

**TO:** James L. App, City Manager

**FROM:** Ed Gallagher, Director of Community Development

**SUBJECT:** Updated Development Impact Fees

**DATE:** February 18, 2014

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**Needs:** That the City Council consider updating and adjusting Development Impact Fees associated with State Assembly Bill 1600.

**Facts:**

1. In 1988, the State established law (AB 1600) that provides the authority to establish fees to cover the cost of public facilities needed to serve new development.
2. Development Impact Fees are a tool to implement the General Plan policy that new development will pay for its impacts.
3. Development Impact Fees reflect policy adopted in the Economic Strategy to “establish stable, long-term funding for infrastructure”.
4. At build-out, 4,982 new housing units and approximately 4,394,000 square feet of new industrial and commercial development will be built. The future residents and new employees will create additional demand for public facilities that cannot be accommodated unless they pay their share of the costs.
5. The Needs List identifies the facilities to be financed by the impact fee program. Projects and building improvements in transportation, public safety (police and fire), general government facilities, park and recreation facilities, and library facilities.
6. Projects listed on the Needs List are supported by council policy and goals. Conversely, goals and projects contained in plans and policies adopted by Council are reflected in the impact fee program.
7. In June, 2012, the Council authorized civil engineers Penfield and Smith to produce independent cost estimates of transportation projects on the Needs List.
8. In August, 2012, the Council amended the Uptown – Town Centre Plan improvement priorities to align with the draft Needs List.
9. On April 25, 2013, the Council reviewed and confirmed a list of City infrastructure needs pursuant to the General Plan.
10. The City retained David Taussig & Associates to prepare a Development Impact Fee Justification Study in order to “determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed”.
11. The projects within the transportation section of the Needs List are designed to mitigate the traffic generated by the Land Use Element of the General Plan within the framework of the goals and policies of the Circulation Element.

**Analysis &  
Conclusion:**

**The Needs List**

Identification of the facilities to be financed is a critical component of any Development Impact Fee program. The Needs List includes a cost section consisting of columns for the total cost of the facility, off-setting revenues, net cost to the City and portion of costs allocated to new development.

The Needs List is a compilation of projects that mitigate the impacts of new development, meet the goals of the General Plan, and/or are of benefit to the community. The Needs List is the basic underlying document from which Development Impact Fees are calculated. The Needs List is organized by departments with projects listed under transportation, public safety facilities (police and fire), general government facilities, parks and recreation facilities, and library facilities.

Consistent with Circulation Element policy, bicycle and pedestrian projects are no longer a separate category, but are combined into the transportation section as a whole. The project list from the Bicycle Master Plan has been added to the Needs List by reference.

**Justification Study and Nexus**

The Development Fee Justification Study prepared by Taussig and Associates determines the level of participation of new development in the funding of the projects on the Needs List. In accordance with the provisions of Section 66000 of the Government Code, there must be a nexus between the fees imposed, the use of the fees and the development projects on which the fees are imposed. Furthermore, there must be a relationship between the amount of the fee and the cost of the improvements.

In a memo dated November 7, 2013, Taussig outlines the concept of "pass through" trip assumptions and how those assumptions affect the allocation of transportation impact fees between residential and non-residential development. A low allowance for pass-through trips will result in high transportation fees to non-residential development.

*Attached to this report is a 2003 Fiscal Impact Summary that outlines the fiscal impacts of residential versus commercial development. The report indicates that a substantial portion of the costs of on-going community services is funded by tax revenues generated by non-residential development. The pass-through trip assignment can be adjusted to off-set a portion of non-residential development tax revenue required to fund ongoing public services to residential properties.*

**Community Comment**

The update of the fee program has been a work in progress since 2009. Council ad hoc committees were assigned in 2011 and 2012. The 2011 ad hoc committee met three times and worked methodically through each category of the Needs List. All of their work was reported publically to council. Their work was cumulatively presented to the public in a special workshop conducted on February 23, 2012.

The 2012 ad hoc committee further refined the Needs List by recommending to Council the retention of a civil engineering consultant to prepare construction cost estimates of the items in Transportation section. The 2012 committee also sorted out Town Centre Plan priorities to be consistent with the Needs List, ultimately resulting in the Council adopting Town Centre

Plan updates. The work of the 2012 ad hoc committee culminated in a public workshop held on Thursday night, April 25, 2013.

On December 20, 2013, a letter was sent to the HBA notifying them of the upcoming hearing and requesting comment on the proposed fee structure. Local builders, engineers and architects have also been contacted by email to give them advance notice of tonight's discussion.

#### **Determination of Fees for Various Commercial and Industrial Uses**

The proposed Development Impact Fees are outlined on Exhibit A to the attached Resolution. The fees are listed in four basic categories, including single family residential, multi-family residential, commercial and industrial. There are a number of uses that can be allowed in commercial zones that generate impacts more similar to industrial uses. These uses are outlined at the bottom of Exhibit A for clarification upon implementation of the fees. The Community Development Director will have the authority to determine the appropriate fee where a proposed use does not clearly fit any of the categories provided.

#### **Policy**

**Reference:** City General Plan; Government Code Sections 66000-66009;

#### **Fiscal**

**Impact:** Adoption of the Development Impact Fees in the Study would generate an estimated \$128 million, out of the estimated \$369 million needed for infrastructure to serve build-out as provided in the General Plan.

#### **Options:**

- a.
  1. Adopt Resolution No. 14-xxx implementing new non-utility Development Impact Fees. Transportation impact fees are calculated with a high allocation of pass-through trips to commercial development.
  2. Adopt Resolution No. 14-xxx implementing new non-utility Development Impact Fees. Transportation impact fees are calculated with a low allocation of pass-through trips to commercial development.
- b. Amend, modify or reject the above options.

#### **Attachments: (7)**

1. Proposed Updated Fee Schedule Option 1
2. Proposed Updated Fee Schedule Option 2
3. Taussig Memo Regarding Pass-Through Trips 11-7-13
4. Comparative Fee Survey
5. Typical Development Costs Exhibit
6. Fiscal Impact Summary
7. Resolution

[illegible]

[illegible]

**MEMORANDUM**

November 7, 2013

To: John Falkenstein, City of Paso Robles

From: David Taussig & Associates, Inc.

Subject: APPLICATION OF "PASS-THROUGH" TRIP ASSUMPTIONS ON NON-RESIDENTIAL DEVELOPMENT

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David Taussig and Associates, Inc. ("DTA") has prepared this memorandum to (i) briefly discuss the application of "pass-through" trip assumptions on non-residential development, and (ii) identify the development impact fees that could be incorporated into the proposed City of Paso Robles ("City") AB 1600 Development Impact Fee Justification Study update (the "Study") resulting from the implementation of varying "pass-through" trip assumptions on non-residential development.

**I "Pass-Through" Trip Assumptions**

Commercial development trip generation rates vary widely depending upon specific commercial uses. For example, a gas station or auto care center generates over 500 Average Daily Trips ("ADTs") per 1,000 square feet of building space, while office development might generate as few as 7 ADTs per 1,000 square feet of building space. Without having specific knowledge regarding the exact types of commercial uses that will locate within the City through 2025, DTA extrapolated daily trip rates for commercial development from the Traffic Demand Forecast Model prepared by Fehr and Peers Transportation Consultants (hereinafter the "Traffic Model") incorporated in the 2011 Circulation Element. More specifically, DTA determined a weighted average daily trip rate for commercial development of approximately 27.4 ADTs based on the commercial land uses and daily trip rates for such land uses identified in Table 2 of the Traffic Study, and applied this weighted average daily trip rate to the commercial development in the Study. Similarly, DTA extrapolated daily trip rates for light and heavy industrial development from the Traffic Model and determined a weighted average daily trip rate for industrial development of approximately 4.3 ADTs based on the industrial land uses and daily trip rates for such land uses identified in Table 2 of the Traffic Study, and applied this weighted average daily trip rate to the industrial development in the Study.

Next, DTA considered an applicable "pass-through" trip assumption to apply towards non-residential development. Typical trip generation rates are derived from counts taken at driveways of various land uses. For many land uses, not all of the trips

generated at the driveway represent new trips added to the roadways. This is due to “pass-through” trips. Pass-through trips are made by traffic already using the adjacent roadway and enter the site as an intermediate stop on the way from another destination. The trip may not necessarily be generated by the land use under consideration, and thus, not a new trip added to the roadways for such land use. This pass-through factor should be taken into account when determining applicable ADTs for incorporation into the Study.

For purposes of this memorandum, DTA analyzed the application of three (3) pass-through trip assumptions, *Scenario 1* – a 35% allowance for pass-through trips allocable to commercial development per data provided in the Institute of Transportation Engineers’ latest trip generation manual, and a 25% allowance for pass-through trips allocable to industrial development, *Scenario 2* – a 55% allowance for pass-through trips allocable to commercial development, and a 40% allowance for pass-through trips allocable to industrial development, and *Scenarios 3* – an aggressive 75% allowance for pass-through trips allocable to commercial development, and a 55% allowance for pass-through trips allocable to industrial development, that if incorporated into the Study would need approval from the City’s Public Works Department. Application of a pass-through credit of 35% against commercial development in Scenario 1 would reduce the 27.4 ADTs per 1,000 square feet of commercial building space to 17.8 ADTs, and the application of a pass-through credit of 25% against industrial development in this same scenario would reduce the 4.3 ADTs per 1,000 square feet of industrial building space to 3.2 ADTs. Application of a pass-through credit of 55% against commercial development in Scenario 2 would reduce the 27.4 ADTs per 1,000 square feet of commercial building space to 12.3 ADTs, and the application of a pass-through credit of 40% against industrial development in this same scenario would reduce the 4.3 ADTs per 1,000 square feet of industrial building space to 2.6 ADTs. Application of a pass-through credit of 75% against commercial development in Scenario 3 would reduce the 27.4 ADTs per 1,000 square feet of commercial building space to 6.8 ADTs, and the application of a pass-through credit of 55% against industrial development in this same scenario would reduce the 4.3 ADTs per 1,000 square feet of industrial building space to 1.9 ADTs.

