

**City of Elk Grove
Development Services System
Assessment Report**

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**CITY OF ELK GROVE
DEVELOPMENT SERVICES SYSTEM
ASSESSMENT REPORT
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**CITY OF ELK GROVE
DEVELOPMENT SERVICES SYSTEM
ASSESSMENT REPORT
EXECUTIVE SUMMARY**

The Elk Grove City Council appointed an ad hoc City Council Committee to coordinate a review of the City's development services practices and the current development services contract model. The assessment was conducted by Sinclair & Associates. It included interviews with fifty-four stakeholders and public officials, identification of current City practices, an evaluation of best management practices and industry standards, and development of recommendations for improvements in the provision of development services.

This Executive Summary provides a brief description of the assessment and Report, and some of the key recommendations. Additional background information, analysis and discussion regarding the assessment and all of the recommendations may be found in the full text of the Report.

REPORT RECOMMENDATIONS

LEADERSHIP, PARTNERSHIPS AND COOPERATIVE RELATIONSHIPS

The effectiveness of the development review systems depends in part on clear policy direction from the City Council, a definition of roles and priorities among the Council and staff and a close working relationship with other public agencies.

The Report recommends that the City Council articulate a clear City priority to streamline the development review process, balanced with public input. It also recommends that the City strive to build teamwork with other agencies involved in development projects in Elk Grove.

ADMINISTRATION AND MANAGEMENT OF CONTRACT SERVICES

The City's development services are provided under contract with private contractors (primarily Pacific Municipal Consultants, Inc. and Interwest Consulting Group, Inc.)

The Report identifies industry standards and practices that should be implemented for contract management, including quantifiable performance standards and annual contractor performance reviews. A City staff member should be assigned as a contract manager for each contract.

INDEPENDENT CONTRACT SERVICES AND IN-HOUSE CITY STAFF

The Report evaluates several criteria for comparing the use of contract staff and City staff for services. The contract model allowed Elk Grove to quickly appoint staff to handle the high volume of development activity in recent years. As economic conditions declined, there has been a reduction in planning applications, and Planning staff levels have declined from a peak of 30 to 20 staff. Building permits have declined from 4,666 in 2004 to 675 in 2007. The value of public improvements submitted for review and inspection has remained constant in recent years. Building inspection and Public Works inspection staff has remained constant, while the inspection of open permits occurs. In total, contract staff peaked at 74.5 full time equivalent (FTE) staff in 2005 and is currently at 65 FTE's. The thirteen per cent overall reduction in contract staff from 2005 to the 4th quarter of 2007 does not appear to match the decline in development activity.

The Report compares the 2007-08 fiscal year budgets for the cities of Elk Grove and Roseville, two communities that are similar in size and development demands. The Elk Grove budget is \$18 million; the Roseville budget is \$15.3 million.

The Report notes that the City and the development community have expressed concerns regarding the efficiency and effectiveness of the City's development services and the contract model. The Report comments on the importance of selection, retention, supervision, institutional memory and succession planning among City staff.

The Report recommends that the City transition to a core level of City staff, beginning with the appointment of City employees to the positions of Director of Community Development, City Engineer, Planning Director and Building Official. Once the senior level positions are filled, the City should consider the expertise and advice of management staff regarding the additional staff that will be required for a core level City staff. Contract services should be used supplement City staff for development activity that exceeds the activity managed by the core level City staff.

DEVELOPMENT SERVICES ORGANIZATION

The Report recommends that the City reorganize the Development Services Group into a Community Development Department, managed by a City employee - Director of Community Development. The Department should include planning, development engineering, public improvements plan check/inspection, and building safety and inspection functions. A separate Public Works Department should retain responsibility for City-constructed capital projects and maintenance of City infrastructure and facilities.

DEVELOPMENT SERVICES PRACTICES

The Report analyzed the City's processes, procedures and practices in the delivery of development services. The Report recommends:

- The City Council should invite and involve the development community in an ongoing review and feedback process.
- The City should establish a one-stop permit center.
- The City should enter into discussions with the other agencies that are involved in development review, with the goal of co-locating staff from other agencies at City offices to facilitate communication and coordination of the development review process.
- The Report also recommends several organizational and process improvements, including assigning authority and responsibility to a Project Manager for processing individual applications, developing and measuring timeframes for processing applications, and adopting proposed processing policies and guidelines drafted by City and contract staff.

ECONOMIC DEVELOPMENT

The City's economic development goals have been articulated, but day-to-day processing may conflict with desired economic development goals. The Report recommends the designation of an in-house City staff position as an economic development coordinator, to facilitate and expedite economic development projects.

PUBLIC NOTICE AND EDUCATION

The City has implemented methods to enhance public education opportunities and public notice of planning applications and development proposals. The Report recommends additional public outreach strategies, including a planning academy to educate the public on the planning laws and processes, on-site signage announcing public hearings, and early "study session" meetings of the City Council and Planning Commission to introduce proposed major development projects.

COMMUNICATION AND CUSTOMER SERVICE

The Report notes that Elk Grove has not established customer service goals and has not conducted customer service training for staff. It recommends the adoption of a policy reinforcing the importance of customer service and the initiation of a customer service program and training.

FEES AND COST OF SERVICES

The Report notes that representatives of the development community cite 20% to 25% higher processing costs and mitigation fees in Elk Grove, compared to similar agencies in the area.

A Study by Economic and Planning Systems Inc. is included in the Report, which indicates that Elk Grove mitigation impact fees are mid-range when compared to other similar agencies in the area. A sample of processing fees indicates that Elk Grove processing fees may be higher than similar local agencies.

The report recommends that the City conduct a periodic review of its fees, to assure that they accurately reflect the infrastructure and processing costs, but also permit the City to remain competitive in attracting the type of development projects that it desires.

PROCESSING AND TRACKING DEVELOPER DEPOSITS

Public agencies typically collect deposits for certain development-related applications and charge actual time and materials costs against the deposit. The Report recommends that the City immediately and monthly reconcile all deposit current accounts, and implement procedures to assure that processing costs are fully recovered by deposits and fees.

DEVELOPMENT SERVICES FUND

The City currently records all development service costs and fee revenue in the General Fund. City records indicate that the costs incurred in processing development applications has exceeded fee revenues by approximately \$1.1 million. The Report recommends that the City establish a development services fund and account for all development related fees, deposits and expenditures in this fund, to isolate these costs from the General Fund.

SUMMARY

This Executive Summary provides a brief description of the assessment and Report. The reader is encouraged to review the full text of the Report for additional analysis and discussion, and all of the recommendation contained in the full Report.

**CITY OF ELK GROVE
DEVELOPMENT SERVICES SYSTEM
ASSESSMENT REPORT**

I. INTRODUCTION, PURPOSE AND METHODOLOGY

The City of Elk Grove authorized this Report to assess its development services systems and practices and the current development services contract model. The Report evaluates the current system and provides recommendations for enhancements and improvements that can be implemented by the City.

The Elk Grove City Council appointed an ad hoc Committee for Comprehensive Review of City Services to coordinate this assessment, with the support of the office of the City Manager. The Committee members are Sophia Scherman and Gary Davis.

The Committee's objectives include (1) conduct an assessment of the City's practices used in reviewing and approving development proposals; (2) conduct an assessment of the contract model that the City has chosen for the Planning Department and the development services functions provided by the Public Works Department; and (3) provide recommendation regarding changes to the current system and contract model to enhance the City's development goals, economic development objectives and community input opportunities.

The assessment methodology included six basic phases: (1) confirm the assessment objectives with the Committee and City management; (2) interview development community representatives and community stakeholders for input; (3) interview City staff and contract service providers for input; (4) review City records and documents; (5) research best management practices and industry standards for organizational strategies and methods to provide the desired development services; and (6) develop recommendations for enhancements and improvements in the provision of development services.

A Draft Report was prepared and reviewed by City staff, the Committee and the City's two primary contract service providers (for factual information). Comments from each were taken into consideration and the Report was revised to accurately reflect current practices.

The assessment included interviews with fifty-four individuals, including City Council members, Planning Commissioners, development community representatives, community and association members, City staff, City contractors and representatives from other public agencies (Appendix A). It also included a review of City documents and reports.

Industry standards and best management practices were drawn from the author's experience with local government and a variety of professional sources, including publications of the International City Managers Association and the American Institute of Certified Planners. Best management practices are also drawn from direct interviews with representatives from other agencies, or publication citing the experience of other agencies in addressing similar development services issues, including the cities of Sacramento, West Sacramento, Rocklin, Roseville, Folsom, Vallejo, Citrus Heights, San Jose, Henderson Nevada and Austin Texas. The recommendations in this Report are designed to achieve the City's goals and to improve the City's development services, based on best management practices and industry standards.

The Report also contains a draft "Implementation Tracking Chart" (Appendix B). The Implementation Tracking Chart includes all of the Report recommendations and can be used by the City to prioritize the recommendations, set dates for implementation, assign responsibility and track progress toward implementation of the recommendations.

An assessment of current practices and systems tends to focus on areas that can be improved, rather than existing areas of strength and success. The research revealed that many of the current practices are well designed and effective. Many comments from stakeholders regarding the City, staff and consultants were positive, particularly in regard to recent changes in the City's approach to development services.

It is also important to note that this assessment is not intended to be an evaluation of the performance of individual City staff members or independent contract service providers.

II. CITY OF ELK GROVE - BACKGROUND INFORMATION

The City of Elk Grove incorporated in 2000. It is a general law City operating under the statutes of the State of California and applicable ordinances and resolutions adopted by the City Council. A five member City Council is elected to four year terms, with elections held every two years for either two or three seats. The Mayor is selected by Council members to serve a one-year term.

The City has chosen the Council-Manager form of government. The City Council appoints a City Manager who is responsible for the effective administration of City services, pursuant to the policy direction of the City Council. The City Council also appoints a City Attorney and a City Clerk. The City Manager appoints and supervises department heads.

City departments include City Manager, City Clerk, City Attorney, Neighborhood Services, Development Services, Police and Administrative Services.

Following incorporation in 2000, the City took responsibility for planning, public works and other municipal services in Elk Grove. A Request for Proposals for planning and public works services was issued. The City Council conducted public interviews of private sector firms and the County of Sacramento. The County of Sacramento was selected to provide engineering and building and safety services. Pacific Municipal Consultants, Inc. (PMC) was selected to provide planning, environmental and other services. In July, 2002, Interwest Consulting Group, Inc. (Interwest) was selected to provide engineering and building and safety services.

These municipal services are currently organized as a Development Services Group, created to provide staff for planning and engineering functions that are responsible for preparing planning and development guidelines, processing development applications, and inspecting privately-constructed public infrastructure, commercial development projects and residential development projects.

The Development Services Group has most recently been managed by an Assistant City Manager, a position that is currently vacant. The Development Services Group consists of seven divisions: Administration, Planning and Environmental, Building Safety and Inspection, Public Works, GIS, Facility Management, Drainage and Flood

Control. This Report focuses on the planning, engineering, building plan check and inspection, and privately-constructed public infrastructure plan check and inspection functions performed by the Development Services Group, although some of the remaining functions may be indirectly affected by the recommendations in the Report. The Report does not evaluate facility management, management of City-constructed infrastructure projects or City maintenance functions.

The City has entered into contracts with private service providers to staff all of the development services functions (except for the Administration staff).

Several municipal services in Elk Grove are provided by other agencies, requiring the review, comment and approval of those agencies for development projects. These additional agencies include the Cosumnes Community Services District, County Sanitation District #1, Sacramento County Water Agency, Zone 11 Drainage and other agencies and utility companies.

The City of Elk Grove has operated under the multiple challenges of recent incorporation, extremely high development levels and a mission-driven management philosophy. Elk Grove has been noted as one of the fastest growing cities in the California and the United States, due to development growth and annexations.

The City Council and City management are taking advantage of a relative pause in residential and commercial development to undertake this assessment and to implement strategies to improve the City's development services.

III. STAKEHOLDER INTERVIEWS

The assessment process included interviews with individuals and organizations that interact with the City's development services processes. The purpose of the interviews was to determine issues of common concern among stakeholders that should be assessed and addressed in the Report. Individual complaints and comments were noted, but when issues were mentioned by several respondents, those issues tended to rise to a level warranting attention. In addition, interviews were conducted with City Council members, Planning Commissioners, City staff and consultants, who through their own self-assessment provided insights regarding the current systems and practices, and suggested changes to enhance the development service processes. Stakeholders were advised that comments would not be attributed to individuals, although all interviewees would be listed in an appendix to the Report.

Each section that follows in this Report provides representative comments and issues raised by stakeholders. It should be noted that some of the issues are based on the opinions and experience of stakeholders, which may or may not be supported by data. Nonetheless, these opinions form the basis of perceptions of City services, which in turn may affect the ability of the City to achieve its public service objectives and the City's community and economic development goals. For example, a perception that the City does not process applications efficiently, or timely, can cause a business to locate in a different jurisdiction. In other words, right or wrong, these are the perceptions held by stakeholders, and they can affect the City's attainment of its goals.

Stakeholders also commented on areas of success. Some of the observations include the following:

- The community vision has been well established in the General Plan.
- Recent changes have been made that reflect an improved attitude and receptivity toward development proposals, with more of a partnership approach.
- Recent changes have also been made in consistency of review and communication with applicants.
- The "rural roads" process was considered to be flexible and resulted in compromise and success.

- The outreach to the development community regarding the proposed zoning code changes and the proposed improvement standards was productive.
- The contract model facilitates quick changes in staffing – to displace low-performing staff or to adjust staffing levels based on changes in demand for services. The contract model provides an opportunity to be flexible and nimble.
- Construction management staff members generally seek solutions.
- Building inspection staff members are professional and work well with trades’ people.
- The senior staff is very knowledgeable and professional.
- Staff are generally nice people and pleasant to work with.

IV. LEADERSHIP, PARTNERSHIPS AND COOPERATIVE RELATIONSHIPS

Among respondents to this assessment, comments were received regarding the City's attitude toward development, the City's desire to enhance and improve development services, the clarity of the City's goals and priorities, the City's relationship with other agencies and the City Council-staff relations. The comments are based on the opinions, perceptions and experience of stakeholders, which may or may not be supported by data. Nonetheless, these opinions form the basis of perceptions of City services, and they can affect the ability of the City to attain its goals. Representative comments included:

- The past perception has been that development in Elk Grove is a privilege, rather than a partnership that leads to community amenities and helps the City achieve its economic development goals. There is also a perception that the City's attitude and approach to new development is shifting and is becoming more cooperative.
- The roles of different positions are not clear – City Council, City management, department directors, contract business owners.
- The City does not have established protocols for the roles of elected officials, Planning Commissioners and staff for communication with development community representatives or community associations, particularly in advance of the formal consideration of a development project.
- The City Council and staff can sometimes appear to be on “different pages”, not working together as a team with the same goals.
- The City's relationship with some public agencies has not been positive and this has limited the ability of the City to partner with other public agencies that are responsible for elements of the permitting process. Respondents also noted that relationships with other agencies are improving, based on recent City Council efforts in this regard.

The effectiveness of the development review systems depends in part on clear policy direction from the City Council, a common understanding, respect and trust among the Council, staff and development community, and a close working relationship with

other public agencies that are involved in the development review process. If these matters are addressed, they can become the foundation for other efforts to enhance development services processes.

There are several options to consider for clarifying roles and establishing protocols. The League of California Cities sponsors a Council-Manager teambuilding workshop, as well as orientations and seminars on the role of elected and appointed officials in the planning process. Some cities have adopted a code of conduct to establish protocols. Others have conducted workshops for City Council members, Planning Commissioners and staff to clarify goals and roles of all parties.

Continuity of management of the development services functions is also important in delivering a consistent high level of service. The City has modified its organization and management of development services on several occasions. Planning services have reported to six different City staff members since 2000, including the City Manager and more recently to an Assistant Manager. Public Works services have been supervised by the City Manager, a Public Works Director, a Community Development Director and the Assistant City Manager.

