

TO: James L. App, City Manager

FROM: Ron Whisenand, Community Development Director

SUBJECT: Development Impact Fees

DATE: December 7, 2010

Needs: City Council consider reviewing development impact fees.

Facts:

1. The General Plan and Council goals establish public facility standards, objectives, and requirements to offset the impacts of, and serve, development through 2025.
2. Development's impacts may be offset by payment of impact fees that fund a (proportionate) share of the costs for public facilities.
3. The City of Paso Robles has had some form of development impact fees since 1978; however, the City's first comprehensive development impact fee program was not adopted until 2003. Even then, the fees were implemented in stages over a number of years.
4. Impact fees help finance significant improvements to infrastructure within the City that offset the impacts of, and serve new development.
5. In 2006, the fee program was updated, and then amended in 2009. Another update is underway (in conjunction with an update of the General Plan's Circulation Element).
6. Pre-requisite to any update of development impact fees is confirmation of needed public facilities (based upon General Plan standards, infrastructure master plans, environmental analysis, and Council goals).
7. Once a Public Facility Needs List is established, cost estimates are prepared. New development's proportionate share and fees are calculated.
8. The current Facility Needs List includes:
 - Police
 - Library
 - Drainage
 - Transportation
 - Bike and Pedestrian
 - Emergency Services
 - Parks and Recreation
 - General Government

9. In 2009, the Council removed a performing arts center and an aquatics center from the Needs List thereby reducing impact fees by over \$3,000 for a single-family residence.

Analysis &

Conclusion:

The 2003 General Plan maintains that new development mitigate a fair share of the impacts it creates.

The 2006 Economic Strategy provides that public support for (economic) development:

“ . . . should be evaluated on . . . long-term benefits and impact on the whole community, not on short-term job or revenue increases. Public investment should be equitable and targeted, support environmental and social goals, and prioritize infrastructure and supportive services that promote the vitality of all local enterprises instead of individual firms.”

City Council goals require that new development be fiscally neutral.

A temporary reduction in development impact fees, without a plan for recovery of lost revenues, would reduce collections to fund development-serving infrastructure thereby failing to mitigate impacts of new development. As a result, the public would have to subsidize, and/or abide, the unmitigated impacts of new development. Such an outcome is in conflict with City policies and Council goals.

In 2009, the City Council re-evaluated its public facility standards and goals. Two major projects were determined non-essential and eliminated. Their elimination resulted in a \$3,000 per residential unit impact fee decrease. The Council could again review the public facilities list to confirm priority facilities. Facilities eliminated from the Needs List (if any) could result in lower development impact fees (as in 2009).

Accordingly, the Council could form an ad hoc committee to review the Facility Needs List with a focus on discretionary standards and goals including:

- Government facilities
- Open space and parkland
- The storm drain master plan
- The bikeway master plan

Policy

Reference:

2003 General Plan (G.P.); 2006 Economic Strategy (E.S.); and 2009 City Council Goals (C.G.):

- *“Strive to ensure that City services and facilities are maintained at current levels and/or in accordance with adopted standards”. (G. P.-Goal 4)*
- *“Requiring new development to mitigate a fair share of the impact created by the development.” (G.P.-Policy CE-1Aj)*
- *“Use development impact fees to fund any needed improvements. (G.P.-Action Item No. 9)*

- *“Establish stable long-term funding for infrastructure.”* (E.S.)
- *“Maintain fiscal neutrality and stability”* (C.G.)
- *“Live within our means”* (C.G.)

Fiscal

Impact:

Development impact fees aid in offsetting the infrastructure impacts of new development. Failure to collect adopted fees will diminish funds needed to build infrastructure. Consequently, needed infrastructure will be (a) done without, (b) delayed and built later if/when sufficient funds become available, and/or (c) subsidized by the public.

