



CITY OF MARTINEZ

**CITY COUNCIL AGENDA
September 4, 2013**

TO: Mayor and City Council
FROM: Philip Vince, City Manager
PREPARED BY: Michael Chandler, Senior Management Analyst
SUBJECT: Economic Stimulus Program Fees Extension
DATE: August 28, 2013

RECOMMENDATION:

Adopt a resolution extending and expanding certain sections of the “Economic Stimulus Program” Schedule of Fees for City Services, from September 15, 2013 to March 15, 2014. This report has been reviewed by the City Attorney’s office.

BACKGROUND:

The City Council approved Resolution 093-10 on September 15, 2010, to establish an “Economic Stimulus Program” designed to encourage new development and rehabilitation projects through a series of fee discounts over an 18-month period. These discounts included the following:

- 1) New Residential or Commercial Projects: 35% reduction in Development Impact Fees
- 2) New Single Family Residential (SFR) Projects: 50% reduction in Building Permit Fees
- 3) New Commercial Projects: 50% reduction in Building Permit Fees
- 4) Non-URM Commercial Tenant Improvements and Rehabilitation Projects: 50% reduction in Building Permit Fees
- 5) Unreinforced Masonry (URM) Projects: 75% reduction in building permit fees
- 6) Plumbing permits for Solar Water System Fixtures/Electrical Permits for Solar Photovoltaic: 50% reduction

The City Council subsequently approved Resolution 011-12 on February 15, 2012, to extend the Economic Stimulus Program for an additional 18 months to September 15, 2013. Of the listed discounts set to expire, staff recommends extending the 35% reduction in Development Impact Fees for 6 more months, to March 15, 2014, and making the 75% reduction in building permit fees for URM projects permanent. The plumbing and electrical permit discounts for solar projects was separately extended to July 1, 2014. To date, three (3) commercial development projects, twenty-two (22) tenant improvement projects, six (6) seismic retrofit projects, and six (6) single family residential projects have benefitted from the incentives offered under the program.

Over the course of the past year, major residential development projects, including two that had stalled for a number of years after receiving tentative map approval (“Village at Arnold” and “The Paseos”) have made significant progress and are now approaching preparation and submission of their respective subdivision improvement agreements and final maps for Council consideration. The Economic Stimulus Program offered these and other developments additional incentives to move forward on their projects, and staff believes a limited extension and expansion of certain aspects of the program is warranted for the purpose of expediting their completion.

Staff has maintained consistent dialogue with the developers of the two aforementioned SFR projects nearing final project approval, and recommends extending the existing Development Impact Fee (DIF) discount of 35% to March 15, 2014. These discounts, if extended, would allow for projects approved or conditionally approved within the stated timeframes to realize the discounted DIF rate if they are issued a building permit prior to March 15, 2014.

As an additional incentive to help move those development projects that had stalled for a number of years to completion, staff recommends affording new residential and commercial projects approved or conditionally approved between 9/15/05 and 9/15/10 the opportunity to receive the development impact fee discount by submitting a complete set of subdivision improvement plans and final map (as deemed acceptable by the City) and paying all of the discounted development impact fees in full by no later than March 15, 2014. Staff is not recommending any further extensions of the DIF discount beyond the March 15, 2014 deadline. In the event any development projects do not meet the requirements of the extension, they will be subject to paying the full DIF rate.

During the recent biennial budget process, staff adjusted its fee revenue projections accordingly to account for the expected increase in engineering and building permits related to the new construction in FY 2013-15. As was mentioned at the May 30, 2013 Budget Workshop, all building permit fee revenues for residential development over the next two years (including over \$600,000 attributable to the two aforementioned projects) were budgeted at the full rate and not the discounted 50% rate allowed within the current Economic Stimulus Program, because construction on the developments potentially subject to the discount was not expected to commence until after the program’s September 15, 2013 deadline.

The developers have indicated to City staff that realizing the DIF discounts would help continue the positive momentum on the projects and put them in a position to obtain most or all building permits by the end of the two-year budget cycle. Building permit fees for these two developments would not be discounted by the terms of the proposed extension/expansion of the Economic Stimulus Program.

Staff recommends removing all components of the building permit fee discounts from the Economic Stimulus Program extension, with the exception of the 75% discount on building permits for URM projects. Due to the inherent health and safety benefits of completing URM projects, staff recommends extending this 75% discount in perpetuity, similar to what was already done for discounted permits on wood-burning to gas conversions, which have no sunset.

None of the proposed fee discounts will apply retroactively to any development impact fees or building permit fees paid prior to September 15, 2010.

