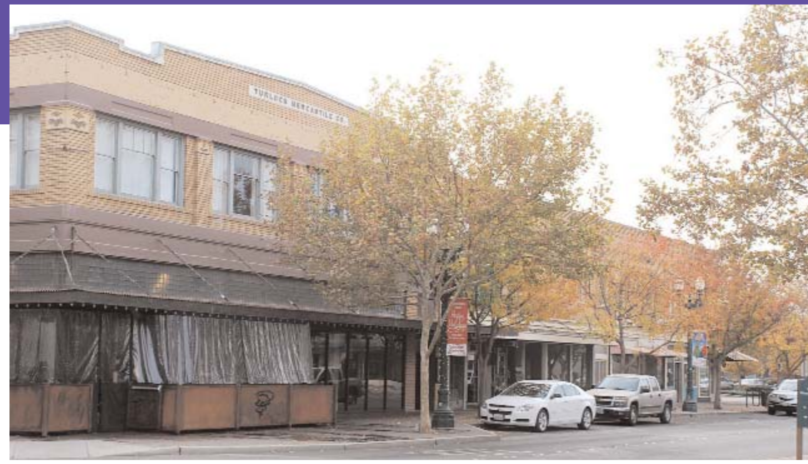


Unique Land-Use Solutions and Fiscal Management Strategies in Turlock

Healthy Communities Success Story

With a growth rate triple its historic average, the city of Turlock experienced rapid growth in the late 1980's and early 1990's. The City experimented with building permit caps in the early 1990's to address growth impacts on infrastructure. However, it didn't want to constrain new housing opportunities or economic stimulus. The City was also receiving numerous requests to annex parcels of land for commercial purposes on a piecemeal basis.

The City wanted to find a better way to manage these requests, recognizing that sprawl development contributes to problems such as declining air quality and skyrocketing health care costs. It appreciated that a community's fiscal well-being is intricately connected to health-supportive land use and transportation policies.

Turlock entered into a revenue-sharing agreement with Stanislaus County, in which the county would receive 70% of the tax increment in annexed territories to pay for countywide services. It also granted the County authority to assess countywide transportation impact fees within the city.

In turn, it gives the city land-use control over development within "spheres of influence" boundaries designated by the independent Stanislaus Local Agency Formation Commission (stanislauslafco.org).

While the agreement provides benefits to both parties, it also presents the city with a land-use challenge. Its spheres of influence were large when the agreement was put in place. These areas served as a buffer, allowing the city some control to minimize the impacts of surrounding development in county areas. Those areas are now smaller, as development occurred there over time.

As a result, there is development adjacent to the city – but outside its spheres of influence – that doesn't align with Turlock's standards. This allows businesses locating adjacent to Turlock to benefit from city services, but avoid paying city fees that fund them. (Turlock is in discussion with the county to establish an agreement to address this issue.)

Local Government Commission

The California Endowment

The Action Taken

Land-Use Solutions

The city, rather than developers, conducts master planning in Turlock. This unique approach lets the city control the type of development that occurs within its boundaries. Development is organized into distinct master plan areas, and the city works on one master plan area at a time.

Turlock recognized that spreading development across many master plans places a bigger burden on the city. To avoid incomplete master plan areas, the city requires that 70% of building permits issued must be paid for before a new master plan area can be opened up for development.

The city's unique development sequencing policy – outlined in its general plan – ensures master plans are complete and maximum infill occurs before annexation is considered.

"When you start increasing the geographic footprint of a city, it triggers things such as adding another fire station, police have to patrol a larger area, police cars are wearing out and not lasting as long, and more. In some cities that have expanded disproportionately, you see their costs go up and the cost paid by those developments do not pay in the long run.

"We wanted to have good development but still maintain a downtown that has the potential to be viable in the future. We knew if we keep the town geographically smaller, then it will be easier for residents to commute around and get to downtown fairly readily. Downtown is the center of town and we want to keep it that way. If we are going to continue to infill, then it will be in the greater downtown area."

– Turlock City Councilmember Forrest White

Financing Solutions

Turlock put in place several creative financing mechanisms to pay for public services and address the deficit created by its revenue sharing agreement with the county:

■ Capital Facility Fees

Assessed citywide for general government, transportation, police and fire capital expenses.

Amount generated annually: $1.1 million (capital)

■ Master Plan Fees

A way to equitably spread the costs of infrastructure improvements among developers. These costs would have been paid by developers anyway to develop the properties. Costs vary by master plan area.

Amount generated annually: $750,000 (capital)

■ Infrastructure Master Plan Fees

Assessed for sewer trunk, master storm drainage, water capital facilities, water treatment plant capacity and park improvements.

Amount generated annually:
• Sewer and Water: $40 million (capital and operating)
• Parks: $150,000 (capital)

■ Community Finance District

Pays for the added cost that housing imposes on the city for police, fire and parks maintenance personnel.