Options:

- Receive and file report
- Form an ad hoc committee to review the AB 1600 Facility Needs List and related policies.
- Direct the Amendment of the General Plan, Economic Strategy and Council Goals to provide for, and then determine, temporary fee reduction and means to offset related impacts
- Amend, modify or reject the above option.

Attachments:

Current Development Impact Fees (by Category)
Current D.I.F. Category Facility Lists

Exhibit "A" - Resolution 09-131

Development Impact Fees Summary

July 1, 2010

Construction Type	Transportation	Westside Drainage	Bike and Pedestrian Path	Police	Fire	General Governmental	Park and Recreation	Library	Total
Single Family - East Side of Salinas River	\$9,472	No Fee	\$547	\$71	\$848	\$4,004	\$4,058	\$1,106	\$20,106
Single Family - West Side of Salinas River	\$4,715	\$1,936	\$547	\$71	\$848	\$4,004	\$4,058	\$1,106	\$17,285
Multiple Family - East Side of Salinas	\$7,577	No Fee	\$480	\$83	\$742	\$3,507	\$3,554	\$971	\$16,914
Multiple Family - West Side of Salinas	\$3,773	\$954	\$480	\$83	\$742	\$3,507	\$3,554	\$971	\$14,064
Assisted Living Units - East Side of Salinas	\$2,122	No Fee	No Fee	\$84	\$12,192	\$3,560	No Fee	No Fee	\$17,958
Assisted Living Units - West Side of Salinas River	\$1,154	\$968	No Fee	\$84	\$12,192	\$3,560	No Fee	No Fee	\$17,958
Commercial Lodging Motel/Hotel - East Side of Salinas	\$2,476	No Fee	No Fee	\$84	\$399	\$83	No Fee	No Fee	\$3,042
Commercial Lodging Motel/Hotel - West Side of Salinas River	\$2,476	No Fee	No Fee	\$84	\$399	\$83	No Fee	No Fee	\$3,042
Parks & Campgrounds - East Side of Salinas	\$2,065	No Fee	No Fee	\$84	\$399	\$83	No Fee	No Fee	\$2,631
RV Parks & Campgrounds - West Side of Salinas River	\$2,065	No Fee	No Fee	\$84	\$399	\$83	No Fee	No Fee	\$2,631
Commercial per sq. ft. - East Side of Salinas	\$7.96	No Fee	NA	\$0.05	\$0.53	\$0.41	NA	NA	\$8.95
Commercial per sq. ft. - West Side of Salinas River	\$6.64	\$1.32	NA	\$0.05	\$0.53	\$0.41	NA	NA	\$8.95
Industrial per sq. ft. - East Side of Salinas	\$4.00	No Fee	NA	\$0.02	\$0.05	\$0.12	NA	NA	\$4.19
Industrial per sq. ft. - West Side of Salinas River	\$3.13	\$0.87	NA	\$0.02	\$0.05	\$0.12	NA	NA	\$4.19

NOTES:

Multiple Family includes Condominium, Duplex, and Mobile Homes

The following uses are allowed in commercial zones under Conditional Use Permits.

Buildings constructed for these uses shall be considered Industrial for the purposes of Development Impact Fees.

Recycling
 Wholesale and Storage
 Mini-Storage
 Warehousing
 Manufacturing and Processing, including:
 Apparel, Chemical Products, Electrical Equipment, Food and Kindred Products, Furniture and Fixtures,
 Glass Products, Cabinet Shops, Prefabricated Walls and Tussets, Machinery, Metal Fabrication, Mobile Home Manufacturing
 Paper Products, Plastics, Fiberglass, Rubber, Jewelry, Stone, Structural Clay and Pottery, Testing Laboratories

