
8.0 Phasing & Financing

This chapter of Specific Plan summarizes the proposed phasing plan, and the existing and potential financing programs that may be utilized to fund the construction of the public infrastructure and other facilities needed to support the build-out of the Specific Plan. It describes the phasing areas, provides a summary of the required on-site backbone infrastructure needed to serve each phase of development (in Appendix), summarizes the projected costs for this infrastructure and facilities, provides a description of the available funding sources and provides an overview of the Capital Improvement Program (CIP). The financing strategy employed by the LRSP will utilize existing fee programs, private funding, reimbursement agreements, new fee programs and other measures as necessary to fund needed infrastructure improvements.

8.1 PHASING PLAN

8.1.1 Overview of Phasing Plan

The Laguna Ridge Specific Plan provides for a comprehensively planned infrastructure system that coordinates the phasing and construction of facilities so that each phase of development provides the necessary infrastructure and facilities needed to meet the demands of this new development. The Specific Plan is the implementation of the City of Elk Grove's desire and requirements that new development provides all infrastructure and public facilities needed to offset its impacts on the community. The Specific Plan proposes to phase improvements in a manner that is based on a sound fiscal approach while ensuring infrastructure will be available concurrent with demands of this new development.

A set of Guiding Principles is listed that define the "rules" regarding the funding and construction of infrastructure and the phasing of development within the Specific Plan. These rules will be applied in determining required infrastructure improvements for each project or tentative subdivision map as it is processed and approved by the City. Based upon the number of tentative maps being processed at a given point in time, the City at its sole discretion may consider multiple maps for the purpose of defining and requiring needed infrastructure. The City may require improvements beyond what is indicated in the Phasing Matrix example prepared as part of this Specific Plan for a given project as necessary to ensure infrastructure is provided concurrent with demands of future development.

For the purposes of phasing, the Laguna Ridge Specific Plan has been divided into three geographic "Development Areas" noted as the North Area, the South Area, and the East Area on **Figure 8-6**. These areas were determined by a number of factors including shed boundaries between sewer and drainage systems, proximity to adjacent development and existing roadways, proximity to existing or proposed water facilities and a desire by landowners to process additional entitlement applications. In general terms, it is anticipated that development will progress from Elk Grove Boulevard (north to south) and from Bruceville Road (west to east). Each of the three development Areas are further subdivided to identify "Sub-areas", which generally coincide with individual projects or tentative subdivision maps, or in some cases groups of smaller properties. **Figures 8-7, 8-8 and 8-9** illustrate these Sub-areas, and highlight the requirement to provide a looped roadway system from each Sub-Area back to arterial or thoroughfare roads in order to provide two points of access. In some cases, a Sub-Area may be required to construct off-site roadways through other Areas and/or Sub-Areas.

Backbone infrastructure maps have been prepared for each component of infrastructure required to support the development of the Specific Plan (e.g. roadways, sewer, water and drainage.) A reference number has been assigned to each segment of roadway and/or infrastructure, which is keyed into a Phasing Matrix and the Capital Improvement Plan (CIP). **Figure 8-10** illustrates the Backbone Roadways and identifies each roadway segment and proposed signalization. **Figure 8-11** illustrates

the Backbone Sewer system by segment, **Figure 8-12** illustrates the Backbone Water System, and **Figure 8-13** illustrates the Backbone Drainage system.

An **Infrastructure Phasing Checklist** is contained in the Finance Plan, which is a separate document to be approved by the City. The checklist identifies the minimum infrastructure improvements that must be in place in order to meet the demands of a particular project or tentative subdivision map. The intent of the checklist is to provide future developers and the City with the initial listing of infrastructure that will be required for individual projects within the Specific Plan. This checklist is not intended to define the exact requirements that may be imposed by the City for any given project. The City may require additional infrastructure as necessary to comply with its General Plan policies, the Guiding Principles listed in this Chapter, and/or to address unforeseen impacts that may arise as a result of specific phasing of development that occurs following the approval of the Specific Plan. An example of the Infrastructure Phasing Checklist to be included in the CIP is shown as Figure 8-9.