**SUMMARY OF PASS-THROUGH TRIP ASSUMPTIONS PER  
1,000 NON-RESIDENTIAL BUILDING SQUARE FEET**

Land Use Type	Unadjusted Daily Trip Rate	*Scenario 1*	*Scenario 2*	*Scenario 3*
		Daily Trip Rates with 35% Commercial & 25% Industrial Pass-Through Allowance	Daily Trip Rates with 55% Commercial & 40% Industrial Pass-Through Allowance	Daily Trip Rates with 75% Commercial & 55% Industrial Pass-Through Allowance
Commercial	27.4	17.8	12.3	6.8
Industrial	4.3	3.2	2.6	1.9

Each of the above referenced scenarios, and the detailed methodologies associated with each, is included as an attachment to this memorandum. Scenario 1 is included as Attachment A, Scenario 2 is included as Attachment B, and Scenario 3 is included as Attachment C.

## II "Pass-Through" Trip Implementation

The table below summarizes the development impact fees resulting from the implementation of the varying pass-through assumptions referenced above.

### **DEVELOPMENT IMPACT FEES PER RESIDENTIAL UNIT OR 1,000 NON-RESIDENTIAL BUILDING SQUARE FEET**

Land Use Type	Number of Units / Non-Res Bldg. SF	*Scenario 1*	*Scenario 2*	*Scenario 3*
		Facilities Costs per Unit / per Non-Res. 1,000 SF	Facilities Costs per Unit / per Non-Res. 1,000 SF	Facilities Costs per Unit / per Non-Res. 1,000 SF
Single Family Residential	3,359	\$8,233.07	\$9,831.31	\$12,207.73
Multi-Family Residential	2,692	\$5,673.85	\$6,775.28	\$8,413.00
Commercial Development	2,131,329	\$19,373.85	\$16,021.39	\$11,045.09
Industrial Development	862,855	\$3,474.01	\$3,329.12	\$3,100.38
<b>Facilities Financed by DIF</b>	<b>NA</b>	<b>\$87,218,488</b>	<b>\$88,281,829</b>	<b>\$89,869,457</b>

Please note, while the application of a pass-through credit does have the desirable result of reducing the development impact fee applicable to commercial and industrial development, it also shifts the burden to other land uses types resulting in increased development impact fees for single family and multi-family residential development.

If you have any questions upon review of the attached analysis, please feel free to call me at (949) 955-1500.



**ATTACHMENT A**

**PASO ROBLES, CALIFORNIA  
TRANSPORTATION FACILITIES FEE CALCULATION**

**SCENARIO 1**

**35% ALLOWANCE FOR PASS-THROUGHS  
ALLOCABLE TO COMMERCIAL DEVELOPMENT  
&  
25% ALLOWANCE FOR PASS-THROUGHS  
ALLOCABLE TO INDUSTRIAL DEVELOPMENT**

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

	(1)	(2)	(3)	(4)	(5)	(6)
Facility Name	Facility Costs	Off-Setting Revenues	Net Costs to City	Percent of Costs Allocated to New Development	Costs Allocated to New Development	Policy Background or Objective
<b>A. TRANSPORTATION FACILITIES</b>						
<b>CITY-WIDE FACILITIES</b>						
1 Highway 101/46East-Dual Left- 17th Street Ramps	\$16,139,000	\$0	\$16,139,000	32.33%	\$5,216,934	Circulation Element
2 Union Road - Highway 46E Interchange	\$30,000,000	\$0	\$30,000,000	32.33%	\$9,697,504	Circulation Element
3 Connection Road 46E to Airport Road, bridge over Huer Huero Road	\$25,005,917	\$0	\$25,005,917	32.33%	\$8,083,166	Circulation Element
4 Airport Road - Dry Creek Road Roundabout	\$2,976,962	\$0	\$2,976,962	32.33%	\$962,303	Circulation Element
5 Dry Creek Road - Airport Road to Aerotech Center Way	\$7,728,241	\$0	\$7,728,241	32.33%	\$2,498,155	Circulation Element
6 Huer Huero Bridge Dry Creek Road to Golden Hill Road	\$18,411,076	\$0	\$18,411,076	32.33%	\$5,951,383	Circulation Element
7 Connection Road - Mill Road to Union Road	\$2,812,872	\$0	\$2,812,872	32.33%	\$909,261	Updated SOI
8 River Oaks Drive - N. River Road	\$1,055,145	\$0	\$1,055,145	32.33%	\$341,076	Circulation Element
9 Buena Vista Drive - Cuesta College Frontage	\$1,316,341	\$0	\$1,316,341	32.33%	\$425,507	Circulation Element
10 Buena Vista Drive - Highway 46E	\$1,322,951	\$0	\$1,322,951	32.33%	\$427,644	Circulation Element
11 Creston Road - River Road to Rolling Hills Road	\$16,271,218	\$0	\$16,271,218	32.33%	\$5,259,673	Circulation Element
12 Creston Road - Lana Street	\$2,470,559	\$0	\$2,470,559	32.33%	\$798,609	Circulation Element
13 Creston Road - Niblick Road to Scott Street	\$5,704,224	\$0	\$5,704,224	32.33%	\$1,843,891	Circulation Element
14 Creston Road - Scott Street Roundabout	\$3,069,462	\$0	\$3,069,462	32.33%	\$992,204	Circulation Element
15 Creston Road - Meadowlark Road	\$3,675,194	\$0	\$3,675,194	32.33%	\$1,188,007	Circulation Element
16 Charolais Road - S. River Road Roundabout	\$6,223,415	\$0	\$6,223,415	32.33%	\$2,011,720	Circulation Element
17 Union Road - Kleck Road to Golden Hill Road	\$9,875,660	\$0	\$9,875,660	32.33%	\$3,192,308	Circulation Element
18 Union Road - Golden Hill Road Roundabout	\$6,502,163	\$0	\$6,502,163	32.33%	\$2,101,825	Circulation Element
19 Union Road - Golden Hill Road to East City Limits	\$5,239,735	\$0	\$5,239,735	32.33%	\$1,693,745	Circulation Element
20 Spring Street - 1st to 36th Streets	\$9,909,580	\$0	\$9,909,580	32.33%	\$3,203,273	Town Centre-Uptown Plan
21 Spring Street Traffic Signal Coordination	\$253,008	\$0	\$253,008	32.33%	\$81,785	Circulation Element
22 Vine Street - 32nd to 36th Streets	\$527,443	\$0	\$527,443	32.33%	\$170,496	Uptown Plan
23 24th Street - Mountain Springs Road	\$135,958	\$0	\$135,958	32.33%	\$43,948	Council Objective
24 Riverside Ave - 4th Street to Black Oak Drive	\$7,219,661	\$0	\$7,219,661	32.33%	\$2,333,756	Town Centre-Uptown Plan
25 Railroad Street - 10th Street to 14th Street	\$2,340,988	\$0	\$2,340,988	32.33%	\$756,725	Town Centre Plan
26 4th Street - Pine Street to Riverside - 101 Ramps	\$16,325,665	\$0	\$16,325,665	32.33%	\$5,277,273	Circulation Element
27 Paso Robles Street Off-Ramp	\$4,835,961	\$0	\$4,835,961	32.33%	\$1,563,225	Circulation Element
28 Paso Robles Street	\$302,921	\$0	\$302,921	32.33%	\$97,919	Town Centre Plan
29 Highway 101/46W Interchange (City's Allocation) *	\$23,816,000	\$0	\$23,816,000	32.33%	\$7,698,525	Circulation Element
30 Theatre Drive to South City Limits	\$2,050,400	\$0	\$2,050,400	32.33%	\$662,792	Circulation Element
31 Bike Master Plan Facilities	\$16,973,000	\$0	\$16,973,000	32.33%	\$5,486,525	Circulation Element
<b>SPECIFIC PLAN FACILITIES</b>						
32 Airport Road - Union Road to Linne Road *	\$14,543,974	\$0	\$14,543,974	30.00%	\$4,363,192	Circulation Element
33 Chandler East - West Road *	\$3,841,372	\$0	\$3,841,372	10.00%	\$384,137	Circulation Element
34 Airport Road - Meadowlark Road to Creston Road	\$5,000,000	\$0	\$5,000,000	30.00%	\$1,500,000	Circulation Element
35 Transportation Facilities Revenues Not Yet Committed	NA \$	(1,559,485)	(\$1,559,485)	0.00%	\$0	NA
<b>TOTAL - TRANSPORTATION FACILITIES</b>	<b>\$273,876,066</b>	<b>(\$1,559,485)</b>	<b>\$272,316,581</b>	<b>32.03%</b>	<b>\$87,218,488</b>	

# City of Paso Robles

## Transportation Facilities Fee Calculation

### I. Existing Daily Trips Calculation

Land Use Type	Trip Generation Rate per Unit / per Non-Res. 1,000 S.F. (pass-throughs deducted)	Number of Units / Non-Res. SF	Total Daily Trips
Single Family Residential	7.56	6,549	49,510
Multi Family Residential	5.21	4,421	23,033
Commercial	17.79	4,845,671	86,204
Industrial	3.19	2,797,085	8,923
<b>Total Existing Daily Trips</b>			<b>167,671</b>

### II. Projected Daily Trips Calculation

Land Use Type	Trip Generation Rate per Unit / per Non-Res. 1,000 S.F. (pass-throughs deducted)	Number of Units / Non-Res. SF	Total Daily Trips
Single Family Residential	7.56	3,359	25,394
Multi Family Residential	5.21	2,692	14,025
Commercial	17.79	2,131,329	37,916
Industrial	3.19	862,855	2,753
<b>Total Projected Daily Trips</b>			<b>80,088</b>

### III. Proposed Transportation Facilities Costs

Facilities Type	Facilities Costs
City-Wide Transportation Facilities Costs	\$250,490,720
Offsetting Revenues	(\$1,559,485)
<b>Net City-Wide Transportation Facilities Costs</b>	<b>\$248,931,235</b>
Plus: Specific Plan Facilities	\$23,385,346
<b>Total Transportation Facilities Costs</b>	<b>\$272,316,581</b>

### IV. Allocation of City-Wide Transportation Facilities Costs (based on Daily Trips)

Development Description	Total Daily Trips	Percentage of Costs Allocated	Facilities Costs
Existing Development	167,671	67.67%	\$169,519,561
New Development	80,088	32.33%	\$80,971,159
<b>Total City-Wide Transportation Facilities Costs</b>	<b>247,759</b>	<b>100.00%</b>	<b>\$250,490,720</b>

