

TO: James L. App, City Manager  
FROM: Mike Compton, Director of Administrative Services  
SUBJECT: Adoption of AB 1600 - Development Impact Fees  
DATE: February 18, 2003

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Need:

For the City Council to consider approval of a resolution adopting revised development impact fees ("DIFs").

Facts:

1. The City contracted with Revenue & Cost Specialists, LLC, for a comprehensive evaluation of the City's existing DIFs.
2. Revenue & Cost Specialists prepared the *Development Impact Fee Calculation and Nexus Report for the City of Paso Robles, California* (the "Study"), which recommended an increase to the City's DIFs.
3. After considerable public advertisement and notification, the Council held a public workshop on January 16, 2003 to review and discuss the proposed DIFs as identified in the Study.
4. The Council directed staff to return at its regular meeting of February 18, 2003 with an implementing resolution to adopt the proposed DIFs.
5. The February 18, 2003 meeting was noticed and advertised as a formal public hearing.
6. If a resolution is approved on February 18, 2003, the DIFs would become effective sixty (60) days later unless the Council extends the effective date.
7. Per Council's direction, the DIFs have been modified from those proposed in the Study to:
  - Exclude all operating capital with useful life less than six (6) years
  - Re-allocate the cost of the fire training center from 100% new development to 30% for new development
  - Include the "trip length" in the nexus calculation for the traffic mitigation fee as recommended by the consultant per "Appendix C" to the Study, which was subsequently prepared pursuant to the Council's direction .

8. Exhibit A contains a copy of the summary schedule, which lists the development impact fees by category.
9. The DIFs, if adopted by Council, will include automatic annual escalators based upon the "Engineering Construction Index." Additionally, the fees will be formally reviewed every two years or whenever a major Council policy document is updated; i.e. General Plan.

Analysis & Conclusion:

Considerable analysis and review has been undertaken relative to the City's development impact fees. The culmination of this effort was the public workshop held on January 16, 2003. Generally, public feedback was positive and supportive of "fair" fees, although the Home Builders Association (HBA) specifically requested a postponement of the Council's adoption of revised fees.

The HBA is still undecided as to whether or not it understands or is willing to concede to method for the allocation of "proportionality" as used in the Study. The requirement that fees be "proportional" arises out of the *Dolan* court case. This requirement limits the City's ability to collect the full cost of infrastructure required to serve new development. The City can only collect the cost of infrastructure required to serve new development in an amount equal to the community's investment in similar infrastructure.

As prior staff reports have noted, this is why the City may only assess a traffic mitigation fee of \$3,929 while the impact of new development is \$11,087. As with most cities, Paso Robles' DIFs have not kept pace with need. The resulting impact due to proportionality is that the City may only collect 27% or \$108.2 million of the \$388.8 million needed for infrastructure to serve new development per the current General Plan.

The fees contained in the implementing resolution attached herewith for Council consideration reflect two of the three requests of the HBA as noted above in Fact #10 . The impacts are detailed, in the aggregate, for a single-family unit as follows:

Original fee	\$9,728
Removal of operating equipment	( 264)
Fire training center 100% to 30%	-0-
Trip length nexus	331
Adjusted fee	\$9,795
Current fee (estimated)	5,794
Increase	\$4,001

Fiscal

Impact:

Adoption of the DIFs proposed in the Study would generate an estimated \$108 million for infrastructure and equipment (one time) needed to serve new development over the remaining time frame of the General Plan. This \$108 million represents about 27% of the needed resources.

In the aggregate, the total proposed DIFs for all categories for a single-family residential unit is \$9,795 as compared to the existing total DIFs of \$5,794, a difference (increase) of \$4,001. A copy of the summary schedule by category is attached as Exhibit "A."

Options:

- a. Adopt Resolution No. 03-xx implementing new development impact fees (non-utility); or
- b. Amend, modify or reject any of the options above.