Increase for ENR July 2010

1.50%

TABLE 2
DEVELOPMENT IMPACT FEE PROGRAM
CITY OF PASO ROBLES
PUBLIC FACILITIES NEEDS LIST THROUGH 2025

Facility Name		{1}	{2}	{3}	{4}	{5}	
		Total Cost for Facility	Off-setting Revenues	Net Cost to City	Percent of cost allocated to new development	Cost allocated to new development	
A. TRANSPORTATION							
CITY-WIDE FACILITIES							
1	Vine Street - 1st Street to Highway 46W	\$1,000,000	\$0	\$1,000,000	39.41%	\$394,121	
2	4th Street Underpass	\$12,000,000	\$0	\$12,000,000	39.41%	\$4,729,446	
3	24th Street over Railroad	\$16,000,000	\$0	\$16,000,000	39.41%	\$6,305,928	
4	Highway 46West - Highway 101	\$50,000,000	\$0	\$50,000,000	39.41%	\$19,706,025	
5	Highway 101/46East-Dual Left- 16th Street Ramps	\$9,000,000	\$0	\$9,000,000	39.41%	\$3,547,085	
6	Highway 46East - Golden Hill Road	\$2,500,000	\$0	\$2,500,000	39.41%	\$985,301	
7	Airport Road - Highway 46 to Airport Entrance	\$9,700,000	\$0	\$9,700,000	39.41%	\$3,822,969	
8	Dry Creek Road - Airport Rd to Aero Tech Way	\$8,000,000	\$0	\$8,000,000	39.41%	\$3,152,964	
9	Dry Creek Road over Huer Huero	\$14,000,000	\$0	\$14,000,000	39.41%	\$5,517,687	
10	Revenues not yet Committed		\$1,113,120 [1]				
TOTAL - CITY WIDE FACILITIES		\$122,200,000	\$1,113,120	\$121,086,880	39.41%	\$47,722,823	
EAST OF SALINAS RIVER FACILITIES							
1. Intersection Improvements							
1	Niblick Road	South River Road	\$720,000	\$0	\$720,000	45.15%	\$325,071
2	Creston Road	Meadowlark Road	\$300,000	\$0	\$300,000	45.15%	\$135,446
3	Union Road	Golden Hill Road	\$1,500,000	\$0	\$1,500,000	45.15%	\$677,232
4	Creston Road	Lana Street	\$1,000,000	\$0	\$1,000,000	45.15%	\$451,488
5	Charolais Road	South River Road	\$1,000,000	\$0	\$1,000,000	45.15%	\$451,488
6	Charolais Road	Rambouillet Road	\$300,000	\$0	\$300,000	45.15%	\$135,446
7	Creston Road	Niblick Road	\$1,500,000	\$0	\$1,500,000	45.15%	\$677,232
8	Golden Hill Road	Rolling Hills Road	\$1,000,000	\$0	\$1,000,000	45.15%	\$451,488
9	Golden Hill Road	Gilead Lane	\$1,000,000	\$0	\$1,000,000	45.15%	\$451,488
10	LED crosswalks at various locations		\$500,000	\$0	\$500,000	45.15%	\$225,744
Subtotal East of Salinas River Intersection Improvements		\$8,820,000	\$0	\$8,820,000	45.15%	\$3,982,125	
2. Road Improvements/Widenings							
1	Southern Salinas River Crossing		\$41,000,000	\$0	\$41,000,000	45.15%	\$18,511,010
2	North River Road - Navajo Ave to Creston Road		\$4,100,000	\$0	\$4,100,000	45.15%	\$1,851,101
3	Creston Road - River Road to Lana Street		\$25,000,000	\$0	\$25,000,000	45.15%	\$11,287,201
4	Union Road - Golden Hill Road to East City Limits		\$2,600,000	\$0	\$2,600,000	45.15%	\$1,173,869
5	Union Road - Kleck Road to Golden Hill Road		\$5,500,000	\$0	\$5,500,000	45.15%	\$2,483,184
6	Golden Hill Road - Gilead Lane to Union Road		\$1,000,000	\$0	\$1,000,000	45.15%	\$451,488
7	City-wide Traffic Calming Master Plan		\$500,000	\$0	\$500,000	45.15%	\$225,744
Subtotal Road Improvements/Widenings		\$79,700,000	\$0	\$79,700,000	45.15%	\$35,983,597	
TOTAL EAST OF SALINAS RIVER FACILITIES		\$88,520,000	\$0	\$88,520,000	45.15%	\$39,965,721	
WEST OF SALINAS RIVER FACILITIES							
1. Intersection Improvements							
1	Spring Street	16th Street	\$300,000	\$0	\$300,000	30.12%	\$90,356
2	Spring Street	21st Street	\$300,000	\$0	\$300,000	30.12%	\$90,356
3	Riverside Avenue	16th Street	\$300,000	\$0	\$300,000	30.12%	\$90,356
4	Spring Street	4th Street	\$300,000	\$0	\$300,000	30.12%	\$90,356
5	24th Street	Mountain Springs Road	\$1,000,000	\$0	\$1,000,000	30.12%	\$301,188
6	10th Street	Spring Street	\$100,000	\$0	\$100,000	30.12%	\$30,119
Subtotal Intersection Improvements		\$2,300,000	\$0	\$2,300,000	30.12%	\$692,732	