# City of Paso Robles

## Transportation Facilities Fee Calculation

### V. Allocation of Specific Plan Facilities Costs (Further Discussion & Analysis Required)

Development Description	Percentage of Costs Allocated	Facilities Costs
Specific Plan Development	73.29%	\$17,138,017
New Development (Outside of Specific Plan)	26.71%	\$6,247,329
<b>Total Specific Plan Facilities Costs</b>	<b>100.00%</b>	<b>\$23,385,346</b>

### VI. Allocation of Transportation Facilities Costs to New Development (based on Projected Daily Trips)

Facility Type	Projected Daily Trips	Facilities Costs Allocated to New Development	Facilities Cost Per Daily Trip
Transportation Facilities Costs	80,088	\$87,218,488	\$1,089.03
<b>Transportation Facilities Costs Summary</b>	<b>80,088</b>		<b>\$1,089.03</b>

### VII. Development Impact Fee per Residential Unit / per 1,000 Non-Residential Bldg. SF

Land Use Type	Trip Generation Rate per Unit / per Non-Res. 1,000 S.F. (pass-throughs deducted)	Transportation Facilities Cost per Unit / per Non-Res. 1,000 SF	Transportation Facilities Costs Financed by DIF
Single Family Residential	7.56	\$8,233.07	\$27,654,879
Multi Family Residential	5.21	\$5,673.85	\$15,273,999
Commercial	17.79	\$19,373.85	\$41,292,047
Industrial	3.19	\$3,474.01	\$2,997,564
<b>Gross Allocation to New Development</b>			<b>\$87,218,488</b>
<b>Gross Allocation to Existing Development</b>			<b>\$186,657,578</b>
<b>Total Transportation Facilities Costs</b>			<b>\$273,876,066</b>
<b>Offsetting Revenues to Existing Development</b>			<b>(\$1,559,485)</b>
<b>Net Transportation Facilities Costs</b>			<b>\$272,316,581</b>

Notes:

[1] Based on daily trip rates extrapolated from the Fehr & Peers Traffic Demand Forecast Model incorporated in the 2011 Circulation Element.

[2] Assumes allowance for diverted trips or pass-throughs; 35% for Commercial and 25% for Industrial. Subject to approval from Public Works Department.

**ATTACHMENT B**

**PASO ROBLES, CALIFORNIA  
TRANSPORTATION FACILITIES FEE CALCULATION**

**SCENARIO 2**

**55% ALLOWANCE FOR PASS-THROUGHS  
ALLOCABLE TO COMMERCIAL DEVELOPMENT  
&  
40% ALLOWANCE FOR PASS-THROUGHS  
ALLOCABLE TO INDUSTRIAL DEVELOPMENT**

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

	(1)	(2)	(3)	(4)	(5)	(6)
Facility Name	Facility Costs	Off-Setting Revenues	Net Costs to City	Percent of Costs Allocated to New Development	Costs Allocated to New Development	Policy Background or Objective
<b>A. TRANSPORTATION FACILITIES</b>						
<b>CITY-WIDE FACILITIES</b>						
1 Highway 101/46East-Dual Left- 17th Street Ramps	\$16,139,000	\$0	\$16,139,000	32.75%	\$5,285,444	Circulation Element
2 Union Road - Highway 46E Interchange	\$30,000,000	\$0	\$30,000,000	32.75%	\$9,824,855	Circulation Element
3 Connection Road 46E to Airport Road, bridge over Huer Huero Road	\$25,005,917	\$0	\$25,005,917	32.75%	\$8,189,317	Circulation Element
4 Airport Road - Dry Creek Road Roundabout	\$2,976,962	\$0	\$2,976,962	32.75%	\$974,941	Circulation Element
5 Dry Creek Road - Airport Road to Aerotech Center Way	\$7,728,241	\$0	\$7,728,241	32.75%	\$2,530,962	Circulation Element
6 Huer Huero Bridge Dry Creek Road to Golden Hill Road	\$18,411,076	\$0	\$18,411,076	32.75%	\$6,029,538	Circulation Element
7 Connection Road - Mill Road to Union Road	\$2,812,872	\$0	\$2,812,872	32.75%	\$921,202	Updated SOI
8 River Oaks Drive - N. River Road	\$1,055,145	\$0	\$1,055,145	32.75%	\$345,555	Circulation Element
9 Buena Vista Drive - Cuesta College Frontage	\$1,316,341	\$0	\$1,316,341	32.75%	\$431,095	Circulation Element
10 Buena Vista Drive - Highway 46E	\$1,322,951	\$0	\$1,322,951	32.75%	\$433,260	Circulation Element
11 Creston Road - River Road to Rolling Hills Road	\$16,271,218	\$0	\$16,271,218	32.75%	\$5,328,745	Circulation Element
12 Creston Road - Lana Street	\$2,470,559	\$0	\$2,470,559	32.75%	\$809,096	Circulation Element
13 Creston Road - Niblick Road to Scott Street	\$5,704,224	\$0	\$5,704,224	32.75%	\$1,868,106	Circulation Element
14 Creston Road - Scott Street Roundabout	\$3,069,462	\$0	\$3,069,462	32.75%	\$1,005,234	Circulation Element
15 Creston Road - Meadowlark Road	\$3,675,194	\$0	\$3,675,194	32.75%	\$1,203,608	Circulation Element
16 Charolais Road - S. River Road Roundabout	\$6,223,415	\$0	\$6,223,415	32.75%	\$2,038,138	Circulation Element
17 Union Road - Kleck Road to Golden Hill Road	\$9,875,660	\$0	\$9,875,660	32.75%	\$3,234,231	Circulation Element
18 Union Road - Golden Hill Road Roundabout	\$6,502,163	\$0	\$6,502,163	32.75%	\$2,129,427	Circulation Element
19 Union Road - Golden Hill Road to East City Limits	\$5,239,735	\$0	\$5,239,735	32.75%	\$1,715,988	Circulation Element
20 Spring Street - 1st to 36th Streets	\$9,909,580	\$0	\$9,909,580	32.75%	\$3,245,340	Town Centre-Uptown Plan
21 Spring Street Traffic Signal Coordination	\$253,008	\$0	\$253,008	32.75%	\$82,859	Circulation Element
22 Vine Street - 32nd to 36th Streets	\$527,443	\$0	\$527,443	32.75%	\$172,735	Uptown Plan
23 24th Street - Mountain Springs Road	\$135,958	\$0	\$135,958	32.75%	\$44,526	Council Objective
24 Riverside Ave - 4th Street to Black Oak Drive	\$7,219,661	\$0	\$7,219,661	32.75%	\$2,364,404	Town Centre-Uptown Plan
25 Railroad Street - 10th Street to 14th Street	\$2,340,988	\$0	\$2,340,988	32.75%	\$766,662	Town Centre Plan
26 4th Street - Pine Street to Riverside - 101 Ramps	\$16,325,665	\$0	\$16,325,665	32.75%	\$5,346,576	Circulation Element
27 Paso Robles Street Off-Ramp	\$4,835,961	\$0	\$4,835,961	32.75%	\$1,583,754	Circulation Element
28 Paso Robles Street	\$302,921	\$0	\$302,921	32.75%	\$99,205	Town Centre Plan
29 Highway 101/46W Interchange (City's Allocation) *	\$23,816,000	\$0	\$23,816,000	32.75%	\$7,799,625	Circulation Element
30 Theatre Drive to South City Limits	\$2,050,400	\$0	\$2,050,400	32.75%	\$671,496	Circulation Element
31 Bike Master Plan Facilities	\$16,973,000	\$0	\$16,973,000	32.75%	\$5,558,575	Circulation Element
<b>SPECIFIC PLAN FACILITIES</b>						
32 Airport Road - Union Road to Linne Road *	\$14,543,974	\$0	\$14,543,974	30.00%	\$4,363,192	Circulation Element
33 Chandler East - West Road *	\$3,841,372	\$0	\$3,841,372	10.00%	\$384,137	Circulation Element
34 Airport Road - Meadowlark Road to Creston Road	\$5,000,000	\$0	\$5,000,000	30.00%	\$1,500,000	Circulation Element
35 Transportation Facilities Revenues Not Yet Committed	NA \$	(1,559,485)	(\$1,559,485)	0.00%	\$0	NA
<b>TOTAL - TRANSPORTATION FACILITIES</b>	<b>\$273,876,066</b>	<b>(\$1,559,485)</b>	<b>\$272,316,581</b>	<b>32.42%</b>	<b>\$88,281,829</b>	

# City of Paso Robles

## Transportation Facilities Fee Calculation

### I. Existing Daily Trips Calculation

Land Use Type	Trip Generation Rate per Unit / per Non-Res. 1,000 S.F. (pass-throughs deducted)	Number of Units / Non-Res. SF	Total Daily Trips
Single Family Residential	7.56	6,549	49,510
Multi Family Residential	5.21	4,421	23,033
Commercial	12.32	4,845,671	59,699
Industrial	2.56	2,797,085	7,161
<b>Total Existing Daily Trips</b>			<b>139,403</b>

### II. Projected Daily Trips Calculation

Land Use Type	Trip Generation Rate per Unit / per Non-Res. 1,000 S.F. (pass-throughs deducted)	Number of Units / Non-Res. SF	Total Daily Trips
Single Family Residential	7.56	3,359	25,394
Multi Family Residential	5.21	2,692	14,025
Commercial	12.32	2,131,329	26,258
Industrial	2.56	862,855	2,209
<b>Total Projected Daily Trips</b>			<b>67,886</b>

### III. Proposed Transportation Facilities Costs

Facilities Type	Facilities Costs
City-Wide Transportation Facilities Costs	\$250,490,720
Offsetting Revenues	(\$1,559,485)
<b>Net City-Wide Transportation Facilities Costs</b>	<b>\$248,931,235</b>
Plus: Specific Plan Facilities	\$23,385,346
<b>Total Transportation Facilities Costs</b>	<b>\$272,316,581</b>

