SUBJECT: HILLSIDE (EASTSIDE) DEVELOPMENT SCENARIOS/POLICIES – SCHEDULE OF STUDY SESSION

SOURCE: COMMUNITY DEVELOPMENT DEPARTMENT - PLANNING

COMMENT: The Council Subcommittee on Hillside (eastside) Development has developed and reviewed a number of conceptual development scenarios and policies that have been developed by the committee, presented to the public, and ranked in priority order as a result of voting at a community meeting held on July 9, 2002.

An outline of the various development scenarios and policies and the corresponding ranking from the community meeting is attached for your reference. A discussion section has been added under each one that generally outlines the results of the meeting relative to the ranking.

The Council Subcommittee has requested that this information be forwarded to the Council with a request to schedule a study session on the matter at the regular meeting of September 3, 2002.

RECOMMENDATION: That City Council schedule a study session on Hillside (eastside) Development for the regularly scheduled Council meeting of September 3, 2002.

Attachment:
1. Hillside Development Priority Ranking
2. Attachment A – Cost of Deferral of Fees Analysis
3. Figure 4.4 – Hillside Residential Areas
At the July 7, 2002, Community Meeting with the BIA and interested community members, the conceptual development scenarios and land use policies were presented, discussed and ranked amongst those in attendance. The following are the tabulated results of the voting and a discussion of the top ranking scenarios/policies. While still in the conceptual stage, further analysis can be directed to the top ranking scenarios/policies and direction can be provided to the committee based on the discussion and survey results. Since there are five potential scenarios/policies that ranked higher than the others, further clarification on which ones to pursue first would be beneficial to the process.

Note: At the meeting, each attendee was provided color coded stickers to use in voting for each of the scenarios/policies. A green sticker indicated first preference, blue indicated second preference, yellow indicated third preference and red indicated opposition to the item. Each person was allowed a total of three votes in opposition. Scoring of the votes was determined by assigning the following weighting to each vote cast.

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<th>Ranking</th>
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<tr>
<th>Development Scenario/Land Use Policies</th>
<th>Voting Results</th>
<th>Ranking</th>
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<tr>
<td>1. Establish an Urban Growth Boundary through voter approval that places a more rigid growth boundary around the City or along the west boundary.</td>
<td>1&lt;sup&gt;st&lt;/sup&gt; - 0 votes 2&lt;sup&gt;nd&lt;/sup&gt; - 0 votes 3&lt;sup&gt;rd&lt;/sup&gt; - 0 votes No - 6 votes</td>
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Discussion:

No further analysis is recommended at this time due to ranking.

Pros: Placing the issue before the public on the ballot prompts a public voice on the matter. The resulting decision would reflect the public’s opinion on the significance of holding the growth boundary at the Friant Kern Canal.
If approved, this could take the heat off of issues such as that facing the Council on May 7, in the proposed General Plan Amendment at the southwest corner of Henderson Avenue and Newcomb Street which staff believes will serve to draw development pressure further west.

**Cons:** Attempting to educate the public on the significance of this issue to provide for an informed decision could be monumental.

Once the City moves toward ballot box planning it may set a precedent that the community could use to override sound planning practices as is happening in many areas of the state.

If the measure is not placed on the ballot for public vote, or fails, the City must still obtain approval from LAFCO to amend the Urban Area Boundary and the Urban Development Boundary which generally extend along the east side of the Friant Kern Canal. It is Staff’s opinion that LAFCO would heavily weigh the significance of crossing the Friant Kern Canal over concerns consistent with Staff’s (ag land preservation, sprawling growth, public service challenges, etc.). LAFCO’s consideration alone does not guarantee that the City/development community couldn’t prevail in establishing an extended westerly growth boundary. Among other factors associated with development activity, it will generally follow a path of least resistance (i.e. the easier sites will develop ahead of the more difficult or costly sites).

