

TO: James L. App, City Manager
FROM: Jim Throop, Director of Administrative Services
SUBJECT: Annual Development Impact Fee Report
DATE: February 5, 2008

Needs: To present the annual development impact fee report to the City Council for the fiscal year ended June 30, 2007.

Facts:

1. The City presently imposes various development impact fees. The rates applied during fiscal year 2007 are identified as follows (all fees were adjusted 7/1/07 by various inflationary factors):

- Water Connection Fee (including Nacimiento Water)

For water meters < 1”

\$6,681 per multi-family residence (unit)
\$8,426 per mobile home park space
\$8,426 per single family residence
\$8,426 per mobile home subdivision lot
\$8,426 per commercial unit + \$578 per sub-unit
\$8,426 per hosp/convalescent unit + \$578 per sub-user
\$8,426 per motel/hotel unit + \$578 per unit
\$8,426 per school + \$578 per classroom
\$8,426 per industrial/manufacturing meter + .205 per sq. ft.

For water meters > ¾”

1”	\$14,069
1.5”	\$28,055
2”	\$44,905
3”	\$89,894
4”	\$140,444
6”	\$280,804
8”	\$449,303
10”	\$645,941

- Sewer Connection Fee
 - \$4,316 per multi-family residence
 - \$4,756 per mobile home park space
 - \$4,756 per single family residence
 - \$4,756 per mobile home subdivision lot
 - \$4,756 per commercial unit
 - \$4,756 per hosp/convalescent unit + \$219 per room
 - \$4,756 per motel/hotel unit + \$89 per unit
 - \$6,719 per school + \$89 per classroom
 - \$4,756 per industrial/manufacturing meter + \$51 per 5 employee
- Park Development Impact Fee:

Estate (1 acre or >)	\$2,895
Single Family	2,895
Condominium/Duplex	2,250
Multiple Family	2,505
Mobile Homes	1,815
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 >)	\$883	
Single Family	694	
Condominium/Duplex	377	
Multiple Family	228	
Mobile Homes	607	
Assisted Living	309	
Long-term Transient Lodging	207	
Commercial Lodging	138	
RV Parks & Campgrounds	-0-	
Retail/Office	0.22	per square foot
Industrial	0.26	per square foot

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

Estate (1 acre or >)	\$4,872	
Single Family	4,872	
Condominium/Duplex	2,994	
Multiple Family	3,206	
Mobile Homes	2,457	
Assisted Living	933	
Long-term Transient Lodging	3,206	
Commercial Lodging	2,510	
RV Parks & Campgrounds	1,578	
Retail/Office	6.09	per square foot
Industrial	2.88	per square foot

- Public Safety Facilities Impact Fee

Estate (1 acre or >)	\$805	
Single Family	805	
Condominium/Duplex	245	
Multiple Family	683	
Mobile Homes	1,259	
Assisted Living	10,785	
Long-term Transient Lodging	297	
Commercial Lodging	268	
RV Parks & Campgrounds	-0-	
Retail/Office	.52	per square foot
Industrial	.02	per square foot

- General Governmental Facilities Impact Fee:

Estate (1 acre or >)	\$467	
Single Family	467	
Condominium/Duplex	467	
Multiple Family	467	
Mobile Homes	467	
Assisted Living	467	
Long-term Transient Lodging	467	
Commercial Lodging	73	
RV Parks & Campgrounds	-0-	
Retail/Office	.10	per square foot
Industrial	.10	per square foot

- Library and Public Meeting Facilities Impact Fee:

Estate (1 acre or >)	\$1,147	
Single Family	1,147	
Condominium/Duplex	892	
Multiple Family	993	
Mobile Homes	718	
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 >)	\$322	
Single Family	322	
Condominium/Duplex	250	
Multiple Family	279	
Mobile Homes	203	
Assisted Living	-0-	
Long-term Transient Lodging	-0-	
Commercial Lodging	-0-	
RV Parks & Campgrounds	-0-	
Retail/Office	-0-	
Industrial	-0-	

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 remains 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. The City's policy documents fulfill this obligation; 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 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	\$ 37 per unit
Fire Equipment	291 per unit
Creston/No. River Signal	428 per unit
Union Road Improvements	1,912 per unit
N. River Road Improvements	1,368 per unit
Golden Hill/Hwy 46 Signal	45 per unit
Golden Hill/Union Signal	39 per unit
Park Site Acq. & Develop.	757 per unit
Off site Water Well	305 per unit
Specific Plan Preparation	<u>139 per unit</u>
Total (assuming all fees apply)	<u>\$5,321 per unit</u>

- Borkey Specific Plan

Storm Drainage (per acre)	\$ 0 - 3,948
Wastewater (per SF unit)	0 - 85
Water (per SF unit)	0 - 440
Signal BV @ Hwy 46 (per SF unit)	0 - 216
Hwy 46 Interchange (per SF unit)	0 - 3,186
N. River Rd. Upgrade(per SF unit)	0 - 281
Contingency (per SF unit)	0 - 124
Plan Preparation (per SF unit)	71 - 225

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 for single family residential units. Some sub-areas have per acre fees for single family residential units. *For more specific fee information, especially non-residential, the reader is encouraged to contact the Department of Community Development.*

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 facilitate 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 determining the total final cost of the project.