### IV. Allocation of City-Wide Transportation Facilities Costs (based on Daily Trips)

Development Description	Total Daily Trips	Percentage of Costs Allocated	Facilities Costs
Existing Development	139,403	67.25%	\$168,456,221
New Development	67,886	32.75%	\$82,034,499
<b>Total City-Wide Transportation Facilities Costs</b>	<b>207,289</b>	<b>100.00%</b>	<b>\$250,490,720</b>

# City of Paso Robles

## Transportation Facilities Fee Calculation

### V. Allocation of Specific Plan Facilities Costs (Further Discussion & Analysis Required)

Development Description	Percentage of Costs Allocated	Facilities Costs
Specific Plan Development	73.29%	\$17,138,017
New Development (Outside of Specific Plan)	26.71%	\$6,247,329
<b>Total Specific Plan Facilities Costs</b>	<b>100.00%</b>	<b>\$23,385,346</b>

### VI. Allocation of Transportation Facilities Costs to New Development (based on Projected Daily Trips)

Facility Type	Projected Daily Trips	Facilities Costs Allocated to New Development	Facilities Cost Per Daily Trip
Transportation Facilities Costs	67,886	\$88,281,829	\$1,300.44
<b>Transportation Facilities Costs Summary</b>	<b>67,886</b>		<b>\$1,300.44</b>

### VII. Development Impact Fee per Residential Unit / per 1,000 Non-Residential Bldg. SF

Land Use Type	Trip Generation Rate per Unit / per Non-Res. 1,000 S.F. (pass-throughs deducted)	Transportation Facilities Cost per Unit / per Non-Res. 1,000 SF	Transportation Facilities Costs Financed by DIF
Single Family Residential	7.56	\$9,831.31	\$33,023,367
Multi Family Residential	5.21	\$6,775.28	\$18,239,055
Commercial	12.32	\$16,021.39	\$34,146,858
Industrial	2.56	\$3,329.12	\$2,872,548
<b>Gross Allocation to New Development</b>			<b>\$88,281,829</b>
<b>Gross Allocation to Existing Development</b>			<b>\$185,594,237</b>
<b>Total Transportation Facilities Costs</b>			<b>\$273,876,066</b>
<b>Offsetting Revenues to Existing Development</b>			<b>(\$1,559,485)</b>
<b>Net Transportation Facilities Costs</b>			<b>\$272,316,581</b>

Notes:

[1] Based on daily trip rates extrapolated from the Fehr & Peers Traffic Demand Forecast Model incorporated in the 2011 Circulation Element.

[2] Assumes allowance for diverted trips or pass-throughs; 55% for Commercial and 40% for Industrial. Subject to approval from Public Works Department.



**ATTACHMENT C**

**PASO ROBLES, CALIFORNIA  
TRANSPORTATION FACILITIES FEE CALCULATION**

**SCENARIO 3**

**75% ALLOWANCE FOR PASS-THROUGHS  
ALLOCABLE TO COMMERCIAL DEVELOPMENT  
&  
55% ALLOWANCE FOR PASS-THROUGHS  
ALLOCABLE TO INDUSTRIAL DEVELOPMENT**

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

	(1)	(2)	(3)	(4)	(5)	(6)
Facility Name	Facility Costs	Off-Setting Revenues	Net Costs to City	Percent of Costs Allocated to New Development	Costs Allocated to New Development	Policy Background or Objective
<b>A. TRANSPORTATION FACILITIES</b>						
<b>CITY-WIDE FACILITIES</b>						
1 Highway 101/46East-Dual Left- 17th Street Ramps	\$16,139,000	\$0	\$16,139,000	33.38%	\$5,387,735	Circulation Element
2 Union Road - Highway 46E Interchange	\$30,000,000	\$0	\$30,000,000	33.38%	\$10,014,997	Circulation Element
3 Connection Road 46E to Airport Road, bridge over Huer Huero Road	\$25,005,917	\$0	\$25,005,917	33.38%	\$8,347,806	Circulation Element
4 Airport Road - Dry Creek Road Roundabout	\$2,976,962	\$0	\$2,976,962	33.38%	\$993,809	Circulation Element
5 Dry Creek Road - Airport Road to Aerotech Center Way	\$7,728,241	\$0	\$7,728,241	33.38%	\$2,579,944	Circulation Element
6 Huer Huero Bridge Dry Creek Road to Golden Hill Road	\$18,411,076	\$0	\$18,411,076	33.38%	\$6,146,229	Circulation Element
7 Connection Road - Mill Road to Union Road	\$2,812,872	\$0	\$2,812,872	33.38%	\$939,030	Updated SOI
8 River Oaks Drive - N. River Road	\$1,055,145	\$0	\$1,055,145	33.38%	\$352,242	Circulation Element
9 Buena Vista Drive - Cuesta College Frontage	\$1,316,341	\$0	\$1,316,341	33.38%	\$439,438	Circulation Element
10 Buena Vista Drive - Highway 46E	\$1,322,951	\$0	\$1,322,951	33.38%	\$441,645	Circulation Element
11 Creston Road - River Road to Rolling Hills Road	\$16,271,218	\$0	\$16,271,218	33.38%	\$5,431,873	Circulation Element
12 Creston Road - Lana Street	\$2,470,559	\$0	\$2,470,559	33.38%	\$824,755	Circulation Element
13 Creston Road - Niblick Road to Scott Street	\$5,704,224	\$0	\$5,704,224	33.38%	\$1,904,260	Circulation Element
14 Creston Road - Scott Street Roundabout	\$3,069,462	\$0	\$3,069,462	33.38%	\$1,024,688	Circulation Element
15 Creston Road - Meadowlark Road	\$3,675,194	\$0	\$3,675,194	33.38%	\$1,226,902	Circulation Element
16 Charolais Road - S. River Road Roundabout	\$6,223,415	\$0	\$6,223,415	33.38%	\$2,077,583	Circulation Element
17 Union Road - Kleck Road to Golden Hill Road	\$9,875,660	\$0	\$9,875,660	33.38%	\$3,296,824	Circulation Element
18 Union Road - Golden Hill Road Roundabout	\$6,502,163	\$0	\$6,502,163	33.38%	\$2,170,638	Circulation Element
19 Union Road - Golden Hill Road to East City Limits	\$5,239,735	\$0	\$5,239,735	33.38%	\$1,749,198	Circulation Element
20 Spring Street - 1st to 36th Streets	\$9,909,580	\$0	\$9,909,580	33.38%	\$3,308,147	Town Centre-Uptown Plan
21 Spring Street Traffic Signal Coordination	\$253,008	\$0	\$253,008	33.38%	\$84,462	Circulation Element
22 Vine Street - 32nd to 36th Streets	\$527,443	\$0	\$527,443	33.38%	\$176,078	Uptown Plan
23 24th Street - Mountain Springs Road	\$135,958	\$0	\$135,958	33.38%	\$45,387	Council Objective
24 Riverside Ave - 4th Street to Black Oak Drive	\$7,219,661	\$0	\$7,219,661	33.38%	\$2,410,163	Town Centre-Uptown Plan
25 Railroad Street - 10th Street to 14th Street	\$2,340,988	\$0	\$2,340,988	33.38%	\$781,500	Town Centre Plan
26 4th Street - Pine Street to Riverside - 101 Ramps	\$16,325,665	\$0	\$16,325,665	33.38%	\$5,450,050	Circulation Element
27 Paso Robles Street Off-Ramp	\$4,835,961	\$0	\$4,835,961	33.38%	\$1,614,405	Circulation Element
28 Paso Robles Street	\$302,921	\$0	\$302,921	33.38%	\$101,125	Town Centre Plan
29 Highway 101/46W Interchange (City's Allocation) *	\$23,816,000	\$0	\$23,816,000	33.38%	\$7,950,572	Circulation Element
30 Theatre Drive to South City Limits	\$2,050,400	\$0	\$2,050,400	33.38%	\$684,492	Circulation Element
31 Bike Master Plan Facilities	\$16,973,000	\$0	\$16,973,000	33.38%	\$5,666,152	Circulation Element
<b>SPECIFIC PLAN FACILITIES</b>						
32 Airport Road - Union Road to Linne Road *	\$14,543,974	\$0	\$14,543,974	30.00%	\$4,363,192	Circulation Element
33 Chandler East - West Road *	\$3,841,372	\$0	\$3,841,372	10.00%	\$384,137	Circulation Element
34 Airport Road - Meadowlark Road to Creston Road	\$5,000,000	\$0	\$5,000,000	30.00%	\$1,500,000	Circulation Element
35 Transportation Facilities Revenues Not Yet Committed	NA \$	(1,559,485)	(\$1,559,485)	0.00%	\$0	NA
<b>TOTAL - TRANSPORTATION FACILITIES</b>	<b>\$273,876,066</b>	<b>(\$1,559,485)</b>	<b>\$272,316,581</b>	<b>33.00%</b>	<b>\$89,869,457</b>	

# City of Paso Robles

## Transportation Facilities Fee Calculation

### I. Existing Daily Trips Calculation

Land Use Type	Trip Generation Rate per Unit / per Non-Res. 1,000 S.F. (pass-throughs deducted)	Number of Units / Non-Res. SF	Total Daily Trips
Single Family Residential	7.56	6,549	49,510
Multi Family Residential	5.21	4,421	23,033
Commercial	6.84	4,845,671	33,144
Industrial	1.92	2,797,085	5,370
<b>Total Existing Daily Trips</b>			<b>111,059</b>

### II. Projected Daily Trips Calculation

Land Use Type	Trip Generation Rate per Unit / per Non-Res. 1,000 S.F. (pass-throughs deducted)	Number of Units / Non-Res. SF	Total Daily Trips
Single Family Residential	7.56	3,359	25,394
Multi Family Residential	5.21	2,692	14,025
Commercial	6.84	2,131,329	14,578
Industrial	1.92	862,855	1,657
<b>Total Projected Daily Trips</b>			<b>55,654</b>

### III. Proposed Transportation Facilities Costs

Facilities Type	Facilities Costs
City-Wide Transportation Facilities Costs	\$250,490,720
Offsetting Revenues	(\$1,559,485)
<b>Net City-Wide Transportation Facilities Costs</b>	<b>\$248,931,235</b>
Plus: Specific Plan Facilities	\$23,385,346
<b>Total Transportation Facilities Costs</b>	<b>\$272,316,581</b>