The intent of the phasing plan is not to dictate the sequence of development within the Specific Plan area, but to identify the minimum infrastructure improvements required to support each project. For a given project to proceed in advance of another, off-site infrastructure may be required. Where a project is required to install off-site improvements for which the developer is unable to obtain the necessary land interest, the City will work with the developer to identify a suitable alternative to installing those improvements and pursue adoption of revised conditions of approval for the project, if applicable. If no suitable alternative to installing the improvements is identified and:

- The improvements are required by a tentative map condition, the City shall initiate condemnation proceedings, at the Subdivider's expense, pursuant to Government Code Section 66462.5.
- The improvements are not required by a tentative map condition, the City may initiate condemnation proceedings, at the developer's request and expense, once it is satisfied that the developer has made a good faith offer to the owner(s) of the property to be acquired in an amount not less than the property's appraised value.

The proposed phasing shown in the Specific Plan is not intended to be a restriction on future development or a guarantee that a certain amount of development can proceed. Development within the Specific Plan will be allowed to proceed provided sufficient infrastructure is available to offset the demands of new development consistent with the City's and other agency's development requirements.

8.1.2 Rate of Development

The rate of development in the Specific Plan shall be such that no more than 1,200 (one thousand two hundred) building permits can be issued annually commencing with adoption of the Specific Plan. The issuance of building permits subject to this allocation applies only to the low and medium density ranges from RD 4 to RD 10 (<15.1 units per acre). Any unused allocation of building permits from an individual year shall be carried over to subsequent years consistent with the specific requirements of the Growth Management Policy. All other residential and non-residential development may occur at any time provided all other required infrastructure is available and all finance requirements are met.

Building permits shall not be issued within the low and medium density ranges from RD 4 to RD 10 (<15.1 units per acre) in any of the defined phases until such time as the required on- and off-site infrastructure is provided for that phase of development, consistent with the Public Facilities Policies of the General Plan and in accordance with Figures 8.1 through 8.5. All other development may proceed provided the infrastructure and finance requirements are satisfied for that specific development and development occurs in conformance with all applicable General Plan policies.

8.1.3 Location of Development

The location of development within the Laguna Ridge Specific Plan shall be consistent with Figure 8.1, defining the location of growth within the Specific Plan. No building permits may be issued in Phase II for low and medium density ranges from RD4 to RD10 (<15.1 units per acre) until such time as all required circulation improvements have been substantially completed as defined by Policy 13 as determined by the City to serve the requirements of the High School / Middle School and Phase II of the Specific Plan. No building permits will be issued in any other area of the Specific Plan for low and medium density ranges from RD4 to RD10 (<15.1 units per acre) until such time as all required circulation improvements have been substantially completed for that defined area.

8.1.4 Guiding Principles for Phasing of Infrastructure and Public Facilities

The timing of all development within the LRSP shall be consistent with the following policies contained herein and will be incorporated as Conditions of Approval for subsequent projects:

1. Backbone public facilities and infrastructure improvements shall be installed concurrent with projected development demands for both on-site (within the Specific Plan area) and off-site (outside the physical boundaries of the Specific Plan area) to meet the City's and/or other agency infrastructure standards.
2. All infrastructure required of a specific project shall be constructed to the satisfaction of the City and consistent with General Plan policies PF-3 and PF-8 (see section 8.1.6) prior to building permit issuance within the project area.
3. The CIP included in the Financing Plan shall include an estimate of the minimum infrastructure required to meet the development demands of that specific project or tentative subdivision map. These infrastructure requirements will be refined as part of the review and processing of individual projects.
4. No subdivision maps or building permits for projects not requiring subdivision maps shall be approved within the Laguna Ridge Specific Plan until such time as all off-site infrastructure thresholds have been identified and the Financing Plan has been prepared and approved by the City.
5. As required by General Plan policies, no final maps or building permits for projects not requiring subdivision maps shall be approved until finance mechanisms are in place to ensure funding will be available to deliver required infrastructure concurrent with the demands of development and consistent with the defined roadway improvements with each phase of development.
6. Prior to the approval of a Final Map, or building permits for residential projects not requiring subdivision maps, the subject property shall be included in a Community Facilities District that provides for additional on-going police services costs.
7. Prior to the approval of a Final Map or building permits for projects not requiring subdivision maps, the subject property shall be included in a Benefit Assessment District or Community Facilities District that provides for additional on-going street maintenance costs.

