



Sacramento Public Library Authority

September 23, 2010

Agenda Item 14.0: Request for Use of County Supplemental Funds for Nexus Study on Developer Fees

TO: Sacramento Public Library Authority Board Members

FROM: Don Tucker, Director of Facilities

RE: Request for Use of the Authority's County Supplemental Reserved Funds for Nexus Study on County-wide Library Development Impact Fee

RECOMMENDED ACTION:

1. **Approve** a budget appropriation in the amount of \$45,000 from Supplemental Funds held by the Authority and reserved for the County of Sacramento to reimburse the County of Sacramento for professional services and staff costs needed to complete a nexus study to examine impacts of the creation of a County-wide Library Development Impact Fee. This action shall be contingent upon approval and direction from the County Board of Supervisors to use the County Supplemental Reserve Funds for this purpose.

REASON FOR RECOMMENDATION

In 2009, County staff began a review of fees, costs and standards related to new commercial and housing development in the unincorporated areas of the County. A working group comprised of County staff, Library Authority staff, and development representatives analyzed the existing approach to assessing and collecting Library impact fees. The working group also studied the potential for an alternative broad-based Library development impact fee that would apply to both planned new growth areas and other new residential development in the unincorporated areas of the County (infill development).

The next step in moving forward with the County-wide fee process is to hire a consultant to prepare a Nexus Study for the possible implementation of a County-wide Library Development Impact Fee. County staff has prepared a recommendation to the County Board of Supervisors to proceed with this study if the Authority Board approves this action. The draft report from the County Office of Intergovernmental Affairs and Economic Development, included as Attachment A, provides additional background on the proposal and reasoning for the Nexus Study.

FISCAL IMPACT

The Authority Board created the Reserves for Supplemental Funding on September 25, 2008 as an element of the FY 2008-09 Approved Authority Budget. This was done in accordance with the requirements of the Joint Exercise of Powers Agreement effective July 1, 2007. The amount of County of



Sacramento Public Library Authority

September 23, 2010

Agenda Item 14.0: Request for Use of County Supplemental Funds for Nexus Study on Developer Fees

Sacramento Supplemental Funds reserved was \$179,718, based on the formula recommended by the Finance Advisory Committee to the Library Director and approved by the Authority Board on April 24, 2008.

County staff has recommended using up to \$45,000 of the County of Sacramento Supplemental Reserved Funds held by the Authority to pay for a County-wide Library Development Impact Fee nexus study and related support costs to complete the study. The County does not have operating funds to complete this study due to current budget conditions.

Staff is recommending the appropriation of \$45,000 from the Authority's County Supplemental Reserved Funds to reimburse the County for the cost of a Library Development Impact Fee nexus study, contingent upon the County Board of Supervisors approving the request to use the supplemental funds for this purpose. The County Board of Supervisors is scheduled to consider the County staff request to use the supplemental funds for this purpose in fall 2010. Any unused funds will be returned to the Authority's County Supplemental Reserves.

ATTACHMENT(S):

Attachment A: Draft Report to the County Board of Supervisors re: Approve Allocation of County Library Supplemental Funds For Preparation of Library Development Impact Fee Nexus Study

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
August 10, 2010
3:30P.M.

To: Board Of Supervisors

From: Department Of Economic Development & Intergovernmental Affairs

Subject: Approve Allocation Of County Library Supplemental Funds For Preparation Of Library Development Impact Fee Nexus Study

Supervisory District: All

Contacts: Robert B. Leonard, Director, 874-7876
Rick Teichert, Deputy Director, Sacramento Public Library, 264-2737

Overview

The Board of Supervisors is responsible for determining the use of the County's share of Annual Supplemental Funding for library services pursuant to the Sacramento Public Library Authority Joint Exercise of Powers Agreement (JPA). Approval of recommendations in this report will allocate up to \$45,000 from the County Supplemental Funding reserve account in the JPA County/Cities Fund (hereafter referred to as the Library Fund) to pay for staff time and financial consultant's cost to prepare a development impact fee nexus study as the basis for possible imposition of a broad-based library development impact fee to supplement the funding of new library facilities to serve the needs generated from growth in the unincorporated area of Sacramento County. This proposed amount includes the cost of the Infrastructure Finance Section to assist the Library Authority to retain the consultant, review the work, prepare Board findings, fee ordinance, and staff reports necessary to implement the fee.

Recommendation

Approve the attached Resolution to allocate up to \$45,000 from the County's Supplemental Funds reserved in the Library Fund for the preparation of a broad-based Library Development Impact Fee Nexus Study.

Measures/Evaluation

Allocation of funds for preparation of the Fee Nexus Study will provide the basis for the County to impose a broad-based Library Development Impact Fee on new residential construction in most unincorporated area of Sacramento County. This would require development to pay its fair share of costs to expand the library facilities serving unincorporated area residents.

