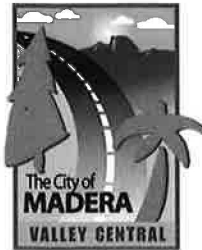


REPORT TO THE CITY COUNCIL



RETURN TO AGENDA

COUNCIL MEETING OF:
July 18, 2018

AGENDA ITEM NUMBER:
E-2

Approved By:


COMMUNITY DEVELOPMENT DIRECTOR


CITY ADMINISTRATOR

SUBJECT: Discussion and Direction on Economic Development Activities and Consideration of a Resolution Approving Three Building and Development Incentives Offering Fee Reductions on Permit and Processing Fees in the Community Development Department and Amending the Master Fee Schedule to Incorporate the Incentive Programs

RECOMMENDATION:

Staff recommends that the City Council take the following actions:

1. Consider the information described in this report, together with the information presented during the City Council's discussion on this matter and, if desired, provide direction to staff regarding ongoing economic development activities.
2. Adopt a resolution approving three building and development incentives offering fee reductions on permit and processing fees in the Community Development Department.

SUMMARY:

Over the last several months, the City Council has provided direction to proceed with a variety of economic development related activities and, in a broader view, expressed an interest in expanding the City's overall economic development role. The agenda item under consideration provides an update on recent and ongoing economic development activities, and provides an opportunity for the Council to give input and direction regarding future programs and strategies.

The recommended actions under consideration also include the adoption of three new building and development incentive programs targeting downtown development, vacant and aging buildings, and non-profit building projects. Each of the three proposed incentive programs provides for reductions of between 50% and 100% in land use permit fees, building permit fees, and public facility engineering fees for qualifying projects. These three programs are the result of input from community groups in coordination with a City Council Subcommittee comprised of Councilmembers Oliver, Rigby and Rodriguez.

DISCUSSION:

The City collaborates with community partners to engage in economic development activities to help attract new businesses and retain and support existing businesses. The presentation during the City Council meeting will touch on the following programs and activities, in addition to any others that Councilmembers may elect to discuss:

- Opportunity Zones Established within City of Madera. Opportunity Zones were established by U.S. Department of the Treasury and the Internal Revenue Service (IRS) as new program in 2018. Opportunity zones encompass individual census tracts across the United States. Qualifying census tracts are primarily characterized by both the need for economic investment and the opportunity to achieve or attract that investment. Opportunity Zones are designed to spur economic development by providing tax benefits to investors. The census tracts covering the northeasterly part of downtown, and the northerly portion of Madera on both sides of Freeway 99, have been approved as opportunity zones.
- Participation at International Council of Shopping Centers (ICSC) RECON 2018 Conference in May of 2018. City staff partnered with the Economic Development Commission. The conference created an opportunity for meetings with retailers, brokers, agents, etc. Major ICSC event in Las Vegas occurs annually, smaller events are scheduled multiple times per year. Continued participation is an option.
- Participation at Select USA Investment Summit Event in June of 2018. City staff partnered with the Economic Development Commission. The event created an opportunity to meet with international companies looking for development and investment opportunities in the United States. The Select USA event occurs annually and continued participation is an option.
- Public Private Partnership with Span Construction and Engineering. The Council previously authorized staff to proceed with a public private partnership with Span to facilitate the construction of an industrial spec building on a City-owned lot in the Freedom Industrial Park. The spec building is currently under construction, though technical issues regarding title have slowed down the escrow process.

The City owns additional parcels within the Freedom Industrial Park where public private partnerships can be pursued. An initial concept called for the City to solicit statements of qualification from developers wishing to construct one or more buildings on one of the City owned parcels, with the City deferring some of the land and permitting costs as an incentive. While Span immediately jumped on the opportunity to construct the first building, the City can implement the original concept on additional parcels if it chooses.

