

TO: James L. App, City Manager
FROM: Mike Compton, Director of Administrative Services
SUBJECT: Annual Development Impact Fee Report
DATE: December 7
, 2004

Needs: To present the annual development impact fee report to the City Council for the fiscal year ended June 30, 2004.

Facts:

1. The City presently imposes the following development impact fees:

- Water Connection Fee

For water meters < 1”

- \$7,734 per multi-family residence (unit)
- \$6,134 per mobile home park space
- \$7,734 per single family residence
- \$7,734 per mobile home subdivision lot
- \$7,734 per commercial unit + \$530 per sub-unit
- \$7,734 per hosp/convalescent unit + \$530 per sub-user
- \$7,734 per motel/hotel unit + \$530 per unit
- \$7,734 per school + \$530 per classroom
- \$7,734 per industrial/manufacturing meter + .19 per sq. ft.

For water meters > ¾”

- 1” \$12,916
- 1.5” \$25,755
- 2” \$41,224
- 3” \$82,525
- 4” \$128,930
- 6” \$257,783
- 8” \$412,468
- 10” \$592,986

- Sewer Connection Fee

- \$4,351 per multi-family residence
- \$4,004 per mobile home park space
- \$4,351 per single family residence
- \$4,351 per mobile home subdivision lot
- \$4,351 per commercial unit
- \$4,351 per hosp/convalescent unit + \$201 per room
- \$4,351 per motel/hotel unit + \$82 per unit
- \$6,148 per school + \$82 per classroom
- \$4,004 per industrial/manufacturing meter + \$47 per 5 employee

- Park Development Impact Fee:

- Estate (1 acre or >) \$2,686

Single Family	2,686
Condominium/Duplex	2,088
Multiple Family	2,324
Mobile Homes	1,684
Assisted Living	-0-
Long-term Transient Lodging	-0-
Commercial Lodging	-0-
RV Parks & Campgrounds	-0-
Retail/Office	-0-
Industrial	-0-

- Storm Drain Development Impact Fee:

Estate (1 acre or >)	\$820	
Single Family	644	
Condominium/Duplex	350	
Multiple Family	212	
Mobile Homes	563	
Assisted Living	286	
Long-term Transient Lodging	192	
Commercial Lodging	128	
RV Parks & Campgrounds	-0-	
Retail/Office	0.15	per square foot
Industrial	0.20	per square foot

- Traffic (streets, signals & bridges) Mitigation Fee:

Estate (1 acre or >)	\$4,520	
Single Family	4,520	
Condominium/Duplex	2,778	
Multiple Family	2,974	
Mobile Homes	2,280	
Assisted Living	865	
Long-term Transient Lodging	2,974	
Commercial Lodging	2,328	
RV Parks & Campgrounds	1,464	
Retail/Office	4.19	per square foot
Industrial	2.25	per square foot

- Public Safety Facilities Impact Fee

Estate (1 acre or >)	\$746	
Single Family	746	
Condominium/Duplex	227	
Multiple Family	633	
Mobile Homes	1,168	
Assisted Living	10,005	
Long-term Transient Lodging	276	
Commercial Lodging	249	
RV Parks & Campgrounds	-0-	
Retail/Office	.33	per square foot
Industrial	.01	per square foot

- General Governmental Facilities Impact Fee:

Estate (1 acre or >)	\$433	
Single Family	433	
Condominium/Duplex	433	
Multiple Family	433	
Mobile Homes	433	
Assisted Living	433	
Long-term Transient Lodging	433	
Commercial Lodging	68	
RV Parks & Campgrounds	-0-	
Retail/Office	.07	per square foot
Industrial	.08	per square foot

- Library and Public Meeting Facilities Impact Fee:

Estate (1 acre or >)	\$1,064
Single Family	1,064
Condominium/Duplex	827
Multiple Family	921
Mobile Homes	666
Assisted Living	-0-
Long-term Transient Lodging	-0-
Commercial Lodging	-0-
RV Parks & Campgrounds	-0-
Retail/Office	-0-
Industrial	-0-

- Aquatics Facilities Impact Fee:

Estate (1 acre or >)	\$1,064
Single Family	1,064
Condominium/Duplex	827
Multiple Family	921
Mobile Homes	666
Assisted Living	-0-
Long-term Transient Lodging	-0-
Commercial Lodging	-0-
RV Parks & Campgrounds	-0-
Retail/Office	-0-
Industrial	-0-

Note: The retail/office and industrial fees were adopted with a phasing component. At March 1, 2005 and 2006, each fee will be increased by \$1.67 and \$0.49, respectively.