### IV. Allocation of City-Wide Transportation Facilities Costs (based on Daily Trips)

Development Description	Total Daily Trips	Percentage of Costs Allocated	Facilities Costs
Existing Development	111,059	66.62%	\$166,868,592
New Development	55,654	33.38%	\$83,622,128
<b>Total City-Wide Transportation Facilities Costs</b>	<b>166,713</b>	<b>100.00%</b>	<b>\$250,490,720</b>

# City of Paso Robles

## Transportation Facilities Fee Calculation

### V. Allocation of Specific Plan Facilities Costs (Further Discussion & Analysis Required)

Development Description	Percentage of Costs Allocated	Facilities Costs
Specific Plan Development	73.29%	\$17,138,017
New Development (Outside of Specific Plan)	26.71%	\$6,247,329
<b>Total Specific Plan Facilities Costs</b>	<b>100.00%</b>	<b>\$23,385,346</b>

### VI. Allocation of Transportation Facilities Costs to New Development (based on Projected Daily Trips)

Facility Type	Projected Daily Trips	Facilities Costs Allocated to New Development	Facilities Cost Per Daily Trip
Transportation Facilities Costs	55,654	\$89,869,457	\$1,614.78
<b>Transportation Facilities Costs Summary</b>	<b>55,654</b>		<b>\$1,614.78</b>

### VII. Development Impact Fee per Residential Unit / per 1,000 Non-Residential Bldg. SF

Land Use Type	Trip Generation Rate per Unit / per Non-Res. 1,000 S.F. (pass-throughs deducted)	Transportation Facilities Cost per Unit / per Non-Res. 1,000 SF	Transportation Facilities Costs Financed by DIF
Single Family Residential	7.56	\$12,207.73	\$41,005,767
Multi Family Residential	5.21	\$8,413.00	\$22,647,795
Commercial	6.84	\$11,045.09	\$23,540,720
Industrial	1.92	\$3,100.38	\$2,675,175
<b>Gross Allocation to New Development</b>			<b>\$89,869,457</b>
<b>Gross Allocation to Existing Development</b>			<b>\$184,006,609</b>
<b>Total Transportation Facilities Costs</b>			<b>\$273,876,066</b>
<b>Offsetting Revenues to Existing Development</b>			<b>(\$1,559,485)</b>
<b>Net Transportation Facilities Costs</b>			<b>\$272,316,581</b>

Notes:

[1] Based on daily trip rates extrapolated from the Fehr & Peers Traffic Demand Forecast Model incorporated in the 2011 Circulation Element.

[2] Assumes allowance for diverted trips or pass-throughs; 75% for Commercial and 55% for Industrial. Subject to approval from Public Works Department.

## CITY OF PASO ROBLES

### COMPARATIVE DEVELOPMENT IMPACT FEE ("DIF") SURVEY

Prepared for:

CITY OF PASO ROBLES  
Planning Department  
1000 Spring Street  
Paso Robles, CA 93446

December 23, 2013

Public Finance  
Public Private Partnerships  
Urban Economics

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Newport Beach  
San Francisco  
Fresno  
Riverside  
Chicago  
Dallas

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David Taussig & Associates, Inc. ("DTA") is currently assisting the City of El Paso de Robles (the "City") with updating its existing AB1600 Fee Justification Study performed by DTA in October 2006 (the "2006 Nexus Study") to ensure that future residential, commercial, and industrial development pays its proportionate share of the regional backbone public facilities (the "Facilities") needed to accommodate that development without adversely impacting the cost or level of service for existing residents or businesses. The need for this AB1600 Fee Justification Study Update (the "Nexus Study Update") is driven by changes in demographics, facility requirements, time inflated facility costs and the geographical areas of benefit. DTA has worked closely with City staff over the recent months to determine a proposal set of fee levels for inclusion in the Nexus Study Update. The intent of this Comparative Development Impact Fee Survey ("Survey") is to identify, summarize, and evaluate the proposed fee levels incorporated in this draft development impact fee ("DIF") program update in relation to those maintained by the following eight municipalities – the cities of Atascadero, Arroyo Grande, Grover Beach, Morro Bay, Pismo Beach, San Luis Obispo, and Santa Maria, and the County of San Luis Obispo/Templeton Community Services District ("Templeton CSD") - (collectively, "Comparable Agencies" or "Comparable Cities").

All City and Comparable City departments were surveyed by David Taussig & Associates, Inc. ("DTA") to identify those that exact development impact fees. As a roadmap, Section 2 of this Survey summarizes the legal background and principles guiding impact fees, Section 3 describes the City's proposed DIF programs and their general technical compliance, Section 4 describes the scope and methodology of the Survey effort, Section 5 summarizes the findings of the focused Survey, including information regarding the Comparable Cities, and finally, Section 6 includes conclusions and recommendations for the City in light of the Survey findings.

As background, the City of El Paso de Robles, or "Pass of the Oaks," is situated at the Northern San Luis Obispo County–Southern Monterey County line. Approximately midway between Los Angeles and San Francisco, the City is nestled in the coastal mountain range of central California at the southern end of the fertile Salinas River Valley. With a population of approximately 30,000, the community makes excellent use of its close proximity to mountains, beaches, and deserts, as it boasts a unique climate suitable for growing a variety of crops. Previously known as the "Almond City," Paso Robles has since reinvented itself by cultivating its own niche in the wine-growing industry. Offering the charm of a rural community with all the amenities of family life, including attractive and affordable housing, the City also understands the importance of staying relevant and has thus placed a high priority on maintaining ample City services, state-of-the-art recreational facilities, easy access retail shopping, excellent public schools, and safe neighborhoods.

Often referred to as the economic growth engine of San Luis Obispo County, Paso Robles, like many other jurisdictions throughout the region, was impacted by the "Great Recession" over the last five years, but is now showing signs of recovery. As of January 2013, the City's unemployment rate has dropped to 7.3%, which is down 2.8 percentage points from its peak of 10.1% in February 2010.<sup>1</sup>

The City currently has several DIF programs in place to fund public infrastructure and facilities for new growth but relies on the following funding sources when such funds are unavailable: General Funds, Special Grants or Loans, Special Voter Approved Bonds, and Special Voter Approved Sales Tax Initiatives. In addition to concerns over funding facilities for new growth, available funds have to be prioritized between funding existing deficiencies and maintaining the existing facilities.

As discussed in greater detail below, there are DIF programs for the following facilities and improvements: selected local area transportation, parks, libraries, general government, and public

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<sup>1</sup> Source: U.S. Bureau of Labor Statistics.

safety. This Survey summarizes the proposed fee levels incorporated in the City's draft DIF program update and provides data from Comparable Cities.

The figures provided herein are a framework for internal policy discussions between the various departments of the City responsible for administering impact fees and implementing the improvements they fund. To identify issues and options, the legislative background and case law in the state of California were reviewed, and an informal survey of City and Comparable City departments was conducted to define the range of current DIF levels. Importantly, the impact fees discussed in this Survey have serious financial implications for City revenues and the economic feasibility of prospective development projects. Such implications are to be quantified, where possible, by the updated formal study anticipated to be completed by DTA in 2014.



Impact fees are a form of monetary exaction on new development which must be paid as a condition of development approval. Impact fees are neither taxes nor special assessments, nor are these fees permitted to cover ongoing operations and maintenance costs. By definition, “a fee is voluntary and must be reasonably related to the cost of the service provided by the local agency.” Procedurally, fees are collected by local governmental agencies to pay for infrastructure or capital facilities needed to serve new development. Because impact fees are collected during the development approval process, the fees are typically paid by developers, builders, or other property owners that are seeking to develop property. In this manner, developers, builders, and property owners pay their “fair share” of needed capital facilities.

The authority of local governments to impose impact fees on development is derived from their police power to protect the health and welfare of citizens under the California Constitution (Article 11, Section 7). Furthermore, the California Mitigation Fee Act provides a prescriptive guide to establishing and administering impact fees based on “constitutional and decisional law.” Development impact fees (“DIFs”) were enacted under Assembly Bill 1600 by the California Legislature in 1987 and codified under California Government Code §66000 *et. seq.*, also referred to as the Mitigation Fee Act (the “Act” or “AB 1600”).

AB 1600 defines local governments to include cities, counties, school districts, special districts, authorities, agencies, and other municipal corporations. Fees governed by the Act include development fees of general applicability, and fees negotiated for individual projects. The Act does not apply to user-fees for processing development applications or permits, fees governed by other statutes (e.g. the Quimby Act), developer agreements, or penalties, or fees specifically excluded by the Act (e.g. fees collected pursuant to agreements with redevelopment agencies or various reimbursement agreements).

Public facilities that can be funded with impact fees are defined by the Act as “public improvements, public services, and community amenities.” Government Code, §65913.8 precludes the use of development fees to fund maintenance or services, with limited exceptions for very small improvements and certain temporary measures needed by certain special districts. In combination, these provisions effectively restrict the use of most impact fees to public capital improvements.

For general information, please see:

- ❖ “Exactions and Impact Fees in California: A Comprehensive Guide to Policy, Practice, and the Law,” edited by William Abbott, et al., Solano Press Books, 2001.

### ***Required Basis (Nexus)***

The fundamental limitations on impact fees, codified by the Act, are that (1) local governments must demonstrate how impact fees are related to the development projects that pay the fees, and (2) the fee paid by a development project must not exceed its reasonable and proportionate share of the cost of the facilities for which the fees pay.

It is critical that all fees meet the nexus requirements promulgated under the Act (AB 1600) to assure that they are clearly defensible if subjected to legal challenge. In order to impose a fee as a condition for a development project, the methodology must accomplish the following:

- Identify the purpose of the fee.
- Identify the use to which the fee is to be put. If the use is financing public facilities, the facilities must be identified.
- Determine how there is a reasonable relationship between the fee’s use and the

- type of development project on which the fee is imposed.
- Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is being imposed.

Implicit in these requirements is a stipulation that a public agency cannot impose a fee to cure existing deficiencies in public facilities or improve public facilities beyond what is required based on the specific impacts of new development.