FISCAL IMPACT:

The cost to the City of the Development Impact Fee (non-General Fund) discounts being extended/expanded for single and multi-family developments approaching final stages of approval is \$417,918. This amount represents the difference between the revenues from DIF fees if they were not discounted of \$1,611,968, and the revenues from discounted DIF fees of \$1,194,050. As previously indicated, revenues from building permit fees for the two SFR developments are anticipated to be approximately \$600,000 over the two-year budget cycle. If all eligible URM property owners participate in the stimulus program, the cost to the City of discounting building permit fees for URM projects is approximately \$40,000.

ACTION:

Adopt a resolution extending and expanding certain portions of the “Economic Stimulus Program” Schedule of Fees for City Services, from September 15, 2013 to March 15, 2014.

Attachments:

Resolution

Building Fee Schedule for Valuation-based Fees (page 2)

Impact/Mitigation Schedule of Fees (page 11)

APPROVED BY:


City Manager

RESOLUTION NO. -13

**EXTENDING AND EXPANDING CERTAIN SECTIONS OF THE
ECONOMIC STIMULUS PROGRAM SCHEDULE OF FEES FOR CITY SERVICES
FROM SEPTEMBER 15, 2013 TO MARCH 15, 2014**

WHEREAS, the City Council on September 15, 2010, adopted Resolution No. 093-10 to provide an Economic Stimulus Program ("Stimulus Program") providing a variety of economic incentives in the form of reduced fees to encourage new development and rehabilitation projects for an 18-month period extending to March 15, 2012; and

WHEREAS, the City Council adopted Resolution No. 011-12 on February 15, 2012, to extend these building permit and impact fee incentives for an additional 18-month period to September 15, 2013, as the Building Industry continued to be impacted by the lingering effects of the recent recession; and

WHEREAS, several major residential development projects have made significant progress in the past year and are now approaching the final stages of the approval process; and

WHEREAS, to help encourage an expeditious completion of these and other development projects, thereby promoting job creation and economic stimulus for the residents of Martinez and development within the City limits, the Council is desirous of extending and expanding on a limited basis certain sections of the Stimulus Program relevant to the Development Impact Fees on new residential and commercial development projects an additional six months to, and including, March 15, 2014; and

WHEREAS, eligible projects would include those approved or conditionally approved within the five year period immediately preceding the effective date of the initial adoption of the Stimulus Program (September 15, 2005 to September 15, 2010), which have not yet been issued building permits but are issued at least one building permit between September 15, 2010 and March 15, 2014 (the "eligibility period"), or which have, by March 15, 2014, submitted a complete set of subdivision improvement plans and final map as deemed acceptable by the City and paid all of the Stimulus Program Development Impact Fees in full; and

WHEREAS, eligible projects would also include those new projects which are approved or conditionally approved and building permits are issued during the eligibility period; and

WHEREAS, completion of unreinforced masonry (URM) projects in Martinez remains a priority of the Council, as URM buildings present a hazard to the health and safety of the general public; and

WHEREAS, to help encourage completion of these URM projects, Council is desirous of extending on a permanent basis the Stimulus Program relevant to the Building Permit Fees on URM projects.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Martinez adopts the proposed fee amendments as set forth in the attached and incorporated pages from the Building Fee Schedule and Impact/Mitigation Fee Schedule, amending pages 2 and 11 of the City's Schedule of Fees for City Services.

BE IT FURTHER RESOLVED that any fees amended by this Resolution which were paid prior to September 15, 2010, shall not be subject to refund, reimbursement, or reduction as a result of the adoption of this Resolution; and

BE IT FURTHER RESOLVED that this Resolution shall become effective on September 16, 2013.

* * * * *

I HEREBY CERTIFY that the foregoing is a true and correct copy of a resolution duly adopted by the City Council of the City of Martinez at a Regular Meeting of said Council held on the 4th day of September, 2013, by the following vote:

AYES:

NOES:

ABSENT:

RICHARD G. HERNANDEZ, CITY CLERK
CITY OF MARTINEZ

BUILDING FEE SCHEDULE

Fees effective July 1, 2009

VALUATION-BASED FEES

GENERAL BUILDING PERMIT FEES VALUATION THRESHOLD	Fee Schedule	
	BASE FEE	INCREMENT PER \$1,000
\$1 - 1,500	\$77	\$0.00
\$1,501 - 2,000	\$98	\$0.00
\$2,001 - 25,000	\$149	\$30.28
\$25,001 - 50,000	\$845	\$21.85
\$50,001 - 100,000	\$1,392	\$15.14
\$100,001 - 500,000	\$2,149	\$12.12
\$500,001 - 1,000,000	\$6,995	\$10.27
\$1,000,001 or greater	\$12,131	\$6.80
GENERAL BUILDING - PLAN REVIEW	38% of Building Permit Fee	
PLAN CHECK - ENERGY CALCS (TITLE 24)	Additional 25% of Plan Review Fee	

(Notes 1-3 below are per the Economic Stimulus Program adopted on September 15, 2010 and extended on February 15, 2012. Fees listed in table above do not include discounts referenced in notes 1-4) below.