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES  
ADOPTING THE *DEVELOPMENT IMPACT FEE CALCULATION AND NEXUS REPORT  
FOR THE CITY OF PASO ROBLES, CALIFORNIA*, AND SUBSEQUENT DOCUMENTATION  
ACCOMPANYING SUCH REPORT AND ESTABLISHING DEVELOPMENT IMPACT FEES  
FOR ALL DEVELOPMENT WITHIN THE CITY OF EL PASO DE ROBLES

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WHEREAS, the City Council decided that it was necessary and desirable to conduct a comprehensive review of the City's development impact fees to determine whether those fees are adequate to defray the cost of public facilities related to the development project; and

WHEREAS, the City contracted with Revenue & Cost Specialists, LLC, for a comprehensive evaluation of the City's existing development impact fees; and

WHEREAS, Revenue & Cost Specialists prepared a report, the *Development Impact Fee Calculation and Nexus Report for the City of Paso Robles, California*, in July of 2002, that recommends an increase to the City's development impact fees and explains the nexus between the imposition of the fee and the estimated reasonable cost of providing the service for which the fee is charged; and

WHEREAS, the *Development Impact Fee Calculation and Nexus Report for the City of Paso Robles, California*, has been available for public review and comment; and

WHEREAS, following the issuance of the *Development Impact Fee Calculation and Nexus Report for the City of Paso Robles, California*, the City held a public workshop and received additional information; and

WHEREAS, Appendix C was subsequently added to the Report to incorporate revised trip-end data, which changed the calculation Revenue & Cost Specialists used to generate its initial recommended level of development impact fees and also changed the recommended level of fees from those recommended in the *Development Impact Fee Calculation and Nexus Report for the City of Paso Robles, California*; and

WHEREAS, both the *Development Impact Fee Calculation and Nexus Report for the City of Paso Robles, California* and Appendix C (collectively the "Report") substantiate the need for an increase in development impact fees amongst nine different categories of services and facilities provided by the City; and

WHEREAS, the City has been imposing various impact fees, including fees for signalization, bridge development, park development, storm drainage, street trees, and public facilities, among others; and

WHEREAS, the City Council desires to adopt new development impact fees, in accordance with the nexus calculations and recommendations in the Report; and

WHEREAS, in compliance with the Mitigation Fee Act (Government Code section 66000 *et seq.*), the City Council held a public meeting on the proposed development input fees on January 16, 2003 and a public hearing to solicit public input on the proposed development impact fees on February 18, 2003;

NOW, THEREFORE THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. Findings pursuant to Government Code section 66001.

The City Council finds and determines that the Report complies with California Government Code section 66001 by establishing the basis for the imposition of fees on new development. This finding is based on the fact that the Report:

- (a) Identifies the purpose of the fee;
- (b) Identifies the use to which the fee will be put;
- (c) Shows a reasonable relationship between the use of the fee and the type of development project on which the fee is imposed;
- (d) Demonstrates a reasonable relationship between the need for the public facilities and the type of development projects on which the fee is imposed; and
- (e) Demonstrates a reasonable relationship between the amount of the fee and the cost of the public facilities or portion of the public facilities attributable to the development on which the fee is imposed.

SECTION 2. Fees for Uses Consistent with the Report.

The City Council hereby determines that the fees collected pursuant to this resolution shall be used to finance the public facilities described or identified in the Report, the Master Facilities Plan or such other public facility master plans as may from time to time be adopted by the City Council.

SECTION 3. Approval of Items in Report.

The City Council has considered the specific project descriptions and cost estimates identified in the Report and hereby approves such project descriptions and cost estimates and finds them reasonable as the basis for calculating and imposing certain development impact fees.

SECTION 4. Consistency with General Plan.

The City Council finds that the projects and fee methodology identified in the Report are consistent with the City's General Plan.

SECTION 5. Differentiation Among Fees.

The City Council finds that the development impact fees recommended in the Report are separate and different from other fees the City may impose as a condition of final map approval, building permit issuance or tentative or parcel map approval pursuant to its authority under the Subdivision Map Act, the Quimby Act, and the City's implementing ordinances, as may be amended from time to time, for, among other projects, the construction of storm drainage, major thoroughfares and bridges and the acquisition of parkland. In no event, however, shall a developer be required to pay for both a fee imposed pursuant to the Subdivision Map Act and/or the Quimby Act and a portion of the development impact fee as specified in Appendix A that would be used to fund the same type of facility as the fee imposed pursuant to the Subdivision Map Act and/or the Quimby Act.

In addition, this resolution shall not be deemed to affect the imposition or collection of the water and sewer connection fees authorized by section 14.04.020 and 14.16.020 of the Municipal Code.

SECTION 6. CEQA Finding.

The adoption of the Report and the development impact fee are categorically exempt from environmental review pursuant to section 15061(b)(3) of the California Environmental Quality Act guidelines. The intent of the Report and development impact fee is to provide one way to fund projects and services that have been identified in environmental analyses of other planning efforts, including the General Plan EIR, and various City master plans, among others.