To illustrate the nexus between new development, public facilities, and impact fees, local governments rely on several kinds of data that are usually included in general plans or capital improvement plans:

- Current and future population projections,
- Levels of service for each public facility, present and future, and
- Future facilities needed, and the cost of those facilities.

The public facilities that can be paid for with fees are not limited by the Act to facilities to be built in the future; the cost of existing facilities can be recovered from fees to the extent that existing facilities serve new development. Furthermore, the Act does not preclude ad hoc project-specific exactions, which may be based on the impacts and mitigation needs of a specific project. Such fees are however subject to a higher degree of scrutiny, requiring findings related to the impact of the individual development and its mitigation needs that must demonstrate an essential nexus and rough proportionality.

### *Procedural Requirements*

In addition to procedures for enacting fees and challenging fees, the Act prescribes certain practices of local governments to manage fees and report on their collection and spending. Impact fees are to be deposited in their own fund, and not commingled with other monies, although local governments can authorize loans of impact fees between funds. Interest on impact fees is to be deposited with impact fees and used for the same purposes.

Every year local governments must describe each type of impact fee in each fund or account, the amount of the fee, the beginning and ending fund balances, the amount of fees collected, interest earned, the improvements paid for by fees, the amount of fees spent, the date by which construction of the improvements will commence for those improvements that are fully-funded, the amount of any inter-fund loans, and the amount of refunds.

Every five (5) years local governments must report on unspent fees: how the fees are to be spent, the relationship between the fees and the purposes for which they were charged, all the sources and amounts needed to complete financing of incomplete improvements, and the dates when the remaining funding requirements will be obtained. Surplus fees not needed to complete identified improvements must be refunded. If the cost of refunding is greater than the total amount to be refunded, then following a public hearing, the fees can be allocated to some other need or project benefiting the development that paid the fees.

## SECTION III ■ PROPOSED DIF PROGRAMS

David Taussig & Associates (“DTA”) has worked with City staff to determine a proposal set of fee levels for inclusion in the City’s draft Development Impact Fee (“DIF”) program update, including assumptions, studies, and projections. DTA has further evaluated the technical compliance of the proposed DIFs with current legal requirements. Please see Section 5 for information regarding the amount of each fee.

Notably, only those DIFs that are (1) analogous to fees charged in Comparable Cities, (2) City-wide, and (3) easily calculable, routine, and predictable were evaluated. As the intent of this Survey is to compare neighboring jurisdictions, DTA has attempted, where possible, to compare “apples to apples,” because significantly, not all impact fees apply City-wide or uniformly. The service category areas discussed are summarized in Table 1 below. All Paso Robles Municipal Code Reference (“PRMC”) references, where applicable, are stated below.

TABLE 1  
CURRENT CITY DEVELOPMENT IMPACT FEES ANALYZED

Department	Facility Category
Planning	<ul style="list-style-type: none"><li>• Transportation Facilities</li><li>• Public Safety Facilities – Police and Fire</li><li>• General Government Services Facilities</li><li>• Park &amp; Recreation Facilities</li><li>• Library Facilities</li></ul>

### (1) *Transportation Facilities*

Overview: New residential and non-residential development will generate additional residents and employees who will create additional vehicular and non-vehicular traffic. Bridges and interchanges will have to be constructed to meet the increased demand and provide for city-wide circulation. Thus there is a relationship between new development and the need for new transportation facilities. Fees collected from new development will be used exclusively for transportation facilities on the “needs list” identified in the Nexus Study Update.

Methodology: Roads, traffic signals and bridges will benefit residents and employees by providing safe and efficient vehicular access to properties. Road, traffic signals and bridge fees were calculated for each of the four land use categories based on the number of Average Daily Trips (“ADTs”) generated by each land use. Total ADTs were calculated by applying these trip rates to the various dwelling unit counts and non-residential square feet. The total facilities cost was then divided by the total number of ADTs to establish a uniform cost per ADT. This unit cost was then applied to the various land uses and their respective trip generation rates to determine the proposed fees.

Review: There still exists a reasonable relationship between the need for transportation impact fees and the development projects on which the fees are imposed. Such development projects cause traffic congestion on a City-wide basis that will be mitigated by the facilities financed through the DIF program. Additionally, the findings and recitals of the 2006 Nexus Study, Resolution No. 06-188 (followed by No. 07-139 – approved July 3, 2007, No. 09-131 – approved October 6, 2009, and No. 10-162 – approved December 21, 2010), and the draft Nexus Study Update are sufficiently detailed.

**(2) *Public Safety Facilities – Police and Fire***

Overview: New residential and non-residential development will generate additional residents and employees who will require additional service calls increasing the need for trained police and fire personnel. Buildings and vehicles used to provide these services will have to be expanded, constructed, or purchased to meet this increased demand. Thus a reasonable relationship exists between the need for public safety facilities and the impact of residential and non-residential development. Fees collected from new development will be used exclusively for public safety purposes.

Methodology: Police and fire fee amounts for this element were calculated for both residential and non-residential land uses and derived based on the number of calls for police and fire services generated by each of the land use categories (Single Family, Multi-Family, Commercial, and Industrial) during the 2003-2004 calendar year. Since these calls for service by land use are an average, they were used to project number of additional calls that could be expected by multiplying the calls per residential unit or per 1,000 square feet for non-residential development by the number of anticipated new residential dwelling units or non-residential building square footage. As an example, the data collected indicates that, on average, a Single-Family unit will generate on average per dwelling unit just over 1.40 calls per year, which would generate a total number of 5,170 calls based on development assumptions.

Review: There still exists a reasonable relationship between the need for police and fire impact fees and the development projects on which the fees are imposed. Such development projects result in additional calls related to public safety that will be mitigated by the facilities financed through the DIF program. Again, the findings and recitals of the 2006 Nexus Study, associated City Resolutions, and the draft Nexus Study Update are sufficiently detailed.

**(3) *General Government/Capital Facilities Fee***

Overview: New residential and non-residential development in the City will generate additional residents and employees who will increase the demand for City services including public works and general government functions. Population and growth has a direct impact on the need for government services and facilities, thus a reasonable relationship exists between new development and the public works/general government facilities, which will have to be acquired to meet the increased demand. Fees collected from new development will be used exclusively for general government facilities identified in the draft Nexus Study Update.

Methodology: Fee amounts for this element were calculated for both residential and non-residential land uses. Each land use classification (i.e. SFR, MFR, Commercial, and Industrial) was assigned an EDU factor derived from the number of persons per household (for residential units) or from the number of employees per acre of non-residential development.

Review: There still exists a reasonable relationship between the need for general government and capital facilities impact fees and the development projects on which the fees are imposed. Such development projects result in an increased demand for city services that will be mitigated by the facilities financed through the fee program. Finally, the findings and recitals of the 2006 Nexus Study, associated City Resolutions, and the draft Nexus Study Update are sufficiently detailed.

**(4) *Park and Recreation Facilities***

Overview: New residential development will generate additional residents and who will increase the demand for active and passive park and recreation facilities within the City. Land will have to be purchased and improved to meet this increased demand, thus a reasonable relationship exists between

the need for park and open space facilities and the impact of residential development. Fees collected from new development will be used exclusively for park and open space facilities identified in the draft Nexus Study Update.

Methodology: Since the use of park facilities is generally limited to daytime hours, it is reasonable to assume that a non-working resident has a greater number of available hours for potential use per week than either a working resident or an employee. In order to equitably allocate the costs between future residents, availability of use was measured in term of EBUs with one (1) EBU representing the potential recreation usage of a single-family residential unit.

Review: There still exists a reasonable relationship between the need for park and recreation impact fees and the development projects on which the fees are imposed. Such development projects result in additional park and recreational facility users that will be mitigated by the facilities financed through the fee program. Again, the findings and recitals of the 2006 Nexus Study, associated City Resolutions, and the draft Nexus Study Update are sufficiently detailed.

### **(5) Library Facilities**

Overview: New residential development will generate additional residents who will become library patrons that will demand increased library services, remodeling of the library, and addition of a library study center. Collections will have expanded and additional volumes acquired to meet this increased demand. Fees collected from new development will be used for the remodeling of the existing library, acquisition of books and materials, and construction of a library study center.

Methodology: Fee amounts for this element were calculated for residential land uses. Each of the land use categories was assigned an EDU factor derived from the number of persons per household.

Review: There still exists a reasonable relationship between the need for library impact fees and the development projects on which the fees are imposed. Such development projects result in additional library patrons and an increase in demand for associated services that will be mitigated by the facilities financed through the DIF program. Finally, the findings and recitals of the 2006 Nexus Study, associated City Resolutions, and the draft Nexus Study Update are sufficiently detailed.

## SECTION IV ■ SURVEY SCOPE & METHODOLOGY

David Taussig & Associates has organized Survey findings by City/County and facility category. Jurisdictions address fees in a variety of ways. The most common development fees are implemented to support public safety, parks, and water/sewer systems, or mitigate traffic. Other jurisdictions have fees designed to support public facilities like libraries and stormwater facilities. Less common fees include those that fund bike and pedestrian paths and open space acquisition. Each of the Comparable Cities and service category areas discussed are summarized in Table 2 below.

**TABLE 2  
DEVELOPMENT IMPACT FEES FOR COMPARABLE CITIES**

Fee Category	Arroyo Grande	Atascadero	Grover Beach	Pismo Beach	Morro Bay	Santa Maria	City of San Luis Obispo	County of San Luis Obispo
Transportation	X	X	X	X	X	X	X	X
Public Safety - Police	X	X	X	X	X	X		X
Public Safety – Fire	X	X	X	X	X	X		X
General Government	X	X	X	X	X	X		X
Park & Recreation	X	X	X	X	X	X	X	X
Library		X				X		
Water & Sewer	X	X	X	X	X	X	X	X
Other Fees	X	X				X	X	X

Calculating easy-to-decipher figures for DIFs is complex as the metrics are often widely dissimilar (e.g., square feet, assessed value, frontage, lineal feet, fixture units, etc.). The conservative assumptions utilized to standardize/normalize the data and calculations are summarized in Table 3 below.