Recommendations:

- IV.1. The City Council should clearly articulate that it is a City priority to streamline the development review process, balanced with public input and review of development plans.
- IV.2. The City Council should discuss and agree upon methods to build teamwork among the Council, Planning Commission and staff. The process should include a clarification of Council, Planning Commission and staff roles, discussion of protocols, adoption of a code of conduct and confirmation of the City's goals and priorities for economic development and development services. The process should establish common understandings and working relationships among elected officials, appointed officials and City staff. The process should confirm the policy role of elected officials and the implementation role of staff.
- IV.3. Continue the Council's initiative to build cooperative relations with other agencies involved in development projects in Elk Grove.

V. ADMINISTRATION AND MANAGEMENT OF CONTRACT SERVICES

The City has entered into contracts with private service providers to staff the development services functions (except for the Administration Division). One purpose of this assessment and Report is to review, analyze and provide recommendations regarding the administration and management of independent contracts for development services.

Current Contracts:

Table V-1 provides a list of contracts and the term of the current contracts.

Table V-1: Summary of Existing Development Services Contracts

CONTRACT	SERVICES	TERM OF CONTRACT
Pacific Municipal Consultants, Inc.	<ul style="list-style-type: none"> ▪ General Planning and related services ▪ Environmental services ▪ Special projects 	October 15, 2010
Interwest Consulting Group, Inc.	<ul style="list-style-type: none"> ▪ Public Works and Building & Safety Department management and operation ▪ City Engineer ▪ Building Official 	June 30, 2009
Bureau Veritas (formerly LP2A)	<ul style="list-style-type: none"> ▪ Building & Safety services ▪ Other services as needed 	June 30, 2009
Willdan	<ul style="list-style-type: none"> ▪ Development and permitting ▪ Construction management and inspection ▪ Engineering 	June 30, 2009
Harris & Associates	<ul style="list-style-type: none"> ▪ Development and permitting ▪ Construction management and inspection ▪ Engineering ▪ Capital facilities and infrastructure finance 	June 30, 2009
Psomas, Inc.	<ul style="list-style-type: none"> ▪ Development and permitting ▪ Construction management and inspection ▪ Engineering ▪ Capital facilities and infrastructure finance 	June 30, 2009
Kleinfelder, Inc.	<ul style="list-style-type: none"> ▪ Soils engineering and materials testing 	June 30, 2009

Source: City of Elk Grove

PMC and Interwest provide departmental management services for the Planning Division and the Public Works Division, respectively, as well as most departmental staff. Contractors are responsible for the selection and supervision of staff, although a list of proposed PMC and Willdan staff members is required to be submitted to the City Manager for approval. PMC reports that City input is sought in selecting, evaluating, retaining and promoting staff.

The contractual scopes of work are general in nature, covering typical departmental and service responsibilities. The PMC and Interwest scopes of work include management of third party agreements, with pre-approval of the City (other contractors).

Compensation for contract services is handled at a macro level, based on hourly rates and reimbursable expenses, subject to not-to-exceed amounts in the adopted budget. Special services, such as environmental studies, are scoped with defined schedules and not-to-exceed budgets. As an exception to hourly rates, the City is charged 68% of the fees collected for building plan check and inspection services.

Contractors are required to pay the City for use of City office space.

The existing contracts were authorized for a four year term, generally ending in 2009 or 2010. All of the contracts have a termination clause, requiring either a 90-day or 180-day notice.

Discussion and Analysis:

Successful service contracting and contract management generally depend on certain principles and practices (Service Contracting: A Local Government Guide; Kelly LeRoux; published by the International City Managers Association, 2007). These include:

- The contractual scope of work should be sufficiently detailed to identify specific tasks to be performed.
- Contracts should include standards of performance, quantifiable performance measures and evaluation criteria (such as customer satisfaction, timeliness, productivity and other factors).

- Contracts should include incentives for outstanding performance (and/or liquidated damages for unacceptable performance).
- The contractor should be required to have a quality control system in place (such as analyses of work performed, training, customer service standards, and surveys of customers).
- The City should conduct regular evaluations of contractor's performance, based on the contractual standards of performance, performance measures and evaluation criteria.
- City policies should encourage competition – in the form of a periodic RFQ/RFP issued to potential contractors to determine competitive rates and services. Once every five years is a common interval for the issuance of a RFQ/RFP.
- City staff should provide supervision of all contractor's services, performance and contractor payment requests.

The Elk Grove contracts and contract management procedures do not include all of these principles and practices.

The current contract model assigns the responsibility of managing the Planning Department to PMC, and the Public Works Department to Interwest. Departmental management includes the management of other contractual service providers, even though these additional service providers are not sub-contractors to PMC or Interwest. The line of authority is not clear. Controls over costs are not clear. Responsibility and accountability are not clear.

Contractors should be managed by a City staff member who is given responsibility and held accountable for the performance of the contractor. Assignment of a City staff member as a contract manager over each contract will facilitate responsibility and accountability.

The PMC contract has performance measurements, which relate to providing staff, schedules, project tracking, special project management and detailed monthly invoices. One performance measurement in the PMC contract can be used as an example for other contracts – “each project will be measured against agreed upon schedules for completion of the entire project as well as individual components.” None of the

remaining contracts have performance measurements. The City does not conduct an annual performance review of any of its contractors.

A 2005 study conducted by Dr. Robert Waste concluded that the contract model was a “resounding success”. Except for this study, the City does not conduct annual or periodic performance evaluations of any of the contract service providers.

The City of Elk Grove does not have a policy or procedure governing the periodic issuance of Requests for Qualifications/Request for Proposals (RFQ/RFP). The current contracts are extensions of prior contracts, and not the result of a RFQ/P process.

Recommendations:

V.1. Revise the existing contracts to include industry standards and best management service contracting principles and practices, including:

- Revise contracts to include specific tasks to be performed.
- Revise contracts to include quantifiable standards of performance for specific tasks, performance measures, and evaluation criteria.
- Revise contracts to include performance evaluation procedures.
- Revise contracts to include incentives for outstanding performance (and/or liquidated damages for unacceptable performance).
- Revise contracts to require contractors to develop and implement quality control systems.

V.2. Implement changes to the City’s contract procedures and administration, including:

- Establish an annual goal-setting process, reviewing progress on goals set in the prior year and identifying current year goals with each contractor.
- Conduct annual evaluations of contractor’s performance, based on the contractual standards of performance, performance measures and evaluation criteria.
- Adopt a citywide policy requiring the issuance of a RFQ/RFP for contractual services at regular pre-determined intervals.
- Assign a City staff member as a “contract manager” for each contract, to provide oversight of contractors’ services, performance and contractor payment requests.

VI. INDEPENDENT CONTRACT SERVICES AND IN-HOUSE CITY STAFF

During the assessment interviews, comments were received regarding the continued use of independent contractors for development services. The comments are based on the opinions, perceptions and experience of stakeholders, which may or may not be supported by data. Nonetheless, these opinions form the basis of perceptions of City services, and they can affect the ability of the City to attain its goals. Representative comments included:

- Some respondents believe that City employees would be more committed to the community than contract staff (note: there is no particular evidence that this is the case; several contract employees have been assigned to Elk Grove for significant periods of time, and several live in Elk Grove).
- Depending on the respondent, some level of staff should be City employees: the range included department directors; senior management; or all staff.
- Contract staff department directors must allocate some of their time to “company business” in addition to managing a municipal department.
- The use of contract staff does not permit the City to retain the “institutional knowledge” common among City staff; however, some respondents also noted that contract staff members retain significant institutional knowledge on behalf of the City, as City staff turnover has occurred.
- The City does not determine current staffing levels – this is determined by the contract service providers.
- The City does not select staff members or determine whether the staff member is effective in the performance of work assigned - this is determined by the contract service providers.
- Planning staff turnover affects continuity of services on individual development applications and among applications processed over time.
- Contract staff must be mindful of the contractor’s need to be profitable, creating a perception of a potential conflict between the contractor’s interests and the applicant or City’s interest. Additional studies may be assigned to the same company

employing the staff who initially required the study. Contract staff does not have an incentive to process plans expeditiously.

Discussion and Analysis:

Service contracting is a common practice among cities and other public agencies. The most typical service contract is for a specific project, with the contract terminating at the conclusion of the project (such as engineering design services for a Public Works project or for the preparation of CEQA documents). Many cities contract for ongoing staff services, usually to supplement core city staff. Some agencies enter into a “network contract” with a prime contractor who enters into sub-contracts with other contractors, and is responsible for the performance of all sub-contractors.

The contracts with Interwest, and to a lesser extent with PMC, are a variation of the network model, in that Interwest and PMC manage sub-contractors. However, the sub-contractors’ contracts are with the City, not with Interwest or PMC. The Elk Grove model has been described by Dr. Robert Waste as a “clearinghouse model”.

Newly incorporated cities typically contract for services upon incorporation, and sometimes evolve toward the use of more in-house staff and less contract staff. Elk Grove has followed this pattern for police services, but has retained the full contract model for Planning and Public Works functions.

There are several choices that can be made to determine the optimal mix of contract staff and City staff. The Elk Grove model is at one end of the spectrum, contracting for all development services (under the supervision of an Assistant City Manager). Some cities choose to use City staff exclusively, except for contracts for occasional projects, such as engineering design services or the preparation of an EIR. Others have determined a “core” level of city staff that will be required under the lowest demand for services, supplemented by contract staff above the core level as demands for service increase. There are of course variations to these three basic models.

The evaluation of the mix of City staff and contract staff should be based on several criteria. Some criteria can be quantified, as discussed in this Report. Others may be evaluated based on more subjective observations.

Criteria: How successful has the current model been? How effective is the current service model in achieving the City's objectives?

City representatives have expressed concerns regarding the ability of the current model to meet City service expectations. Development community representatives have also expressed concerns regarding the time, cost and processes required for approval of applications and plans. Development community representatives responding to a survey by the Sacramento Business Journal in April 2007 and March 2008 ranked the City of Elk Grove low among area agencies in development service satisfaction. A copy of the survey form may be obtained from the City of Elk Grove.

While some of the responsibility for the dissatisfaction with the development services lies with the City, the contract model assigns Planning and Public Works management responsibilities to the contractors. The current model is not fully satisfying City or customer expectations.

Criteria: How effective is the contract model in adjusting staffing levels to changes in the demand for services? Will the City need to quickly adjust staff levels as the demand for services fluctuate in the future?

The results of this assessment provide several indicators that might be considered:

Building permit activity is one measure of development service activity. The City issued 1,122 residential building permits issued in 2001. Residential building permits peaked at 4,666 in 2004, and declined to 675 in 2007. The City issued 30 commercial building permits issued in 2001.

Commercial building permits peaked at 95 in 2005 and declined to 54 in 2007. Building permits for commercial, industrial and office projects declined from 361,144 square feet in 2006 to 21,626 square feet in 2007. (Data for 2003 through 2007 is found in Table VI-1.) While building permit activity is just one of several measures of development service activity, it is indicative of the rapid increase and rapid decline in building activity in Elk Grove.

The value of privately constructed public improvements is another indicator of development activity. Public Works plan check and inspection services are a function of

this value, although inspection services lag in time after plan check activity. Table VI-1 indicates that \$28.7 million in public improvements were approved in 2004, growing steadily to \$151.4 million in 2007, due to an extraordinary \$109.6 million in the 2nd quarter of 2007. Value in the 4th quarter of 2007 was \$12.3 million.

Table VI-1 also identifies the full-time equivalent (FTE's) contract staffing levels assigned to development services, based on the average number of FTE per quarter. Full year data for all divisions is available for 2005 through 2007. Table VI-2 compares the full-time equivalent contract staffing levels assigned to development services in the 4th quarters of 2004 through 2007. Public Works staff members involved in City-constructed capital projects and maintenance are not included in this data.

Overall, the contract model responded quickly to the rapid increase in development activity in Elk Grove, with development services staffing peaking at 74.5 FTE's in 2005.

Staff levels declined to 66.25 FTE's 2007 (65 in the 4th quarter of 2007).

Planning staff declined from 30 FTE's in the 4th quarter 2005 to 20 FTE's in the 4th quarter of 2007. During a decline in development activity, planning applications are the first to be affected.

Public Works staff has stayed relatively constant or declined slightly from 2005 through 2007. This can be partially explained by two factors. First, development projects that have been approved require public improvements plan check and inspection services for months or years following project approval. Staff services are required until the public improvement plans have been checked and public improvements have been constructed, inspected and approved. Second, the Building Safety and Inspection contract staff level has not declined in proportion to the decline in building permit activity, but since contractors providing Building Safety and Inspection staff are generally compensated on a percentage of permit fees, the risk of overstaffing is borne by those contractors.

Overall, however, the thirteen per cent total reduction in contract staff from 2005 to the 4th quarter of 2007 does not appear to match the decline in development activity.

Table VI-1: Development services contract staff, average per year, based on number per quarter; Building permits issued; Value of privately constructed public improvements approved

	2003	2004	2005	2006	2007
Public Works Division:					
Building Safety/Inspection	19.50	20.75	18.50	18.00	18.00
Construction/Inspection	n/a	n/a	11.75	12.25	12.00
Development	17.50	19.75	<u>17.25</u>	<u>16.50</u>	<u>15.25</u>
Total Public Works Division			47.50	46.75	45.25
Planning Division	18.25	22.25	27.00	25.25	21.00
Total (2005 through 4 th Q 2007)	n/a	n/a	74.50	72.00	66.25
Value of Public Improvements (million dollars)	n/a	\$28.7	\$35.2	\$64.4	\$151.4
Residential Building Permits	3,401	4,666	3,603	1,137	675
Commercial Permits	43	90	95	71	54

Source: Interwest, PMC, City of Elk Grove 2007 Comprehensive Annual Financial Report

Table VI-2: Development services contract staff per quarter

	4 th Q 2004	4 th Q 2005	4 th Q 2006	4 th Q 2007
Public Works Division:				
Building Safety/Inspection	20.00	14.00	17.00	18.00
Construction/Inspection	7.00	13.00	10.00	11.00
Development	<u>17.00</u>	<u>17.00</u>	<u>16.00</u>	<u>16.00</u>
Total Public Works Division	44.00	44.00	43.00	45.00
Planning Division	23.00	30.00	22.00	20.00
Total (2005 through 4 th Q 2007)	67.00	74.00	65.00	65.00

Source: Interwest, PMC

Criteria: Cost of service

One method of evaluating the effectiveness of the service delivery is to compare the costs to other similar jurisdictions. A comparison of the City of Elk Grove and the City of Roseville 2007-08 budgets was conducted. The budgets for both entities reflect salary, benefits, materials and supplies for Planning and Public Works services; capital outlays and Public Works maintenance costs are not included.

When comparing costs to other cities, it must be noted that every jurisdiction has its own unique services and methods of budgeting for services. While the City of Roseville is similar in size and development demands, it is also a “full service” city that has responsibility for electric utilities, water service, waste water service, recreation and other services not provided by the City of Elk Grove. Administration costs for a full service City should be expected to be higher.

The Elk Grove budget also includes approximately one million dollars for costs attributable to service providers other than PMC.

Understanding that some differences do exist, a comparison of the costs for development services components of Public Works and Planning can yet be a useful indicator. Table VI-3 provides a summary of the 2007-08 fiscal year budgets for the two jurisdictions. The Elk Grove budgeted expenditures are eighteen percent higher than the Roseville budgeted expenditures.