8. Prior to or concurrent with approval of any Final Map, Improvement Plan, Building Permit or within 180 calendar days following approval and adoption of the Laguna Ridge Specific Plan (which occurs first), all properties rezoned (excluding the non-participating owners as shown on the Land Use Plan) shall deliver to the City executed right-of-way dedication documents for arterial and thoroughfare right-of-way, the corresponding landscape and public utility easements that lies within the subject property.
9. Prior to or concurrent with approval of development by a non-participating property owner, that non-participating property owner as shown on the Land Use Plan shall deliver to the City executed dedication documents for arterial and thoroughfare right-of-way and any landscape and public utility easements that lies within the subject property.
10. All dedications shall be of a form approved by the City, including but not limited to grant deeds, easements, Irrevocable Offers of Dedication, or other approved instruments. The type and form of the dedication shall be at the sole discretion of the City.
11. All parklands, paseos and other open space shall be dedicated to the City. The timing for the delivery of parks, recreation facilities, paseos and open space within LRSP development phases II, III, and IV shall be determined prior to approval of the first tentative subdivision map within the corresponding phase of the Specific Plan.
12. All roadways, pedestrian facilities, and bike routes or bikeways shall be constructed in logical and complete segments, connection from intersection to intersection, to provide safe and adequate access with each phase of development as identified for each Area or Sub-Area by the Phasing Plan or as conditioned with the approval of tentative maps. Major arterial/thoroughfare loops shall be completed in the North, South, and East Development Areas as directed by the City.
13. Roadways shall consist of the full section from curb to curb, streetlights, sidewalks, and median landscaping where applicable. Phased construction of sidewalks, temporary asphalt sidewalks where adjacent to non-participating property owners and other measures may be allowed at the discretion of the City. Roadside landscaping (and walls where required) shall be installed concurrent with adjacent development consistent with project phasing.
14. Each phase of a project or tentative subdivision map shall include a collector or local street system that provides at least two points of access to arterial and/or thoroughfare streets, to the satisfaction of the City.
15. Wherever collector or local roadways intersect an arterial or thoroughfare roadway, that arterial or thoroughfare roadway shall be improved, as indicated in 13 above, from that point to the next completed arterial or thoroughfare segment.

16. When intersections are part of the required roadway improvements, they shall be constructed to their planned ultimate configuration. Where an intersection is planned for signalization, it shall be signalized when it is constructed or improved. The pedestrian trail intersection with Whitelock Parkway shall be signalized concurrent with construction of the trail.
17. Underground sewer, water and drainage facilities shall be installed to the ultimate planned capacity as part of required road construction.
18. Prior to the approval of a Final Map or building permits for projects not requiring subdivision maps, the subject property shall be included in a financing district or establish a financing mechanism to provide adequate funding for the annual operation and maintenance costs of street lights, drainageways, landscaping corridors, open space, parks, and other public spaces and facilities.

Table 8-1: Required On and Off-Site Circulation Infrastructure

Phase	On-Site	Off-Site
Phase I	<ol style="list-style-type: none"> 1. Elk Grove Blvd from Bruceville to East Project Boundary 2. Bruceville from Elk Grove Blvd. to Whitelock Parkway 3. Whitelock Parkway from Bruceville to West Stockton 4. Big Horn from Elk Grove Blvd. to Poppy Ridge 5. Laguna Springs from Elk Grove Blvd to Laguna Ridge 6. Laguna Ridge from Big Horn to Laguna Springs 	<ol style="list-style-type: none"> 1. Poppy Ridge – Bruceville to West Stockton (interim rehab+realignment at east end) 2. West Stockton – Whitelock Parkway to Kammerer
Phase II	<ol style="list-style-type: none"> 1. All improvements required with Phase I 	<ol style="list-style-type: none"> 1. All improvements required with Phase I 2. Bruceville Road to three lanes each direction – Elk Grove Blvd. to Laguna Blvd.* 3. Elk Grove Blvd./SR99 S/B off-ramp
Phase III**	<ol style="list-style-type: none"> 1. All improvements required with Phases I and II 2. Bruceville from Whitelock Parkway to Kammerer 3. Kammerer from Bruceville to West Stockton 4. Big Horn from Whitelock Parkway to Bilby 5. Bilby from Bruceville to Big Horn 	<ol style="list-style-type: none"> 1. All improvements required with Phases I and II
Phase IV**	<ol style="list-style-type: none"> 1. All improvements required with Phase I, II, III 2. Laguna Ridge from Laguna Springs to Whitelock Parkway 	<ol style="list-style-type: none"> 1. All improvements required with Phases I, II, III 2. West Stockton from Whitelock Parkway to Auto Mall Access (or with adjacent commercial development, whichever occurs first)