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	{1}	{2}	{3}	{4}	{5}
Facility Name	Total Cost for Facility	Off-setting Revenues	Net Cost to City	Percent of cost allocated to new development	Cost allocated to new development
2. Road Improvements/Widenings					
1 Vine Street - 32nd Street to 36th Street	\$700,000	\$0	\$700,000	30.12%	\$210,831
2 24th Street - Vine Street to West City Limits	\$1,000,000	\$0	\$1,000,000	30.12%	\$301,188
Subtotal Improvements/Widenings	\$1,700,000	\$0	\$1,700,000	30.12%	\$512,019
TOTAL WEST OF SALINAS RIVER	\$4,000,000	\$0	\$4,000,000	30.12%	\$1,204,751
TOTAL TRANSPORTATION	\$214,720,000	\$1,113,120	\$213,606,880	41.62%	\$88,893,295
B. DRAINAGE FACILITIES					
1 4th Street - Spring Street Crossing	\$500,000	\$0	\$500,000	36.66%	\$183,288
2 Downtown SD System Improvements (new drain inlets and pipelines)	\$2,000,000	\$0	\$2,000,000	36.66%	\$733,153
3 Pacific Ave. SD Improvements	\$500,000	\$0	\$500,000	36.66%	\$183,288
4 Mountain Springs Road SD Improvements	\$600,000	\$0	\$600,000	36.66%	\$219,946
5 17th Street and Locust SD Improvements	\$500,000	\$0	\$500,000	36.66%	\$183,288
6 21st Street/Villa SD Improvements	\$500,000	\$0	\$500,000	36.66%	\$183,288
7 7th Street, Spring Street / Southern	\$600,000	\$0	\$600,000	36.66%	\$219,946
8 7th Street, Olive Street/Spring Street	\$500,000	\$0	\$500,000	36.66%	\$183,288
9 S/o 13th Street, Southern Pacific	\$800,000	\$0	\$800,000	36.66%	\$293,261
10 S/o 13th Street, Spring & 12th/Southern	\$900,000	\$0	\$900,000	36.66%	\$329,919
11 S/o 13th Street, 12th - from Chestnut/Spring	\$800,000	\$0	\$800,000	36.66%	\$293,261
12 N/o 13th St., along 15th St. - Spring/Salinas River	\$900,000	\$0	\$900,000	36.66%	\$329,919
13 N/o 13th St., along 14th - Vine/Spring, Spring -15th	\$500,000	\$0	\$500,000	36.66%	\$183,288
14 Along 21st St., Spring to the Salinas River	\$3,000,000	\$0	\$3,000,000	36.66%	\$1,099,730
15 Vine Street/Spring Street, 23rd, Oak and 22nd	\$1,000,000	\$0	\$1,000,000	36.66%	\$366,577
16 Spring Street, 32nd Street/36th Street	\$800,000	\$0	\$800,000	36.66%	\$293,261