2. **The City, in conjunction with the County, could encourage establishing agricultural land easements across Friant Kern to deter future westerly growth.**

**Discussion:** This item also did not merit much discussion at the meeting, however, it scored much higher than item one. Staff can explore the issues relevant to this issue with the county and provide follow up information to the subcommittee at a later date. It should be noted at this time, that this scenario could have significant fiscal implications for the City and/or County. The following is a guestimate of potential fiscal impacts.

Acquisition of the land could literally cost millions of dollars to form an adequate buffer. If an agricultural preserve is established in the form of a conservation easement, the cost could be considerably less. However, in the case of Williamson act contracts, the loss in property taxes resulting from the easements is backfilled by the state. The prospective easements would not necessarily be associated with a state sponsored program and would thus need to be funded by the City and/or County. There is a possibility that grant funds may be available for use in a program such as this. However, it is more likely that the City would need to establish a tax to provide funding for this type of program.

Staff is requesting that the Committee provide direction to staff regarding how far to proceed on this item. Also, if we do pursue this 1st - 0 votes
2nd - 4 votes
3rd - 3 votes
No - 0 votes
\[8+3=11 \text{ pts}\]
method, it may be prudent to have time frames established on the easements such as 10, 15, or 20 years. Depending on the direction provided to staff, the process of working through the issues and logistics with the County could require approximately 6 to 9 months. The timeframe associated with creating easements could require considerably more time depending on the willingness of the existing property owners.

**Pros:** This method would not require a ballot measure and could be achieved through the development of formal policies with LAFCO and implementation in conjunction with a General Plan Amendment and/or Urban Development Boundary amendment (amended Sphere of Influence).

**Cons:** If circumstances in the region change significantly over the next 30 years, this may become a limitation. However, it may be feasible to build into the establishment of the easements a sunset date, for example, 30 years out.

3. **Provide for Planned Development zoning that will allow clustered development to consolidate density into areas with small lots and common open space area.**

**Discussion:**

No further analysis is recommended at this time due to ranking.

**Pros:** Would allow a mechanism to facilitate clustering development while considering the uniqueness of each project site and proposed style of development without developing a specific set of development standards.

Consolidate development into the lower, relatively flat areas and preserve the ridgelines, which is generally consistent with the Conservation Element of the General Plan.

Consolidate yard areas into common open space making it more usable by residents.

Consolidate the area that utilities need to be extended to serve and limit the impact on overall site area that could result in a reduction in storm drain acreage fees.

May be more desirable by people that do not want to take care of a private yard area.

Can control certain fire access and fire prevention provisions through issuance of a conditional use permit.

Provides a creative alternative for a developer that wants to undertake a creative development concept. Could accommodate permanent on site
drainage to collect excess flows from new impermeable surfaces.

*Cons:* The City’s experience with Planned Development zoning has resulted in a few less than successful projects such as Casas del Rio.

This would represent a departure from the style of development typically found in this area and would require thinking out of the box. May require a developer to undertake the first project that accustomed to this type of development.

Require a longer entitlement process to facilitate the zone change for Planned Development and a Conditional Use Permit for the proposed development.

May be some additional expenses to provide common recreational, parking and landscaped areas unless the cost savings for streets, driveways, etc. would offset the cost.

Long term maintenance of on-site drainage facilities could be an issue depending how they are dealt with.

<table>
<thead>
<tr>
<th>4. Defer payment of developer impact fees to final permit issuance. This will allow developers to line up a sale prior to payment of fees and defer some significant expenses and shorten the term of expense.</th>
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<tbody>
<tr>
<td><strong>Discussion:</strong></td>
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<td>This was by far the most popular policy proposed by receiving more than three times the vote of any other scenario/policy. Staff has prepared the following conceptual fiscal analysis as it pertains to deferral of impact fees. At this point it seems clear that this program would not trigger a conflict with SB 975 as was previously indicated to be a concern. In fact, it is in line with other provisions of state law.</td>
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<tr>
<td>The potential fiscal impact of the proposed policy has been evaluated in conceptual form and is attached for reference as Attachment A.</td>
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<td>A possible alternative to a permanent deferral program would be to institute a timed deferral period such as five (5) years. This could act as a catalyst for development on the east.</td>
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<td><strong>Pros:</strong> Applicants could submit plan check fees with plan submittals to cover the cost of City services to process the plans. Developer Impact Fees could be paid prior to final permit issuance.</td>
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<td>Provides developers with more working capital to undertake projects.</td>
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<td><strong>Cons:</strong> There would be an incremental loss in interest resulting from the deferred submittal of fees from plan check to occupancy of the units.</td>
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| 1<sup>st</sup> - 7 votes  
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3<sup>rd</sup> - 0 votes  
No - 0 votes  
21+2=23 |
The time period between final map approval and permit issuance varies and is outside of the control of the City. Therefore, it is difficult to determine the actual deferral time frame for receiving the revenues. This would require a greater level of administrative effort to monitor and ensure payment of fees.