Analysis & Conclusion:

An analysis of the annual activity of each development impact fee is provided for the fiscal year ended June 30, 2007. Note that commitments identified for each fee type represent CIP budget appropriations, including carry-over for the budget period beginning July 1, 2006, the second year of the adopted four year capital projects budget.

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% for a fee of \$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.

In December 2001, the Council adopted new impact fees based upon a study prepared by Hilton, Farnkopf & Hobson. 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, 2007 was \$4,495,670. The current capital improvement projects budget, effective 7/1/07, includes appropriations totaling \$9,540,000.

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% for a fee of \$817.

In December 2001, the Council adopted new impact fees based upon a study prepared by Hilton, Farnkopf & Hobson. The study identified specific projects that would be required to serve new development and established a fee accordingly.

During fiscal year 2005, the Council approved a participation contract for the Nacimiento Water Project. New impact fees were imposed to pay for construction of infrastructure necessary to deliver and treat said water. The Nacimiento Water component is included in the connection fees noted above. However, those portions of the impact fee delivery and treatment of Nacimiento Water are calculated and accounted for separately.

The cash balance in all funds at June 30, 2007 was \$6,450,516. Of this amount, \$642,288 is specifically held for the construction of Nacimiento Water treatment facilities and \$3,290,347 is for delivery facilities. The current capital improvement projects budget, effective 7/1/07, includes appropriations totaling \$20,586,000. Assuming new development does not continue at

historical levels, development impact fee revenues over the next four years will be short of fully funding the projects included in the adopted capital improvement projects budget.

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% for a fee of \$2,189 per residential unit.

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.

The cash balance in the fund at June 30, 2007 was \$83,975. 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.

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, 2007 was \$1,631,128. The current capital improvement projects budget, effective 7/1/07, includes appropriations totaling \$650,000.

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, 2007 was \$377,449. The current capital improvement projects budget, effective 7/1/07, includes appropriations totaling \$566,200. Assuming new development does not continue at historical levels, development impact fee revenues over the next four years may be short of fully funding capital improvement projects.

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 an 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, 2007 was \$1,419,188. 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 fee was adopted 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, 2007 was \$3,307,060.

Public Safety Development Impact Fee

This fee was adopted 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, 2007 was \$990,169 of which \$59,398 is earmarked for police facilities and \$930,771 for fire facilities. The current budget contains no appropriations for said funds.

Library Expansion Development Impact Fee

This fee was adopted 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, 2007 was \$631,937.

Public Meeting Facility Development Impact Fee

This fee was adopted 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, 2007 was \$317,909.

Aquatics Facility Development Impact Fee

This fee was adopted 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, 2007 was \$307,608.

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, 2007 was \$157,998 and these funds are totally committed for infrastructure improvements as identified in the adopted specific plan.

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, 2007 was \$787,050 and these funds are totally committed for infrastructure improvements as identified in the adopted specific plan.

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, 2007

	Fund 211 Public Safety Police	Fund 212 Public Safety Fire	Fund 213 Traffic Mitigation	Fund 214 Signalization	Fund 215 Bridges	Fund 216 Park Development	Fund 217 Storm Drainage	Fund 218 Street Trees
Beginning Cash Balance 7/1/06	26,640	668,627	2,773,271	-	80,098	1,379,884	310,856	-
Revenues - All Sources	32,758	262,144	3,157,628		3,877	1,451,480	211,655	1,800
Revenue Transfers IN			183,673	183,673				
Balance Sheet Transactions			(622,784)			(262,068)	(9,939)	
Expenditures			(457,475)			(938,168)	(135,123)	
Expenditure Transfers OUT			(1,727,253)	(183,673)				(1,800)
Ending Cash Balance 6/30/07	\$ 59,398	\$ 930,771	\$ 3,307,060	\$ 0	\$ 83,975	\$ 1,631,128	\$ 377,449	\$ -
Install Signal @ 24th & Vine Streets			146,007			938,168		
Creston Road Phase III/IV			16,444					
Creston/Lana Roundabout Design			28,272				135,123	
Charolais/River Road Roundabout Design			209,290					
Hwy 101/46W PAED			57,462					
Re-align 4th and Pine								
Rehab Union Road								
Cuesta College Street Lights								
13th Street Widening Project								
North River Road PDR								
Centennial Park Rehab								
Centennial Park Renovation								
Storm Drain Master Plan								
Developer Reimbursements								
New Well Installation: #9								
Install Water Main - Thunderbird to Charolais								
Fire Flow Improvements SW of City								
Relocate Master Plan								
Relocate Booster Station & Telemetry								
Construct Westside Reservoir								
Water Reservoir Siting								
Impact Fee Update Study								
Install Main in S. River Road								
Developer Improvement Reimbursements								
Water & Sewer Special Studies								
Water Storage Reservoir SE of City								
Sherwood Well Treatment								
Acimientio Water								
Macimintio Water Treatment Plant								
Upgrade Solids Handling Facilities								
Upgrade Lift Station #9								
Lift Station #4 Upgrade								
Wempleton Interceptor Upgrades Reaches								
TOTAL	\$ -	\$ -	\$ 457,475	\$ -	\$ -	\$ 938,168	\$ 135,123	\$ -

