



CITY OF WHEATLAND

CITY COUNCIL MEETING STAFF REPORT

August 23, 2016

SUBJECT: Request for Reduction of Development Impact Fees made by Applicant Bear River Walnut Ranch, LLC for a new Walnut Huller at 2301 Spenceville Road, Wheatland

PREPARED BY: Greg Greeson, City Manager

Recommendation

Staff recommends Council consider information provided by Bear River Walnut Ranch, LLC ("Bear River") and analyses provided by staff and approve the attached resolution containing the necessary findings for, and adopting a reduction of, Bear River's development impact fees for their new walnut hulling facility located at 2301 Spenceville Road from \$372,298.08 to \$32,857.80 (Attachment #1).

Background

On June 22, 2016, Bear River submitted plans to the City for an 18,480 square foot Walnut Huller facility on their property located at 2301 Spenceville Road. Pursuant to the Chapter 3.26 of the City's Municipal Code (Ordinance 400, adopted in April 2007), development impact fees of \$372,298.08 were assessed.

On July 13, 2016, staff met with representatives from Bear River regarding the assessment of those fees and discussed what appeared to be inordinately high fees for a project of such as theirs. Unfortunately, the City's nexus study, which is the basis for the setting of development impact fees, did not contemplate agricultural uses within the City. The fees were established in 2007, which was prior to the annexation of AKT's property at 2301 Spenceville Road.

We discussed how their operation would function with the new facility and the process available to them to appeal the assessment of the development impact fees as established. We explained that staff did not have the authority to adjust established fees and that only Council could consider a reduction, based on an appeal request by Bear River. On or around July 18, 2016, Bear River submitted the attached Request for Reduction of Fees, along with their analysis of what they believed to be an equitable assessment of fees (Attachment #2).

Discussion/Analysis:

Section 3.26.070 of the City's Municipal Code, details how deferrals, waivers and reductions in the application of development impact fees can be requested, to whom, and the criteria by which the City Council must use to grant those requests.

Specifically it reads as follows:

Upon written request filed by a property owner prior to the due date for payment of any development impact fee, the city council may grant deferral, waiver or reduction of any development impact fee. A deferral, waiver or reduction may be granted only after notice and hearing if, in the opinion of the city council, properly supported by specific findings and evidence, deferral would provide for a more fair and equitable financing arrangement to be developed and imposed, or a waiver or reduction is necessary or appropriate because imposition of the fee or fee in full would be unlawful or would result in substantial inequities. Findings must be based on written and other evidence submitted by the property owner substantiating the owner's contention that the fee should be deferred, waived or reduced. The owner shall bear the burden of proof to demonstrate that a deferral, waiver or reduction is necessary or appropriate. For a deferral, findings must include facts supporting the deferral including, without limitation, findings that: (1) alternative financing methods involving more than one owner will be implemented and justify the fee deferral; or (2) deferral of the fee will result in a more fair and equitable funding arrangement. In the case of waiver or reduction, findings must include facts supporting the waiver or reduction including, without limitation, findings that: (1) the owner will receive insufficient or no benefit from the fee imposed and would therefore be required, if the fee were imposed in full, to pay more than its fair share for the benefit received; or (2) imposition of the fee or full fee would be unlawful in the particular circumstances. The city by resolution of the city council may adopt a fee for the processing of an owner request for a fee deferral, waiver or reduction. (Ord. 400 § 5, 2007)

Staff conducted an analysis on the impacts of Bear River's project, taking into consideration several factors:

1. As mentioned, the nexus study conducted prior to the adoption of the City Municipal Code establishing development impact fees did consider agricultural uses.
2. A few of the component impact areas the study identifies to collect fees for are not applicable to Bear River's project. Specifically, storm drainage, water distribution, sewer collection and wastewater treatment are all provided by the property owner and are not services provided by the City, and, therefore have no impacts to that infrastructure.
3. The season for walnut hulling is limited each year to about 60 days, leaving the facility non-operational 10 months out of the year.
4. Bear River's operation is an internal operation; meaning it is used only to hull walnuts on their property. In addition, it was constructed for that type of operation. To expand beyond their own hulling would require additions and/or revisions to their physical plant. As it is for their operation alone, it results in no additional truck traffic on City streets than currently exists.