- Consideration of the role of development impact fees in incentivizing or discouraging development. Draft impact fee study is near completion. An expected Spring 2018 delivery has been pushed back to late Summer 2018.

- Scheduling commercial/industrial real estate broker events (mixer, lunch, etc.). The importance of informing brokers, and establishing and maintaining relationships with these individuals, has been emphasized by multiple industry professionals. Brokers frequently provide direct input to commercial and industrial businesses and often help shape where they look for development opportunities. City staff and the Economic Development Commission are working with local owners/developers to schedule one or more broker events.
- Promotional/Marketing Video. Staff and Councilmembers have discussed the preparation of one or more brief marketing or promotional videos highlighting the City and its commercial/industrial development opportunities. The City has the capability to create such a video, but requires the dedication of staff time to complete the work product.
- Consideration of Pro-Active Annexation Strategies. As previously discussed with the Council, the City could choose to implement a proactive annexation strategy, focusing on properties which are specifically intended to accommodate and/or facilitate near-term employment and revenue generating growth.
- Consideration of Amendments to the Zoning Ordinance and/or Development Standards. A comprehensive update to the City's zoning ordinance is scheduled for consideration this summer. Substantive changes are proposed in conjunction with the update, including the removal of outdated language. The comprehensive update provides an opportunity to consider changes to the code which could create new economic development tools or remove existing constraints. The Planning Commission has requested a joint session with the City Council to discuss the zoning ordinance update. Staff will be returning with an item to identify a date for the joint session if the Council so desires.
- Permit Streamlining Services. The City currently offers three no-cost services to development applicants to help move projects through the permitting process. The first is the Preliminary Project Review process, which provides customers with initial feedback regarding fatal flaws, development processes, and probable conditions of approval. The second is the designation of a City Project Manager/Customer Liaison, which creates a single point of contact for customers to rely on to help navigate the steps in the development process. The third is Development Roundtable, which allows customers to meet with all of the affected departments at the same time to ask questions, resolve problems, etc. While these are existing services, they can be better packaged and advertised as part of a suite of development incentives. A flyer for permit streamlining services is attached.
- Permit and Processing Fee Adjustments: The Council previously expressed an interest in developing incentive programs that would offer permit and processing fee reductions in strategic areas. A City Council Subcommittee was appointed to work with staff and community groups. Three fee reduction incentive programs have been developed and are presented for adoption in conjunction with this agenda item, as follows:
 - Downtown Development. Up to 100% reduction in Engineering Department Fees and 75% reduction in Planning and Building Fees. Eligible projects include the following: new and remodel development; façade improvements; ADA improvements; and improvements to City streets, utilities and sidewalks.

- Vacant and Aging Buildings. Up to 100% reduction in Engineering Department Fees and 75% reduction in Planning and Building Fees. Eligible projects include the following: complete remodel of 40+ year old buildings, remodel of buildings and suites vacant for longer than 180 days.
- Non-Profit Building Projects. Up to 50% reduction in Engineering, Planning, and Building Fees, with a \$4000 cap on building fee reductions. Eligible projects include the following: new and remodel development; exterior on-site improvements; ADA improvements; and improvements to City streets, utilities and sidewalks.

The eligible projects and fee reduction recommendations reflect feedback from the community groups and Council subcommittee members who collaborated on the incentive programs. An informational flyer for each program has been prepared and is attached to this report, along with a general application form that can be used to apply for any of the incentives. If the proposed resolution is adopted, the fee adjustments will be available immediately.

CONSISTENCY WITH THE VISION MADERA 2025 PLAN:

The discussion and recommendations regarding the City's economic development program are related to and consistent with the Action Item 207.3: Review use of incentives used to attract new industrial and retail development at least every three years. Evaluate whether the tools used are generating new development; evaluate whether the value received in new job generation meets or exceeds the value of incentives provided.