*Mostly re-striping – may need to lose bike lanes in some locations or realign curb slightly in some locations to accommodate bike lanes. Frontage adjacent to KinderCare/Garcines is funded in the Laguna CFD and will be done by City.

**Prior to the approval of building permits for residential development in the low and medium density ranges, the City shall verify that the identified circulation infrastructure is still required.

(Insert Figure 8-1: Overall Phasing)

(Insert Figure 8-2: Phase 1 Roads)

(Insert Figure 8-3: Phase 2 Roads)

(Insert Figure 8-4: Phase 3 Roads)

(Insert Figure 8-5: Phase 4 Roads)

(Insert Figure 8-6: Development Areas)

(Insert Figure 8-7: North Sub-Areas)

(Insert Figure 8-8: South Sub-Areas)

(Insert Figure 8-9: East Sub-Areas)

(Insert Figure 8-10: Backbone Roadway)

(Insert Figure 8-11: Backbone Sewer)

(Insert Figure 8-12: Backbone Water)

(Insert Figure 8-13: Backbone Drain)

8.1.5 Project-Specific Infrastructure Requirements

As stated previously, further detail regarding phasing of the project level sub areas will be contained in the Capital Improvement Program and Financing Plan, and as tentative maps are processed by the City of Elk Grove. The Capital Improvement Program will include an improvement matrix identifying the required minimum infrastructure improvements for each sub-area. This matrix will identify the various components of the proposed infrastructure improvements as listed above anticipated to be required for each sub-area. The exact infrastructure requirements for any given project may be greater than those shown on the matrix.

Building permits within any sub-area shall not be issued until the facilities outlined in the improvement matrix, along with any other improvements required by the City, are completed to the satisfaction of the City Engineer. Furthermore, this list as updated in the Financing Plan shall provide a basis for beginning to analyze and identify the phased project requirements determined as tentative maps and/or special permits are being processed.

The precise number of properties and acres participating in a particular phase is subject to change. This will cause the list of needed infrastructure and public facilities needed to serve a particular phase to change, and as a result, costs will change for a particular Area or Sub-Area. To accommodate this need for flexibility, the Capital Improvement Program (CIP) will be included in the Financing Plan. The CIP will be periodically updated and will define the improvements to be provided by each individual project within the Specific Plan. The City may consider multiple projects for the purposes of identifying and requiring improvements based upon the number of applications being processed at the same time.

Reimbursement agreements or fee credits may be utilized so that the developers fronting the cost of improvements benefiting other land areas will be able to recover those costs.

8.2 INFRASTRUCTURE AND PUBLIC FACILITY COSTS

A significant amount of public infrastructure will be required to support development in the Laguna Ridge Plan Area. Backbone infrastructure, which currently excludes estimated on and off-site roadway costs is estimated to cost \$284 million in year 2003 dollars, as illustrated by *Table 8.1*. Public services and facilities, which include fire protection, schools, parks, landscape corridors, library and transit facilities is estimated to cost \$134 million. The current costs based on the current CIP and Laguna South Plan Area estimates, and are anticipated to change in the future, as the infrastructure and facility costs are refined with preparation of the Financing Plan and subsequent CIP amendments.