Table VI-3: Cities of Roseville and Elk Grove Operating Budgets

	Elk Grove	Roseville	Comments
DS Administration	\$ 736,544		Elk Grove development services administration only
CD Administration		\$ 1,703,574	Roseville includes redevelopment, planning, public works, electric, water & wastewater administration
Planning	\$ 4,589,000	\$ 3,551,415	
Public Works	\$ 6,914,528		Elk Grove includes GIS & drainage engineering
GIS	\$ 567,000		
Drainage (engineering)	\$ 550,000		
Public Works Administration		\$ 5,633,320 \$ 347,358	Roseville includes GIS & stormwater engineering
Building	\$ 4,727,500	\$ 4,034,341	
Total	\$18,034,572	\$15,270,008	

Source: City of Roseville 2007-08 budget; City of Elk Grove 2007-08 Budget

Criteria: Staff Costs:

Another consideration when evaluating the use of contract staff and in-house City staff is the hourly cost. Contract staff hourly rates are set by contract. The current contract rates are set forth in Table VI-4 for four senior development services positions.

City staff rates are based on comparable Elk Grove Department heads and senior management staff. The rates assume the top of the salary range for each position, and a fifty per cent factor for benefits. For City staff, the rates are based on 1,728 hours per year (2,080 hours less leave time). City staff rates do not include indirect costs, such as payroll or human resource costs.

Table VI-4: Contract rates and City staff rates

POSITION	CONTRACT RATES	COMPARABLE ELK GROVE STAFF RATES
Public Works Director	\$130	\$134 (Compare to EG Finance Director)
City Engineer / Supervising Engineer	\$125	\$108 (Compare to EG Assistant Finance Director)
Planning Director	\$127	\$134 (Compare to EG Finance Director)
Senior Associate Planner / Planning Manager	\$116	\$108 (Compare to EG Assistant Finance Director)

Source: Interwest, PMC, City of Elk Grove; Sinclair & Associates

There does not appear to be a significant difference in hourly rates for these positions.

While the addition of a few key management staff to the City payroll would not significantly change the City’s indirect support costs, increasing the number of in-house staff will eventually require increased support costs. Additional costs may be incurred for employment liability, recruitment, increasing benefits, employee relations/collective bargaining, personnel management, payroll, training and other personnel costs.

City contractors have submitted billable rate comparisons for Elk Grove, Sacramento and Roseville, indicating a lower Elk Grove billable rate. The rates are “fully burdened” to include indirect costs. However, a careful review of the Roseville methodology indicates that different methodologies are being compared. For example, in Roseville, 39% of the Planning Department’s personnel and other costs are classified as “indirect” (not directly billable) and are added back to the direct costs to establish a multiplier to the hourly rate. Then, importantly, only a portion of an individual staff members costs are “billed”; in the case of the Planning Director, only 33% of the time.

Among all other Roseville Planning Department staff, the range is 25% to 85% billable time. The point is, while a Roseville billable rate may appear higher, it is because much more non-billable cost is added to the billable rate, and fewer hours are billed to an applicant.

Additional considerations: Staff Selection, Retention, Institutional Knowledge and Succession Planning

The contracts with the development service contractors require the contractor to be solely responsible for the selection of staff, although two contracts require a list of staff members to be submitted to the City Manager for approval. While the responsibility for the selection of staff must be retained by the contractor to assure the independent-contractor status, it prevents direct City involvement in the selection, retention or termination of staff. The PMC contract does require a list of proposed staff members to be submitted to the City Manager for approval, and City input is sought in selecting, evaluating, retaining and promoting staff.

Over time, the knowledge and experience gained by City staff is a valuable asset. An “institutional memory” takes place. To the extent that contract staff remains available to a City-client, contract staff retains significant institutional knowledge on behalf of the City. However, the tenure, assignment and retention of individual contract staff members are not within the complete control of the City, potentially eroding the development and preservation of a City institutional memory.

Similarly, cities have increasingly focused on staff mentoring and training as a means of “succession planning”, developing talented staff for increasingly responsible positions. While this can and does occur among contract staff, the City’s investment in mentoring and training is less certain, and the advancement of contract staff to more responsible positions is not under the complete control of the City.

Concern has also been expressed about the turnover of Planning Division staff. In 2006, PMC reported 8 terminations out of an average staffing level of 25.25 FTE’s, for an annual turnover rate of 31.7%. In 2007, PMC reported 6 terminations out of an average staffing level of 21 FTE’s, for an annual turnover rate of 28.6%. Turnover is due

to involuntary terminations, voluntary resignations and reductions in required staff levels as application volumes have declined.

By comparison, City staff turnover rates for 2006 were 10.5%; City staff turnover rates for 2007 were 6.6%.

In summary on this topic, more use of City staff would permit the City to select, retain, mentor and advance qualified staff, and would enhance the institutional knowledge of City staff. It would also address some of the concerns raised by the development community and other respondents. Hourly costs for City staff may be comparable to hourly contract costs. Departmental costs would be directly controllable by the City, and based on the comparison to the City of Roseville, may be less than contract costs.

The City has a range of choices in the mix of contract staff and City staff:

- Continue the all contract staff model.
- Appoint City staff Department Director(s) and retain contract staff for all other positions.
- Appoint City staff Department Director(s) and senior management staff, and retain contract staff for all other positions.
- Appoint City staff for core service levels (Department Directors, senior management staff and all professional staff) and use contract staff for services required above the core service level. A core level is the minimum staff required for the lowest level of development activity for the foreseeable future.
- Appoint City staff for all services except specialized project work.

Recommendations:

VI.1. Among the choices for contract/City staff mixes, balancing the City's interests, it is recommended that the City consider transition to a core level of City staff.

VI.2. As an initial step, it is recommended that the Department Directors be transitioned to in-house staff. This would include the following positions, to be authorized by the City Council and appointed by the City Manager:

- Community Development Director
- City Engineer (reporting to the Community Development Director)

- Planning Director (reporting to the Community Development Director)
- Building Official (reporting to the Community Development Director)

VI.3. Once the senior level positions are filled, the City should consider the expertise and advice of these management staff members regarding the additional staff that will be required for a core level City staff.

VI.4. Contract services and contract staff should be used to supplement City staff for development activity that exceeds the activity managed by the core level City staff.

VII. DEVELOPMENT SERVICES ORGANIZATION

During the assessment interviews, comments were received regarding the coordination of development review among City Planning staff, Public Works staff, and staff from other public agencies.

Development services are currently provided by the Public Works Division and Planning Division, both of which are within a “Development Services Group.” The Public Works Division is also responsible for the City’s Capital Improvement Program (design and management of City-constructed infrastructure) and the maintenance of City-owned infrastructure and facilities.

Since incorporation, the City has modified its approach to managing development services on several occasions. Planning services have reported to six different City staff members since 2000, including the City Manager and more recently to an Assistant Manager. Public Works services have been supervised by the City Manager, a Public Works Director, a Community Development Director and the Assistant City Manager.

Traditional organizations are built around “silos” of responsibility. Applications are routed among different departments and agencies. Project evaluations and conditions are proposed without significant coordination among reviewing parties. In Elk Grove, while the Planning and Public Works functions are in a common Development Service Group, it also includes other typical Public Works functions. Both divisions report to an Assistant City Manager position (now vacant). Moreover, the division of responsibilities among two separate contract service providers may cause some conflicts.

Because the City is not “full service” it does not have control over other reviewing agencies. This makes it especially important that the City take the lead in developing an organizational structure that facilitates a coordinated development review process.

The code enforcement function is provided by the Neighborhood Services Group. Because code enforcement often involves multi-disciplinary skills and resources, it is important that there be a strong communication link and a common commitment to code enforcement among departments.

This Report recommends that the City reorganize the Development Services Group into a Community Development Department. This department should be managed by a City staff Director of Community Development. The Community Development Department should include the planning, development engineering, public improvements plan check/inspection and building safety and inspection functions. The separate Public Works Department should retain responsibility for City-constructed capital projects and maintenance of City infrastructure and facilities.

Recommendations:

- VII.1. Reorganize the Development Services Group into a Community Development Department, managed by a City staff Director of Community Development.
- VII.2. Create three divisions in the new Community Development Department: Planning, Development Engineering/Inspection, Building Safety and Inspection.
- VII.3. Strengthen the communication and coordination of code enforcement activities between the future Community Development Department and Neighborhood Services Group by designating “point persons” in the Community Development Department to support citywide code enforcement activities.

VIII. DEVELOPMENT SERVICES PRACTICES

During the assessment interviews, comments were received regarding the City's processes, procedures and practices in the delivery of development services. The comments are based on the opinions, perceptions and experience of stakeholders, which may or may not be supported by data. Nonetheless, these opinions form the basis of perceptions of City services, and they can affect the ability of the City to attain its goals. Additional comments on the stakeholders' observations are offered under the "current practices" discussion below. Representative stakeholder comments included:

- The City does not identify a "point person", responsible for keeping a project approval on schedule and resolving conflicting requirements and conditions. Project teams are not assigned to development projects.
- The City does not have regular internal development review meetings, and does not have regular development review meetings with other agencies involved in the permitting process, to keep plan review on schedule, or to assure consistency of conditions among departments and agencies.
- The requirement that several other public agencies must process or approve plans causes delays in approvals (water, sewer, drainage, fire, parks). There is a lack of coordination among permitting agencies, affecting timeliness and consistency of conditions.
- The City does not have goals or standards for turn-around times in processing plans or applications. Turn-around times for plan approval are not predictable and are too long.
- Business license, certificate of occupancy and tenant improvement plan submittal requirements are too cumbersome; impact fees required to be paid for a certificate of occupancy and/or tenant improvements are not justified; the requirements are costly and discourage economic development.
- During the application review and plan check processes, the requests for additional information, studies or plan changes should all occur at one time; some respondents experience "sequential" requests upon re-submittal of plans.

- Some requirements for additional studies during the review process are not warranted. The City requires too many traffic studies.
- Public counter staff members are not sufficiently knowledgeable regarding City requirements, standards, fees and processes.
- Mid-level staff members are not flexible in their review of plans and their interpretation of City requirements and proposed conditions. They are not empowered to make reasonable judgments in applying City standards.
- Proposed conditions of approval can be subjective and arbitrary.
- The City does not have standard conditions of approval for different types of applications.
- Proposed conditions of approval for tentative maps and conditional land use permits are not conveyed sufficiently in advance of public hearings, allowing the developer limited opportunity to review the proposed conditions and revise plans, if necessary.
- Improvement plans are sent out to plan checkers who are remote from Elk Grove, may work for different companies and may not be fully familiar with Elk Grove requirements, resulting in inconsistency in the application of City standards.
- Field inspection should be limited to compliance with approved plans; some field inspection requirements are considered to be arbitrary.
- The City does not have an established “pre-application” process, to allow pre-applicants an opportunity to get advice from staff in advance of the submittal of formal development plans.
- An on-line project tracking system has not been available.
- The City has not followed through on earlier outreach efforts with the development community and has not responded to earlier comments with improved processes.

The assessment included a review of industry standards and best management practices, direct interviews with representatives from other agencies and a review of publications and reports citing the experience of other agencies in addressing similar development service issues. Experiences and advice were drawn from Sacramento, West Sacramento, Rocklin, Roseville, Folsom, Vallejo, San Jose, Citrus Heights, Henderson Nevada and Austin Texas.

There are common themes and practices among agencies that are either recognized as leading service providers or are making organizational and service delivery changes to improve City services:

- The City is in control of most or all City services, or has a very close working relationship and common goals with other service providers that are responsible for elements of the development review and approval process. “Full service” cities that provide police, fire, sewer, water, utilities, drainage, parks, transportation and other services are generally able to coordinate effective and efficient service delivery. A City that does not provide this array of services must take extra effort in coordinating seamless service delivery among all public agencies.
- Development is considered to be a partner with the City, delivering the resources and community amenities that the community desires, while also respecting community goals, environmental concerns and the General Plan.
- The City understands that the development community desires certain attributes in a review process – a positive attitude regarding development; early identification of issues and fees; predictability in the process; consistency in requirements and conditions; communication; and timeliness in processing applications.
- Agencies have achieved success through a careful evaluation of their service goals and then designing development service strategies and programs that meet their goals. Sacramento has instituted a Matrix program that defines core values, assigns project leaders and teams, opens communication with developers and empowers staff. Folsom has developed a “project management” approach that utilizes City and developer project schedules to adhere to agreed-upon timelines. Austin has consolidated development services into a “one-stop” permit center. Rocklin asks when the developer needs action on an application and develops a schedule to fit this need, and assigns commercial development projects to an Assistant City Manager. West Sacramento has developed pre-application review procedures. Roseville not only provides the determination of completeness required by Government Code Section 65943 within thirty days of application submittal; it also guarantees a project review within thirty days, while still requiring potentially controversial development proposals to be referred to community associations. These are just examples of

approaches that these agencies use in their delivery of development services; obviously, they have complete programs to complement these examples. The important point is that they have established policies and goals and instituted practices that facilitate delivery of development services that meet City objectives and are responsive to the applicant and to the community as a whole.

Current practices:

The City has not adopted or promulgated a policy, priority, philosophy or practice of “partnership” with the development community.

In Elk Grove, there are several separate public agencies that are also responsible for the review and approval of different types of development applications, including the County Sanitation District #1, the Sacramento County Water Agency (Zone 40), Elk Grove Water, Cosumnes Community Service District, Drainage (Zone 11), and various dry utility agencies or companies. While a City/CSD “One Stop Shop” was launched in 2004, the program is not currently in place with the CSD or other agencies.

City staff initiated discussions with the development community regarding process improvements in late 2006 and early 2007. Development community representatives have observed that the City did not make significant changes following these outreach efforts. More recently, in November 2007, the Planning Division developed a list of “planning process improvements” but was advised by City management to defer implementation, pending the City’s receipt and implementation of this Report. The more recent 2007 proposed improvements include Project Processing Policies and Guidelines, a Pre-Application Review Form, an Internal Project Processing Detail Sheet, a Development Review Committee Schedule, a Revised Project Routing Sheet and a Complete/Incomplete Letter Template.

The City does have existing forms and processes and has made refinements on several occasions. Some procedures and processes are yet to be documented. The City does not have standard conditions that apply to development applications. This Report recommends that the City review the recently proposed planning process improvements and other proposed modifications with the development community and implement, with input from the development community, those modifications.

The City designates a project planner as the lead on development applications. While working cooperatively, the Planning staff and Public Works staff work under separate divisions. The lowest level of authority over both divisions (and development projects processed by both divisions) is the Assistant City Manager position (now vacant). The current organization and practice does not empower a project planner to take full responsibility for all City actions required during all phases of an application (from application submittal to certificate of occupancy). This Report recommends that the City transition the project planner concept to a “project manager” concept, empowering a project manager with responsibility and decision-making authority during all phases of processing a development plan.

The project management concept can be enhanced by the preparation of a project schedule (Gantt chart) for major project applications (using Microsoft Project or other similar software), identifying the tasks, milestones, schedules and critical paths for processing the project.

Regular internal meetings are conducted to review the status of processing plans. Consistent with other recommendations in this Report, it is recommended that the meeting be chaired by a Project Manager with responsibility for the project.

City staff indicates that “project coordination meetings” are held with applicants and agency/department representatives to discuss proposed conditions of approval and to ensure that the project is ready to be noticed for a public hearing. Proposed conditions are provided to applicants thirty days prior to a Planning Commission meeting. Some project applicants have commented that they are not kept sufficiently informed during the review and that the proposed conditions are not known far enough in advance of the Planning Commission hearing to allow time to consider other options to meet the City’s requirements.

The City began listing projects on-line in 2001 and has recently implemented an enhanced on-line permit tracking system (On-Line Service Center: Planning and Engineering). The on-line program has project information, project conditions, project review steps and drill-down logs providing additional information. A separate web link is available for building permit and inspection scheduling and status information.

Concern has been expressed regarding potential conflicts of interest. Because a decision to require a special study can be within the discretion of a staff member, and because the special studies may be conducted by the firm that employs the staff member, a potential for conflict of interest may arise. No obvious instances were identified, and current City practice is to obtain three proposals for special studies. The City should take additional action to eliminate the perception or possibility of conflicts. It should be City policy to require City staff to review and approve recommendations for discretionary studies, and to require that such studies be conducted by firms other than the firm employing the staff who made the initial recommendation.