FISCAL IMPACT:

The intent of all economic development programs is to attract and retain businesses which contribute to the long-term economic well-being of the community. Each activity or program likely involves an up-front cost, whether that be the cost to attend a conference or the cost of absorbing a fee reduction. Results are measured over a longer term, necessarily making it difficult to prepare a meaningful cost-benefit analysis.

The immediate financial impact resulting from the recommended action will be the loss of revenue due to fee reductions. The total revenue reduction will depend on how many qualifying projects ultimately request the fee adjustment. A hypothetical scenario addressing fees from the remodel and change of occupancy in a downtown building is shown below:

Hypothetical Scenario:	2,500 square foot lease area – full remodel Retail/Food Service with Alcohol Sales and Outdoor Seating \$20,000 in public utility and sidewalk improvements
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Permit Type	Full Fee Amount	Reduction Amount (%)	Downtown Incentive Fee
Cond. Use Permit - Alcohol	\$1,650	75%	\$413
Cond. Use Permit - Outdoor Seat	\$1,238	75%	\$309
Site Plan Review	\$1,016	75%	\$254
Building Plan Check	\$1,754	75%	\$439
Building Inspection	\$1,533	75%	\$383
Building Permit Expedite	\$877	75%	\$219
Engineering - Encroachment Plan Review	\$400	100%	\$0
Engineering - Encroachment Inspection	\$600	100%	\$0
Total	\$9,068		\$2,017
Total Savings Achieved Through Reduction			\$7,051

RESOLUTION NO. 18-___

A Resolution of the City Council of the City of Madera, California, Approving the Downtown Development Incentive Program, the Vacant and Aging Building Improvement Incentive Program, and the Non-Profit Development Incentive Program and Amending the Master Fee Schedule to Incorporate the Incentive Programs

WHEREAS, various sections of the Madera Municipal Code provide that certain fees for services, applications for permits and other miscellaneous matters shall be established by Resolution of the City Council; and

WHEREAS, the City Council has heretofore, by adoption of Resolution 17-156 implemented some of those sections by establishing various fees and incorporating said fees into the City of Master Fee Schedule; and

WHEREAS, the City Council now desires to provide for adjustments and modifications to the existing fees, including the establishment of programs that will allow for the reduction of fees in specific circumstances; and

WHEREAS, the City Council desires to establish programs to reduce permit and processing fees for development within a specific geographic area commonly referred to as Downtown Madera, to reduce permit and processing fees for projects involving vacant and aging buildings, and to reduce permit and processing fees for non-profit building projects; and

WHEREAS, the City Council has determined that the public interest is served by reducing fees for private development in these areas because the fee reductions will assist in the elimination of physical blight, the generation of employment opportunities, and the generation of tax revenue that would otherwise not occur; and

WHEREAS, the City Council has determined that the public interest is served by reducing fees for building projects completed by non-profit organizations because the fee reductions will facilitate the expansion of the existing public benefits regularly created by such organizations through direct service to the public.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MADERA HEREBY finds, orders and resolves as follows:

1. The above recitals are true and correct.
2. The Downtown Development Incentive Program, the Vacant and Aging Building Improvement Incentive Program, and the Non-Profit Development Incentive Program, copies of which are on file in the Office of the City Clerk and which reference is hereby made for full particulars as to terms and conditions thereof, are approved.
3. The City of Madera Master Fee Schedule is hereby amended to incorporate the fee reduction incentives as outlined in Exhibit A to this Resolution.

4. The Community Development Director is hereby authorized to take all administrative actions necessary to implement the fee reduction incentive programs immediately.
5. This resolution is effective immediately upon adoption.