2. Development impact fees collected must be spent or committed within five (5) years of collection. The City Council may make findings annually after five (5) years for any funds on-hand that remain unexpended or uncommitted. The findings must identify the purpose for which the funds are to be used and demonstrate a nexus (connection) between the collection of the fee and the purpose for which it is to be used. Otherwise, unexpended or uncommitted fees collected must be returned. The City has relied upon policy documents to fulfill this obligation under the code; e.g. the City's capital Improvement Program, Water Master Plan, etc.

3. A separate fund has been established for each development impact fee to record financial transactions.
4. For the purposes of presentation only, some development impact fees have been consolidated in the comprehensive annual financial report (audit), i.e. specific plan fees.
5. Interest income is allocated to each and every development impact fee fund based upon its proportional share of total invested City cash resources.
6. In certain locations, the City has allowed developers to defer public improvements (saving up-front project costs). In these areas, new development pays specific plan fees at the time of issuance of building permit. The two applicable specific plan areas are:

- Union/46 Specific Plan

Police Equipment	\$ 34 per unit
Fire Equipment	270 per unit
Creston/No. River Signal	397 per unit
Union Road Improvements	1,774 per unit
N. River Road Improvements	1,269 per unit
Golden Hill/Hwy 46 Signal	42 per unit
Golden Hill/Union Signal	36 per unit
Park Site Acq. & Develop.	702 per unit
Off site Water Well	283 per unit
Specific Plan Preparation	<u>129 per unit</u>
Total (assuming all fees apply)	<u>\$4,936 per unit</u>

- Borky Specific Plan

Storm Drainage	\$ 0 – 3,664
Wastewater	79 - 84
Water	185 – 674
Signal BV @ Hwy 46	0 - 200
Collector Extension	0 - 450
Hwy 46 Interchange	2,957 – 4,147
N. River Rd. Upgrade	0 - 260
Contingency	115 - 161
Plan Preparation	0 - 209

The Borkey Specific Plan contains five (5) fee sub-areas and one (1) non-fee sub-area (open space). The fee illustration above simply notes the low to high range of the fee without regard to specific sub-area. Total fees per unit, assuming a permit would be assessed for all fee categories, would range from a low of \$4,228 for sub-area B and a high of \$8,241 for sub-area E.

7. The Borkey Specific Plan fees were reduced by Resolution No. 98-221 adopted 12/15/98 due to the installation by the City of certain improvements to accommodate the development of the North County Cuesta College campus.
8. The Borkey Specific Plan fees were further modified by Resolution No. 02-127 adopted 7/2/02 to accommodate the development of the Paso Robles Hot Springs Resort. Only sub-area A fees were modified by this action.

9. In the case wherein a capital improvement project is funded from two or more development impact fee funds, all expenditures are recorded in a single fund and the appropriate proportional share of each funding source is transferred into this single fund. This methodology provides for the 'capturing' of all project costs in a single account for ease determining the final total cost of the project.

Analysis
and
Conclusion:

An analysis of the annual activity of each development impact fee is provided as follows for the fiscal year ended June 30, 2004. Note that commitments identified towards each fee type represent CIP budget appropriations, including carry-over for the budget period beginning July 1, 2005.

Sewer Development Impact (Connection) Fees

The sewer connection fee was first established in February, 1979 by City Council Resolution No. 2278. The fee is applied to eight (8) specific categories of development. The residential fee was first imposed at \$1,187 per single family residential unit. It was subsequently increased effective July 1, 1986 by 2.2% making the fee \$1,213. and again increased 12/92 by Resolution No. 92-182 to \$2,017 in order to generate sufficient revenues to meet bonded debt obligations for the expansion of the wastewater treatment plant to accommodate new development.