Table 8.2:
Laguna Ridge Specific Plan
Backbone Infrastructure and Public Facility Cost Summary
(To be updated pending completion of CIP and Financing Plan)

Description	ROUND TO NEAREST \$100,000	Estimated Cost (2003 \$)
Backbone Infrastructure:		
Roadways – On-Site		\$32,800,000
Roadways – Off-Site (1)		To Be Determined
Water – Potable		\$22,000,000
Recycled Water – On-Site		\$1,300,000
Drainage – On-Site and Off-Site		\$22,000,000
Sewer – On-Site		\$5,400,000
Sewer – Off-Site		\$43,200,000
Sewer – Interim		\$5,500,000
Landscape Corridors		17,900,000
Subtotal Backbone Infrastructure (1)		To be determined
Public Facilities:		
Fire Protection		\$5,900,000
Library (2)		\$800,000
Transit (2)		3,500,000
Parks (2)		25,500,000
Schools		\$98,200,000
Subtotal Public Facilities		\$133,900,000
TOTAL (1)		To be determined

- (1) Off-site roadways and associated costs will be determined based on a traffic analysis and will be included in the Financing Plan and CIP when known.
- (2) Library, Transit and Parks costs are based on the Current LSPFFP and will be updated by the City of Elk Grove in the future.
- (3) The Backbone Infrastructure estimates include the Laguna South Plan Area estimated facility costs.

Source: EPS/Wood-Rodgers Draft Finance Plan, October 2003

Typically, infrastructure improvements are funded by a combination of development impact fees; land secured financing, developer equity and the collection of connection or "hook-up" fees. Development impact fees are generally collected at the time building permits are issued. This timing creates a stream of revenue as new development occurs, but in many cases does not generate sufficient funds to finance the construction of necessary facilities concurrent with the development demands. Therefore a combination of development fee revenues, private financing, and debt financing may all be required.

In the case of developing the LRSP, a significantly large infrastructure investment will be required "up-front" prior to the first phase of development to provide the necessary infrastructure and public facilities to meet the demands of this development. The magnitude and timing of such up-front investment in infrastructure is difficult to finance exclusively with development impact fee revenues, but there are several methods to finance this large, up-front investment in infrastructure.

Service providers other than the City may elect to construct facilities and be reimbursed by the collection of development impact fees.

If service providers lack the financing capacity to construct these facilities up-front, the developer of those projects will be required to advance funds or construct these facilities in order to proceed. In this scenario, these developers would be eligible to receive fee credits or a reimbursement agreement for infrastructure to be ultimately funded from development impact fee programs.

Another method of financing construction of public facilities is the use of a land secured financing district such as a Mello-Roos Community Facilities District or Assessment District. In this case, the City or other public agency would authorize the issuance of bonds to finance the construction or acquisition of facilities. Bonds would be paid back over time by annual taxes or assessments on individual property owners. This approach is fairly typical and allows the burden to be carried by the future property owners using the facilities.

8.3 SUMMARY OF FUNDING SOURCES

A variety of funding sources will be used to pay for required for backbone infrastructure and public facilities needed to serve the Specific Plan at build-out. The following summarizes the existing fee programs, proposed fee programs, and potential funding programs that may be utilized by development with the Plan Area.

8.3.1 Existing Fee Programs

The City of Elk Grove and Sacramento County Service providers have adopted development impact fee programs to fund major sewer, water and drainage facilities. These fee programs are related to the provision of water, sewer, and storm drainage infrastructure facilities. Costs for provision of backbone water, sewer, and storm drainage facilities are reimbursable through their respective fee programs. It is possible that if one or more developers advance funding for the construction of this infrastructure or certain public facilities, the developers may receive fee credits or reimbursements through the respective fee programs.

A. Drainage

The LRSP is located within the Sacramento County Water Agency (SCWA) Zone 11A and development will be assessed a drainage fee on a per unit or per square foot basis to provide for major drainage facilities. This fee varies depending on land use and the projected demand on drainage facilities. The SCWA may finance and construct these major facilities in advance of development and be reimbursed by the collection of fees at building permit, or the adjacent developer may be required to construct these major facilities, in which case, the developer would receive fee credits at improvement plan approvals or be reimbursed as other projects pay fees. Individual builders will provide minor in-tract or subdivision drainage systems.

B. Sewer Trunk Lines

The LRSP is located within County Service District 1 (CSD-1) and development will be assessed a sewer fee to fund the construction of sewer trunk lines. Typically, these trunk lines are located within streets and are installed by the builder as development occurs, and the builder would receive fee credits or otherwise be reimbursed.