5. **Reduce the developer impact fees from those currently in affect as recommended in the Water and Sewer Master Plans.**

**Discussion:**

As described in the section on deferral of fees, each unit in the hillside area would generate approximately $5,300 less in impact fees under the proposed criteria. Over the entire area, constituting approximately 450 units, the City would collect approximately $2,380,000 less from complete development. It is important to note that, at this time, the City is not collecting any fees for hillside (eastside) development. Although the analysis indicates that the City will collect $2.38 million less than it otherwise would, the City is not currently collecting any (many) fees.

Staff has prepared an agenda item for the August 6, 2002 Council meeting to consider approval of the lower fees. The Water and Sewer Master Plans adopted in 2001 evaluated fees associated with the development in the hillside areas of the community which are defined as sites/areas with average slopes greater than 7%. The proposed fees would be approximately ½ of those currently in affect for those areas (see Attachment A). The issues with this policy are highlighted in the agenda item on the August 6, 2002 Council agenda. Option 1 would limit the application of the lower fees to sites in the hillside area with density no greater than one dwelling unit per acre. The current allowable density is 2 to 7 units per acre. The applicable hillside areas are shown as “Hillside Residential” on Figure 2.2.

The importance of addressing the density in the policy is intended to maintain equity between the lower densities and the actual cost for services demanded by the lower density. Further, Option 1 would create a cap on density that would otherwise remain open ended in Option 2 of the agenda item.

Council could consider Option 1 and further direct staff to process a zone change and general plan amendment. If approved, the zone change and general plan amendment would guide development patterns, density, and ultimately how much is paid in fees. If development occurs at greater than one unit per acre density, the lower fees would not apply.

Finally, Option 4 would defer action on the proposed fees associated with the 2001 Sewer and Water Master Plan updates until such time as a consultant has restudied the master plans in accordance with direction from the Council. For example, this could be to consider zones of benefit which are also discussed herein.
**Pros:** Due to the anticipated reduced density in the hillside area due to poor soil and topographic constraints, the overall cost for infrastructure improvements was reduced as pipe sizes were not required to be as large as once anticipated/planned. These fees have already been calculated (approximately 25% less than current) as part of the recent update to the Water and Sewer Master Plan updates. However, the Council chose not to adopt those fees until a thorough review of the hillside could be accomplished.

Reduced fees make the sales price more competitive.

**Cons:** For the most part, infrastructure to serve the maximum allowable density (more than the maximum achievable density due to slope and soils conditions) has already been constructed with COP’s. Therefore, larger line capacity than required is available but future developers would not have to pay for oversized lines.

6. **Density transfer development standards allow for similar efficiencies as the cluster development except that it generally doesn’t result in as small of lots as cluster development.**

**Discussion:**

No further analysis is recommended at this time due to ranking.

**Pros:** Density Transfer allows the shifting of residential lots out of significant slope areas and/or areas with sensitive habitat while still allowing the developer to achieve the same gross overall density. This may not achieve a greater number of overall units as originally anticipated in the hillside, but could preserve conservation areas, improve efficiencies of infrastructure, and limit the disturbed area that would otherwise require payment of acreage fees.