In December 2001, the Council adopted new impact fees based upon a study prepared by Hilton, Farnkopf & Hobson. It was the first time a comprehensive analysis had been undertaken on sewer impact fees. The study identified specific projects that would be required to serve new development and established a fee accordingly.

In October 2002, the Council authorized the refinancing of the 1993 Refunding Sewer Revenue Bonds and the issuance of an additional \$8,000,000 in new money to fund approximately \$4,000,000 in system collection improvements and \$4,000,000 in treatment plant improvements.

The cash balance at June 30, 2004 was \$3,387,553. This cash balance along with the \$8,000,000 in installment revenue lease bond proceeds will provide funding for commitments totaling \$6,642,300 as 7/1/05.

Water Development Impact (Connection) Fees

The water connection fee was established in February, 1979 by City Council Resolution No. 2314. The fee is applied to eight (8) specific categories of development. The residential fee was first imposed at \$799 per single family residential unit. It was subsequently increased effective July 1, 1986 by 2.2% making the fee \$817.

In December 2001, the Council adopted new impact fees based upon a study prepared by Hilton, Farnkopf & Hobson. It was the first time a comprehensive analysis had been undertaken on sewer impact fees. The study identified specific projects that would be required to serve new development and established a fee accordingly.

The cash balance in the fund at June 30, 2004 was \$2,213,574. Commitments against this cash balance include accounts payable in the amount of \$46,374 and capital improvement projects budget appropriations totaling \$13,671,800. The Nacimiento Water Project whose costs are yet

to be determined is not included in the capital projects budget. The commitments, other than Nacimiento Water Project, are multi-year in nature and it is expected, given current development growth, that future revenues will satisfy this obligation. If not, resources from the Water Operations Fund or water revenue bonds would be utilized to eliminate any funding shortfalls. The cash balance at June 30, 2004 in the Water Operations Fund was \$11,688,463.

Signalization Development Impact Fees

Signalization fees were first adopted in September, 1979 by Resolution No. 2347 which established the fee at \$10.50 per average daily traffic trip (ADT). It was subsequently increased by 2.2% in April, 1986 making the fee \$10.70 per ADT.

The cash balance in the fund at June 30, 2004 was \$780,118. Commitments against this cash balance include capital improvement projects budget appropriations totaling \$223,400.

There is no longer a separate “signalization” fee. Under the new impact fee schedule, signalization is included in the “traffic mitigation” fee with streets and bridges. The cash balance noted above is the residual balance.

Bridge Development Impact Fees

The bridge fee was adopted in April, 1981 by Resolution No. 2561 which established the fee at \$2,142 per residential unit and a per acre amount for industrial/commercial development. In conjunction with the construction of the Niblick Bridge, the fee, per Resolution No. 2972 adopted January, 1985, was increased by 2.2% making the fee \$2,189 per residential unit.

The cash balance in the fund at June 30, 2004 was \$3,031,074. This balance and future collections are available for future bridge expansions and/or new bridge construction. Council action on March 6, 2001 allocated \$1.5 million towards 13th Street Bridge Expansion Project.

This fee is distinctly different than the bridge portion of the public facilities development impact fee. However, for ease of public understanding of total residential fees collected for bridges, this fee was consolidated by the Council with the \$811 bridge portion of the public facilities development impact fee for a total fee for bridges of \$3,000.

There is no longer a separate “bridge” fee. Under the new impact fee schedule, bridges are included in the “traffic mitigation” fee with streets and signals. The cash balance noted above is the residual balance.

Park Development Impact Fees

Park fees were originally established by Ordinance No. 411 in May, 1978 at \$498 per lot. The fee was subsequently increased by 2.2% in July, 1986 to \$509 per lot. This fee was modified by the Council on March 3, 2003 via Resolution No. 03-31 as part of the City’s AB 1600 Development Impact Fee Study.