SECTION 7. Adoption of Report.

The *Development Impact Fee Calculation and Nexus Report for the City of Paso Robles, California*, including the subsequently added Appendix C, is hereby adopted.

SECTION 8. Timing of Fee.

A development impact fee shall be imposed upon the issuance of any development permit and shall be paid prior to issuance of a certificate of occupancy for the project, or at such earlier time as permitted by law, as set forth in Government Code section 66007. A “development permit” means any permit or approval from the City including, but not limited to, subdivision map, revised final planned development, building permit or other permit for construction or reconstruction.

SECTION 9. Amount of Fee.

The City Council hereby approves and adopts the development impact fees as set forth in Appendix A to this resolution, attached hereto and incorporated herein. Appendix A sets forth the aggregate amount imposed as a development impact fee for both residential and non-residential land uses and also sets forth the breakdown of each development impact fee by type of facility or service. The development impact fees set forth in Appendix A are consistent with the Report. The amount of the development impact fee shall be reduced or a credit shall be applied towards the fee in proportion to the monetary cost of any improvements installed that would have been funded by the development impact fee.

The amount of the development impact fees shall be modified annually each July 1 based on the change in the Engineering News Record's construction cost index as reported for the twelve month period ending in April of each year. Further, the City Council shall formally review the development impact fees once every two years, or whenever the City Council updates a major City Council policy document that could have an impact on development impact fees, such as the General Plan.

SECTION 10. Use of fee.

The development impact fees shall be solely used for (1) the purposes described in the Report; (2) reimbursing the city for the development's fair share of those capital improvements already constructed by the City; or (3) reimbursing developers who have already constructed public facilities described in the Report or the Master Facilities Plan or other facility master plans adopted from time to time by the City Council, where those facilities exceeded that needed to mitigate the impacts of the developers' project or projects.

**SECTION 11.** Fee Determination by Type of Use.

**A.** Residential Development.

Development impact fees for residential development shall be based upon the type of unit constructed. The development impact fee categories as shown in Appendix A generally correspond to the City's land use designations in the land use element of the City's general plan, as more specifically explained in Chapter 2 of the Report.

**B.** Nonresidential Land Uses.

Development impact fees for nonresidential land uses shall be based upon the square footage of the building. The development impact fee categories as shown in Appendix A generally correspond to the City's land use designations in the land use element of the City's general plan, as more specifically explained in Chapter 2 of the Report, with the exception of long-term transient lodging. Long-term transient lodging is not a specific land use, but, rather, reflects a changed use from a commercial lodging establishment to a long-term transient use wherein a person resides for thirty (30) continuous days or more.

**C.** Uses Not Specified.

In the event that there are land uses not specified in Appendix A, the development impact fee for such use shall be determined by the City's Director of Administrative Services or his or her designee who shall determine such fee based on an analysis of the public service impacts of the proposed use in relation to other uses shown in Appendix A.

**SECTION 12.** Prior Resolutions and Ordinances Superseded.

The development impact fees approved and adopted by this resolution shall take effect in sixty (60) days and shall supersede previously adopted resolutions that set the amounts of development impact fees, including Resolution No. 2972 with respect to the bridge development impact fee, Resolution No. 93-166 with respect to public facilities development impact fees, Resolution No. 2391 with respect to storm drainage development impact fees, Resolution No. 2347 with respect to signalization, Ordinance No. 411 with respect to park development impact fees and Resolution No. 2385 with respect to street tree development impact fees.

**SECTION 13.** Severability.

If any action, subsection, sentence, clause or phrase of this resolution or the imposition of a development impact fee for any project described in the Report or the application thereof to any person or circumstance shall be held invalid or unconstitutional by a court of competent jurisdiction, such invalidity shall not affect the validity of the remaining portions of this resolution or other fees levied by this resolution that can be given effect without the invalid provisions or application of fees.

**SECTION 14.** Effective Date.

Consistent with California Government Code section 66017(a), the fees adopted by this resolution shall take effect sixty (60) days following the adoption of this resolution by the City Council.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 18<sup>th</sup> day of February 2003 by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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Frank R. Mecham, Mayor

ATTEST:

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Sharilyn M. Ryan, Deputy City Clerk

Attachment:  
Exhibit A: Development Impact Fee Summary



