

ITEM 19

Agenda of June 19, 2014

**TO: Sacramento Area Flood Control Agency
Board of Directors**

**FROM: Richard M. Johnson, Executive Director
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**SUBJECT: INFORMATION - SAFCA DEVELOPMENT IMPACT FEE
INFLATIONARY ADJUSTMENT**

OVERVIEW:

SAFCA's Development Impact Fee (DIF) Program was approved by the Board on May 15, 2008 and implemented on January 1, 2009. On March 18, 2010, the Board approved Resolution No. 2010-034 authorizing the Executive Director to annually adjust the DIF to reflect inflationary costs. Accordingly, an inflationary increase of 2.60 percent will be implemented commencing 60 days after notification is made to the responsible DIF collection agencies.

RECOMMENDATION:

Receive and file this report.

MEASURES/EVALUATION:

This is a discrete action and is not subject to long-term evaluation.

ENVIRONMENTAL IMPACT:

None.

BACKGROUND

On May 15, 2008, the Board adopted Resolution No. 08-048 approving SAFCA's DIF Program to augment existing funding sources for achieving at least a 200-year level of flood protection for the Sacramento area by offsetting any increase in exposure to flood damages that might otherwise occur as new development takes place in the protected floodplain. The DIF Program was implemented on January 1, 2009.

DISCUSSION

The approved DIF Program implementing Resolution No. 08-048, as amended by Resolution No. 2010-034, and the *SAFCA Development Fee Program Final Report, May 5, 2008* provide for SAFCA's Executive Director to implement DIF inflationary cost adjustments; adjustments are to

be made utilizing the Engineering News Record's Twenty Cities Construction Cost Index (ENR CCI), or a similar index in the event the ENR CCI is no longer available, from March of the most recent year to March of the prior year. The adjustment will be applied by multiplying the current DIF rates by the most recent March Index and then dividing this product by the prior year's March Index. The use of the March index has been chosen based upon the schedule for the availability of the Index from ENR and the use of this same index by some of the collecting agencies in their DIF programs.

Economic & Planning Systems Inc. (EPS) has performed the requisite analysis and calculations associated with determining the inflationary adjustment for each land use category rate for the DIF (see Attachment 1), and a 2.60 percent rate increase will be effected 60 days after notification is made to the responsible agencies.

FINANCIAL IMPLICATIONS

The proposed action is consistent with the Board's intent to make inflationary adjustments as necessary when the DIF was adopted and implemented.

POLICY IMPLICATIONS

The 2014 annual inflationary adjustment is consistent with the Board's previous actions to implement the program.

RECOMMENDATIONS

Staff recommends that the Board receive and file this report.