Note: Line item expenses are NOT adjusted for accounts payable items (non-cash transactions)

Exhibit "A"
Detail Schedule of
Development Impact Fee Expenditures

Fiscal Year Ending June 30, 2007

	Fund 219 Public Meeting Fac.	Fund 220 Water Connections	Fund 221 Sewer Connections	Fund 222 Aquatic Facilities	Fund 223 Library Expansion	Fund 224 Public Facilities	Fund 225 Union/46 Specific Plan	Fund 226 Nacimiento Water Project
Beginning Cash Balance 7/1/06	-	19,729	3,767,389	233,473	-	1,345,307	3,150,635	2,555,168
Revenues - All Sources	84,630	4,592,747	782,374	74,135	143,416	87,181	144,985	720,195
Revenue Transfers IN	316,193	279,280	77,955		616,407			
Balance Sheet Transactions		(1,536,001)	52,541				(376)	14,984
Expenditures		(3,076,475)	(184,589)				(2,023,835)	
Expenditure Transfers OUT	(82,914)				(127,886)	(13,300)	(1,113,411)	
Ending Cash Balance 6/30/07	\$ 317,909	\$ 279,280	\$ 4,495,670	\$ 307,608	\$ 631,937	\$ 1,419,188	\$ 157,998	\$ 3,290,347
Install Signal @ 24th & Vine Streets								
Creston Road Phase III/IV								
Creston/Lana Roundabout Design								
Charolais/River Road Roundabout Design								
Hwy 101/46W PAED								
Re-align 4th and Pine								
Rehab Union Road								
Cuesta College Street Lights								
13th Street Widening Project								
North River Road PDR							1,993,307	
Antennial Park Rehab								
Riverwood Park Renovation								
Storm Drain Master Plan								
Developer Reimbursements								
New Well Installation: #9								
Install Water Main - Thunderbird to Charolais		356,351						
Fire Flow Improvements SW of City								
Update Master Plan								
Relocate Booster Station & Telemetry		15,588						
Construct Westside Reservoir		797,676						
Water Reservoir Siting								
Impact Fee Update Study								
Install Main in S. River Road		9,136						
Developer Improvement Reimbursements			41,700					
Water & Sewer Special Studies		7,846						
Water Storage Reservoir SE of City								
Riverwood Well Treatment		154,269						
Nacimiento Water		1,735,609						
Nacimiento Water Treatment Plant								
Upgrade Solids Handling Facilities								
Grade Lift Station #9			32,687					
Lift Station #4 Upgrade			1,275					
Completon Interceptor Upgrades Reaches			108,927					
TOTAL	\$ -	\$ 3,076,475	\$ 184,589	\$ -	\$ -	\$ -	\$ 2,023,835	\$ -

30528

Note: Line item expenses are NOT adjusted for accounts payable items (non-cash transactions)

Exhibit "A"
Detail Schedule of
Development Impact Fee Expenditures

Fiscal Year Ending June 30, 2007

	Fund 228	229	231
	Borkey	Naclimiento	City Hall/
	Specific Plan	Water Treatment	Gen Govt Bldg
	647,946	503,902	2,298,984
	228,282	140,497	228,315
		25,501	222,117
		(27,612)	6,965,401
	(89,178)		(8,091,081)
Ending Cash Balance 6/30/07	\$ 787,050	\$ 642,288	\$ 1,623,736

Install Signal @ 24th & Vine Streets
 Creston Road Phase III/IV
 Creston/Lana Roundabout Design
 Charolais/River Road Roundabout Design
 Hwy 101/46W PAED
 Re-align 4th and Pine
 Rehab Union Road
 Cuesta College Street Lights
 13th Street Widening Project
 North River Road PDR

30,000

Antennial Park Rehab
 Sherwood Park Renovation
 Storm Drain Master Plan
 Developer Reimbursements
 New Well Installation: #9
 Install Water Main - Thunderbird to Charolais
 Fire Flow Improvements SW of City
 Update Master Plan
 Relocate Booster Station & Telemetry
 Construct Westside Reservoir
 Water Reservoir Siting
 Impact Fee Update Study
 Install Main in S. River Road
 Developer Improvement Reimbursements
 Water & Sewer Special Studies
 Water Storage Reservoir SE of City
 Sherwood Well Treatment
 Naclimiento Water
 Naclimiento Water Treatment Plant
 Upgrade Solids Handling Facilities
 Upgrade Lift Station #9
 Lift Station #4 Upgrade
 Completion Interceptor Upgrades Reaches

27612

	\$ 30,000	\$ 27,612	\$ -
TOTAL	\$ 30,000	\$ 27,612	\$ -

Note: Line item expenses are NOT adjusted for accounts payable items (non-cash transactions)