Will serve to preserve areas of the hillside addressed in the conservation element of the general plan, those areas that could be biologically sensitive, and those areas with severe slopes.

**Cons:** This scenario requires some additional administrative effort to determine compliance with the code and would require a Subdivision Ordinance Amendment.

This scenario may not result in a significant increase in the overall number of units but result in sufficient economies that make development of the hillside economically viable.

7. **Modified Development Standards (i.e. sidewalks on one side, increase street light spacing, etc.).**

**Discussion:**

Modifying the development standards will require a code amendment that could be consolidated into the Draft Hillside Development

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Ordinance that currently contains primarily engineering and fire design standards to ensure public safety. Staff from all the City Departments will need to coordinate on the modified standards to ensure that modifications do not create unintended conflicts or safety hazards.

Further, this process will need to consider shared costs between developments to ensure that a development contributes its fare share (for example, two developments that share a single street should share in the cost for the sidewalk that may be installed on one side. It was discussed at the meeting to combine the horse lots portion of number 8 below with this modified development standards approach. The concept of creating a maximum density of one unit per acre works in harmony with the horse lot concept.

Fiscally, the creation of an ordinance to allow for modified development standards in the hillside would result a short term expense to the City in the form of staff time for the preparation of the Code Amendment. Long term, it could result in an impact to the City if, in the future, improvements are needed to be installed due to unforeseen issues. Otherwise, this policy does not have long term fiscal implications beyond that of developing the code amendment.

Time frame on developing the code amendment is approximately 6 to 9 months.

**Pros:** Reduces overall construction costs associated with prospective developments.

Could result in the creation of a more rural setting within the City limits.

Could reduce potential glare associated with street lights and other architectural lighting located in the hillside area of the community.

**Cons:** Relaxing City standards within the urban area could incrementally affect the expectation of development related improvements (i.e. if the concession is made here, why not other areas for other reasons?)

Developments occurring on opposite sides of the street from one another could shift the burden of providing the sidewalks and/or other improvements to one developer rather than sharing the burden.

To account for the above possibility, a system may need to be put in place where the developer shares in half the cost for sidewalk on one side of the street.

Could result in the creation of a more rural setting within the City limits.
8. **Allow for a cafeteria plan for development concepts that would allow a developer to determine how to develop property (i.e. density transfer, cluster, etc.).** This could also include utilizing the Residential Agricultural Zone classification to facilitate the development of horse lots.

**Discussion:**

No further analysis is recommended at this time due to ranking. The horse lot concept is to be added to Number 7 above.

**Pros:** Provides flexibility to a developer on determining how to develop a property. This will also allow for adaptation to market forces that the City does not control.

The establishment of Residential-Agricultural Zoning in the hills, or on the east side in general, would provide for a type of land use that currently exists in limited amounts scattered in the north, central and southeasterly portions of the City. Additional dedication for equestrian trails could be an amenity that could attract horse owners to an area such as this, and could serve to enhance the recreational opportunities that already exist in the community.

**Cons:** This could very well result in random disjointed development of the hillside area that fails to view the long term related impacts of mixed development types on cohesive circulation systems and infrastructure improvements. The degree of severity of this potential drawback is unknown at this time.

R-A Zoning mixed in amongst smaller lot residential development has the potential to create land use conflicts in the form of odors, flies, and agricultural uses requiring the application of pesticides and/or herbicides.

Establishment of a concentration of residential agricultural lots would create a demand for equestrian trails or riding facilities in the area. Varying development concepts would make the establishment of a cohesive equestrian trail system difficult.

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9. **Establish Zones of Benefit for calculating impact fees throughout the City.**

**Discussion:**

The 2nd highest ranking policy would require the review of the impact fees for the City based on cost of improvements within prospective zones. Although this scenario ranked 2nd, upon further discussion, staff believes that this approach may work contrary to the goals of the overall effort to promote development on the east. It could very well result in the fees for the hillside area increasing from those currently in

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The cost associated with re-evaluating fees would range from between $40,000 and $60,000 with an uncertain outcome. Staff recommends that, if this concept is considered, it be evaluated with the next round of Sewer, Water and Storm Drain Master Plan updates currently slated for fiscal year 2004/2005.