Fiscal Impact

Library Fund is restricted to library uses as defined in the JPA. Allocation of up to \$45,000 of the Library Fund for a nexus study for a Library Development Impact Fee will meet the legal requirements for imposing such a fee. The collection of fees, if implemented, representing new development's share of library capital improvement funding could amount to an estimated \$66 million in fee revenues over the next 30 years. The proposed action will have no impact on the General Fund.

Approve Allocation Of County Library Supplemental Funds For Preparation Of Library
Development Impact Fee Nexus Study

Page 2

BACKGROUND

The Sacramento Public Library Authority was formed in 1993 under a JPA between the County of Sacramento and the City of Sacramento. The terms of the JPA were amended in 2007 and established a methodology for matching each jurisdiction's revenues with its Library Service Levels/Funding. To the extent that revenues exceed service level costs, the remaining funds are allocated to each jurisdiction on a formula basis and are used to fund library services or capital projects. The governing board of each jurisdiction is responsible for determining how this discretionary funding is used.

Sacramento County staff has been engaged since early 2009 with various service providers, developers and the Building Industry Association (BIA) in a development cost evaluation effort referred to as the Review of Fees, Costs, and Standards. Through this process a working group comprised of County staff, Library Authority staff, and development representatives analyzed the existing approach to library capital funding from development exactions. The group reviewed the existing library development impact fee strategy that only applies to residential development in designated "New Growth Areas" such as Vineyard Springs, North Vineyard Station, Easton, and the Elverta Specific Plan. The library fees are intended to generate \$27.8 million (New Growth Areas' share) to help fund 70,000 square feet of proposed new library space costing a total of \$61.7 million to serve new development in the unincorporated area. No library fee is charged to infill and other new development in the balance of the unincorporated area.

The working group also studied the potential for an alternative broad-based library development impact fee that would apply to both planned New Growth Areas and other new residential development in most of unincorporated Sacramento County (see Exhibit 1, attached). Excluding only unincorporated Natomas, the Folsom Sphere of Influence area, and the rural County south of Elk Grove and Wilton, the projected development of almost 85,000 new homes over the next thirty years would house an estimated 45 percent of the 2040 population in those unincorporated areas. At somewhat lower fee rates per dwelling unit than are being collected or proposed in each specific New Growth Areas, such a "County-wide" Library Development Impact Fee might generate over \$66 million to help fund 154,000 square feet of new library space costing a total of nearly \$148 million to serve unincorporated County residents (see Exhibit 2, attached). Additional funds would be sought to pay for the other costs.

DISCUSSION

Allocation of funds for the preparation of a County-wide Library Development Impact Fee Nexus Study will provide a formal analysis of the broad-based library development impact fee approach conceived by the working group, as described above. Compared to charging only New Growth Areas, the "County-wide" fee would help more substantially in the library's long range funding strategy to use all available sources to pay for library improvements, including possible future State bond funding of libraries.

The working group employed a fair share rationale in this County-wide development impact fee methodology. The proposed fee would be economically feasible for new development. With the Public Library aggressively seeking to secure the balance of funding, it would help support a

Approve Allocation Of County Library Supplemental Funds For Preparation Of Library Development Impact Fee Nexus Study

Page 3

robust library capital improvement program to provide an acceptable library service level for residents of Sacramento County. After comparing the New Growth Area Library Impact Fee approach to the County-wide approach, the working group recommended pursuing the latter as the most equitable methodology to achieve broad-based fee funding of new development's fair share of the cost of library system expansion.

Approval of the attached Resolution will allow up to \$45,000 to be appropriated from the County's Supplemental Funds reserved in the Library Fund. These funds would be utilized to hire a consultant to prepare a nexus study for the possible implementation of a County-wide Library Development Impact Fee. This amount also includes the cost of the Infrastructure Finance Section to assist the Library Authority to retain the consultant, review the work and prepare the Board findings, fee ordinance and staff reports necessary to implement the fee. The implementation of a countywide fee would be brought to the Board for consideration following the completion of the nexus study.

FINANCIAL ANALYSIS

The Library Fund is restricted to Library uses as defined in the JPA. Allocation of up to \$45,000 will provide for the preparation of a formal "County-wide" Library Development Impact Fee nexus study that can be used for imposition of such a broad-based exaction for funding new development's share of the cost of expanding the library facilities serving future unincorporated County residents. The proposed action will have no impact on the General Fund.

Respectfully submitted,

APPROVED:

ROBERT B. LEONARD, Director
Department of Economic Development
& Intergovernmental Affairs

STEVEN C. SZALAY, Interim County
Executive

Attachments:

Resolution

Exhibit 1 – County Library Development Impact Fee Area

Exhibit 2 – Comparison of County Library Fee and Plan Area Library Fees

Cc: Rivkah Sass
Paul Hahn
Steve Pedretti
Bob Davison
Susan Goetz

THIS PAGE INTENTIONALLY LEFT BLANK