In consideration of those factors, and utilizing the same rationale that was used to calculate staff's recommended reduction in the development impact fees for AKT, staff re-calculated the development impact fee formula from the nexus study to adjust for Bear River providing their

own storm drainage, water distribution, sewer collection and wastewater treatment and their limited annual operation of 60 days. Based on staff's review and analysis (Attachment #3), and keeping in mind the Council's obligation to make a finding pursuant to Section 3.26.070 of the City's Municipal Code, staff is recommending reducing the imposition of development impact fees on Bear River's project from \$372,298.08 to \$32,857.80.

At the July 13th meeting with the Bear River representatives, staff provided their analysis and recommendation on the reduction of their development impact fees. Bear River was agreeable to staff's recommendation for a reduction to \$32,857.80 and submitted a letter dated August 5, 2016 to that effect (Attachment #4).

Attachments

1. Resolution of the City Council of the City of Wheatland Approving Reduction of Development Impact Fee Amount for Bear River Walnut Ranch, LLC's Walnut Huller Facility Located at 2301 Spenceville Road
2. Correspondence from Bear River and received by the City on or about July 18, 2016 requesting a reduction of development impact fees
3. City of Wheatland Proposed development impact fee calculation sheet dated July 6, 2016
4. Correspondence from AKT dated August 11, 2016 stating their agreement to the reduction of the development impact fees to \$32,857.80

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF WHEATLAND
APPROVING REDUCTION OF DEVELOPMENT IMPACT FEE AMOUNT
FOR BEAR RIVER WALNUT RANCH, LLC'S WALNUT HULLER FACILITY
LOCATED AT 2301 SPENCEVILLE ROAD**

BE IT RESOLVED by the City Council of the City of Wheatland as follows:

1. **Authority.** This resolution is adopted pursuant to California Constitution, article 11, section 7, Government Code sections 66000 to 66008, Wheatland Municipal Code section 3.26.070, and other applicable law.

2. **Findings.** The City Council hereby finds and determines as follows:

(a) The City has adopted a development impact fee program, codified in chapter 3.26 of the Wheatland Municipal Code ("Code"), to mitigate impacts on public services and facilities that arise from development within the City and which services and facilities are necessary to protect the health, safety, and welfare of the City's residents and businesses.

(b) Bear River Walnut Ranch, LLC ("Bear River") is the owner of the property located at 2301 Spenceville Road, Wheatland, CA, and operates a walnut hulling operation at that location ("Property").

(c) Following the submission of building plans for a new 18,480 square foot walnut huller located at the Property and after reviewing the building plans, City staff informed Bear River that, pursuant to chapter 3.26 of the Code, they would have to pay \$372,298.08 in development impact fees for the new Walnut Huller facility, which amount is based on the applicable fee type and amounts currently in effect.

(d) On or around July 18, 2016 Bear River submitted a request to reduce the applicable development impact fees on the Property pursuant to section 3.26.070 of the Code, which sets forth the procedures for requesting a deferral, waiver, or reduction of development impact fees.

(e) On August 23, 2016, the City Council held a publicly noticed hearing to consider Bear River's waiver request as required by section 3.26.070 of the Code and considered the staff report dated August 23, 2016 concerning this matter as well as all written and oral testimony for Bear River's request.

(f) The City Council finds that imposition of the \$372,298.08 development impact fee amount would be unfair because the benefits received by Bear River from the new Walnut Huller would not be proportional to the amount imposed, and would require Bear River to pay more than their fair share of the costs of City services attributable to their Property.

(g) The City Council finds that a reduction of the development impact fee amount from \$372,298.08 to \$32,857.80 is fair, necessary, and appropriate for the reasons stated in the staff report.

3. **Reduction of Development Impact Fee Amount.** The City Council hereby approves Bear River's request for a reduction of development impact fees applicable to the new Walnut Huller facility, and approves a reduction of this fee in the amount recommended by City staff. The City Council hereby directs Bear River to pay to the City the amount of \$32,857.80 to fulfill his development impact fee payment obligations for the new Walnut Huller in compliance with chapter 3.26 of the Code.