Recommendations:

- VIII.1. The City Council should clearly articulate and emphasize the importance of streamlining the development review process in achieving the City's development objectives and economic development goals.
- VIII.2. The City Council should invite the development community to participate in an ongoing review and feedback process. A development process review committee should be established, with representation from various sectors of the development community and City staff. The committee should meet monthly, to address development requirements, procedures and processes affecting the streamlining of development review and processing. Other agencies that are involved in the development review process should be represented on the committee. (Note: the City has recently implemented a monthly forum with the development community.)
- VIII.3. The City should re-establish a one-stop permit center.
- VIII.4. The City should enter into discussions with the other agencies that are involved in development review, with the goal of co-locating staff from other agencies at City offices on selected days of the week to facilitate communication and coordination of development review process.
- VIII.5. The City should sponsor workshops with representatives from other agencies that are responsible for development plan review. The purpose of the workshops should be to establish common goals for streamlining the

development review process, and to establish a close working relationship in achieving those goals.

- VIII.6. Develop a “pre-application” review program, offering a meeting with City staff prior to submittal of an application to discuss the proposed project, constraints, opportunities, potential requirements, potential conditions and other issues that will improve the formal application submittal.
- VIII.7. The City should conduct regularly scheduled internal project management meetings on major projects to address and resolve issues and to review progress toward processing applications within agreed-upon time schedules. Representatives from other agencies should attend the regularly scheduled meetings.
- VIII.8. Designate one staff member as the Project Manager for each major project. Assign additional staff members to form a team for processing major applications.
- VIII.9. Assign authority and responsibility to the Project Manager to coordinate the review process and keep the process on schedule; empower the Project Manager to make decisions regarding conflicting City conditions or other processing decisions.
- VIII.10. Prepare a project schedule (Gantt chart) for major project applications (using Microsoft Project or other similar software), identifying the tasks, milestones, schedules and critical paths for processing the project.
- VIII.11. Open communication links with applicants; reinforce regular project status meetings between the Project Managers and applicants.
- VIII.12. Adopt performance standards for turn-around times for processing each type of development application. Track and publish actual performance compared to the adopted standards.
- VIII.13. Establish procedures and processes to enable the City to provide a thirty-day review of applications (in addition to the completeness review), with clear and accurate information on additional studies that will be required, City and other-agency fees and other project-related information.

- VIII.14. Review the draft project processing policies and guidelines, revisions to applications, internal processing forms, checklists and other information and review documents with development community representatives; receive comments and recommendations; revise and issue new documents to enhance the development review process. Include standard conditions of approval.
- VIII.15. Conduct a review of City approval practices to assure that all required “sign-offs” are conducted in parallel, and not sequential.
- VIII.16. Require complete plans from developers’ engineers and designers; review applications for compliance with the submittal requirements; reject applications not meeting the submittal requirements and communicate directly with project owners when incomplete plans are submitted.
- VIII.17. Review and approve plans based on compliance with existing zoning requirements, City codes, City improvement standards and other adopted City requirements (avoid review and approval based on criteria other than existing City requirements); inspect private and public improvements based on approved plans (avoid inspection based on criteria other than approved plans).
- VIII.18. Adopt procedures requiring City staff to review and approve recommendations for discretionary studies, and requiring studies to be conducted by firms other than the firm employing contract staff who made the initial recommendation.
- VIII.19. Since the web-based permit tracking system has been implemented recently, the City should convene a meeting with interested parties to determine whether the system is addressing the information needs and requirements of the development community.
- VIII.20. Establish procedures to review proposed conditions of approval with applicants sufficiently in advance of a public hearing, to give the applicant an opportunity to consider options for revisions to the plans.

IX. ECONOMIC DEVELOPMENT

During the assessment interviews, comments were received regarding the relationship between the City's economic development goals and its development service processes and fees:

- The City's requirements for small businesses are inconsistent with its economic development goals.
- Lengthy processing times and a lack of urgency in processing small business applications discourage investment in the community.
- Economic development goals are being hampered by high fees.

Economic development goals have been articulated by the City, but day-to-day processing may conflict with desired economic development goals (such as attracting and retaining small businesses, employment opportunities and sales tax generators).

The City has entered into a partnership with the business community in establishing an Economic Development Corporation (EDC). An Executive Director has been hired and the EDC is moving forward on initiatives that support economic development. This is a positive step toward enhancing and implementing the City's economic development goals.

However, there is also a need for a City "in-house" staff person to coordinate economic development goals. While the EDC can conduct business outreach and implement other economic development goals, an in-house staff advocate for economic development can quickly identify potential structural and processing problems before they become real impediments, and can serve as the in-house resource to facilitate the City's economic development goals. The role of an in-house economic coordinator should be to facilitate advancement of development projects that enhance the City's economic development potential. The position would also serve as the point of contact for the EDC. The role would not be to conflict with or undermine normal approval processes – rather, it would be to help the City achieve its economic development goals – job creation, business attraction and retention, and business assistance in locating and remaining in Elk Grove.

Recommendations:

IX.1. The City should designate an in-house City staff position as an economic development coordinator, to facilitate economic development projects and interface with EDC staff, the business community, commercial brokers, City staff and other parties.

X. PUBLIC NOTICE AND EDUCATION

The City of Elk Grove has frequently discussed options to enhance public education opportunities and public notice of planning applications and development proposals. The City has enacted an ordinance requiring written notices of public hearings that exceed the State requirements, and an on-site sign posting ordinance is under consideration. Specific Plans are referred to a technical advisory committee. The City's website and newsletter provide information on major development proposals, and public meeting notices and agendas are available on-line.

The City Council has recently considered but has not endorsed proposals for the establishment of community planning advisory committees and for a "planning academy" as an educational opportunity for community members interested in planning processes.

Cities and developers that conduct early outreach to the community often find that it allows issues to be resolved during the early review process that might otherwise delay project processing. Currently, planning applications are routed to interested homeowners associations and other organizations. The City should continue and reinforce this practice.

During this assessment, respondents indicated that the City's public outreach was either excellent (generally, development community representatives) to adequate (community association representatives). The "rural roads" process was frequently cited as a model for public outreach.

Recommendations:

- X.1. A planning academy can be a very productive method of educating the public on the laws and processes governing development projects. Once the cost issues are resolved, it is recommended that the City Council consider initiating this program.
- X.2. On-site signage announcing public hearings is an effective tool to inform residents who reside outside of the normal written notification boundaries; it is recommended that the City adopt an on-site signage program for public hearings.
- X.3. It is recommended that the City encourage developers to meet with homeowners associations and community groups at an early stage in the planning process, and

continue the practice of referring planning applications to interested and affected homeowners associations and other community groups.

- X.4. The City should implement procedures to conduct early “study session” meetings of the City Council and Planning Commission, introducing proposed major development projects. Such procedures should be carefully designed as information-only sessions, preserving the City’s responsibility to formally process applications through the public development application review process.

XI. COMMUNICATION AND CUSTOMER SERVICE

Cities that have established customer service programs often find that issues are more easily resolved through effective communication with applicants and other interested parties. Such programs typically include (1) establishing excellent customer service as a high priority; (2) establishing customer service parameters and goals; (3) training staff on customer service standards and techniques; (4) implementing customer service practices; and (5) checking back with the customers to determine the effectiveness of the program. Program elements can be as simple as establishing standards for returning telephone calls and email inquiries, to more elaborate conflict-resolution training.

Several respondents commented that the basic elements of customer service are missing in Elk Grove (for example, telephone calls not being returned). Elk Grove has not established customer service goals, objectives and standards, and has not conducted customer service training for staff.

Recommendations:

- XI.1. The City Council and senior city management should adopt a policy reinforcing the importance of customer service as a component of City services.
- XI.2. The City should initiate a formal customer service program, including the establishment of customer service objectives and standards, staff training to implement the objectives and standards, and checking back with customers to evaluate the success of the program.

XII. FEES AND COST OF SERVICES

While a study of fees was not part of the scope of this study, many of the respondents commented about “the high cost of developing in Elk Grove.” During the assessment interviews, comments were received regarding fees:

- Some respondents commented that they anticipate 20% to 25% higher fees in Elk Grove, compared to similar agencies in the area. Fees, in this case, refer to the total of development impact fees, the cost of processing plans, plan check fees and inspection fees.
- The “cost of doing business” in Elk Grove is high when compared to other agencies, because of higher processing costs, the longer time required for processing and higher development impact fees.
- Some members of the development community would prefer fixed fees to “time and material” charges.

Cities typically charge two types of fees related to development projects: (1) “development impact fees” to pay for a proportionate amount of the cost of off-site infrastructure and facilities that serve more than one development, or to otherwise mitigate the impact of development, and (2) “current service fees” to pay for the City costs incurred in processing development applications.

Development Impact Fees:

Development impact fees are a function of the required infrastructure, facilities and mitigations, and the amount of development expected to take place in the community. Each community sets its own development impact fees, based on the requirements of Government Code Section 66000 and other legal authorities. Other agencies also set fees that are applicable in Elk Grove, for such services as schools, parks, sewer, water, drainage and other facilities.

A recent survey of local agencies in the area was conducted by Economic and Planning Systems, Inc (EPS). Because some agencies use bonded debt to finance some of the required infrastructure, the EPS study combines impact fees with bonded debt to

calculate the “infrastructure cost burden” for single family residential units, retail buildings and office buildings. The EPS study includes school fees and all other fees paid when a building permit is issued and improvement plans are approved, to obtain an “apples to apples” comparison as much as possible.

The EPS residential fee survey compared two Specific Plan areas in Elk Grove to five similar Specific Plan areas in other jurisdictions. The infrastructure costs range from \$62,782 per residential unit to \$81,897 per residential unit. Laguna Ridge infrastructure costs are the lowest at \$62,343 per residential unit. East Franklin infrastructure costs are in the middle of the range at \$73,332 per residential unit.

The EPS retail building fee survey included two areas in Elk Grove and six areas in other jurisdictions. The infrastructure costs per acre range from \$119,705 per acre in downtown Sacramento to \$420,179 per acre in North Natomas. Elk Grove fees are in the third highest quartile at \$275,421 per acre in Laguna Ridge and \$277,724 per acre in East Franklin.

The EPS office building fee survey included two areas in Elk Grove and six areas in other jurisdictions. The infrastructure costs per acre range from \$109,411 per acre in downtown Sacramento to \$1,605,798 per acre in the Sacramento Railyards area. Elk Grove fees are in the second lowest quartile at \$365,783 per acre in Laguna Ridge and \$372,429 per acre in East Franklin.

The fee survey is included in this Report as Appendix C, reprinted by permission of EPS.

Current Service Fees:

For each City service for which an applicant can be identified, a current service fee may be charged for the service. For fixed fee services, a comparison can be made with other jurisdictions. For services provided under a deposit arrangement, with time and materials charged against deposits, comparisons are more difficult, as they will be on a case-by-case basis.

One common application fee among cities is the fee for tentative maps. In Elk Grove, the fee for a tentative parcel map (1 to 4 units) is \$4,584. For a similar application in Roseville, the fee is \$1,404; for a similar application in Sacramento, the fee is \$3,576.

For a 100-unit tentative map, the Elk Grove fee is \$7,217. For a similar application in Roseville, the fee is \$3,993; for a similar application in Sacramento, the fee is \$7,500.

Elk Grove currently charges a fixed fee for some development related application services and collects a deposit and charges actual time and material costs against the deposit for other services. The City is considering transition to fixed fees for all services.

It has been noted that cities without a “revenue neutrality” requirement may be in a better position to subsidize fees with General Fund resources.

Recommendations:

- XII.1. Conduct a periodic review of development impact fees to assure that they accurately reflect the cost of infrastructure and mitigations required as a result of development projects, but also permit the City to remain competitive in attracting the type of development projects that it desires.
- XII.2. Conduct a periodic review of current service fees (a Cost of Service Study to calculate average direct costs incurred for each service and a Cost Allocation Plan to calculate the indirect costs) to assure that the fees accurately reflect the cost of processing applications, but also permit the City to remain competitive in attracting the type of development projects that it desires.
- XII.3. For fixed fees, the City and the contract service provider must address which party assumes the risk of actual costs exceeding the fixed fees.

XIII. PROCESSING AND TRACKING DEVELOPER DEPOSITS

During the assessment interviews, comments were received regarding the City's deposit and invoicing procedures:

- Invoices for development services are not sent to applicants on a timely basis.
- Invoices should list the tasks and time spent on tasks.
- Additional deposit amount are determined just before applications are ready for the public review process, and applications are withheld from that process until deposits are received.

Public agencies typically collect deposits for certain development-related applications and charge actual "time and material" costs against the deposit. It is important to collect an adequate deposit in advance, assure that the full cost of service is charged to and collected from applicants, and provide timely statements and invoices to applicants.

Current practices:

Elk Grove has adopted a deposit and time and materials approach for many of its development services. Deposits are collected in advance, based on the City's fee and deposit schedule. As invoices for services related to the application are received from City contractors, the deposit account is charged for these services. There is not a formal system in place to assure that the cost incurred by the City is limited to the amount of the deposit or to collect additional deposits, and both the Public Works and Planning Department contractors may charge against a single deposit.

There has not been an established practice of invoicing applicants on a regular basis for the outstanding amounts, although the City is working toward this goal.

Recommendations:

XIII.1. The City should immediately reconcile all deposit current accounts. For those accounts in which the original deposit has been exceeded, a notice and invoice should be sent to the applicant.

- XIII.2. The City should implement an ongoing practice of reconciling all deposit accounts on a monthly basis, and send a statement to each applicant showing the initial deposit, charges to date and the remaining deposit balance. Invoices should include appropriate supporting documentation. If the original deposit has been exceeded, an invoice for an additional deposit should accompany the monthly statement.
- XIII.3. The City should formalize an administrative policy governing developer deposits, outlining procedures and responsibilities related to the full recovery of City costs associated with processing development-related applications.
- XIII.4. A standard Deposit Agreement should be executed by the applicant, confirming that the initial fee is a deposit only, and that additional deposits may be required if costs exceed the original deposit.

XIV. DEVELOPMENT SERVICES FUND

Cities frequently establish a development services fund and account for all development related fees, deposits and charges in that fund. This practice and procedure tends to protect the General Fund from subsidizing planning applications, City engineering reviews, Public Works inspections and building permits.

Current practices:

The City currently accounts for all development services and deposits in the General Fund. However, the City is in the process of reconstructing the historical development services' revenues and expenditures, to establish a separate development services fund. City records indicate that through June 30, 2007, expenditures have exceeded revenues by approximately \$1.1 million.

Recommendations:

XIV.1. Establish a development services fund and account for all development related fees, deposits and expenditures in this fund.

