



March 29, 2017

Steve McShane, Councilmember
City of Salinas
200 Lincoln Ave.
Salinas, Ca 93901

Subject: City of Salinas Proposed Development Fee Increases

Dear Mr. McShane;

First I would like to take a moment to thank the City for their continued willingness to meet with community groups such as the Business Development Task Force to work toward a better good for our community.

Unfortunately, sometimes staff and the stake-holders cannot agree.

We have met and discussed the 3.9% fee increase that is being proposed by staff. It is the opinion of the Central Coast Builders Association that, although this is a regularly administered fee increase, it should not be implemented.

We should not be looking at any fee increase as a regular occurrence. Cost of living increases should be looked at in the same context as any other increase. Is it warranted and does it meet the criteria of our overall City plan?

In this case, we believe that any increases in development or building fees will continue to stifle development in an already limited market.

The city should be looking to become more user friendly both for contractors and developers. Our tax base is dependent on the City bringing in new development and this is not done by yet another fee increase.

Although the increase does not appear on paper to be significant, over the course of the last 5 years this increase would reflect an almost 15% increase in a slumping market.

We would like you and the council to consider looking at improving services and implementing performance and effectiveness reforms before considering increases and further regulatory constraints.

Thank you for your time and consideration,

C. Cromeenes

Christie Cromeenes
Executive Director



April 6, 2017

Hon. Joe Gunter, Mayor
City of Salinas
200 Lincoln Avenue
Salinas, CA 93901

SUBJECT: Proposed City Fee Increases

Dear Mayor Gunter and Salinas City Council Councilmembers,

The Salinas City Council will soon be considering approval of a 3.9 percent increase in impact development fees and public facilities impact fees. While the Salinas Valley Chamber of Commerce understands the need for reasonable fee increases to accommodate rising costs of services, we cannot support it as an isolated proposal that pops up on a council agenda for approval.

The Chamber asks for the city council to incorporate this specific proposal into a broader discussion about how it will eliminate its anticipated structural deficit. A piecemeal approach to adopting and increasing fees will obfuscate the financial condition of the city and the reasons why more funding is needed.

At the February 21, 2017 Salinas City Council meeting, staff presented the budget outlook for the city. It includes rising deficits for years to come. The staff report associated with this presentation indicated the following means to eliminate that deficit:

Twenty-five revenue generating ideas were identified that ranged from \$1,535,300 to \$6,296,000 over the next five years between FY 2017-18 and FY 21-22. Departments also came up with 85 expenditure reduction or savings ideas that totaled \$2,767,850 and \$4,632,850 over the same five years.

The Board of Directors of the Salinas Valley Chamber of Commerce was aghast to see the negative outlook for the city's budget. It occurs despite the additional Measure G revenue for the general fund and the current economic prosperity in the region. One specific aspect of budgeting - city employee pension liability - is imposing financial burdens on local businesses and cutting services that benefit local businesses.

Based on the flood of tax and fee proposals on businesses coming from state, regional, and local governments, it appears that our elected officials expect this current wave of prosperity in the Salinas Valley to last forever. Actually, the continuing taxes and fees will end up hindering economic growth and job creation and accelerate a future slowdown.

The Chamber wants to see all of the city's "revenue generating ideas" and "expenditure reductions," including the impact development fee increases, presented together before the city council with a full explanation to the public about the cause of the structural deficit and who will pay the taxes and fees needed to eliminate it.

Sincerely,

A handwritten signature in cursive script that reads "Paul Farmer".

Paul J. Farmer
President & CEO, Salinas Valley Chamber of Commerce
Phone (831) 751-7725 www.SalinasChamber.com


AMERICAN COUNCIL OF ENGINEERING COMPANIES
California
Monterey Bay Area Chapter

April 3, 2017

2016-2017

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Mr. Joseph Gunter-Mayor
CITY OF SALINAS
200 Lincoln Avenue
Salinas, California 93901

Subject: City of Salinas: Proposed Development Fee Increase

Dear Mayor Gunter,

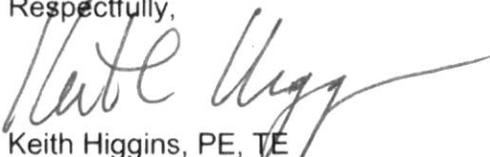
The Monterey Bay Chapter of the American Council of Engineering Companies (ACEC) has 22 member firms representing approximately 130 employees. Many of our firms have planned and designed private land development projects in Salinas for many years. I personally have worked on several hundred projects in Salinas since 1980. I also prepared the current Salinas General Plan city-wide traffic study and assisted in the development of the City of Salinas Traffic Improvement Program and several of its updates. I have also worked with City staff and developers to determine appropriate traffic impact fees. Through this experience, I have seen how critical development fees are to the viability of new land development.