1. Seismic retrofits of URM properties will be given a 75% discount on the listed Building Permit fees. (per Resolution No. xxx-13) in effect from September 15, 2010 through September 15, 2013. (per Resolution No. 011-12)
2. Non-URM commercial tenant improvement and rehabilitation projects will be given a 50% discount on the listed Building Permit fees in effect from September 15, 2010 through September 15, 2013. (per Resolution No. 011-12)
3. New Single Family Residential (SFR) and commercial projects will be given a 50% discount on the listed Building Permit fees in effect from September 15, 2010 through September 15, 2013. (per Resolution No. 011-12)
4. Furnace or fireplace conversions from wood-burning to gas, and any associated plumbing, will be given a 50% discount on the listed Building Permit fees in effect. (per Resolution No. 036-08)
5. Effective February 15, 2011, a \$15 Technology Fee will be charged for each permit or project application. (per Resolution No. 121-10)

CALIFORNIA BUILDING STANDARDS COMMISSION FEE

Fees effective January 1, 2009 (Resolution No. 101-08)

Building Permit Project Valuation	Fee
\$1 - \$25,000	\$1
\$25,001 - \$50,000	\$2
\$50,001 - \$75,000	\$3
\$75,001 - \$100,000	\$4
Every \$25,000 or fraction thereof above \$100,000	Add \$1

Note: This State-mandated fee resulted from the passage of Senate Bill 1473, effective January 1, 2009. The fee applies only to Building permits (not electrical, plumbing, or HVAC) and creates the Building Standards Administration Special Revolving Fund, which will be used for the State's Green Building programs. The City remits the fee quarterly to the California Building Standards Commission and retains 10% of the fees collected for administrative costs as allowed by SB 1473.

IMPACT/MITIGATION FEE SCHEDULE

Fees effective March 15, 2004

Resolution No. 150-03, Resolution No. 093-10, Resolution No. 011-12 & Resolution No. xxx-13

MITIGATION DRAINAGE FEES

Drainage Area 40A Drainage Area 57 Drainage Area 5 Muir Road Oversize	Per County Ordinance #82-9 Per County Ordinance #88-86 \$0.25/new or additional impervious sf Per City reimbursement agreement
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LAND USE CATEGORIES – STANDARD FEES

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
TOTALS:	\$14,041.00	\$10,048.00	\$5.00	\$5.15	\$2.47

LAND USE CATEGORIES – STIMULUS 35% FEE REDUCTION (PER NOTE 4 BELOW)

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	\$1,443.65	\$993.20	\$1.45	\$1.18	\$0.64
PARKS & RECREATION	\$1,630.85	\$1,192.10	\$0.71	\$0.91	\$0.40
PARK IN-LIEU	\$3,311.75	\$2,419.95	-0-	-0-	-0-
CULTURAL FACILITIES	\$2,192.45	\$1,602.90	\$0.74	\$0.94	\$0.41
POLICE FACILITIES	\$267.15	\$267.15	\$0.25	\$0.03	\$0.03
CHILDCARE FACILITIES	\$280.80	\$55.90	\$0.10	\$0.29	\$0.12
TOTALS:	\$9,126.65	\$6,531.20	\$3.25	\$3.35	\$1.61

Notes:

- 1) For applications involving two or more types of services, the lesser fee(s) shall be 50% of the above amounts excepting environmental review.
- 2) Fees above do not include any direct costs incurred by the City Attorney's Office.
- 3) Standard Fees reflect an increase of 30.14% from March 2004 Base ENR Building Cost Index
- 4) Economic Stimulus Program adopted by Council on 9/15/10 (extended 2/15/12 and 9/4/13) allows for 35% reduction in development impact fees as shown for new residential and commercial projects that either:
 - a) Were approved or conditionally approved between 9/15/05 and 9/15/10 but were not issued at least one building permit until the period between 9/15/10 and 9/15/13/15/14, or
 - b) Were approved or conditionally approved between 9/15/05 and 9/15/10 and have, by 3/15/14, submitted a complete set of subdivision improvement plans and final map as deemed acceptable by the City and paid all Economic Stimulus Program development impact fees in full, or
 - c) Are approved or conditionally approved between 9/15/10 and 9/15/13/15/14 and have at least one building permit issued by no later than 9/15/13/15/14.
- 5) No fees for projects described by Note 4 that were paid prior to the initial adoption of the Economic Stimulus Program by the City Council on 9/15/10 shall be subject to reduction or reimbursement in whole or in part.