Appendix A
Stakeholder and Public Agency Interviews

Elk Grove City Council

Jim Cooper
Gary Davis
Pat Hume
Mike Leary
Sophia Scherman

Elk Grove Planning Commission

Richard Greene
George Murphy
Tim Murphy

Elk Grove City Staff

Susan Burns-Cochran
John Danielson
Jim Estep
Frank Oviedo
Heather Ross
Cody Tubbs

City Consultants

Joe Aguilar – VTD Certified Public Accountants
Fritz Buchman – Interwest Consulting Group
Christine Crawford – Pacific Municipal Consultants
Cheryl Creson – Interwest Consulting Group
Phil Carter – Pacific Municipal Consultants
Terry Rodrigue – Interwest Consulting Group

Development Community Representatives

Ken Allred – Economic Development Committee, BIA, Chamber of Commerce
Franklin Burris – Taylor Properties
Todd Chambers – Richland Communities, Inc.
Ed Gillum – Land Development & Engineering Consultant
Duane Johnson – Comstock Johnson Architects, Inc.
Thad Johnson – Pappas Investments
Dave Kalemba – Pulte Homes/Del Webb
John Lewis – International Union of Operating Engineers Local No. 39
Gregg Mason – Jackson Properties
Craig Nagler – Granite Bay Capital Group, LLC
Jennifer O’Brien Cooley – Mark III Developers
Lux Taylor – Taylor Properties
Michael Winn – Reynen Bardis Communities
Kevin Woodbury – Mark III Developers
Ardie Zahedani - BIA

Appendix A
Stakeholder and Public Agency Interviews

Community Organizations and Individuals

Leo Fassler – Rural Homeowners Association
Sarah Johnson
Susan McDonald – Franklin Reserve Neighborhood
Tom Pooler – Laguna West
Tom Shine - GRESHA
Howard Sihner – Old Town Elk Grove Foundation
Janet Toppenberg – Elk Grove Chamber of Commerce

Public Agencies

Donna Hansen - Cosumnes Community Services District
Henry Tingle – City of Citrus Heights
Hillary Straus – City of Citrus Heights
David Miller – City of Folsom
Carlos Urrutia – City of Rocklin
Pete Guisasola – City of Rocklin
Terry Richardson – City of Rocklin
Paul Richardson – City of Roseville
Bridgett Williams – City of Sacramento
William Thomas – City of Sacramento
Tom Lee – City of West Sacramento
Craig Whittom – City of Vallejo

Resources

Service Contracting: A Local Government Guide – ICMA Press
Improving the Development Review Process – American Institute of Certified Planners
City of San Jose Development Services Study – Zucker Systems
Fee Calculation Analysis - Economic and Planning Systems, Inc.

CITY OF ELK GROVE
DEVELOPMENT SERVICES SYSTEM
ASSESSMENT REPORT
IMPLEMENTATION CHART

Appendix B

Report Section	Recommendation	Staff Assigned	Target Date	Resources Required
IV.	LEADERSHIP, PARTNERSHIPS AND COOPERATIVE RELATIONSHIPS			
IV.1	The City Council should clearly articulate that it is a City priority to streamline the development review process, balanced with public input and review of development plans.			
IV.2	The City Council should discuss and agree upon methods to build teamwork among the Council, Planning Commission and staff. The process should include a clarification of Council, Planning Commission and staff roles, discussion of protocols, adoption of a code of conduct and confirmation of the City's goals and priorities for economic development and development services. The process should establish common understandings and working relationships among elected officials, appointed officials and City staff. The process should confirm the policy role of elected officials and the implementation role of staff.			
IV.3	Continue the Council's initiative to build cooperative relations with other agencies involved in development projects in Elk Grove.			

CITY OF ELK GROVE
DEVELOPMENT SERVICES SYSTEM
ASSESSMENT REPORT
IMPLEMENTATION CHART

Report Section	Recommendation	Staff Assigned	Target Date	Resources Required
V.	ADMINISTRATION AND MANAGEMENT OF CONTRACT SERVICES			
V.1	Revise the existing contracts to include industry standards and best management service contracting principles and practices, including: <ul style="list-style-type: none"> ▪ Revise contracts to include specific tasks to be performed. ▪ Revise contracts to include quantifiable standards of performance for specific tasks, performance measures and evaluation criteria. ▪ Revise contracts to include performance evaluation procedures. ▪ Revise contracts to include incentives for outstanding performance (and/or liquidated damages for unacceptable performance). ▪ Revise contracts to require contractors to develop and implement quality control systems. 			
V.2	Implement changes to the City’s contract procedures and administration, including: <ul style="list-style-type: none"> ▪ Establish an annual goal-setting process, reviewing progress on goals set in the prior year and identifying current year goals with each contractor. ▪ Conduct annual evaluations of contractor’s performance, based on the contractual standards of performance, performance measures and evaluation criteria. ▪ Adopt a citywide policy requiring the periodic issuance of a RFQ/RFP for contractual services at regular pre-determined intervals. ▪ Assign a City staff member as a “contract manager” for each contract, to provide oversight of contractors’ services, performance and contractor payment requests. 			

CITY OF ELK GROVE
DEVELOPMENT SERVICES SYSTEM
ASSESSMENT REPORT
IMPLEMENTATION CHART

Report Section	Recommendation	Staff Assigned	Target Date	Resources Required
VI.	INDEPENDENT CONTRACT SERVICES AND IN-HOUSE CITY STAFF			
VI.1	Among the choices for contract/City staff mixes, balancing the City’s interests, it is recommended that the City consider transition to a core-level of City staff.			
VI.2	<p>As an initial step, it is recommended that the Department Directors be transitioned to in-house staff. This would include the following positions, to be authorized by the City Council and appointed by the City Manager :</p> <ul style="list-style-type: none"> ▪ Director of Community Development ▪ City Engineer (reporting to the Community Development Director) ▪ Planning Director (reporting to the Community Development Director) ▪ Building Official (reporting to the Community Development Director) 			
VI.3	Once the senior level positions are filled, the City should consider the expertise and advice of these management staff members regarding the additional staff that will be required for a core level City staff.			
VI.4	Contract services and contract staff should be used supplement City staff for development activity that exceeds the activity managed by the core level City staff.			

CITY OF ELK GROVE
 DEVELOPMENT SERVICES SYSTEM
 ASSESSMENT REPORT
 IMPLEMENTATION CHART

Report Section	Recommendation	Staff Assigned	Target Date	Resources Required
VII.	DEVELOPMENT SERVICES ORGANIZATION			
VII.1	Reorganize the Development Services Group into a Community Development Department, managed by a City staff Director of Community Development.			
VII.2	Create three divisions in the new Community development Department: Planning, Development Engineering/Inspection, Building Safety and Inspection.			
VII.3	Strengthen the communication and coordination of code enforcement activities between the future Community Development Department and Neighborhood Services Group by designating “point persons” in the Community Development Department to support citywide code enforcement activities.			

CITY OF ELK GROVE
DEVELOPMENT SERVICES SYSTEM
ASSESSMENT REPORT
IMPLEMENTATION CHART

Report Section	Recommendation	Staff Assigned	Target Date	Resources Required
VIII.	DEVELOPMENT SERVICES PRACTICES			
VIII.1	The City Council should clearly articulate and emphasize the importance of streamlining the development review process in achieving the City’s development objectives and economic development goals.			
VIII.2	The City Council should invite the development community to participate in an ongoing review and feedback process. A development process review committee should be established, with representation from various sectors of the development community and City staff. The committee should meet monthly, to address development requirements, procedures and processes affecting the streamlining of development review and processing. Other agencies that are involved in the development review process should be represented on the committee. (Note: the City has recently implemented a monthly forum with the development community.)			
VIII.3	The City should re-establish a one-stop permit center.			
VIII.4	The City should enter into discussions with the other agencies that are involved in development review, with the goal of co-locating staff from other agencies at City offices on selected days of the week to facilitate communication and coordination of development review process.			
VIII.5	The City should sponsor workshops with representatives from other agencies that are responsible for development plan review. The purpose of the workshops should be to establish common goals for streamlining the development review process, and to establish a close working relationship in achieving those goals.			
VIII.6	Develop a “pre-application” review program, offering a meeting with City staff prior to submittal of an application, to discuss the proposed project, constraints, opportunities, potential requirements, potential conditions and other issues that will improve the formal application submittal.			

CITY OF ELK GROVE
DEVELOPMENT SERVICES SYSTEM
ASSESSMENT REPORT
IMPLEMENTATION CHART

Report Section	Recommendation	Staff Assigned	Target Date	Resources Required
VIII.7	The City should conduct regularly scheduled internal project management meetings on major projects to address and resolve issues and to review progress toward processing applications within agreed-upon time schedules. Representatives from other agencies should attend the regularly scheduled meetings.			
VIII.8	Designate one staff member as the Project Manager for each major project. Assign additional staff members to form a team for processing major applications.			
VIII.9	Assign authority and responsibility to the Project Manager to coordinate the review process and keep the process on schedule; empower the Project Manager to make decisions regarding conflicting City conditions or other processing decisions.			
VIII.10	Prepare a project schedule (Gantt chart) for major project applications (using Microsoft Project or other similar software), identifying the tasks, milestones, schedules and critical paths for processing the project.			
VIII.11	Open communication links with applicants; reinforce regular project status meetings between the Project Managers and applicants.			
VIII.12	Adopt performance standards for turn-around times for processing each type of development application. Track and publish actual performance compared to the adopted standards.			
VIII.13	Establish procedures and processes to enable the City to provide a thirty-day review of applications (in addition to the completeness review), with clear and accurate information on additional studies that will be required, City and other-agency fees and other project-related information.			
VIII.14	Review the draft project processing policies and guidelines, revisions to applications, internal processing forms, checklists and other information and review documents with development community representatives, receive comments and recommendations, and revise and issue new documents to enhance the development review process. Include standard conditions of approval.			
VIII.15	Conduct a review of City approval practices to assure that all required “sign-offs” are conducted in parallel, and not sequential.			

CITY OF ELK GROVE
DEVELOPMENT SERVICES SYSTEM
ASSESSMENT REPORT
IMPLEMENTATION CHART

Report Section	Recommendation	Staff Assigned	Target Date	Resources Required
VIII.16	Require complete plans from developer's engineers and designers; review applications for compliance with the submittal requirements; reject applications not meeting the submittal requirements and communicate directly with project owners when incomplete plans are submitted.			
VIII.17	Review and approve plans based on compliance with existing zoning requirements, City codes, City improvement standards and other adopted City requirements (avoid review and approval based on criteria other than existing City requirements); inspect private and public improvements based on approved plans (avoid inspection based on criteria other than approved plans).			
VIII.18	Adopt procedures requiring City staff to review and approve recommendations for discretionary studies, and requiring studies to be conducted by firms other than the firm employing contract staff who made the initial recommendation.			
VIII.19	Since the web-based permit tracking system has been implemented recently, the City should convene a meeting with interested parties to determine whether the system is addressing the information needs and requirements of the development community.			
VIII.20	Establish procedures to review proposed conditions of approval with applicants sufficiently in advance of a public hearing, to give the applicant an opportunity to consider options for revisions to the plans.			

CITY OF ELK GROVE
DEVELOPMENT SERVICES SYSTEM
ASSESSMENT REPORT
IMPLEMENTATION CHART

Report Section	Recommendation	Staff Assigned	Target Date	Resources Required
IX.	ECONOMIC DEVELOPMENT			
IX.1	The City should designate an in-house City staff position as an economic development coordinator, to facilitate economic development projects and interface with EDC staff, the business community, commercial brokers, City staff and other parties.			

CITY OF ELK GROVE
DEVELOPMENT SERVICES SYSTEM
ASSESSMENT REPORT
IMPLEMENTATION CHART

Report Section	Recommendation	Staff Assigned	Target Date	Resources Required
X.	PUBLIC NOTICE AND EDUCATION			
X.1	A planning academy can be a very productive method of educating the public on the laws and processes governing development projects. Once the cost issues are resolved, it is recommended that the City Council reconsider initiating this program.			
X.2	On-site signage announcing public hearings is an effective tool to inform residents who reside outside of the normal written notification boundaries; it is recommended that the City adopt an on-site signage program for public hearings.			
X.3	It is recommended that the City encourage developers to meet with homeowners associations and community groups at an early stage in the planning process, and continue the practice of referring planning applications to interested and affected homeowners associations and other community groups.			
X.4	The City should implement procedures to conduct early “study session” meetings of the City Council and Planning Commission, introducing proposed major development projects. Such procedures should be carefully designed as information-only sessions, preserving the City’s responsibility to formally process applications through the public development application review process.			

CITY OF ELK GROVE
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 ASSESSMENT REPORT
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Report Section	Recommendation	Staff Assigned	Target Date	Resources Required
XI.	COMMUNICATION AND CUSTOMER SERVICE			
XI.1	The City Council and senior city management should adopt a policy reinforcing the importance of customer service as a component of City service.			
XI.2	The City should initiate a formal customer service program, including the establishment of customer service objectives and standards, staff training to implement the objectives and standards, and checking back with customers to evaluate the success of the program.			

CITY OF ELK GROVE
DEVELOPMENT SERVICES SYSTEM
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Report Section	Recommendation	Staff Assigned	Target Date	Resources Required
XII.	FEES AND COST OF SERVICES			
XII.1	Conduct a periodic review of development impact fees to assure that they accurately reflect the cost of infrastructure and mitigations required as a result of development projects, but also permit the City to remain competitive in attracting the type of development projects that it desires.			
XII.2	Conduct a periodic review of current service fees (a Cost of Service Study to calculate average direct costs incurred for each service and a Cost Allocation Plan to calculate the indirect costs) to assure that the fees accurately reflect the cost of processing applications, but also permit the City to remain competitive in attracting the type of development projects that it desires.			
XII.3	For fixed fees, the City and the contract service provider must address which party assumes the risk of actual costs exceeding the fixed fees.			

CITY OF ELK GROVE
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Report Section	Recommendation	Staff Assigned	Target Date	Resources Required
XIII.	PROCESSING AND TRACKING DEVELOPER DEPOSITS			
XIII.1	The City should immediately reconcile all deposit current accounts. For those accounts in which the original deposit has been exceeded, a notice and invoice should be sent to the applicant.			
XIII.2	The City should implement an ongoing practice of reconciling all deposit accounts on a monthly basis, and send a statement to each applicant showing the initial deposit, charges to date and the remaining deposit balance. Invoices should include appropriate supporting documentation. If the original deposit has been exceeded, an invoice for an additional deposit should accompany the monthly statement.			
XIII.3	The City should formalize an administrative policy governing developer deposits, outlining procedures and responsibilities related to the full recovery of City costs associated with processing development-related applications.			
XIII.4	A standard Deposit Agreement should be executed by the applicant, confirming that the initial fee is a deposit only, and that additional deposits may be required if costs exceed the original deposit.			

CITY OF ELK GROVE
 DEVELOPMENT SERVICES SYSTEM
 ASSESSMENT REPORT
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Report Section	Recommendation	Staff Assigned	Target Date	Resources Required
XIV.	DEVELOPMENT SERVICES FUND			
XIV.1	Establish a development services fund and account for all development related fees, deposits and expenditures in this fund.			