17 Spring Street, 28th Street/32nd Street	\$600,000	\$0	\$600,000	36.66%	\$219,946
18 Storm Drainage Master Plan	\$350,000	\$0	\$350,000	36.66%	\$128,302
TOTAL DRAINAGE FACILITIES	\$15,350,000	\$0	\$15,350,000	36.66%	\$5,626,950
C. BIKE AND PEDESTRIAN PATH FACILITIES					
1 Creston Road from Lana Street to Charolais Road	\$100,000	\$0	\$100,000	51.94%	\$51,940
2 Charolais Road from South River Road to 300' East of South	\$23,400	\$0	\$23,400	51.94%	\$12,154
3 St. Ann Drive from North along Creek to Toward Snead Street	\$2,000	\$0	\$2,000	51.94%	\$1,039
4 Vine Street from 1st Street to 4th Street	\$52,800	\$0	\$52,800	51.94%	\$27,424
5 16th Street from Riverside Avenue to Vine Street	\$30,000	\$0	\$30,000	51.94%	\$15,582
6 10th Street from Riverside Avenue to Vine Street	\$10,000	\$0	\$10,000	51.94%	\$5,194
7 Connection between Creekside Bike Path and Tract 1771	\$82,400	\$0	\$82,400	51.94%	\$42,799
8 Southeast Corner of Snead Street and Rambouillet Road	\$41,200	\$0	\$41,200	51.94%	\$21,399
9 South Vine Street from Hwy 46 West to 1st Street	\$475,200	\$0	\$475,200	51.94%	\$246,819
10 Airport Road from Linne Road to Meadowlark Road	\$132,000	\$0	\$132,000	51.94%	\$68,561
11 Airport Road from Tower Road to Hwy 46 East	\$375,000	\$0	\$375,000	51.94%	\$194,775
12 Dry Creek Road from Airport Road to Aerotch Center Way	\$145,000	\$0	\$145,000	51.94%	\$75,313
13 Tower Road from Airport Road to Jardine Road	\$280,500	\$0	\$280,500	51.94%	\$145,692
14 Union/46 Specific Plan	\$535,400	\$0	\$535,400	51.94%	\$278,087
15 Dallons Drive from Buena Vista Road to Golden Hill Road	\$617,800	\$0	\$617,800	51.94%	\$320,885
16 City-wide Stripping and Signing along Bike Routes	\$20,000	\$0	\$20,000	51.94%	\$10,388
17 Golden Hill Road from Dallons Drive to HWY 46 East	\$52,800	\$0	\$52,800	51.94%	\$27,424
18 Fairgrounds Perimeter 24th Street Riverside Avenue	\$400,000	\$0	\$400,000	51.94%	\$207,760
19 South River Road Creston Road to Niblick Road	\$2,000,000	\$0	\$2,000,000	51.94%	\$1,038,800
TOTAL BIKE AND PEDESTRIAN PATH FACILITIES	\$5,375,500	\$0	\$5,375,500	51.94%	\$2,792,014