The cash balance in the fund at June 30, 2004 was \$747,689. Appropriations outstanding total \$895,500 that are partially offset by State grant funding for Centennial Park rehabilitation and Sherwood Park improvements totaling \$707,000.

Storm Drainage Development Impact Fees

Storm drainage fees were first imposed in January, 1980 by Resolution No. 2391. Fees were established at \$679 per acre and were subsequently increased by 2.2% effective July 1, 1986. This fee was modified by the Council on March 3, 2003 via Resolution No. 03-31 as part of the City's AB 1600 Development Impact Fee Study.

The cash balance at June 30, 2004 was \$505,092. There were no budgetary currently obligations against this fund at June 30, 2003.

Street Tree Development Impact Fees

This fee was first established in January, 1980 by Resolution No. 2385 at \$137 per interior lot and \$274 per corner lot. It was increased by 2.2% in July, 1986 to be \$140 and \$280, respectively. The City no longer collects this fee.

The cash balance at June 30, 2004 was \$99,521. Currently \$50,000 is committed for street tree replacement. The next phase of street tree replacements will exhaust all available funds.

Public Facilities Development Impact Fees

This fee was established by Resolution No. 93-166 dated October 5, 1993 as a compromise between the existing City Council adopted public policy and the building/development community. Rather than undertake a very expensive AB1600 fee study which may have illustrated the need for a fee increase in excess of \$10,000, the City Council and development community, via the public hearing process, established the fee at \$5,000 with a limit as to how and when it might be increased. The City Council at the request of the building/development did further agree to phase the fee in over a three (3) year period. As adopted, 38% is used for City facilities (city hall/library) and the remaining 62% is for Niblick Bridge II and 13th Street bridge.

In fiscal year 1997, the Council reduced this fee by \$2,500 representing 50% of the total fee. However, given the potential impact upon the City's general fund, the reduction was made to the bridges portion of the fee making the distribution \$1,900 for City public facilities and \$600 for bridges.

During fiscal year 1998, the Council took action to make the combined total of all development impact fees for bridges \$3,000. This was accomplished by restoring \$211 of the suspended portion of the fee making the bridges portion \$811. When combined with the original bridge development fee, \$2,189, the total is \$3,000.

The cash balance at June 30, 2004 was \$2,308,512 and \$1,900,000 has been committed towards the expansion of 13th Street Bridge. There is no longer a public facilities impact fee for bridges. Under the new impact fee schedule, bridges are included in the "traffic mitigation" fee with streets and signals. The cash balance noted above is the residual balance.

Traffic Mitigation Development Impact Fee

This is a newly adopted fee, March 3, 2003 via Resolution No. 03-31 as part of the City's AB 1600 Development Impact Fee Study, combines the former bridge development fee, signalization development fee and a portion of the public facilities development fee.

The cash balance at June 30, 2004 was \$9,049.

Public Safety Development Impact Fee

This is a newly adopted fee, March 3, 2003 via Resolution No. 03-31 as part of the City's AB 1600 Development Impact Fee Study. For purposes of this report, the law enforcement and fire protection equipment balances are combined.

The combined balance at June 30, 2004 was \$595.

Library Expansion Development Impact Fee

This is a newly adopted fee, March 3, 2003 via Resolution No. 03-31 as part of the City's AB 1600 Development Impact Fee Study. Revenues are used to pay debt service on the construction of the existing library facility.

The balance at June 30, 2004 was \$0.

Public Meeting Facility Development Impact Fee

This is a newly adopted fee, March 3, 2003 via Resolution No. 03-31 as part of the City's AB 1600 Development Impact Fee Study, replaces a portion of the former public facilities impact fee. Revenues are used to pay debt service on the construction of the existing city hall/library facility.

The balance at June 30, 2004 was \$0.

Aquatics Facility Development Impact Fee

This is a newly adopted fee, March 3, 2003 via Resolution No. 03-31 as part of the City's AB 1600 Development Impact Fee Study.

The balance at June 30, 2004 was \$0.