**CITY OF ELK GROVE
DEVELOPMENT SERVICES SYSTEM
ASSESSMENT REPORT**

**ECONOMIC AND PLANNING SYSTEMS, INC.
FEE CALCULATION ANALYSIS**

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FEE CALCULATION ANALYSIS DISCLAIMER

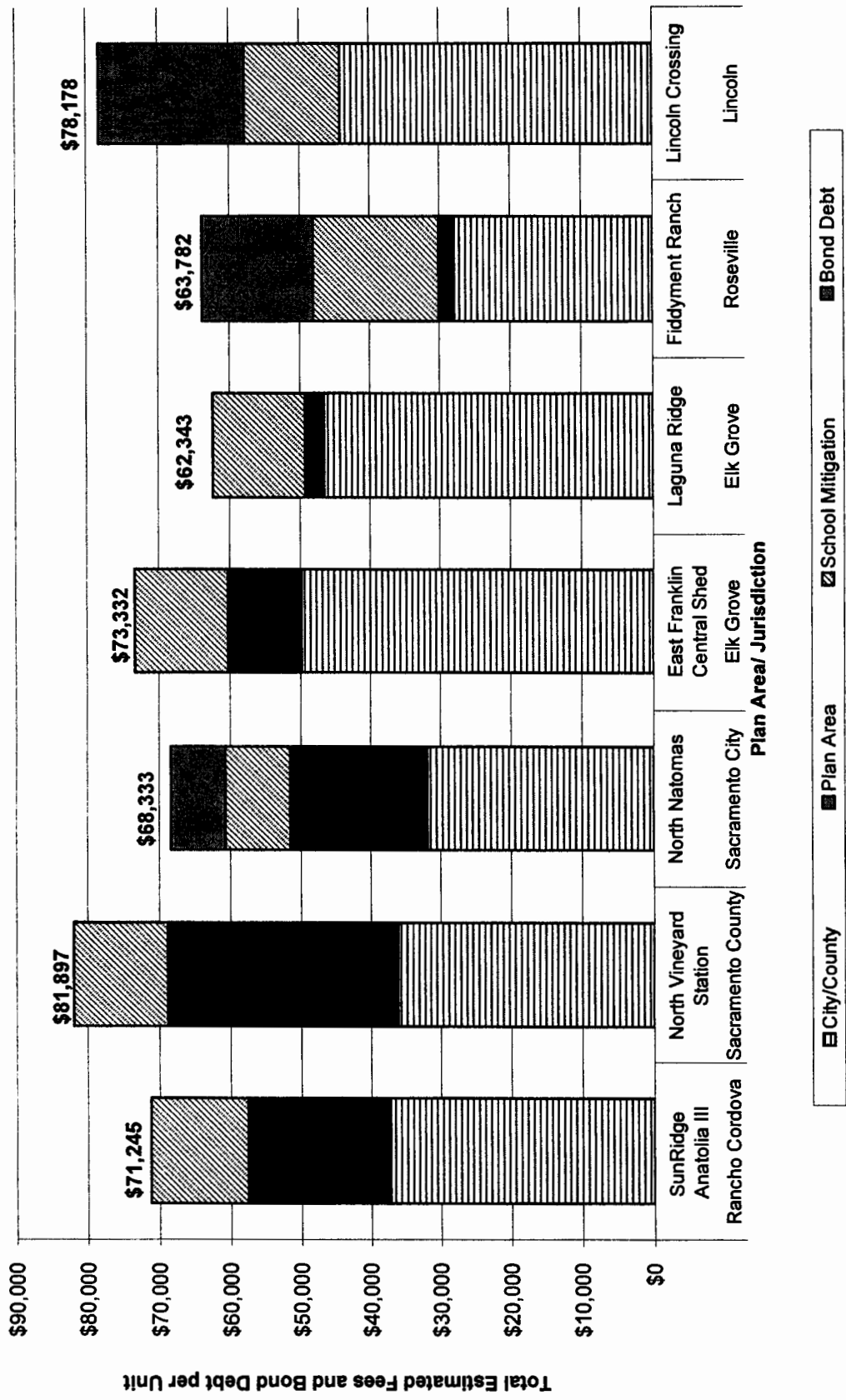
The tables in the Economic & Planning Systems, Inc., (EPS) fee calculation analysis are estimates meant for initial planning purposes or for comparing infrastructure cost burdens between different project areas. The analysis is not designed to be an exact calculation of the fees payable at the issuance of a building permit because the analysis does not provide a Building Department's level of review, nor does it provide all fees payable at building permit. For example, the analysis does not include administrative, plumbing, mechanical, engineering, and other miscellaneous fees due at building permit, nor does it typically include the site portion of plan check fees.

In addition, EPS makes no representation that all items for all areas are current as of today. Some of the fees/taxes/assessments may have been updated by the jurisdiction since estimates shown in the analysis were made.

Finally, the analysis typically does not include improvement plan fees incurred before building permit. Some fees paid at improvement plan stage (typically drainage fees or water fees), however, may be shown as fees paid at building permit to provide a more comprehensive infrastructure cost burden comparison between different project areas.

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Chart 1
Infrastructure Burden Comparison for Detached Single-Family Residential Development
(2,200-Sq.-Ft. Home, 5 Units per Acre)



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Table 1
SINGLE-FAMILY HOMES
Summary of Infrastructure Costs per Unit
2,200-Sq.-Ft. Home, 450-Sq.-Ft. Garage, 3 Bedrooms
2 Bathrooms, 5 Units per Net Acre

	Sacramento County				Placer County		
	Rancho Cordova SunRidge Anatolia III	Unincorp. [1] N. Vineyard Station	City of Sac. North Natomas	Elk Grove East Franklin Central Shed	Roseville Fiddymont Ranch	Lincoln Lincoln Crossing	
Summary of Infrastructure Costs per Unit							
Current as of	Jul-07	[2] Jul-07	Dec-07	Aug-07	Mar-07	Mar-07	
Total City-/Countywide Development Impact Fees (from Table 2)	\$37,263	\$36,141	\$31,874	\$49,838	\$27,845	\$44,132	
Plan Area Fees (from Table 3)	\$20,305	\$32,694	\$19,620	\$10,433	\$2,162	\$0	
Total School Mitigation (from Table 4)	\$13,678	\$13,062	\$9,196	\$13,062	\$18,022	\$13,642	
Estimated Bond Debt of Special Taxes Taxes and Assessments (from Table 5)	\$0	\$0	\$7,642	\$0	\$15,753	\$20,404	
Total Infrastructure Cost Burden per Unit	\$71,245	\$81,897	\$68,333	\$73,332	\$63,782	\$78,178	
Total Fees (City, County, Schools, and Plan Area)	\$69,052	\$79,704	\$60,690	\$71,139	\$48,029	\$47,451	
Total Annual Taxes	\$200	\$200	\$913	\$1,165	\$1,040	\$3,040	

[1] All development in Unincorporated Sacramento County will be subject to the County's affordable housing ordinance. Depending on the size and other characteristics of the development project, options to meet the requirements of the ordinance include constructing affordable units, providing land for affordable developments, and/or paying a fee. This analysis does not include the estimated affordable housing cost.

[2] Plan area fees in North Vineyard Station include developer reimbursements for drainage and roadway and may not be an appropriate "apples-to-apples" comparison with other areas.

Table 2
SINGLE-FAMILY HOMES
City/County Development Impact Fees per Unit
2,200-Sq.-Ft. Home, 450-Sq.-Ft. Garage, 3 Bedrooms
2 Bathrooms, 5 Units per Net Acre

City/County Development Impact Fees per Unit: These are fees charged by the City or Co. and do not include fees for a special-plan area.	Sacramento County					Placer County			
	Rancho Cordova	Unincorp.	City of Sac.	Elk Grove		Roseville	Fiddlyment Ranch	Lincoln	Lincoln Crossing
	SunRidge	N. Vineyard Station	North Natomas	East Franklin Central Shed					
Current as of	Jul-07	Jul-07	Dec-07	Aug-07	Aug-07	Mar-07	Mar-07	Mar-07	Mar-07
CITY/COUNTY FEES PER UNIT									
Processing Fees per Unit [1]									
Building Permit	\$1,508	\$2,320	\$1,853	\$989	\$989	\$1,464	\$1,464	\$1,370	\$1,370
Plan Check	\$1,005	\$1,547	\$778	\$658	\$658	\$878	\$878	\$891	\$891
Energy Plan Check Fee	-	-	-	-	-	-	-	\$30	\$30
Technology Surcharge	\$21	\$27	\$105	\$86	\$86	-	-	-	-
Seismic/Strong Motion	\$140	\$140	\$21	-	-	\$22	\$22	\$19	\$19
Fire Review Fee	\$381	\$722	-	\$127	\$127	-	-	-	-
Other Building permit or Processing Fees	\$3,055	\$4,755	\$2,758	\$1,860	\$1,860	-	-	-	-
Total Processing Fees per Unit									
Development Impact Fees per Unit									
Sewer	\$9,324	\$9,324	\$9,324	\$8,996	\$8,996	\$5,785	\$5,785	\$8,455	\$8,455
Water	\$11,380	\$11,380	\$5,076	\$12,094	\$12,094	\$4,420	\$4,420	\$16,002	\$16,002
Traffic	\$5,941	\$2,247	\$1,714	\$10,164	\$10,164	\$2,037	\$2,037	\$3,994	\$3,994
Public Transit	\$175	\$312	-	-	-	-	-	-	-
Regional Traffic Fees	-	-	-	-	-	\$544	\$544	\$1,234	\$1,234
Drainage	\$2,918	\$2,512	-	\$2,918	\$2,918	\$372	\$372	\$2,346	\$2,346
Parks - Neighborhood	-	-	-	-	-	\$2,953	\$2,953	-	-
Parks - Citywide	-	-	\$4,843	-	-	\$1,902	\$1,902	\$453	\$453
Fire/Police	\$1,232	\$1,232	-	1,676	1,676	\$1,076	\$1,076	-	-
Habitat/Greenbelt Preservation	-	\$4,175	\$7,689	\$3,665	\$3,665	-	-	-	-
Affordable Housing	-	-	-	\$4,295	\$4,295	-	-	-	-
Capital Improvements/Public Facilities	\$3,101	-	-	\$3,965	\$3,965	\$2,465	\$2,465	\$7,180	\$7,180
Other General Fees/One-Time Taxes	\$138	\$205	\$471	\$205	\$205	\$2,210	\$2,210	\$307	\$307
Countywide Fees	-	-	-	-	-	\$1,718	\$1,718	\$1,851	\$1,851
Total Development Impact Fees per Unit									
TOTAL CITY/COUNTY FEES PER UNIT									
	\$34,208	\$31,386	\$29,116	\$47,977	\$44,640	\$25,481	\$25,481	\$41,822	\$41,822
	\$37,263	\$36,141	\$31,874	\$49,838	\$46,501	\$27,845	\$27,845	\$44,132	\$44,132

[1] "Processing fees" exclude mechanical, electrical, plumbing and other similar review fees.

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Table 3
SINGLE-FAMILY HOMES
 Plan Area Fees per Unit
 2,200-Sq.-Ft. Home, 450-Sq.-Ft. Garage, 3 Bedrooms
 2 Bathrooms, 5 Units per Net Acre

	Sacramento County						Placer County			
	Rancho Cordova	Unincorp.	City of Sac.	Elk Grove	Laguna	Roseville	Lincoln			
	SunRidge Anatolia III	N. Vineyard Station	North Natomas	East Franklin Central Shed	Ridge [1]	Fiddymont Ranch	Lincoln	Lincoln	Crossing	
Current as of	Jul-07	Jul-07	Dec-07	Aug-07	Aug-07	Mar-07	Mar-07			
PLAN AREA FEES PER UNIT										
Infrastructure Fee	-	-	\$6,777	-	-	-	-	-	-	-
Transit	\$70	\$684	\$420	-	-	-	\$53	-	-	-
Roadway	\$12,708	\$14,368	-	-	-	-	\$175	-	-	-
Park Improvement	\$4,232	\$4,695	-	\$6,138	\$2,781	-	-	-	-	-
Fire/Police Protection	-	-	-	-	-	-	-	-	-	-
Library	\$573	\$735	-	\$1,438	-	-	-	-	-	-
Drainage	-	\$7,792	-	-	-	-	-	-	-	-
Sewer	\$853	-	-	-	-	-	-	-	-	-
Water	\$1,236	\$200	-	-	-	-	\$115	-	-	-
Landscape Corridors	-	\$3,043	-	\$2,732	-	-	-	-	-	-
Fee Program Formation/Administration	\$560	\$1,176	-	\$125	-	-	-	-	-	-
Public Land and Acquisition Fees	-	-	\$6,923	-	-	-	-	-	-	-
SAFCA Capital Investment Equalization Fee [2]	-	-	\$5,500	-	-	-	-	-	-	-
Other General Fees	\$73	-	-	-	-	-	\$1,820	-	-	-
TOTAL PLAN AREA FEES PER UNIT	\$20,305	\$32,694	\$19,620	\$10,433	\$2,781	\$2,162				

[1] Assumes Central Drainage Shed/North Sewer Shed. The City of Elk Grove is currently valuating whether the cost of some of these items to be collected as city fees.

[2] This analysis assumes the proposed SAFCA Capital Investment Equalization Fee of \$2.50 per sq. ft. to be implemented in 2008.

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Table 4
SINGLE-FAMILY HOMES
Estimated School Mitigation per Unit
2,200-Sq.-Ft. Home, 450-Sq.-Ft. Garage, 3 Bedrooms
2 Bathrooms, 5 Units per Net Acre

	Sacramento County				Placer County				
	Rancho Cordova SunRidge Anatolia III	Unincorp. N. Vineyard Station	City of Sac. North Natomas	Elk Grove East Franklin Central Shed	Roseville Fiddymont Ranch	Lincoln Lincoln Crossing			
Current as of	Jul-07	Jul-07	Dec-07	Aug-07	Aug-07	Mar-07	Mar-07	Mar-07	Mar-07
School District	Elk Grove USD	Elk Grove USD	Natomas USD	Elk Grove USD	Elk Grove USD	Roseville City Elem & Roseville JH/SD	Western Placer USD		
A. Annual School Mello-Roos CFD Taxes	\$200	\$200	-	\$200	\$200	-	\$961		
B. Present Value of School CFD Tax	\$2,194	\$2,194	\$0	\$2,194	\$2,194	\$0	\$10,323		
C. School Fee per Sq. Ft.:									
Stirling Fee	\$5.22	\$4.94	\$4.18	\$4.94	\$4.94	-	-		
Level 2 (or 3) SB50 Fee Mitigation Agreement	-	-	-	-	\$4.94	-	\$2.90	\$5.03	
D. Total School Fee:									
Stirling Fee	\$11,484	\$10,868	\$9,196	\$10,868	\$10,868	\$6,380	\$0		
Level 2 (or 3) SB50 Fee Mitigation Agreement	-	-	-	-	-	\$11,642	\$3,320		
E. Total School Mitigation (B+ D)	\$13,678	\$13,062	\$9,196	\$13,062	\$13,062	\$18,022	\$13,642		

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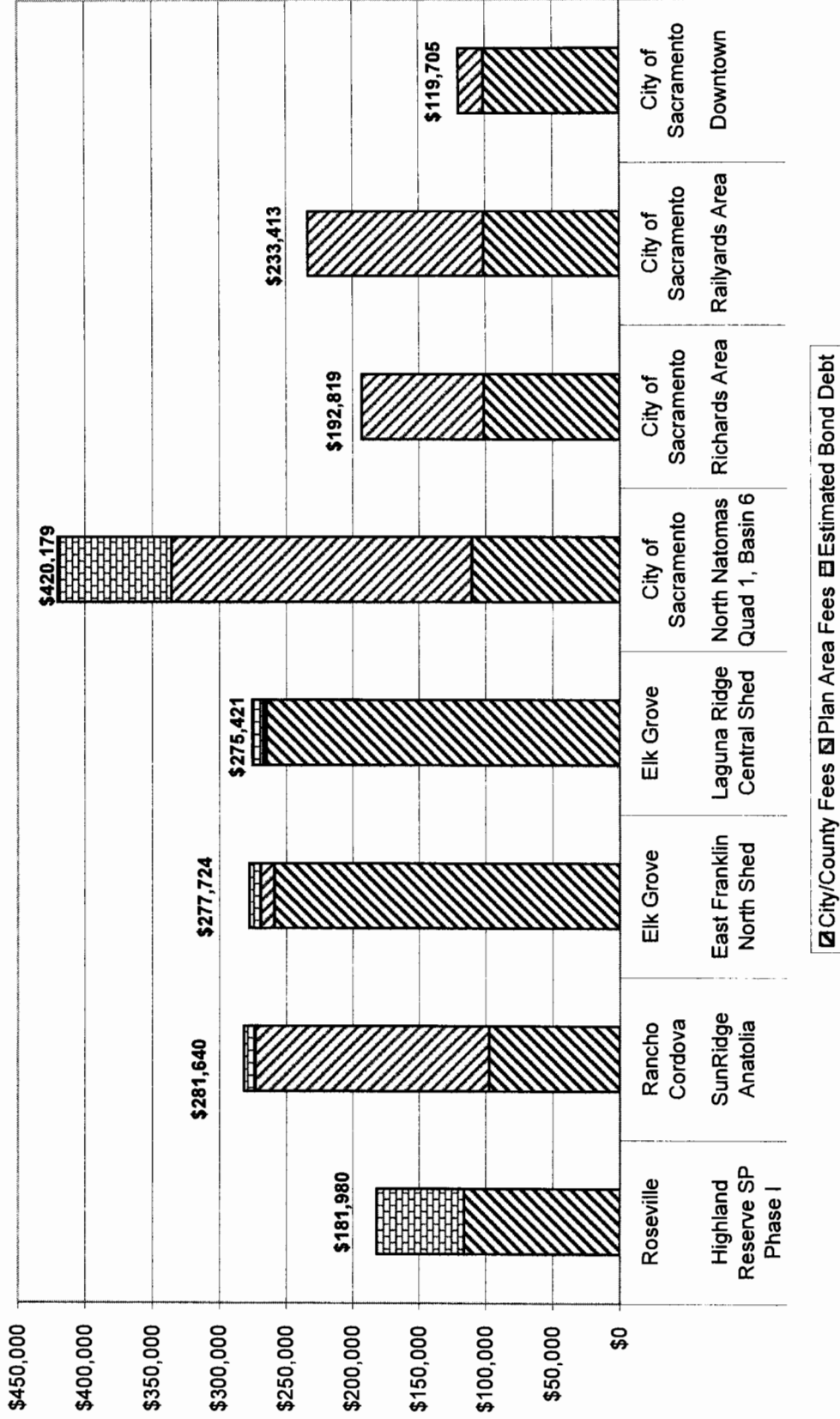
Table 6
SINGLE-FAMILY HOMES
Special Taxes and Assessments per Unit
2,200-Sq.-Ft. Home, 450-Sq.-Ft. Garage, 3 Bedrooms
2 Bathrooms, 5 Units per Net Acre