* * * * *

Resolution Exhibit A

The Downtown Development Incentive Program, the Vacant and Aging Building Improvement Incentive Program, and the Non-Profit Development Incentive Program shall apply to the following elements of the City of Madera Master Fee Schedule:

- Plan Check Fees by Occupancy Class and Construction Type [Building Department Fees]
- Inspection Fees by Occupancy Class and Construction Type [Building Department Fees]
- Mechanical, Electrical and Plumbing Item Fees [Building Department Fees]
- Miscellaneous Item Fees [Building Department Fees]
- Fire Miscellaneous Items Permit Fees [Building Department Fees]
- Planning Department Fees [Planning Department Fees]
- Engineering Department Fees [Engineering Department Fees]

The following statements shall be added as a note to the bottom of each fee element listed above:

Note:

Development Incentive Fee Reduction Program

Fees described in this section of the Master Fee Schedule shall be reduced for eligible projects in accordance with the Downtown Development Incentive Program, the Vacant and Aging Building Improvement Incentive Program, and the Non-Profit Development Incentive Program as adopted by the City Council on July 18, 2018. Fee reductions are available as follows:

A. Projects Located in Downtown Madera (as defined by the incentive program).

Eligible Projects: New commercial construction, interior tenant improvements (commercial properties) façade improvements (commercial properties), Americans with Disability Act Improvements, and improvements to City streets, utilities and sidewalks.

Fee Reduction Available:

- 75% Reduction of All Planning Department and Building Department Fees.
- 100% of All Engineering Department Fees, not to exceed the cost of public improvements to be constructed by the project.

B. Projects Involving Buildings Older than 40 Years and Buildings or Suites Vacant for 180+ days

Eligible Projects: Remodel and renovation of commercial buildings more than 40 years old, where site plan review has been approved and interior/exterior improvements are included. Remodel and renovation of commercial buildings or individual suites in buildings that have been vacant for longer than 180 days.

Fee Reduction Available:

- 75% Reduction of All Planning Department and Building Department Fees.
- 100% of All Engineering Department Fees, not to exceed the cost of public improvements to be constructed by the project.

C. Building and Development Projects by Non-Profit Organizations

Eligible Projects: New commercial construction, interior remodels and tenant improvements, exterior on-site improvements, Americans with Disability Act Improvements, and improvements to City streets, utilities and sidewalks.

Fee Reduction Available:

- 50% Reduction of All Planning Department and Building Department Fees.
- 50% of All Engineering Department Fees, not to exceed the cost of public improvements to be constructed by the project.



PERMIT STREAMLINING SERVICES

NO-COST SERVICES HELP YOUR PROJECT MOVE THROUGH THE PERMITTING PROCESS

PRELIMINARY PROJECT REVIEW [PPR]

Preliminary Project Review is a no-fee process designed to provide customers with initial feedback regarding their development concept or proposal. Customers begin by submitting an application form, project description, and preliminary site plan to the Planning Department. Professionally prepared application materials aren't required, though more detailed information helps generate more accurate feedback. The preliminary project information is reviewed by all the affected City Departments, and after 2 to 4 weeks, a letter is provided to the customer summarizing results of the City's preliminary review. Issues typically addressed during the preliminary project review include the identification of any major problems that would limit the feasibility of a project, a description of the process necessary to bring the project to fruition, and a list of the probable conditions of approval that should be anticipated if a formal application is eventually made.

PROJECT MANAGER & CUSTOMER LIAISON

After a formal application is submitted, the City assigns a project manager within the Community Development Department to act as a conduit to help customers move through the various steps in the development process. The City's project manager is typically a member of the Planning Department, where most projects begin. The project manager will help customers understand City processes and conditions of approval, and will introduce them to critical contacts in other departments, such as the Engineering and Building Departments. Customers are encouraged to rely on their project managers to obtain status reports on their projects and help ensure that unnecessary delays are avoided.



DEVELOPMENT ROUNDTABLE MEETING

Customers in the Community Development Department are encouraged to ask questions when they arise, and one-on-one meetings are regularly scheduled between project applicants and City staff to answer questions and iron out problems that sometimes pop up. When a customer has questions that affect multiple departments, it is sometimes helpful to schedule a development roundtable meeting where applicants are invited to meet with representatives of all the affected departments at the same time. At any point during the development process, a customer may request that the City schedule a development roundtable meeting. On occasion, City staff may suggest, proactively, that a customer participate in a development roundtable meeting. Meetings can be requested by contacting the customer's project manager or any member of the community development department, and typically take about 2 weeks to schedule.