Union/46 Specific Plan Fees

When the City adopted the Union/46 Specific Plan in 1988, the environmental impact report (EIR) identified the impacts that would be created by new development in the study area. The building/development community had the option of installing all required infrastructure improvements in conjunction with new development; by establishing an assessment district; or deferring infrastructure costs through payment of an in-lieu specific plan fee. Based upon the desire of the building/development community to minimize the "up-front" costs on development and in order to spread the costs of infrastructure over all of the properties that would benefit from the improvements, a specific plan fee was established.

The cash balance at June 30, 2004 was \$2,801,226 and these funds are totally committed for infrastructure improvements as identified in the adopted specific plan (see attached Exhibit "B"). Council action on March 6, 2001 allocated \$1.5 million towards 13th Street Bridge Expansion Project (Union Road and River Road improvements).

Borkey Specific Plan Fees

In a similar manner to the Union/46 Specific Plan area, when the Borkey Specific Plan was adopted in 1989, an EIR identified the public infrastructure needed to mitigate the impacts of the planned new development. The adopted Specific Plan provided for infrastructure costs to be deferred and spread over all of the parcels in the plan area. The City Council allowed that fees would be collected at the time of issuance of building permits.

The cash balance at June 30, 2004 was \$771,386 and these funds are totally committed for infrastructure improvements as identified in the adopted specific plan (see attached Exhibit "C").

As noted above in the facts section, Borkey fees were modified by the Council by the adoption of Resolution No. 98-122 on December 15, 1998.

Fiscal

Impact:

None.

Options:

- a. Receive and file.
- b. Amend, modify, or reject the above option.

Exhibit "A"

Detail Schedule
of

Development Impact Fee Expenditures

Fiscal Year Ending June 30, 2004

	Fund 220	Fund 221	Fund 222	Fund 223	Fund 224	Fund 225	Fund 228
	Water	Sewer	Aquatic	Library	Public	Union/46	Borkey
	Connections	Connections	Facilities	Expansion	Facilities	Specific Plan	Specific Plan
Beginning Cash Balance 7/1/03	\$ 2,213,574	\$ 3,397,553	\$ -	\$ -	\$ 2,308,512	\$ 2,801,226	\$ 771,386
Revenues - All Sources	1,416,102	1,635,529	44,564	89,723	1,005,364	1,069,786	283,286
Expenditures/Transfers OUT	(363,251)	(1,796,854)		(89,723)	(132,600)	(1,111,959)	
Ending Cash Balance 6/30/04	\$ 3,266,425	\$ 3,236,228	\$ 44,564	\$ -	\$ 3,181,276	\$ 2,759,053	\$ 1,054,672

Upgrade Signal @ 24th & Spring
 Install Traffic Signal @ Creston/Nickelson
 Install Signal @ Niblick & Nicklaus Streets
 Install Signal @ Niblick & Country Club
 Install Signal @ Niblick & High School

Centennial Park Rehab
 Replace Sherwood Park Playground Equipment

Storm Water Management Study
 Robbins Field Drainage Improvements
 Holstein Drainage Improvements

Street Tree Replacement Program

City Hall/Library Debt Service

New Well Installation: #8
 New Well Installation: #9
 New Well Installation: #10
 Install Water Main - Thunderbird to Charolais
 Install Water Main - Creston to Charolais
 Install Water Main - Charolais
 Construct SW Reservoir
 Water Storage Reservoir SE of City
 Re-roof West Sida Reservoir
 Nacimiento Water
 Rehab Royal Oaks Well
 Impact Fee Update
 Lift Station #2 Rehab
 Upgrade Solids Handling Facilities
 Install Ferric Chloride Bulk Tank
 Upgrade Lift Station #17
 Sludge System Upgrade
 Golden Hills Road Sewer Reimbursement
 Templeton Interceptor Upgrads Reaches 2 & 4

Union/46 Park Acquisition

102,831

1,840

226

87,631

26,292

9,437

29,659

75,091

8,751

8,933

7,890

5,680

132,747

1,439,785

75,670

100,915

21,915

6,854

3,287

89,723

132,600

1,111,959