4. **CEQA Exemption.** The City Council finds that this reduction in development impact fees for the new Walnut Huller facility does not have the potential to cause a significant impact on the environment and therefore is exempt from the California Environmental Quality Act ("CEQA") and section 15061(b)(3) of the CEQA Guidelines.

5. **Enforcement.** The City Manager, or his designee, is authorized and directed to process Bear River's reduced development impact fee payment consistent with the City's laws and regulations.

PASSED AND ADOPTED by the City Council of the City of Wheatland on the 23rd day of August 2016 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

By: _____
James Pendergraph, Mayor

Attest:

Lisa J. Thomason, City Clerk

Bear River Walnut Ranch, LLC
One Embarcadero Center, Suite 1350
San Francisco, CA 94111
(415) 352-4410 / Fax (415) 352-4420

City of Wheatland
111 C Street
Wheatland, Ca 95692

Attn: Greg Greeson

Re: Bear River Walnut huller Project Impact Fee Request for Reduction
Permit # 3640-16
2301 Spenceville Road, Wheatland, CA

Dear Greg,

Upon application of our new walnut huller project, we were informed that the project would be subjected to substantial impact fees now that our agricultural parcel lies within the city limits. As you are aware, the general city fee determination does not account for agricultural operations conducted within city limits. Given the remoteness of our facility in regards to the typically provided municipal services, which the fees are assessed, and the time-of-use of our facility, we are requesting an impact fee reduction as allowed by Section 3.26.070 of City Ordinance. We recognize the need for impact fees for the municipality however; we must provide some of those services ourselves, others are not applicable, and the balance should be pro-rated as the structure will be unoccupied for 10 months out of the year. We understand that the granting of this request is a standard practice of similar conditions in nearby municipalities, and feel that our reduction request is warranted.

If you would like to discuss this further, please feel free to contact me or my authorized agent with any questions.

Jack Gilbert (530) 701-8873

Bret Wood (530) 345-7296 (authorized agent)

Thank you for your consideration,


Jack Gilbert, Manager

CITY OF WHEATLAND
 PROPOSED DIF CALCULATION
 HOP FARM (GILBERT) HULLER

	2016 Rates Employment Uses Per Sq. Ft.	Proposed Calculation Per Sq. Ft.
Police	0.208	0.208
Bridges, Signals, Thoroughfares	5.610	5.610
Hiway 65 Expressway	2.718	2.718
Storm Drainage	2.571	0.000
Water Distribution	1.556	0.000
Sewer Collection	0.797	0.000
Wastewater Treatment	4.659	0.000
General Government	0.498	0.498
Bear River North Levee	0.378	0.378
Sub-Total	<u>18.995</u>	<u>9.412</u>
Fire	<u>1.150</u>	<u>1.150</u>
Sub-Total	<u>20.145</u>	<u>10.562</u>
Administration Fee	<u>0.201</u>	<u>0.106</u>
TOTAL	<u>20.146</u>	<u>10.668</u>
	18480 Sq. Ft.	18480 Sq. Ft.
TOTAL	372,298.08	197,144.64
Prorated to 60 day annual use		32,857.80

Proposed Fees Exclude: Storm Drainage, Water Distribution, Sewer Collection, Waste Water Treatment

7/6/2016

ATTACHMENT #4



North Valley Building Systems, Inc.

COMPLETE CONCRETE & BUILDING SERVICE

30 Seville Court

Chico, CA 95928

www.northvalleybuilding.com

August 5, 2016

City of Wheatland
111 C Street
Wheatland, Ca 95692

Attn: Greg Greeson

Re: Bear River Walnut Huller Project Impact Fee Reduction
Permit # 3640-16
2301 Spenceville Road, Wheatland, CA

RECEIVED

AUG -8 2016

CITY OF
WHEATLAND

Dear Greg,

We have reviewed the fee schedule dated 7/6/2016 and agree with the proposed calculation. We understand that proposed fees for storm drainage, water distribution, sewer collection and waste water treatment are not included at this time.

We appreciate you taking the time to review and reduce the impact fees for this project. If you have any questions or need additional information please feel free to contact me.

Respectfully,

Bret J. Wood
BJW: jh

CITY OF WHEATLAND
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7/6/2016

**Ok per Bret Wood and
 Jack Gilbert. 7/18/2016**