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PUBLIC FACILITIES NEEDS LIST THROUGH 2025**

	{1}	{2}	{3}	{4}	{5}
Facility Name	Total Cost for Facility	Off-setting Revenues	Net Cost to City	Percent of cost allocated to new development	Cost allocated to new development
D. PUBLIC SAFETY FACILITIES					
1. Police Facilities					
1 Patrol/Detective/Specialty Vehicles	\$420,900	\$0	\$420,900	100.00%	\$420,900
2 Assigned (Additional) Officer Equipment	\$100,200	\$0	\$100,200	89.74%	\$89,919
3 Computers and Communication Equipment	\$225,000	\$0	\$225,000	100.00%	\$225,000
4 Multi-channel Portable Radios	\$36,000	\$0	\$36,000	39.26%	\$14,134
<i>subtotal</i>	\$782,100	\$24,667	\$757,433	95.76%	\$725,321
2. Fire Facilities					
1 Station (3,200 SF Apparatus Bay/3,460 SF Living Quarters)	\$4,422,500	\$0	\$4,422,500	100.00%	\$4,422,500
2 Fire Training Facility - Project No. FD-04	\$5,069,700	\$0	\$5,069,700	38.96%	\$1,975,009
3 Fire Fighter Equipment	\$159,500	\$0	\$159,500	38.96%	\$62,137
4 Ladder Truck	\$350,000	\$0	\$350,000	77.91%	\$272,700
5 Type I Fire Engine	\$375,000	\$0	\$375,000	77.91%	\$292,178
<i>subtotal</i>	\$10,376,700	\$617,543	\$9,759,157	65.65%	\$6,406,955
TOTAL PUBLIC SAFETY FACILITIES	\$11,158,800	\$642,210	\$10,516,590	67.82%	\$7,132,276
E. GENERAL GOVERNMENT FACILITIES					
1 City Hall - Project No. GF-01	\$27,430,500	\$679,570	\$26,750,930	51.65%	\$13,815,787
2 Public Use Facility - Project No. CC-01	\$3,085,000	\$1,069,540	\$2,015,460	38.96%	\$785,165
4 300 Space Parking Structure -1000 Spring St.	\$11,044,400	\$0	\$11,044,400	100.00%	\$11,044,400
5 Replace City Yard - Project No. GF-03	\$4,634,200	\$0	\$4,634,200	100.00%	\$4,634,200
TOTAL GENERAL GOVERNMENT FACILITIES	\$46,194,100	\$1,749,110	\$44,444,990	68.13%	\$30,279,552
F. PARK AND RECREATION FACILITIES					
1 Centennial Park Improvements	\$1,000,000	\$0	\$1,000,000	80.78%	\$807,800
2 Sherwood Park Land Improvements	\$10,000,000	\$0	\$10,000,000	80.78%	\$8,078,000
3 Salinas Corridor Open Space Land Acquisition 71 ac	\$9,700,000	\$0	\$9,700,000	80.78%	\$7,835,660
4 Salinas Corridor Open Space Land Improvements 15 ac	\$497,400	\$0	\$497,400	80.78%	\$401,800
5 Montebello Park Land Acquisition 3 ac	\$750,000	\$0	\$750,000	80.78%	\$605,850
6 Montebello Park Land Improvements 10 ac	\$4,250,000	\$0	\$4,250,000	80.78%	\$3,433,150
7 Aquatic Facility	\$1,071,698	\$219,344	\$852,354	80.78%	\$688,532
8 Park Development Revenues not yet Committed		\$216,697			
TOTAL PARKS AND RECREATION FACILITIES	\$27,269,098	\$436,041	\$26,833,058	80.78%	\$21,850,792
G. LIBRARY FACILITIES					
1 Remodel Exsisting Library Upstairs	\$4,200,000	\$4,508	\$4,195,492	100.00%	\$4,195,492
2 Library Books	\$1,196,000	\$0	\$1,196,000	100.00%	\$1,196,000
3 Library Study Center	\$250,000	\$0	\$250,000	100.00%	\$250,000
TOTAL LIBRARY FACILITIES	\$5,646,000	\$4,508	\$5,641,492	100.00%	\$5,641,492

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	{1}	{2}	{3}	{4}	{5}
Facility Name	Total Cost for Facility	Off-setting Revenues	Net Cost to City	Percent of cost allocated to new development	Cost allocated to new development
Total all Facilities	\$325,713,498	\$3,944,989	\$321,768,509	50.41%	\$162,216,371

[1] Includes: Traffic Mitigation Total of \$1,051,368 and Bridge Development Total of \$79,752