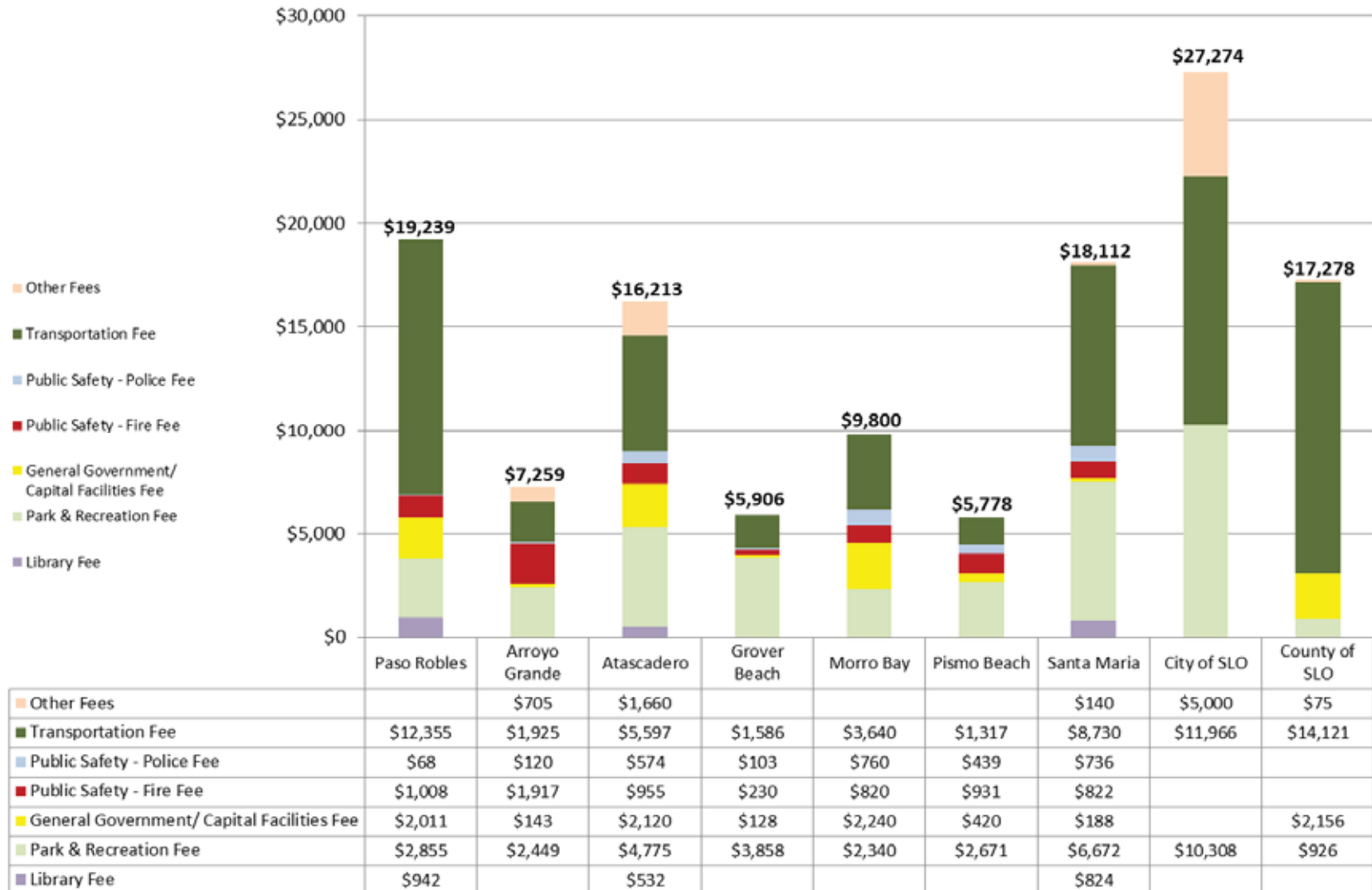
**TABLE 3  
STANDARDIZING ASSUMPTIONS**

Land Use	Sq. Ft. / Frontage	Improvement/Construction Value
Single-Family Dwelling	2,000 / 55 feet	\$100,000
Multi-Family Dwelling	1,500 / 45 feet	\$50,000
Office/Retail (per Square Foot)	N/A	\$75
Industrial (per Square Foot)	N/A	\$40
Commercial Equivalent Dwelling Unit ("EDU")	1,000 / 40 feet	NA
<b>Other</b>	<b>Residential</b>	<b>Commercial</b>
Number of Sewer Fixture Units (50 Gallons per Minute)	N/A	125 Units
Average Lot Size (Square Feet)	5,000	N/A



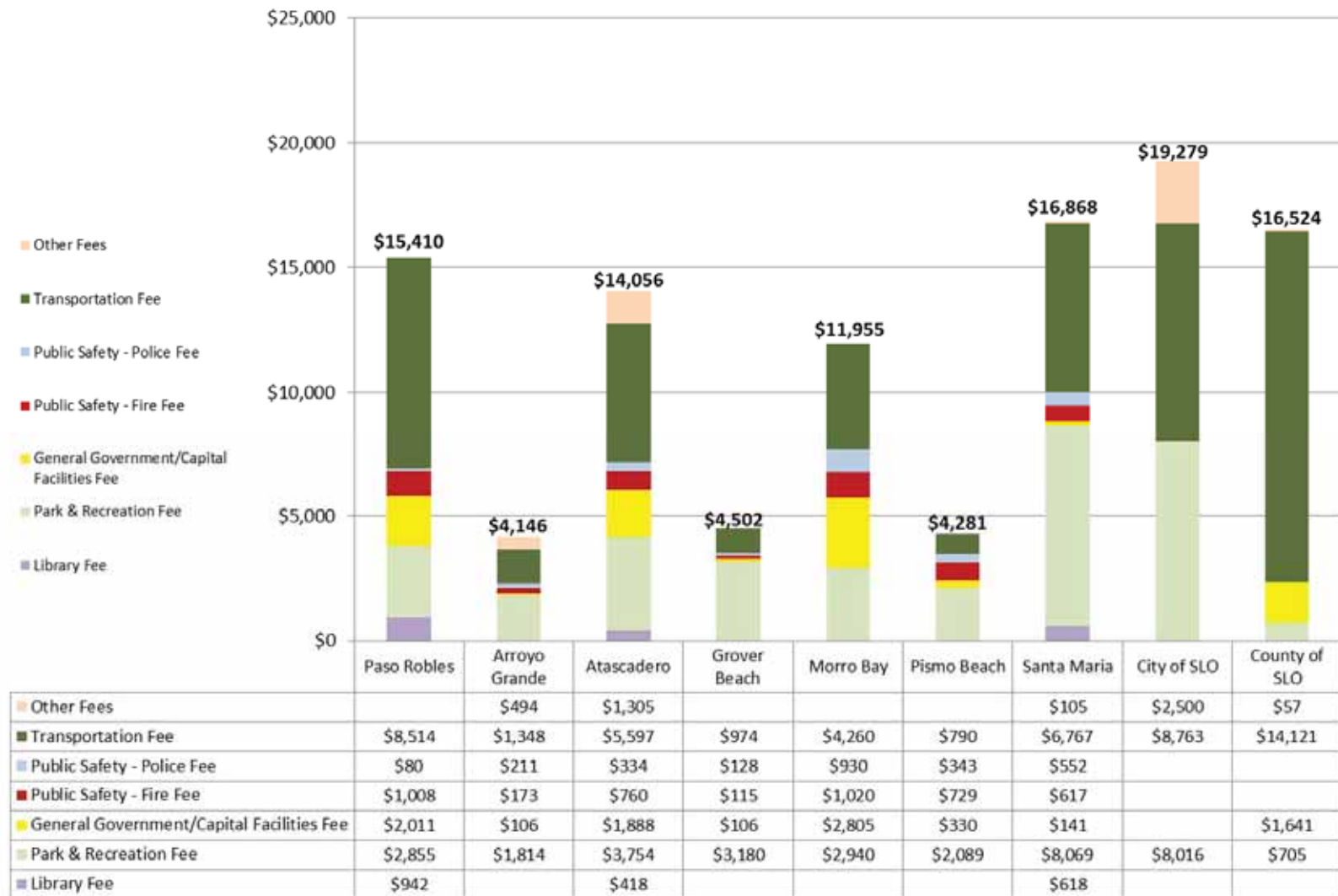
With the assistance of City staff, DTA has analyzed and summarized the proposed fee levels incorporated in the City's draft development impact fee program update and Comparable City DIF programs. As well as different types of fees, each city applies fees to different types of development in different ways. DIFs for residential projects are usually assessed by housing unit, whereas fees for commercial projects can be calculated by square foot, car trip, valuation, and many other ways. For comparison purposes the data is presented per dwelling unit for residential fees (total fees divided by housing units in each analysis), and on a per 1,000 square foot basis for non-residential projects. Please find tables below that breakdown each DIF program by fee program area, anticipated land use, and fee amount (\$).