Special Taxes and Assessments per Unit for Infrastructure [1]	Sacramento County						Placer County	
	Rancho Cordova	Unincorp.	City of Sac.	Elk Grove	Laguna	Roseville	Lincoln	
	SunRidge	N. Vineyard	North	East Franklin	Ridge	Fiddlyment	Lincoln	
	Anatolia III	Station	Natomas	Central Shed		Ranch	Crossing	
Current as of	Jul-07	Jul-07	Dec-07	Aug-07	Aug-07	Mar-07	Mar-07	
Annual Special Taxes and Assessments per Unit								
Infrastructure CFD	-	-	\$811	\$965	\$1,500	\$1,040	\$2,080	
Infrastructure Assessment District	-	-	-	-	-	-	-	
SAFCA A.D. (Local Project)	-	-	\$103	-	-	-	-	
Total Annual Taxes and Assessments	\$0	\$0	\$913	\$965	\$1,500	\$1,040	\$2,080	
Estimated Bond Proceeds of Special Taxes and Assessments [2]								
Infrastructure CFD	-	-	\$6,578	-	-	\$15,753	\$20,404	
Infrastructure Assessment District	-	-	-	-	-	-	-	
SAFCA A.D. (Local Project)	-	-	\$1,065	-	-	-	-	
Less Estimated Credits	-	-	-	-	-	-	-	
Total Estimated Bond Debt	\$0	\$0	\$7,642	\$0	\$0	\$15,753	\$20,404	

[1] Taxes and Assessments for schools can be found in Table 4.

[2] Several areas do not show bond proceeds because it is assumed that costs are captured by City/County and plan area fees in Table A-2 and A-3.

Chart 2
Retail Building with 109,125 Sq. Ft. and 10 Acre Site



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Table R-1
RETAIL CENTER BUILDING
 Summary of Infrastructure Costs Per Acre
 10 Acre Site, 109,125 Sq. Ft. Project
 Building Value: \$7,208,470

Summary of Infrastructure Costs Per Acre	Sacramento County									
	Placer County			Elk Grove			City of Sacramento			Downtown
	Roseville	Rancho Cordova	Highland Reserve	East Franklin	Laguna Ridge	North Natomas	Richards	Rallyards	City of Sacramento	
SP Phase I	SunRidge	Anatolia	North Shed	Central Shed	Quad 1, Basin 6	Area	Area	Area	Area	
Current as of	Dec-07	Dec-07	Dec-07	Dec-07	Dec-07	Sep-07	Oct-07	Oct-07	Oct-07	Oct-07
Total City/County Development Impact										
Fees - Table R-2										
Per Acre	\$115,996	\$97,460	\$256,978	\$264,532	\$110,031	\$101,154	\$101,154	\$101,154	\$101,154	\$101,154
Per Gross Square Foot of Land	\$2.66	\$2.24	\$5.95	\$6.07	\$2.53	\$2.32	\$2.32	\$2.32	\$2.32	\$2.32
Per Square Foot of Building	\$10.63	\$8.93	\$23.73	\$24.24	\$10.08	\$9.27	\$9.27	\$9.27	\$9.27	\$9.27
Plan Area Fees - Table R-3										
Per Acre	\$0	\$175,582	\$10,149	\$2,292	\$225,447	\$91,665	\$132,260	\$18,551	\$0.43	\$1.70
Per Gross Square Foot of Land	\$0.00	\$4.03	\$0.23	\$0.05	\$5.18	\$2.10	\$3.04	\$0.43	\$0.43	\$0.43
Per Square Foot of Building	\$0.00	\$16.09	\$0.93	\$0.21	\$20.66	\$8.40	\$12.12	\$1.70	\$1.70	\$1.70
Estimated Bond Debt of Special Taxes and Assessments - Table R-4										
Per Acre	\$65,984	\$8,597	\$8,597	\$8,597	\$84,702	\$0	\$0	\$0	\$0	\$0
Per Gross Square Foot of Land	\$1.51	\$0.20	\$0.20	\$0.20	\$1.94	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Per Square Foot of Building	\$6.05	\$0.79	\$0.79	\$0.79	\$7.76	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Infrastructure Cost Per Acre	\$181,980	\$281,640	\$277,724	\$275,421	\$420,179	\$192,819	\$233,413	\$119,705		
Per Gross Square Foot of Land	\$4.18	\$6.47	\$6.38	\$6.32	\$9.65	\$4.43	\$5.36	\$2.75		
Per Square Foot of Building	\$16.71	\$25.86	\$25.50	\$25.29	\$38.58	\$17.71	\$21.43	\$10.99		
Floor Area Ratio	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25		

"summary"

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Table R-2
RETAIL CENTER BUILDING
 City/County Development Impact Fees Per Acre
 10 Acre Site, 109,125 Sq. Ft. Project
 Building Value: \$7,208,470

City/County Development Impact Fees Per Acre: These are fees charged by the City or County and do not include fees for a special plan area.	Placer County				Sacramento County			
	Roseville Highland Reserve SP Phase I	Rancho Cordova SunRidge Anatolia	East Franklin North Shed	Elk Grove Laguna Ridge Central Shed	North Natomas Quad 1, Basin 6	Richards Area	City of Sacramento Railyards Area	Downtown
Current as of	Dec-07	Dec-07	Dec-07	Dec-07	Sep-07	Oct-07	Oct-07	Oct-07
CITY/COUNTY FEES PER ACRE								
Processing Fees Per Acre [1]								
Building Permit	\$2,209	\$3,731	\$3,705	\$3,705	\$4,236	\$4,236	\$4,236	\$4,236
Plan Check	\$2,098	\$2,487	\$2,470	\$2,470	\$3,389	\$3,389	\$3,389	\$3,389
Energy	-	-	-	-	-	-	-	-
Technology Surcharge	-	-	-	-	\$305	\$305	\$305	\$305
Seismic/Strong Motion	\$151	\$151	\$151	\$151	\$151	\$151	\$151	\$151
Fire Review Fee	\$2,823	\$2,823	\$415	\$415	\$415	\$415	\$415	\$415
Other Building Permit and Processing Fees	-	\$5,067	\$224	\$224	-	-	-	-
Total Processing Fees Per Acre	\$4,458	\$14,259	\$6,550	\$6,550	\$8,496	\$8,496	\$8,496	\$8,496
Development Impact Fees Per Acre								
Sewer	\$22,262	\$18,866	\$17,060	\$18,866	\$26,614	\$15,547	\$15,547	\$15,547
Water	\$5,575	\$17,337	\$15,276	\$17,337	\$2,285	\$2,489	\$2,489	\$2,489
Traffic	\$43,065	-	\$135,315	\$135,315	\$5,767	\$5,767	\$5,767	\$5,767
Transit	-	\$8,403	-	-	-	-	-	-
Sacramento Transportation Authority (STA) [2]	-	-	-	-	-	\$40,431	\$40,431	\$40,431
Regional Traffic Fees	\$19,145	-	-	-	-	-	-	-
Drainage	\$5,099	\$19,499	\$17,812	\$19,499	-	-	-	-
School	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583
Parks/Open Space	-	-	-	-	\$3,710	\$3,710	\$3,710	\$3,710
Fire/Police	\$3,604	\$6,111	\$14,623	\$14,623	-	-	-	-
Habitat / Greenbelt Preservation	-	-	\$19,350	\$19,350	\$38,445	-	-	-
Affordable Housing	-	\$8,403	\$8,433	\$8,433	\$17,247	\$17,247	\$17,247	\$17,247
Capital Improvements/Public Facilities	\$5,238	-	\$19,970	\$19,970	-	-	-	-
Other General Fees/One-Time Taxes	-	-	\$7	\$7	\$2,883	\$2,883	\$2,883	\$2,883
County-Wide Fee	\$2,946	-	-	-	-	-	-	-
Total Development Impact Fees Per Acre	\$111,538	\$83,201	\$252,428	\$257,982	\$101,535	\$92,657	\$92,657	\$92,657
TOTAL CITY/COUNTY FEES PER ACRE	\$115,996	\$97,460	\$258,978	\$264,532	\$110,031	\$101,154	\$101,154	\$101,154
Fees Per Gross Square Foot of Land	\$2.66	\$2.24	\$5.95	\$6.07	\$2.53	\$2.32	\$2.32	\$2.32
Fees Per Gross Square Foot of Building	\$10.63	\$8.93	\$23.73	\$24.24	\$10.08	\$9.27	\$9.27	\$9.27
Floor Area Ratio	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25

[1] Processing fees exclude mechanical, electrical, plumbing and other similar review fees.

city/county

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Table R-3
RETAIL CENTER BUILDING
Plan Area Fees Per Acre
10 Acre Site, 109,125 Sq. Ft. Project
Building Value: \$7,208,470

	Placer County				Sacramento County			
	Roseville	Highland Reserve	Rancho Cordova	Elk Grove	City of Sacramento	Richards	North Natomas	City of Sacramento
	SP Phase I	Anatolia	SunRidge	Central Shed	Richards Area	Basin 6	Richards Area	Downtown
Current as of	Dec-07	Dec-07	Dec-07	Dec-07	Oct-07	Sep-07	Oct-07	Oct-07
PLAN AREA FEES PER ACRE								
Infrastructure Fee	-	-	-	-	-	\$120,441	\$2,073	\$44,196
Transit	-	\$4,147	-	-	-	\$14,876	-	-
Roadway	-	\$152,229	-	-	-	-	\$89,592	\$18,551
Park Improvement	-	\$6,766	-	\$2,292	-	-	-	\$18,551
Fire/Police Protection	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-
Drainage	-	-	-	\$3,383	-	-	-	-
Water	-	\$5,020	-	-	-	-	-	-
Sewer	-	\$982	-	-	-	-	-	-
Landscape Corridors	-	-	-	\$4,256	-	-	-	-
Fee Program Formation/Administration	-	\$6,111	-	\$218	-	-	-	-
Public Land and Regional Park Acquisition Fees	-	-	-	-	-	\$46,480	-	-
SAFCA Capital Investment Equalization Fee [2]	-	-	-	-	-	\$43,650	-	-
Other Plan Area Fee	-	\$327	-	-	-	-	-	-
TOTAL PLAN AREA FEES PER ACRE	\$0	\$175,582	\$10,149	\$2,292	\$91,665	\$225,447	\$132,260	\$18,551
Fees Per Gross Square Foot of Land	\$0.00	\$4.03	\$0.23	\$0.05	\$2.10	\$5.18	\$3.04	\$0.43
Fees Per Gross Square Foot of Building	\$0.00	\$16.09	\$0.93	\$0.21	\$8.40	\$20.66	\$12.12	\$1.70
Floor Area Ratio	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25

plan area

[1] Laguna Ridge has a private Master Cost Sharing Agreement to pay for certain infrastructure costs. The total does not include these privately funded backbone infrastructure and other public facility costs which may total an estimated \$113,800 per acre.
 [2] The Sacramento Area Flood Control Agency (SAFCA) Capital Investment Equalization Fee (CIEF) was discontinued as of July 1, 2007. A new fee will be imposed in 2008. The proposed new fee for Retail is \$4.00 per building footprint square feet.

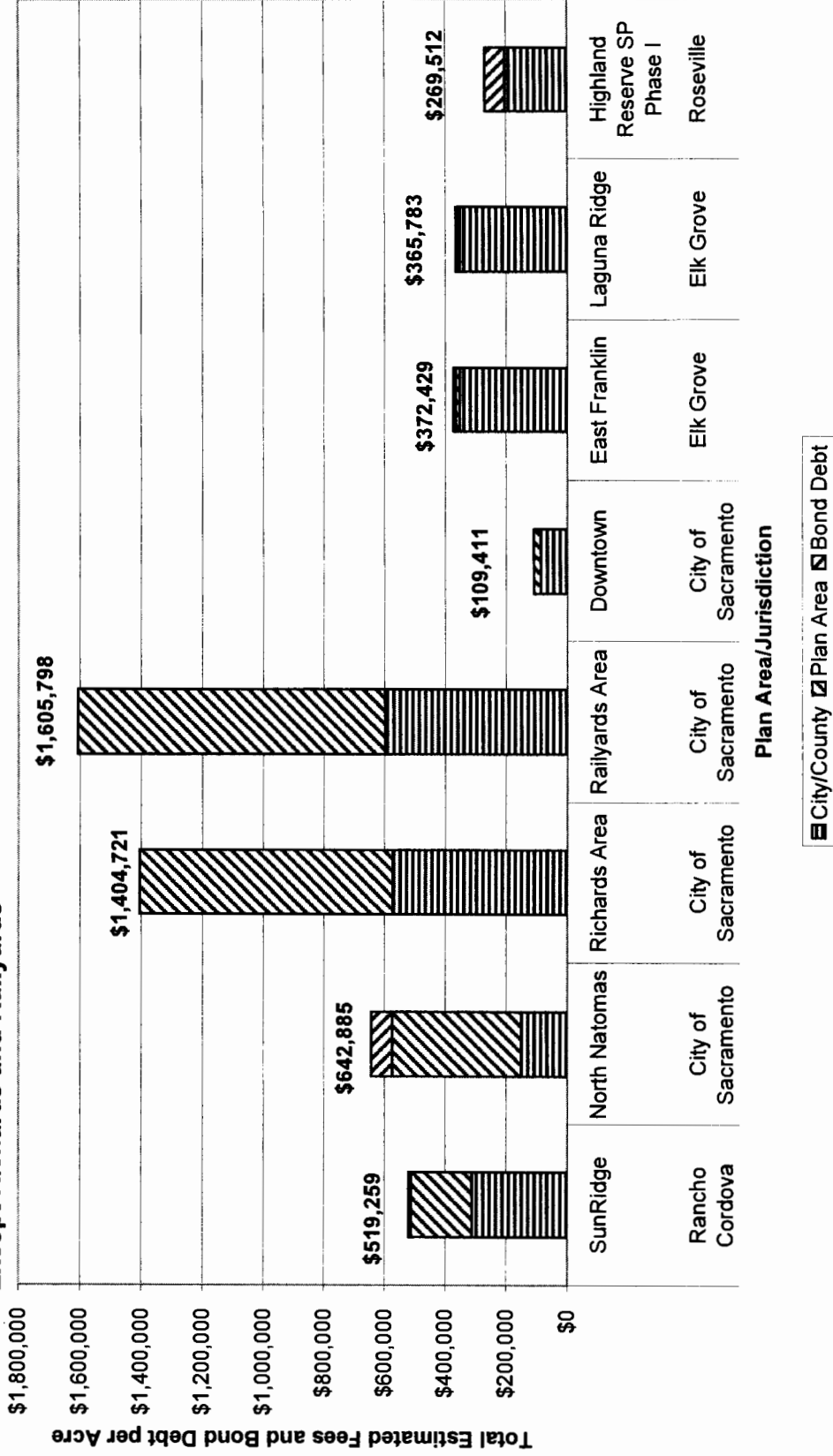
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Table R-4
RETAIL CENTER BUILDING
Special Taxes and Assessments Per Acre
10 Acre Site, 109,125 Sq. Ft. Project
Building Value: \$7,208,470