C. Sewer Regional Facilities

The LRSP is located within the Sacramento Regional County Sanitation District (SRCSD), which provides regional wastewater treatment facilities. The SRCSD has an established fee program that is assessed depending on land use and projected demands on the system. The SRCSD is generally responsible for the financing and construction of regional facilities, such as sewer interceptors, collection and treatment facilities. With the development of the LRSP, there are several major off-site facilities that will be required, such as the Laguna interceptor and potentially a permanent lift station at Franklin Boulevard south of Elk Grove Boulevard. This fee will pay for the construction of these ultimate off-site facilities

D. Water

The LRSP is located within SCWA Zone 40, which has an established fee program that is assessed depending on land use and projected demands on the system. This fee provides for the construction of major transmission and distribution lines, wells, treatment and storage facilities. Where adjacent development or builders install these major facilities, fee credits or reimbursements will be provided.

8.3.2 Laguna South Public Facilities Fee Program and Capital Improvements

A key component of the financing strategy for the LRSP is the "*Laguna South Public Facilities Fee Program Nexus Study*" (LSPFFP). A key objective of the LSPFFP is to establish a fair basis or "nexus" for the fee. State law requires that the fee charged be in balance with the benefits received or demand for facilities.

In the formulation of the LSPFFP, the cost of some facilities is spread across the entire Benefit Area, while other costs are specific to a portion of the Benefit Area. For example, there are several drainage sheds within the Laguna South area, and the cost of improvements within these different sheds varies. Therefore the per unit cost in one shed may be higher than the per unit cost in an adjacent shed.

The LSPFFP needs to be updated to provide for fire, park, landscape corridors, supplemental drainage and reclaimed water facilities to the Laguna Ridge Specific Plan area. Currently, LSPFFP fees are in effect for the East Franklin Specific Plan and the Lent Ranch SPA areas. The entire LSPFFP Benefit

Area spans from Franklin Boulevard to Highway 99, and from Elk Grove Boulevard to Kammerer Road. It includes the EFSP, the LRSP, the Lent Ranch SPA and South Pointe projects.

Development within the LSPFFP Benefit Area will be charged per unit or per square foot fee to fund the construction of these improvements. This fee amount will vary depending on the land use intensity and projected demand on these facilities. The exact fee amounts by land use for the LRSP will be determined based upon approval of the Specific Plan land uses and subsequent calculation of fees for the LRSP Facility Benefit Area.

A. Fire Protection and Emergency Facilities:

The Elk Grove Community Services District (CSD) estimated fire protection costs for the Laguna South Benefit Area to be \$16.2 million. This cost includes construction and financing of three fire stations, structure and interface fire engines, an aerial truck, ambulances, and financing of stations and apparatus.

The Elk Grove CSD has agreed to advance fund through debt financing for these facilities to ensure they are in place when needed to serve new development. The annual debt service costs are to be funded by LSPFFP fee revenues.

B. Park Facilities:

A portion of the fee collected by the LSPFFP will provide for park facilities within the Laguna South area. Upon approval of the LRSP, the LSPFFP will be updated to identify the fee amount necessary for park development within the Laguna Ridge Specific Plan Area. This amount has been determined with input from the Elk Grove CSD. The estimated cost of the park improvements in LRSP is \$25.5 million. The fee amount for RD-5 development in the Laguna Ridge Plan Area is estimated at \$3,214 per unit. This fee will provide for all on-site park improvements and a fair share of a community center and the Bartholomew Sports Park.

As discussed in *Chapter 5 Public Services and Uses*, The Elk Grove CSD prefers for the builder of the subdivision to dedicate the land for parks and to construct these facilities. The builder would then be reimbursed or receive fee credits to offset the value of the land and improvements provided. The Elk Grove CSD will provide on-going maintenance of parks.

