

Finance and Administration/Economic Development Action Committees  
Tuesday, January 27, 2009 (Special Meeting)  
Police Department Conference Room

The Finance and Administration Committee met in special session on the above date, at the hour of 9:00 a.m., at the Fort Bragg Police Department Conference Room and the following items were discussed.

### **ROLL CALL**

Members present: Finance/Administration Committee Members Doug Hammerstrom and Dan Gjerde.  
Economic Development Action Committee Members Miles Everett, Johanna Jensen.

Staff present: City Manager Linda Ruffing, Community Development Director Marie Jones, and City Clerk Cindy VanWormer.

Members absent: Economic Development Action Committee Members Chris Knoerdel, and Chriss Zaida.

**NOTE: A quorum of the Economic Development Action Committee was not present at the meeting.**

### **CONDUCT OF BUSINESS**

#### **1. Discuss Development Impact Fees and Make Recommendation to Council**

Community Development Director Jones reviewed the staff report prepared for this item.

Public comments on this agenda item were received from: Paul Clark, John C. Graff (Executive Director of Employers Council of Mendocino County), Amy Wynn, Jerry Matson, Johanna Jensen, Debbie Ramsey Casey, Pete Walker, Kirk O'Day, Frank Burris, Debbie Lennox, Bob Kinney, Marianne McGee (Mendocino Coast Clinics), and Kathy Brown.

Discussion: The following was noted during discussion of this item:

- The recommendations in the staff report came from the meeting subsequent to the December Council meeting; this was an Economic Development Action Committee (EDAC) meeting held the following week. These recommendations are not a final decision.
- Written communication was received from Mendocino Coast Clinics asking for reduction of development impact fees for non-profits and one from Pelican Storage stating that most septic costs are higher than in the staff report.
- Staff will need to check with the City Attorney on whether or not a reduction for non-profits is allowable; Jones stated she believed these fees would not fall under Prop 218 which does not allow for reduced rates for different types of customers.
- Committee Member Hammerstrom stated that he believed this was a good analysis on costs involved and how to allocate those costs among developers; he didn't support more of them being covered by taxes as a large portion are already being covered by taxes.
- Graff stated that members of the Employers Council of Mendocino County believe that government has grown larger than the people's ability to support it. He questioned whether the process being used is legal under state law and suggested that the City Attorney look closely at laws governing a charter city and how fees can be assessed. Increased fees will have a negative impact on business in the City and Mendocino County is in an economic crisis.
- City Clerk VanWormer clarified that the City is a general law city, not a charter city.
- Clark noted that both the City General Plan for Coastal and Inland areas state in their mission and vision statement the desire to preserve and enhance community and strive to create a business environment; the City's Economic Development Strategy has the same statement. He cautioned the City to go slow before introducing new fees and stated that his impression is that this process is moving forward and is going to happen regardless of input from developers.

- The fee update is driven by the level of projects; the City wants to be able to create amenities that make development attractive.
- Developer opposition to increased fees implies that there are other monies available to pay for these projects; there is no other money.
- Several people expressed an interest in reviewing the project list in order to reduce the number of projects and/or prioritize the projects on the list. It was suggested that staff post the list of projects on the City website prior to conducting a meeting focusing on the project list. Staff noted that some things might be removed from the list but others are crucial to keeping the systems operating.
- A map of the City with highlighted areas showing where projects will be located would be helpful.
- It was noted that there are roughly \$100 million worth of capital projects that need to be built and it is being proposed that roughly 20% of the money needed for those projects be paid for by new development in the existing part of town. Another 20% will be from mill site development and the remaining 60% would come from other sources such as grants, Redevelopment funds, and the General Fund.
- Several members of the public suggested a sales tax as they don't believe that funds will be accumulated by increasing the developer fees given that very little development is occurring. Jensen noted that you can't raise sales tax too much without hurting businesses.
- Matson referenced the issue with the City's insurance requirements, noting that also increases the cost of projects in the City.
- Increased development impact fees will make it even more difficult to provide affordable housing.
- It was suggested that a map be prepared showing vacant and underutilized parcels in the City.
- Timing is bad because of the economy; several people suggested waiting until the economy improves. Committee Members noted that the process to increase the fees will likely take another six months to complete.
- It was suggested that user fees pay for some of the projects; Committee Members noted that user fees were raised substantially last year and will be raised significantly for the next few years. The user fees have paid for a number of projects that were then removed from the list and will make up a portion of the 60% required from other sources.
- Burris suggested using volunteer labor and convict crews to construction the coastal trail. Clark suggested using volunteer labor for the restrooms at Bainbridge Park and Pudding Creek, noting that volunteers were used for the Wiggly Giggly Playground.
- Phasing of the projects was suggested so that all funding isn't needed at one time; the mill site related projects could be postponed until development occurs on the site.
- It was also suggested that the increase to development impact fees be phased so that they only increase partially in the first year and then are raised incrementally in future years.
- If a certain project is calculated into the cost of the development impact fees and then a grant or some other funding is obtained, those funds will be used for other projects. Fees charged will go into specific categories such as water, sewer, drainage, parks, etc. and those funds are then used for projects on the list that fit those categories.
- Hammerstrom suggested a meeting to identify other funding sources that may be available for projects on the list. Include discussion of reduced fees for non-profits as part of that discussion.
- Wynn suggested developing a service organization that would foster efforts to get some of the amenity based projects moving toward completion.

- McGee suggested that a waiver of development impact fees for non-profits be allowed as the public good of the development would offset the reduced fee. Jones noted that staff first needs to review this with the City Attorney to make sure there isn't a legal reason why it can't be done; she suggested that there may be Community Development Block Grant or other funds to offset the waiver.
- In reviewing the EDAC recommendations, it was noted that including design and on-site improvements that reduce a projects impacts, such as infiltration and treatment of stormwater or incorporating open space generally costs more than the cost of the development impact fee. It was suggested that allowing for increased density on multi-family lots for developers who do these types of improvements would make it beneficial.
- Development in the City is required to hook up to the City water and sewer system for public health reasons. If the development is removed from the main water and/or sewer lines the developer is typically required to fund the public improvement and is then paid back by future development in the area through a reimbursement agreement.
- Everett suggested reducing the development impact fee for water if people put in water saving devices (toilets, showers, etc.)
- Ways to encourage development are by making the process simpler, the fees lower, and allowing for higher density.
- A topic for further discussion by EDAC is ways to stimulate the economy such as free wi-fi access.
- **A follow-up meeting to review the list of projects was scheduled for 9:00 a.m. on Tuesday, February 24<sup>th</sup>.**

**2. Matters from Committee Members/Staff**

None.

**ADJOURNMENT**

**The meeting was adjourned at 10:55 a.m.**