Special Taxes and Assessments Per Acre for Infrastructure	Sacramento County														
	Placer County					City of Sacramento									
	Roseville	Rancho Cordova	Elk Grove	City of Sacramento	Downtown	Highland Reserve	SunRidge	East Franklin	Laguna Ridge	North Natomas	Richards	Railyards	Area	Area	Area
	SP Phase I	Anatolia	Dec-07	Dec-07	Dec-07	Dec-07	Dec-07	Dec-07	Dec-07	Sep-07	Oct-07	Oct-07	Oct-07	Oct-07	Oct-07
Current as of															
Annual Special Taxes and Assessments Per Acre															
Infrastructure CFD	\$6,000	-	-	-	-	-	-	-	-	\$5,038	-	-	-	-	-
Infrastructure Assessment District	-	-	-	-	-	-	-	-	-	\$2,975	-	-	-	-	-
SAFCA A.D. Local Project	-	-	-	-	-	-	-	-	-	\$2,206	-	-	-	-	-
School District CFD	-	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	-	-	-	-	-	-
Total Annual Taxes and Assessments	\$6,000	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$10,219	\$0	\$0	\$0	\$0	\$0
Annual Special Taxes and Assessments															
Per Gross Square Foot of Land	\$0.14	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.23	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Per Square Foot of Building	\$0.55	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.94	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Floor Area Ratio	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Estimated Bond Debt of Special Taxes and Assessments															
Infrastructure CFD	\$65,984	-	-	-	-	-	-	-	-	\$41,780	-	-	-	-	-
Infrastructure Assessment District	-	-	-	-	-	-	-	-	-	\$19,698	-	-	-	-	-
SAFCA A.D. Local Project	-	-	-	-	-	-	-	-	-	\$23,224	-	-	-	-	-
School District CFD	-	\$8,597	\$8,597	\$8,597	\$8,597	\$8,597	\$8,597	\$8,597	\$8,597	-	-	-	-	-	-
Total Estimated Bond Debt	\$65,984	\$8,597	\$8,597	\$8,597	\$8,597	\$8,597	\$8,597	\$8,597	\$8,597	\$84,702	\$0	\$0	\$0	\$0	\$0

taxes

Chart 3
Office Building with 74,923 Sq. Ft. 5 Acre Site,
Infrastructure Costs Per Acre
Except Richards and Railyards



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Table O-1
OFFICE BUILDING
 Summary of Infrastructure Cost per Acre
 Based on a 74,923 Sqft Building, 5 Acre Site
 Building Value: \$5,857,646

Summary of Infrastructure Costs Per Acre	Sacramento County						Placer County	
	Rancho Cordova		City of Sacramento		Elk Grove		Roseville	
	SunRidge	North Natomas	Richards Area	Railyards Area	Downtown	East Franklin Central Shed	Laguna Ridge Central Shed	Highland Reserve SP Phase I
<i>Current as of</i>	Feb-08	Feb-08	Oct-07	Oct-07	Oct-07	Feb-08	Feb-08	Feb-08
Total City/County Development Impact Fees								
Fees - Table O-2								
Per Acre	\$311,244	\$149,582	\$571,636	\$597,384	\$86,335	\$351,941	\$351,941	\$203,528
Per Gross Square Foot of Land	\$7.15	\$3.43	\$13.12	\$13.71	\$1.98	\$8.08	\$8.08	\$4.67
Per Square Foot of Building	\$20.77	\$9.98	\$38.15	\$5.49	\$5.76	\$23.49	\$23.49	\$13.58
Plan Area Fees - Table O-3								
Per Acre	\$199,417	\$424,055	\$833,085	\$1,008,414	\$23,076	\$11,890	\$5,245	\$0
Per Gross Square Foot of Land	\$4.58	\$9.73	\$19.13	\$23.15	\$0.53	\$0.27	\$0.12	\$0.00
Per Gross Square Foot of Building	\$0.38	\$15.15	\$55.60	\$9.26	\$1.54	\$0.00	\$0.00	\$0.00
Estimated Bond Debt of Special Taxes and Assessments - Table O-4								
Per Acre	\$8,597	\$69,248	\$0	\$0	\$0	\$8,597	\$8,597	\$65,984
Per Gross Square Foot of Land	\$0.20	\$1.59	\$0.00	\$0.00	\$0.00	\$0.20	\$0.20	\$1.51
Per Square Foot of Building	\$0.57	\$4.62	\$0.00	\$0.00	\$0.00	\$0.57	\$0.57	\$4.40
Total Infrastructure Cost Per Acre	\$519,259	\$642,885	\$1,404,721	\$1,605,798	\$109,411	\$372,429	\$365,783	\$269,512
Per Gross Square Foot of Land	\$11.92	\$14.76	\$32.25	\$36.86	\$2.51	\$8.55	\$8.40	\$6.19
Per Square Foot of Building	\$34.65	\$42.90	\$93.74	\$14.75	\$7.30	\$24.85	\$24.41	\$17.99
Floor Area Ratio	0.34	0.34	2.50	2.50	0.34	0.34	0.34	0.34

*summary

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Table O-2
OFFICE BUILDING
 City/County Fees per Acre
 Based on a 74,923 Sqft Building, 5 Acre Site
 Building Value: \$5,857,646

	Sacramento County										Placer County	
	Rancho Cordova		City of Sacramento		Sacramento		Elk Grove		Roseville			
	SunRidge	North Natomas	Richards Area [1]	Richards Area [1]	Railyards Area	Downtown [1]	East Franklin Central Shed	Laguna Ridge Central Shed	Highland Reserve SP Phase I			
Feb-08	Feb-08	Oct-07	Oct-07	Oct-07	Oct-07	Feb-08	Feb-08	Feb-08	Feb-08	Feb-08	Feb-08	Feb-08
CITY/COUNTY FEES PER ACRE												
Processing Fees Per Acre [2]												
Building Permit	\$6,165	\$7,086	\$43,596	\$43,596	\$43,596	\$7,086	\$6,114	\$6,114	\$3,674			
Plan Check	\$4,110	\$5,794	\$35,663	\$35,663	\$35,663	\$5,794	\$4,076	\$4,076	\$3,490			
Energy	-	-	-	-	-	-	-	-	-			
Technology Surcharge	-	\$515	\$3,170	\$3,170	\$3,170	\$515	\$2,343	\$2,343	-			
Seismic/Strong Motion	\$246	\$246	\$1,682	\$1,682	\$1,682	\$246	-	-	\$246			
Fire Review Fee	\$400	\$569	\$4,138	\$4,138	\$4,138	\$569	-	-	-			
Other Building Permit and Processing Fees	\$784	-	-	-	-	-	\$2,592	\$2,592	-			
Total Processing Fees Per Acre	\$11,706	\$14,211	\$88,250	\$88,250	\$88,250	\$14,211	\$15,124	\$15,124	\$7,411			
Development Impact Fees Per Acre												
Sewer	\$37,327	\$37,327	\$91,310	\$117,059	\$117,059	\$12,565	\$37,327	\$37,327	\$30,569			
Water	\$25,052	\$4,978	\$11,522	\$11,522	\$11,522	\$4,978	\$25,052	\$25,052	\$11,150			
Traffic	\$151,195	\$9,372	\$64,077	\$64,077	\$64,077	\$9,372	\$162,883	\$162,883	\$69,323			
Transit	\$6,743	-	-	-	-	-	-	-	-			
Regional Traffic Fees	-	-	-	-	-	-	-	-	\$35,459			
Drainage	\$19,499	-	-	-	-	-	\$19,499	\$19,499	\$5,099			
School	\$6,294	\$6,294	\$45,738	\$45,738	\$45,738	\$6,294	\$6,294	\$6,294	\$6,443			
Parks/Open Space	\$816	\$6,893	\$50,094	\$50,094	\$50,094	\$6,893	-	-	-			
Fire/Police	\$11,238	-	-	-	-	-	\$20,079	\$20,079	\$5,858			
Habitat / Greenbelt Preservation	\$18,875	\$38,445	-	-	-	-	\$18,325	\$18,325	-			
Affordable Housing	\$14,535	\$29,720	\$215,645	\$215,645	\$215,645	\$29,680	\$14,565	\$14,565	-			
Capital Improvements/Public Facilities	\$7,193	-	-	-	-	-	\$31,767	\$31,767	\$9,590			
Other General Fees/One-Time Taxes	\$771	\$2,343	\$5,000	\$5,000	\$5,000	\$2,343	\$1,025	\$1,025	\$16,034			
County-Wide Fee	-	-	-	-	-	-	-	-	\$6,593			
Total Development Impact Fees Per Acre	\$299,538	\$135,371	\$483,387	\$509,135	\$509,135	\$72,124	\$336,817	\$336,817	\$196,118			
TOTAL CITY/COUNTY FEES PER ACRE	\$311,244	\$149,582	\$571,636	\$597,384	\$597,384	\$86,335	\$351,941	\$351,941	\$203,528			
Fees Per Gross Square Foot of Land	\$7.15	\$3.43	\$13.12	\$13.71	\$13.71	\$1.98	\$8.08	\$8.08	\$4.67			
Fees Per Square Foot of Building	\$20.77	\$9.98	\$38.15	\$5.49	\$5.76	\$23.49	\$23.49	\$23.49	\$13.58			
Floor Area Ratio	0.34	0.34	2.50	2.50	2.50	0.34	0.34	0.34	0.34			

[1] Depending on the location of the development, it could be subject to the new SAFCA development impact fees. The current proposed fee for office building is \$3.03 per sq. ft. for building foot print.
 [2] Processing fees exclude mechanical, electrical, plumbing and other similar review fees.

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Table O-3
OFFICE BUILDING
Plan Area Fees per Acre
Based on a 74,923 Sqft Building, 5 Acre Site
Building Value: \$5,857,646

	Sacramento County										Placer County	
	Rancho Cordova		City of Sacramento		City of Sacramento		City of Sacramento		Eik Grove			Roseville
	SunRidge	North Natomas	Richards Area	Richards Area	Railyards Area	Downtown	Central Shed	Laguna Ridge	Central Shed	Highland Reserve		
<i>Current as of</i>	Feb-08	Feb-08	Oct-07	Oct-07	Oct-07	Oct-07	Oct-07	Feb-08	Feb-08	Feb-08	Feb-08	
PLAN AREA FEES PER ACRE												
Infrastructure Fee	-	\$136,353	\$20,691	\$222,156	-	-	-	-	-	-	-	
Transit	\$3,297	\$14,205	-	-	-	-	-	-	-	-	-	
Roadway	\$167,229	-	\$812,394	\$786,258	\$23,076	-	-	-	-	-	-	
Park Improvement	\$13,636	-	-	-	-	-	-	\$5,245	\$5,245	-	-	
Fire Protection	-	-	-	-	-	-	-	-	-	-	-	
Library	-	-	-	-	-	-	-	-	-	-	-	
Drainage	-	-	-	-	-	-	-	\$782	\$782	-	-	
Water	\$5,694	-	-	-	-	-	-	-	-	-	-	
Sewer	\$2,547	-	-	-	-	-	-	-	-	-	-	
Landscape Corridors	-	-	-	-	-	-	-	\$5,264	\$5,264	-	-	
Fee Program Formation/Administration	\$6,715	-	-	-	-	-	-	\$599	\$599	-	-	
Public Land and Regional Park Acquisition Fees	-	\$46,480	-	-	-	-	-	-	-	-	-	
SAFCA Capital Investment Equalization Fee [2]	-	\$227,017	-	-	-	-	-	-	-	-	-	
Other Plan Area Fee	\$300	-	-	-	-	-	-	-	-	-	-	
TOTAL PLAN AREA FEES PER ACRE	\$199,417	\$424,055	\$833,085	\$1,008,414	\$23,076	\$11,890	\$5,245	\$0	\$0	\$0	\$0	
Fees Per Gross Square Foot of Land	\$4.58	\$9.73	\$19.13	\$23.15	\$0.53	\$0.27	\$0.12	\$0.00	\$0.00	\$0.00	\$0.00	
Fees Per Gross Square Foot of Building	\$13.31	\$28.30	\$55.60	\$9.26	\$1.54	\$0.79	\$0.35	\$0.00	\$0.00	\$0.00	\$0.00	
Floor Area Ratio	0.34	0.34	2.50	2.50	0.34	0.34	0.34	0.34	0.34	0.34	0.34	

plan area

[1] Laguna Ridge has a private Master Cost Sharing Agreement to pay for certain infrastructure costs. The total does not include these privately funded backbone infrastructure and other public facility costs which may total an estimated \$118,500 per acre

[2] This analysis assumes the proposed SAFCA Capital Investment Equalization Fee to be implemented in 2008. The proposed rate is \$3.03 per square foot.

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Table O-4
OFFICE BUILDING
Special Taxes and Assessments Per Acre
Based on a 74,923 Sqft Building, 5 Acre Site
Building Value: \$5,857,646

Special Taxes and Assessments Per Acre for Infrastructure	Sacramento County						Placer County	
	Rancho Cordova		City of Sacramento		Elk Grove		Roseville	
	SunRidge	North Natomas	Richards Area [1]	Railyards Area	Downtown [1]	Central Shed	Laguna Ridge	Highland Reserve SP Phase I
Current as of	Feb-08	Feb-08	Oct-07	Oct-07	Oct-07	Feb-08	Feb-08	Feb-08
Annual Special Taxes and Assessments Per Acre								
Infrastructure CFD	-	\$5,038	-	-	-	-	-	\$6,000
Infrastructure Assessment District	-	\$2,975	-	-	-	-	-	-
SAFCA A.D. Local Project	-	\$1,552	-	-	-	-	-	-
School District CFD	\$800	-	-	-	-	\$800	\$800	-
Total Annual Taxes and Assessments	\$800	\$9,565	\$0	\$0	\$0	\$800	\$800	\$6,000
Annual Special Taxes and Assessments								
Per Gross Square Foot of Land	\$0.02	\$0.22	\$0.00	\$0.00	\$0.00	\$0.02	\$0.02	\$0.14
Per Square Foot of Building	\$0.05	\$0.64	\$0.00	\$0.00	\$0.00	\$0.05	\$0.05	\$0.40
Floor Area Ratio	0.34	0.34	2.50	2.50	0.34	0.34	0.34	0.34
Estimated Bond Debt of Special Taxes and Assessments per Acre [1]								
Infrastructure CFD	-	\$53,147	-	-	-	-	-	\$65,984
Infrastructure Assessment District	-	-	-	-	-	-	-	-
SAFCA A.D. Local Project	-	\$16,101	-	-	-	-	-	-
School District CFD	\$8,597	-	-	-	-	\$8,597	\$8,597	-
Total Estimated Bond Debt	\$8,597	\$69,248	\$0	\$0	\$0	\$8,597	\$8,597	\$65,984

Taxes

[1] Several areas do not show bond proceeds because it is assumed that costs are captured by City/County and plan area fees in Table O-2 and O-3