C. Landscape Corridors:

The LRSP specifies landscape corridors adjacent to all arterial and thoroughfare roadways, as well as several open space areas (e.g. central drainage channel). The adjacent properties shall install and fund landscaping adjacent to developing properties. A LSPFFP fee may fund the landscape corridor components in open space areas and cost components not related to a developing properties frontage landscaping. For landscaping improvements in the LSPFF fee program, the improvements may be installed by either the developer, who would receive a fee credit or reimbursement for eligible expenses, or be installed directly through the fee program. The LSPFFP will be updated following approval of the LRSP will specify the exact fee amount. The Elk Grove CSD or the adjacent property owner will provide on-going maintenance of these corridors.

D. Supplemental Drainage Facilities:

The development and urbanization of the Laguna South Area will increase runoff and the demand for drainage facilities. The Sacramento County Water Zone 11A drainage fees will fund the construction of major drainage facilities within the Plan Area; however, the estimated revenues from this fee are insufficient to cover the cost of land acquisition for open drainage channels within the South Area.

Therefore a supplemental drainage fee is required. Currently, the LSPFFP identifies \$4.1 million in drainage channel land acquisition costs within the Central Drainage Shed (which is located within

EFSP and LRSP) and \$1.1 million in off-site construction costs for the facility west of the EFSP, for a total of \$5.2 million. As an example, the supplemental drainage fee to be charged to RD-5 within the Central Shed and within the EFSP is \$1,204 per unit. The LSPFFP will be updated following the approval of the LRSP and will specify the exact fee amount.

8.2.3. Reclaimed or Recycled Water Facilities:

The use of recycled water is a key component of the water management strategy for the Laguna South area and the LRSP. Currently, the area is not served by recycled water lines. The LSPFFP fee includes a component to provide funding to allow the construction of a "backbone" recycled water distribution system, as discussed by Chapter 6 *Infrastructure*. Increasing the existing Zone 40 fees may also collect funding for recycled water facilities.

This system will serve both the EFSP and Laguna Ridge, and the transmission pipes have been sized to meet the needs of both plan area. The estimated cost for this backbone recycled water system is \$9.0 million. As an example, the reclaimed water fee for RD-5 development is \$581 per unit. This fee amount will vary depending on land use and intensity.

8.3.3 New Fee Programs

The City is currently in the process of creating a new fee program for roadways, library, and transit facilities. Each of these types of facilities is currently included in multiple fee programs in the City. The new fee program for each of these components is anticipated to replace many of these existing fee programs. For example, the proposed new library and transit fees will be in a citywide fee program. The new Roadway Fee Program is anticipated to include all road fee programs in the City of Elk Grove with the exception of the portion of the City west of State Highway 99 and north of Elk Grove Boulevard. Thus, LRSP's backbone roadway, transit, and library facilities will be included in the new fee programs rather than through the LSPFFP fee program, which includes other types of facilities discussed above.

A. Roadway Facilities:

In September 2003, the City of Elk Grove adopted a new City Roadway Fee, which generally includes all areas in the City east of Highway 99 and west of Highway 99 that are south of Elk Grove Boulevard. The Roadway Fee was adopted under an interim authorization in September 2003 and was extended in October 2003. The adoption of a new City Roadway Fee is anticipated to occur in November 2003.

The new road fee program provides funding to construct roadway improvements necessary to support build-out of the City's General Plan, which includes the Laguna Ridge area. The Roadway Fee program funds improvements to arterial and thoroughfare roadways, intersections with arterials and thoroughfares, traffic signals on arterials and thoroughfares, bridges, culverts, arterial and thoroughfare roadway at-grade railroad crossings, and highway/freeway interchange. Roadway improvements included in the fee program are generally limited to center lanes and medians. The frontage lanes are assumed to be constructed by the adjacent developer at the time of property development.

The estimated cost of the "backbone" roadway system improvements that are included on-site in the LRSP that are included in the City Roadway Fee is approximately \$32.8million. Funded improvements include key roadways segments, intersection improvements, signalization, signage and striping, and bridge improvements. In most cases, the City Roadway Fee will fund the median and center lanes of these arterial and thoroughfare roadways, while the adjacent property will provide the outside lanes and frontage improvements. However, typical of many fee programs, it is anticipated

that the fee program will not have sufficient fee revenues to construct the roadways in the timeframe the improvements are necessary to serve the new development. As discussed previously, other funding sources such as developer advances and debt financing will be utilized to construct the improvements when needed. In the scenario of developers advancing funds for eligible improvements in the fee program, the developer would be eligible to receive fee credits or a fee reimbursement as determined by the City.

