOMMENDATION:

Discuss the pros and cons of the three alternatives and provide direction to staff.

ATTACHMENTS

1. Figure C-1 OPPORTUNITY SITES in the 2006 adopted Specific Plan
2. Profile of OPPORTUNITY SITES



LEGEND

-  Study Area
-  Alhambra Creek
-  Rail Road
-  Opportunity Sites

* Due to boundary adjustment, Opportunity Site 16 was removed from the final Specific Plan Area.

Fig. C-1 OPPORTUNITY SITES

Downtown Martinez Specific Plan
Martinez, California



0 350 700 1050 Feet

California
Associates
PLANNERS
ARCHITECTS
ENGINEERS

City of Martinez, California

Table C-1

Profile of Opportunity Sites

Site	Acres	No. of parcels	No. of owners	Existing Use(s)	Total	Industrial	Ret/Comml.	Office
1	4.7	3	2	vacant/industrial	8,263	8,263	-	-
2	6.4	2	1	industrial	111,890	111,890	-	-
3	9.1	16	6	refinery	33,940	33,940	-	-
4	1.0	1	1	industrial	477	477	-	-
5	1.4	4	3	corp. yd/industrial/auto service	24,513	24,513	-	-
6	0.2	2	1	vacant	-	-	-	-
7	0.2	2	1	commercial/parking	3,900	-	3,900	-
8	0.2	1	1	vacant	-	-	-	-
9	0.9	1	1	commercial	11,723	-	11,723	-
10	0.6	3	1	commercial	5,753	-	5,753	-
11	1.2	6	2	commercial/industrial	31,023	31,023	-	-
12	0.2	1	1	commercial	3,343	-	3,343	-
13	0.9	1	1	parking lot	-	-	-	-
14	0.1	1	1	vacant	-	-	-	-
15	0.2	1	1	auto service	6,315	-	6,315	-
16	0.2	1	1	vacant	-	-	-	-
17	0.1	1	1	vacant	-	-	-	-
18	0.3	1	1	commercial/parking	6,500	-	6,500	-
19	0.1	1	1	parking lot	-	-	-	-
20	0.2	2	1	med./dental office/parking lot	1,507	-	-	1,507
21	0.3	2	2	office/parking lot	3,082	-	-	3,082
22	0.2	1	1	medical/dental office	3,103	-	-	3,103
23	0.2	1	1	auto service	697	-	697	-
24	0.5	2	2	parking lot/industrial	7,573	7,573	-	-
25	0.4	3	1	parking lot	-	-	-	-
26	0.2	1	1	auto service (vacant)	1,009	1,009	-	-
27	0.9	1	1	commercial	26,550	-	26,550	-
28	0.4	2	1	vacant/residential (vacant)	3,577	3,577	-	-
29	0.3	1	1	sheriff's dept	3,871	-	-	3,871
30	0.3	1	1	sheriff's dept	3,500	-	-	3,500
31	3.3	1	1	vacant	-	-	-	-
32	0.1	1	1	auto service (vacant)	879	879	-	-
					223,144	64,781	15,063	

* Existing square footages are from assessor's records and are not verified.