

TO: James L. App, City Manager
FROM: Ron Whisenand, Community Development Director
SUBJECT: Development Impact Fees
DATE: February 15, 2011

Needs: For the City Council to consider a temporary waiver of certain development impact fees in order to stimulate building construction activity.

Facts:

1. The General Plan and Council goals establish public facility standards, objectives, and requirements to offset the impacts of, and serve, development.
2. The development impact fee program is intended to help pay for public facilities needed to serve the community. The facilities Needs List is based upon General Plan standards, infrastructure master plans, environmental analysis, and Council goals. It also projects costs for those facilities.
3. Development's impacts may be offset by payment of impact fees that fund a proportionate share of the costs for needed public facilities.
4. A comprehensive update of the development impact fee program is underway. On December 7, 2010, the Council formed an AB 1600 ad hoc committee to study policies associated with the program, facility needs, and identify possible modifications.
5. On February 1, 2011, Council directed that the ad hoc committee meet and bring back a proposal to temporarily waive some development impact fees, subject to certain parameters, for consideration at the full Council's meeting of February 15.

**Analysis &
Conclusion:**

At its meeting of February 1, 2011, Council requested that the ad hoc committee meet and bring back a proposal for a temporary waiver of some impact fees under the premise that reducing fees may spur construction, and that construction activity will translate to local jobs and retail commerce.

While fee relief is intended to benefit the local economy, there is no assurance that local taxpayers would actually receive the hoped-for benefits. That would only occur if builders only hired Paso Robles for their construction jobs and only purchased building materials in Paso Robles. If such promises could be enforced, one could argue a Paso Robles benefit (although it is not known whether any local benefit would offset the amount of fee relief granted). Unfortunately, however, the City cannot require local hiring or purchasing, so no means is available to ensure a local benefit.

Regardless, should development impact fee relief be considered, the City Council had previously excluded water and sewer connection fees, as well as transportation impact

fees from any waiver. The transportation fee exclusion is essential because those fees are in direct response to required mitigations of traffic impacts associated with new development. The entitlements associated with new development are predicated upon mitigation of traffic impacts.

Non-residential impact fees are predominantly for transportation, so a temporary reduction excluding transportation impact fees would have little impact on the cost of those permits. The scope and costs of non-residential permits can vary widely. For these reasons the ad hoc committee recommends that a temporary fee waiver not include non-residential permits.

The proposed waiver would apply to the first 50 residential units permitted in calendar year 2011. In order to qualify for the waiver, the units must pass final inspection within one year of notification of an approved building permit. The waiver will be retroactive to January 1, 2011, so that any residential unit permitted since the beginning of the year is eligible to receive the waiver if the project is complete within one year of issuance of its permit.

Policy

Reference: 2003 General Plan (G.P.); 2006 Economic Strategy (E.S.); and 2009 City Council Goals (C.G.); Government Code section 66000 *et seq.*

- *"Strive to ensure that City services and facilities are maintained at current levels and/or in accordance with adopted standards". (G. P.-Goal 4)*
- *" . . . 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." (Economic Strategy)*
- *"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." (Economic Strategy)*
- *"Maintain fiscal neutrality and stability" (Council Goals)*
- *"Live within our means" (Council Goals)*

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 not be built and/or subsidized by the general public.

A waiver of impact fees (excepting transportation, sewer and water) on 50 single family units on the east side of the Salinas River would cost \$10,634 per residential unit for a total of \$531,700. Loss of impact fee revenue will undermine fund balances for parks, government facilities, library, police equipment and emergency services facilities. These facilities have no alternative source of revenue outside the General Fund.

- Options:**
- a. Adopt attached Resolution 11-xxx providing for a temporary waiver of certain development impact fees, excepting fees for transportation, water and sewer, for a maximum of 50 residential units for which permits are issued in 2011 AND which are completed within one year of notification that permit is ready to be issued.
 - b. Amend, modify or reject the above option.

Attachments:

- (1) Current Development Impact Fees (by Category)
- (2) Resolution for Temporary Waiver of Certain Impact Fees

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%

RESOLUTION NO. 11-xxx

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
TEMPORARILY WAIVING CERTAIN DEVELOPMENT IMPACT FEES**

WHEREAS, the General Plan and City Council goals establish public facility standards, objectives and requirements to offset the impacts of, and serve development; and

WHEREAS, at its meeting of October 3, 2006, the City Council adopted Resolution No. 06-188 adopting a development impact fee Justification Study, a Public Facilities Needs List and revised development impact fees; and

WHEREAS, at its meeting of October 6, 2009, the City Council adopted Resolution No. 09-131 modifying some of the impact fees adopted in 2006; and

WHEREAS, a comprehensive update of the development impact fee program is underway. On December 7, 2010, the City Council formed an ad hoc committee to study policies associated with the program, facility needs and to identify possible modifications; and

WHEREAS, anticipated growth, building permit activity, and payment of impact fees have diminished to minimal levels due the severe economic recession; and

WHEREAS, the City Council desires to stimulate building permit activity; and

WHEREAS, at its meeting of February 1, 2011, the City Council directed its ad hoc committee to provide a recommendation for a temporary waiver of certain development impact fees;

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

SECTION 1. Subject to the limitations set forth in this resolution, the City Council agrees that the City shall temporarily waive the collection of development impact fees set by Resolution No. 09-131 for drainage, bike and pedestrian paths, police, fire, general government facilities, library, parks and recreation.

SECTION 2. The waiver of fees shall not apply to non-residential development and shall only apply to the first 50 residential units for which (i) building permits have been issued on or after January 1, 2011; and before January 1, 2012, and (ii) construction has been completed (as evidenced by the issuance of Certificate of Occupancy by the City Building Division) within one (1) year of written notification by the City Building Division that a building permit was ready to be issued.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 15th day of February, 2011 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

Duane Picanco, Mayor

Caryn Jackson, Deputy City Clerk