The establishment of “zones of benefit” would focus funds derived in a particular area of the City to improvements called for only in the zone from which the monies were derived. Currently, impact fees collected are aggregated and used to carry out needed improvements within the City system as a whole. The ability of the City to aggregate enough funds to carry out large scale projects and allow for growth to occur in a timely manner would be affected by zones of benefit, as well as the City’s ability to pay back developers for master plan Improvements made to facilitate a particular project.

**Pros:** With this system the City may be able to better focus the true cost of providing services to the various geographic regions even if just split between east and west.

**Cons:** Existing Master Plans not built on this concept and would require a substantial revision.

May not result in a decrease on the east side but could result in a real increase.

### 10. Provide Direct Subsidies to Developers by either rebating a portion, or all of the plan check and developer impact fees.

**Discussion:**

No further analysis is recommended at this time due to ranking.

**Pros:** This would definitely work toward leveling the playing field by eliminating a major construction expense that ultimately affects the price of homes.

**Cons:** This would most certainly be a program subject to SB 975 and trigger prevailing wage unless an amendment clarifying the law is passed that indicates otherwise.

### 11. Institute Hard Constraints on Westside Development (possibly tied to loss of prime farmland and quality soil from cultivation or ability to be farmed) that would discourage development in that direction and force it to the east.

**Discussion:**

No further analysis is recommended at this time due to ranking. The votes received on this particular item were at the two opposite ends of the spectrum. Pursuing this type of program could have the potential of polarizing the community.
**Pros:** A program such as this would create a deterrent to development on the westside.

**Cons:** This would almost certainly affect potentially viable projects in various areas of the City where wanted/viable development may occur.

### 12. Encourage Raising the Standard of Property Maintenance and Code Enforcement in the East Porterville Area, which directly affects the marketability of the eastside area of the City.

**Discussion:**

Although this policy did not rank in the top five (5) scenarios/policies (three items tied for 3rd), this is a topic that continues to come up in various meetings regarding strategic issues, economic development, county growth policies, etc. Staff believes it warrants some additional analysis and has scheduled a meeting with the county to discuss the concept of focusing some code enforcement effort on the East Porterville area. It is Staff’s understanding that this is not currently high on the County’s list. Staff has tentatively scheduled a meeting with representatives at the county to discuss the concept and solicit feedback.

Possible fiscal impact would be to fund entirely or partially fund a code enforcement officer position with an annual salary with benefits of approximately $55,000.

**Pros:** Cleaning up East Porterville through an aggressive County code enforcement effort could make living on the east side of town more attractive to homebuyers.

**Cons:** Implementation of this type of program is outside of the City’s jurisdiction and would have real fiscal challenges to address. However, after investing $20+ million dollars jointly between the school district and the City, this may be an option to explore.

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<th>No</th>
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### 13. Establish an In-fill Development Line identifying the core area of the City where development would occur typically. In conjunction with this line, a division line would be established, extending in a north-south orientation, where developers would accrue development certificates from developing on the east, making the developer eligible for west side development rights.

**Discussion:**

This is an issue that could be beneficial to the community regardless of the issue of directing growth from the west to the east. In fill development provides many benefits to the community through the efficient provision of governmental services and greater access to existing nongovernmental services. The establishment of a system of development credits generated by creation of housing units on the east

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to allow for the development of an equitable number of housing units to be developed on the west is likely an involved, and time-consuming process. Benefits to in fill development will need to be created and/or clearly identified, and codes put in place to achieve/guide development.

This item will need to be further refined after this current meeting. It is anticipated that an effort such as this would require a minimum of 9 months to develop and move through Council.

**Pros:** Establishing a boundary line for in-fill development could encourage development within the core area of the City which would have a beneficial affect on the provision of City services by taking advantage of existing infrastructure improvements, and having relative close proximity to police and fire, library, schools, city hall, etc.