It is customary for impact fees to have automatic annual increases, which are often based on the Engineering News Record Construction Cost Index (ENRCCI). This index is primarily based on construction costs in large cities and on large projects. Increases in recent years have resulted in a substantial increase in the development fee, especially traffic, which represents its largest portion.

We understand that several local business associations have expressed concern about the effect the impact fee program has on economic development in the City. We also understand the need for City infrastructure to keep up with new development. The impact fee program is a reasonable mechanism for new development to assist with its funding. However, the ENRCCI may overstate the inflation rates for construction in the Salinas Valley. We recommend that the City temporarily suspend any fee increases and research the actual inflation rates for local infrastructure construction. Caltrans District 5 data would be a good source. Other Caltrans districts that are similar to the Salinas Valley such as Districts 6 (Fresno) and 10 (Stockton) might provide relevant data as well.

Thank you for your consideration. Local engineers, architects and other design professionals greatly appreciate the opportunity to serve the City of Salinas. We join you in working for its continued economic development and prosperity.

Respectfully,



Keith Higgins, PE, TE
President, ACEC Monterey Bay Chapter

ACEC – Our expertise benefits California lives everyday.
Safe buildings, water, environment, transportation.



Salinas City Center Improvement Association
10B Midtown Lane
Salinas, California 93901

March 17, 2017

Mr. Joseph Gunter-Mayor
CITY OF SALINAS
200 Lincoln Avenue
Salinas, California 93901

Subject: City of Salinas: Proposed Development Fee Increase

Dear Mayor Gunter:

The Salinas City Center Improvement Association ("SCCIA") represents over 130 property owners, and includes 217 properties, who contribute over \$450,000 per year to improve the business environment and promote economic vitality in Downtown Salinas.

It has come to our attention that the City staff is proposing a 3.9% increase to the City's current development fees. The SCCIA strongly opposes any increase whatsoever to these fees at this time based on the following considerations:

1. The proposed 3.9% increase is based on the Engineering News Record 20-city Construction Cost Index. These 20 cities include places like New York City, Baltimore, Chicago, Philadelphia, Los Angeles and San Francisco and unlikely accurately reflect the local economic situation in Salinas.
2. 3.9% would be the largest annual increase in over five (5) years, by far. Adding to previous increases the cumulative increase over the last six (6) years would be approximately 12%. We do not believe this is warranted by the actual local market at the earliest stages of recovery and economic factors such as rents, wages, job creation and tax increments in Salinas which were not considered by staff.
3. In spite of multiple reports from stake-holder task forces and paid consultants recommending specific entitlement reforms, the City's permitting process remains a broken system resulting in unreasonable time delays and burdensome added costs for both applicants and staff. Several of these recommendations were approved by Council and implemented with beneficial results but they have been discarded or rejected. For well over a decade this dysfunction has represented a source of significant dissatisfaction and frustration in the development, design and construction industries. Many are reluctant to speak up but this constraint is widely known, well documented and pervasive, yet very little has been done to remedy the problem.
4. Both the Economic Development Element of the General Plan and the Downtown Vibrancy Plan call for reductions in development fees and significant reforms in the entitlement process.

See: The City's award-winning Economic Development Plan states:

- [SCCIA] "Need *low-cost* flexible business environment" (p 2-41)
- "Evaluate ways to *reduce development costs* and/or provide *incentives* to encourage development within existing neighborhoods on underutilized or dis-invested properties." (Policy ED-N-1.3)

From the Downtown Vibrancy Plan (p.64):

- "Priority should be given to *attracting and processing quickly and efficiently* approvals for downtown projects that add residential, professional employment, targeted retail, and fill vacant building spaces"



- “Promote a *can-do culture* within the Community and Economic Development Department that helps developers deliver new projects in downtown”
- “In addition to *expedited permit processing*, consider other *incentives* for attracting Priority Development Projects”
- “*Reduction in Development Impact Fees*, waiver, or a referral”

This proposal is in direct opposition to these documents and violates the recommendations by increasing the impediments to economic development with untimely fee increases. We urge the Council to take immediate and effective steps to concurrently improve the entitlement process and implementing the incentives and economic development strategies embodied in your recent studies before any additional burdens be added to the already significant regulatory constraints.

We also advise you to look to your customers and stake-holder’s experiences for feedback on performance and effectiveness of these reforms and demand measurable results and accountability from City management and staff.

We look forward to your intervention to affect real and lasting reform in these areas and are willing to support you in any way in ensuring meaningful institutional transformation and continued improvements.

Thank you for your consideration and leadership.

Submitted By:

A handwritten signature in black ink, appearing to read 'Ken Steen', is written over a horizontal line.

Ken Steen
District Manager
Salinas City Center Improvement Association
www.salinascitycenter.com
(831) 905-1422

Cc: City of Salinas City Council
City of Salinas City Manager
City of Salinas City Attorney
SCCIA Board of Directors