B. Library:

The development of new residential land uses in Laguna South will generate increased demand for library services and materials. The City of Elk Grove is currently developing a citywide library fee program. It is currently unknown what level the library development impact fee will be. The new library fee is to be adopted prior to development in the LRSP area.

C. Transit Facilities:

As the Laguna South area develops, the demand for transit service will increase. Currently no existing transit facilities serve this area, so the City of Elk Grove or Regional Transit will need to construct new transit facilities and acquire equipment to meet the needs of new residents and employees.

The City of Elk Grove is currently developing a citywide transit fee program. It is currently unknown what level the transit development impact fee will be. Using the LSPFFP current transit development impact fee as a placeholder for estimating the fair share costs for the LRSP, the LRSP would contribute \$7.7 million in fair share citywide transit facilities. The new transit fee is to be adopted prior to development in the LRSP area.

8.3.4 Schools:

School facilities will be funded through a combination of school impact fees, state matching program funds, and within the Elk Grove Unified School District (EGUSD) boundaries, funds from the District-wide Mello-Roos Community Facilities District (CFD).

School impact fees are subject to adjustment. However, AB 2926 specifies a fee of \$1.93 per square foot for residential development and \$0.31 per square foot for senior or age-restricted development and non-residential development. The difference between this mandated fee amount and actual costs will be funded by the existing EGUSD Mello-Roos CFD, the District's proposed Proposition 1A fee, and matching funds from the State School Building Program. Once the District approves the required Proposition 1A needs analysis, the fee charged by the District will fall under the Proposition 1A guidelines. The current annual tax levied by the EGUSD CFD is approximately \$180 per single-family unit, and \$720 per acre for non-residential development.

8.3.5 Other Funding Sources

In addition to or in conjunction with the fee programs and funding mechanisms discussed above, land-secured Assessment Districts or Mello-Roos Community Facilities Districts (CFD) may fund backbone infrastructure or public facilities. An Assessment District or CFD is typically created by an agency and/or a group of property owners, where a benefit area is defined and the land value serves as a basis for financing purposes. The agency will sponsor the issuance of tax-exempt bonds to finance the construction of public facilities. The properties within the benefit area are assessed an annual amount to retire the bond or debt, typically over a 30 year timeframe. This type of funding approach allows the agency and/or property owners to gain favorable financing rates on money borrowed to construct public facilities, and places the repayment burden on the property and future residents that will utilize these facilities.

8.4 FINANCING STRATEGY

The financing strategy for the LRSP is outlined below. It is structured to ensure backbone infrastructure and public facilities are constructed when necessary to meet the demands of the development that is being approved within the Specific Plan. The goals of the financing strategy are as follows:

- (a) For development to fully fund and/or construct all infrastructure and public facilities associated with serving the development being approved.
- (b) Encourage early development of areas requiring no or limited additional infrastructure.
- (c) Make maximum use of “pay-as-you-go” mechanisms.
- (d) Make appropriate use of municipal debt financing mechanisms.
- (e) Build in flexibility to allow response to market conditions.

As discussed by section 8.3 *Summary of Funding Sources*, adequate funding sources and fee programs exist to implement the construction of these facilities. The financing strategy should accomplish the following objectives:

- 1) Development shall fully fund and/or construct all infrastructure and public facilities needed to serve the entire Specific Plan and individual projects as they are phased.
- 2) Where available, utilize existing City, County and other agency fee programs for backbone infrastructure funding.
- 3) Update the Laguna South Public Facilities Fee Program for park, fire protection, landscape corridor, reclaimed water, and supplemental drainage facilities.
- 4) Establish and/or update Citywide or area wide development impact fee programs prior to any development in the LRSP.
- 5) Permit the use of debt financing programs to provide up-front funding for needed backbone infrastructure and public facilities where other funding sources are unavailable to provide sufficient funds concurrent with development demands.
- 6) Ensure flexibility in financing mechanisms to accommodate different combinations of infrastructure timing and funding requirements.