It could have a positive affect on neutralizing polarized, or sprawling growth.

Make efficient use of currently underutilized land.

A significant amount of land has been developed with improvements along a portion of the frontage with undeveloped land to the rear of the site.

**Cons:** Could restrict the development of housing if market forces do not accommodate easterly growth.

This scenario may require additional developer coordination in an effort to assemble land for larger scale development.

Land owners on the west could be affected by the existing land ownership on the east unless they have property in both areas.
ATTACHMENT A

Cost of Deferral of Fees:

Proposal: Development impact Fees which are currently charged at the time of Recordation of a Final Subdivision Map will instead be charged at the time of issuance of a residential building permit.

Costs: The fee deferral is revenue neutral, in that the same total amount of fees will be collected, however, the City will not have access to these funds for the deferral period. The City has borrowed substantial funds to construct infrastructure that will serve Hillside Development. Those bonds are paid out of City cash reserves when the payments are due. Impact fees repay the reserves as they are collected. Thus, the fee deferral costs the City the interest value of the cash reserves for the additional time the fee is held by the developer.

<table>
<thead>
<tr>
<th>Subdivision Fees</th>
<th>Method of Calculation</th>
<th>Qualifying Assumption</th>
<th>Deferral (per unit):</th>
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<tbody>
<tr>
<td>Street Tree Fee</td>
<td>$45 per tree</td>
<td>1.2 trees per unit (1 per interior lot, 2 per corner lot, 20% corners)</td>
<td>$54</td>
</tr>
<tr>
<td>Fire Hydrant Fee</td>
<td>2.42 per front foot</td>
<td>Not Deferred</td>
<td>$0</td>
</tr>
<tr>
<td>Street Light Fee</td>
<td>$1.85 per front foot</td>
<td>Not Deferred</td>
<td>$0</td>
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<tr>
<td>Sewer Acreage Fee</td>
<td>$1,362 per acre (or $749 per acre)</td>
<td>3 acre lots</td>
<td>$4,086 (or $2,247)</td>
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<tr>
<td>Sewer Connection Fee</td>
<td>$7.36 per front foot</td>
<td>416 front feet per unit (3 acre rectangular lot 260’ X 520’, 20% corners)</td>
<td>$3,061</td>
</tr>
<tr>
<td>Treatment Plant Fee</td>
<td>$2,040 per unit</td>
<td>one unit</td>
<td>$2,040</td>
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<tr>
<td>Water Acreage Fee</td>
<td>$2,230 per acre (or $1,070 per acre)</td>
<td>3 acre lots</td>
<td>$6,690 (or $3,210)</td>
</tr>
<tr>
<td>Water Connection Fee</td>
<td>$6.29 per front foot</td>
<td>416 front feet per unit</td>
<td>$2,617</td>
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<tr>
<td>Storm Drain Fee</td>
<td>$3,554 per acre</td>
<td>3 acre lots</td>
<td>410,662</td>
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<tr>
<td>Park Impact Fee</td>
<td>$489 per unit</td>
<td>One unit</td>
<td>$489</td>
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<tr>
<td><strong>Traffic Impact Fee</strong></td>
<td><strong>$786 per unit</strong></td>
<td><strong>One unit</strong></td>
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<tr>
<td><strong>Total Deferral</strong></td>
<td><strong>$30,485</strong></td>
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</tbody>
</table>

City funds earn between 2.5% and 5% per year. If we assume a six month delay in receiving payment, and 3% annual interest, the City will lose between $380 and $750 per unit in foregone interest. At one unit per three acres, and over 1,400 acres, this program would affect approximately 450 units. Thus the total loss over full development of the hillsides is between $152,000 and $337,500. If the proposed fee reductions go into effect, the Sewer Acreage fee would be reduced to $749 per acre and the Water Acreage fee would be reduced to $1,070. Leaving all else constant, this would yield a total deferral of $25,166. Foregone interest would be between $300 and $600 per unit, or $135,000 to $270,000 over the entire hillside development area.

Attachment No. 2