Amount generated annually: $454,000 (operating)

■ Landscaping and Lighting Districts/ Assessment Districts

Covers the cost of maintaining public landscaping and roads in new master plan areas. Updated every seven years.

■ Benefit Assessment Districts – Citywide

Provided to all new development where there is a legal action required. Applied if rezoning, planned development, etc., is requested. Only applies to new residential development.

Amount generated annually: $2.6 million (capital)

Making Master Plans Work for Turlock

Master plans are one way to organize infrastructure so it can be financed. Property and development work together; if they are not working together, they won’t serve the needs of the community. While smaller jurisdictions often say it is too expensive to implement master planning, it prevents the long-term costs of piecemeal development.

Developers in Turlock recognize that even though they will pay more to develop, future development will reimburse them. This has proven a successful model, with robust support from the development community.

Other Financing Tools

The city has enacted other policies to address its deficit. It does not waive or arbitrarily cut fees – this has not hindered development. Fees may be higher, but residents get more services and better quality infrastructure.

The city also participates in the California Communities’ Statewide Community Infrastructure Program, a financing program that enables developers to pay most impact fees and finance public improvements (cacommunities.org/public-agency-programs/statewide-community-infrastructure-program-scip).

The Results

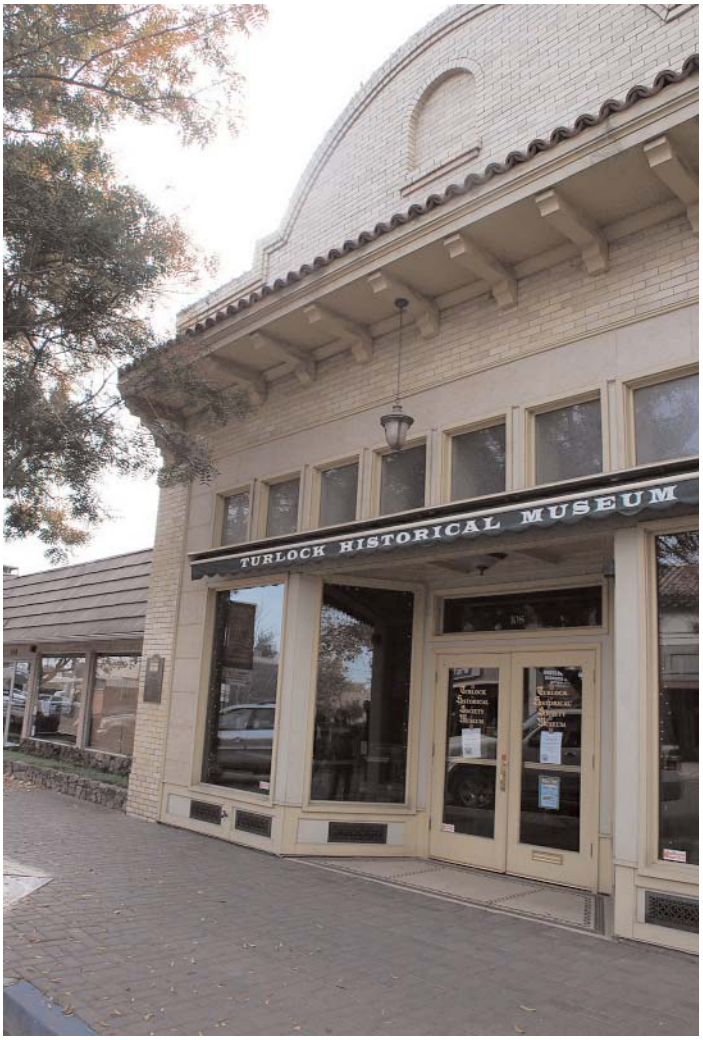
Property and sales tax revenues are not keeping up with the cost of providing public services. These creative financing mechanisms address the funding gap, and also help the city meet all of its service standards, particularly for public safety. They help to ensure that public health standards are met for all residents.

These approaches ensure that development pays for itself; and they avoid the need to shift tax burden to existing residents. They protect the city from the harmful effects of piecemeal development, and help the city avoid the premature conversion of prime farmland.

Developers appreciate these approaches because costs are distributed more fairly among developers. These methods also encourage developers to work together to find solutions.

There is a positive net effect on growth. Turlock has continued to add housing even during the recession. Turlock added 4,500 units, has reached about 25,000 units citywide; and another 12,000 units are expected over the next 20 years.

Turlock continues to add commercial and industrial development. Creative financing mechanisms have allowed the city to install infrastructure improvements to attract new business.



This summary is one of a four-part series of healthy community success stories, created by the Local Government Commission through funding from The California Endowment. Thank you to Debbie Whitmore (Deputy Director, Development Services Department, City of Turlock Planning Division) for contributing content for this summary.