LEARN MORE @

www.cityofmadera.ca.gov/incentives

DOWNTOWN *DEVELOPMENT INCENTIVE PROGRAM* **2018**

SAVE BIG WHEN YOU INVEST IN DOWNTOWN MADERA



75% REDUCTION IN PLANNING & BUILDING DEPARTMENT FEES



LEARN MORE @

www.cityofmadera.ca.gov/incentives

ELIGIBLE PROJECTS IN DOWNTOWN INCLUDE

NEW COMMERCIAL CONSTRUCTION

INTERIOR TENANT IMPROVEMENTS (COMMERCIAL PROPERTIES)

FACADE IMPROVEMENTS (COMMERCIAL PROPERTIES)

AMERICANS WITH DISABILITY ACT IMPROVEMENTS

IMPROVEMENTS TO CITY STREETS, UTILITIES AND SIDEWALKS

VACANT & AGING BUILDING 2018 IMPROVEMENT INCENTIVE PROGRAM

SAVE BIG WHEN YOU REINVEST IN MADERA

**UP TO 100% REDUCTION IN ENGINEERING DEPARTMENT FEES
(NOT TO EXCEED TOTAL COST OF ALL PUBLIC IMPROVEMENTS)**

75% REDUCTION IN BUILDING DEPARTMENT FEES

75% REDUCTION IN PLANNING FEES



ELIGIBLE PROJECTS IN MADERA INCLUDE



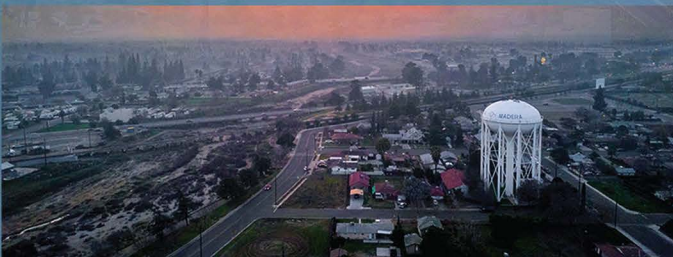
REMODEL & RENOVATION OF COMMERCIAL BUILDINGS
MORE THAN 40 YEARS OLD, WHERE SITE PLAN REVIEW
HAS BEEN APPROVED BY THE PLANNING DEPARTMENT
AND INTERIOR/EXTERIOR IMPROVEMENTS ARE INCLUDED

REMODEL & RENOVATION OF COMMERCIAL BUILDINGS
THAT HAVE BEEN VACANT FOR LONGER THAN 180 DAYS

INTERIOR TENANT IMPROVEMENTS FOR INDIVIDUAL
SUITES IN COMMERCIAL BUILDINGS THAT HAVE BEEN
VACANT FOR LONGER THAN 180 DAYS

LEARN MORE @

www.cityofmadera.ca.gov/incentives



NON-PROFIT 2018

DEVELOPMENT INCENTIVE PROGRAM

HELPING COMMUNITY PARTNERS CREATE PUBLIC VALUE

UP TO 50% REDUCTION IN ENGINEERING DEPARTMENT FEES
(NOT TO EXCEED TOTAL COST OF ALL PUBLIC IMPROVEMENTS)

50% REDUCTION IN BUILDING DEPARTMENT FEES (MAX \$4000)

50% REDUCTION IN PLANNING FEES



*ELIGIBLE PROJECTS IN MADERA INCLUDE



NEW CONSTRUCTION

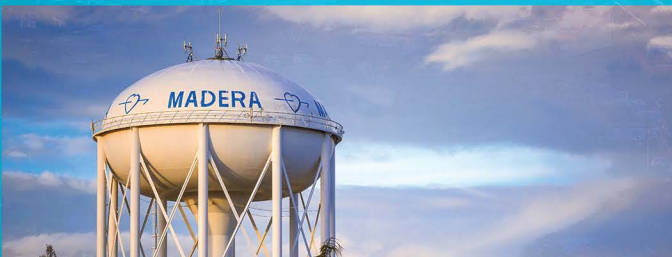
INTERIOR REMODELS & TENANT IMPROVEMENTS

EXTERIOR ON-SITE IMPROVEMENTS

AMERICANS WITH DISABILITY ACT IMPROVEMENTS

IMPROVEMENTS TO CITY STREETS, UTILITIES & SIDEWALKS

*IRS TAX EXEMPT STATUS REQUIRED



LEARN MORE @

www.cityofmadera.ca.gov/incentives

City of Madera – Community Development205 W. 4th Street

Madera, CA 93637

Phone: (559) 661-5430

Fax: (559) 674-2972

Development Incentive Fee Reduction Program

**APPLICANT**

Name: _____

Address: _____

City/Zip: _____

Phone: _____

Cell Phone: _____

E-mail: _____

PROJECT SITE INFORMATION

Address: _____

APN: _____

INCENTIVE BEING REQUESTED (Select One)

- ☐ Downtown Commercial Development Program
- ☐ Vacant & Aging Building Improvement Program
- ☐ Non-Profit Organization Building Program
(IRS Tax Exempt Status Required)

WHAT APPLICATION(S) ARE YOU SUBMITTING?

- ☐ Planning Dept - Land Use/Site Plan
- ☐ Building Department - Permit/Plan Check
- ☐ Engineering Dept - Public Improvement Plans

DOES YOUR PROJECT INCLUDE THE FOLLOWING?Downtown Commercial Development Program

- ☐ New Construction
- ☐ Interior Tenant Improvements
- ☐ Facade Improvement
- ☐ Americans with Disability Act Improvements
- ☐ Improvements to City Streets, Utilities and/or Sidewalks

(Select All Features that Apply to Your Project)

Vacant & Aging Building Improvement Incentive Program

- ☐ Interior and Exterior Remodel of Building 40+ Years Old
- ☐ Remodel / Renovation of Buildings Vacant for 180+ Days
- ☐ Remodel / Renovation of Buildings/Suites Vacant for 180+ Days

(Select All Features that Apply to Your Project)

Non Profit Organizations Building Incentive Program

- ☐ New Construction
- ☐ Interior Remodels & Tenant Improvements
- ☐ Exterior On-site Improvements
- ☐ Americans with Disability Act Improvements
- ☐ Improvements to City Streets, Utilities and/or Sidewalks

(Select All Features that Apply to Your Project)

BRIEFLY DESCRIBE PROJECT: (Example: New Retail Store @ Corner of First Street and A Street)

Estimated Number of Full Time Employees: _____

Anticipated Amount of Retail Sales Annually: _____

SIGNATURE REQUIRED

The information provided in this application is true and accurate to the best of my knowledge.

Applicant's Signature _____

Date _____

Below the Dotted Line For City's Use Only

Date Received by City for Consideration: _____

- ☐ Engineering Department Fees: Cost of Off-site Improvements \$ _____
- ☐ Non-Profit Building Program: IRS Tax Exempt Status Confirmed? ☐ Yes ☐ No
- ☐ Downtown Commercial Program: Site Inside Incentive Boundary? ☐ Yes ☐ No

Does the proposed project meet eligibility requirements for the requested program? ☐ Yes ☐ No _____Fee Type

- ☐ Planning Permit Fees _____
- ☐ Engineering Fees _____
- ☐ Building Plan Check _____
- ☐ Building Permit Fees _____
- ☐ Other _____
- ☐ Other _____

Full Fee

Adjusted Fee

Completed By: _____

Date: _____