(1) Development Impact Fees by Type, Single-Family Dwelling (Per Dwelling Unit)

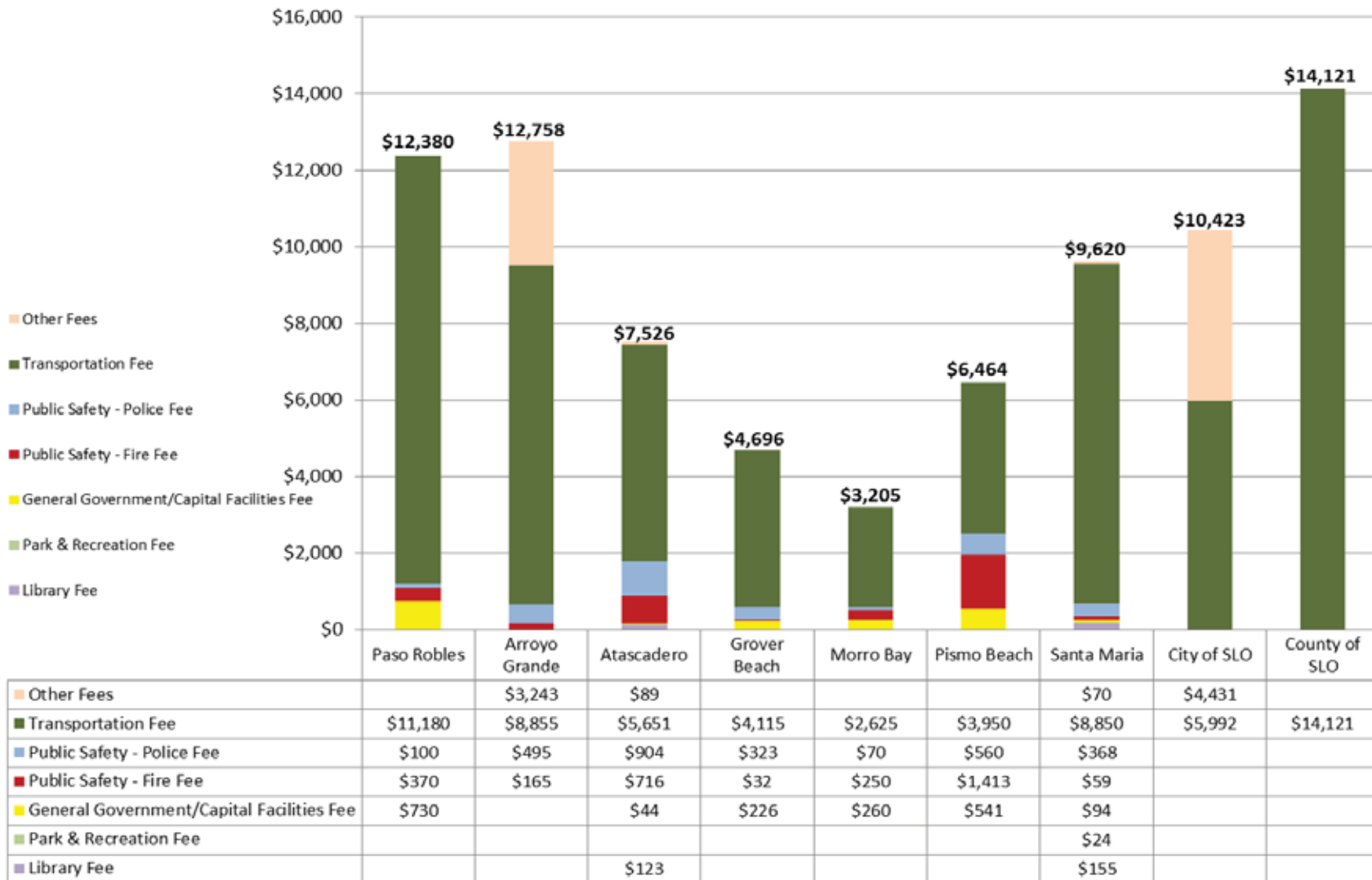


\*Note: Paso Robles fees shown above are preliminary and subject to City Council approval.

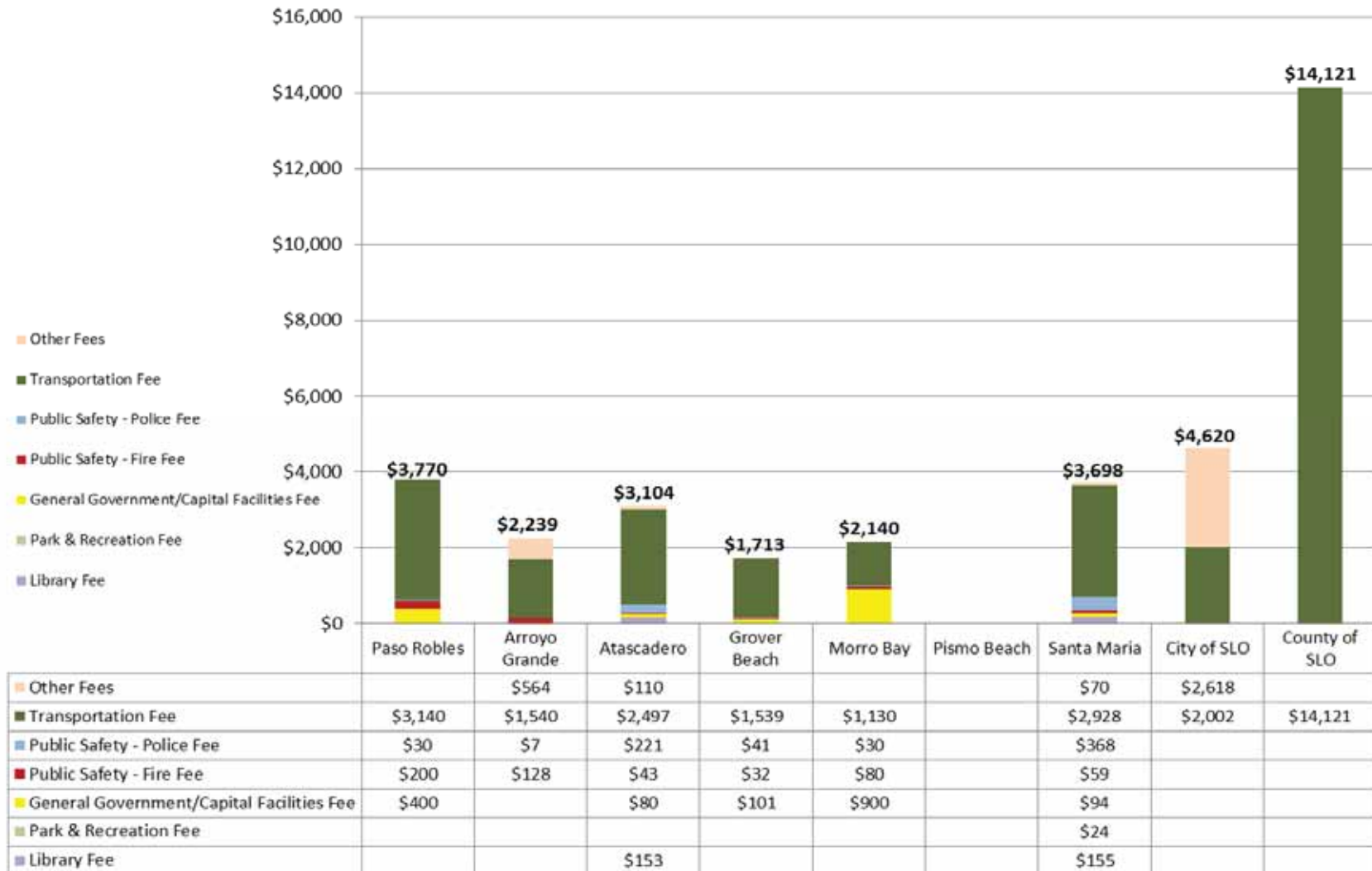


**(2) Development Impact Fees by Type, Multi-Family Dwelling (Per Dwelling Unit)**


\*Note: Paso Robles fees shown above are preliminary and subject to City Council approval.

**(3) Development Impact Fees by Type, Office/Retail (Per Thousand Sq.Ft.)**


\*Note: Paso Robles fees shown above are preliminary and subject to City Council approval.

**(4) Development Impact Fees by Type, Industrial (Per Thousand Sq.Ft.)**


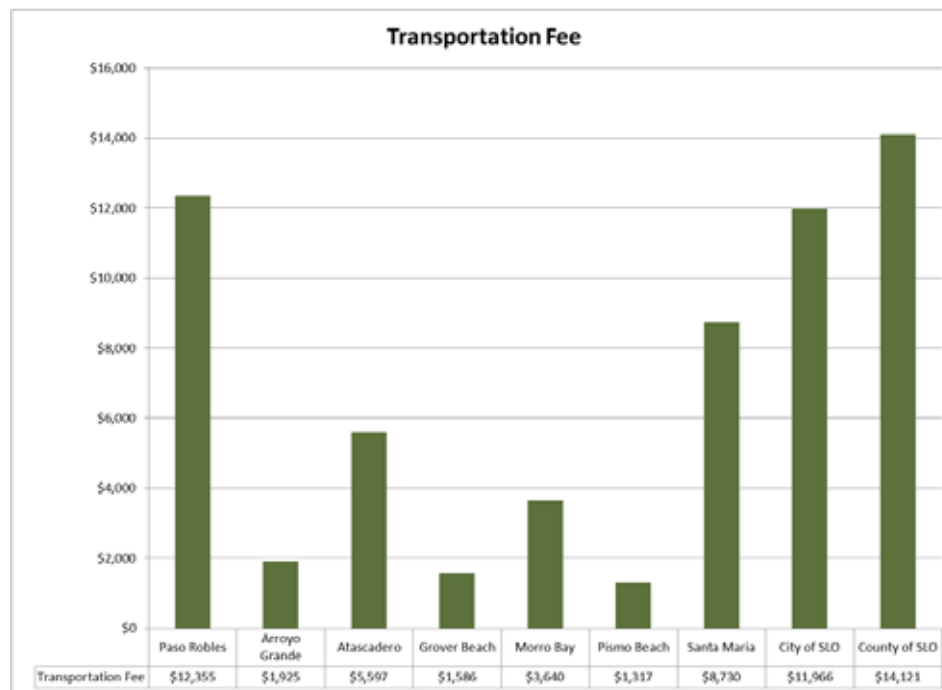
\*Note: Paso Robles fees shown above are preliminary and subject to City Council approval.

On the following pages, please find specific breakdowns of several of the more significant FY 2012-2013 DIFs, each calculated per Single-Family Dwelling ("SFD"). DTA has chosen to do this because many retail and office development projects in Comparable Cities are exempted from impact fees. It should be noted that fees only apply to new development, so an existing location that changes retail tenants will not be subject to impact fees unless space beyond the square foot threshold is added. Importantly, each exemption reflects a policy decision addressed at the time the impact fee was enacted or amended by City Council or the Board of Supervisors. In reviewing the following breakdowns, certain features of the Comparable Cities are important to remember, for example: population, built-out nature, urbanization or lack thereof (e.g., beach cities), etc.

TABLE 5 – POPULATION SUMMARY

Source: California Department of Finance	
City of Paso Robles	30,225
City of Arroyo Grande	17,291
City of Atascadero	28,477
City of Grover Beach	13,162
City of Pismo Beach	7,675
City of Morro Bay	10,274
City of San Luis Obispo	45,308
County of San Luis Obispo (Unincorporated)	119,071
City of Santa Maria	100,199

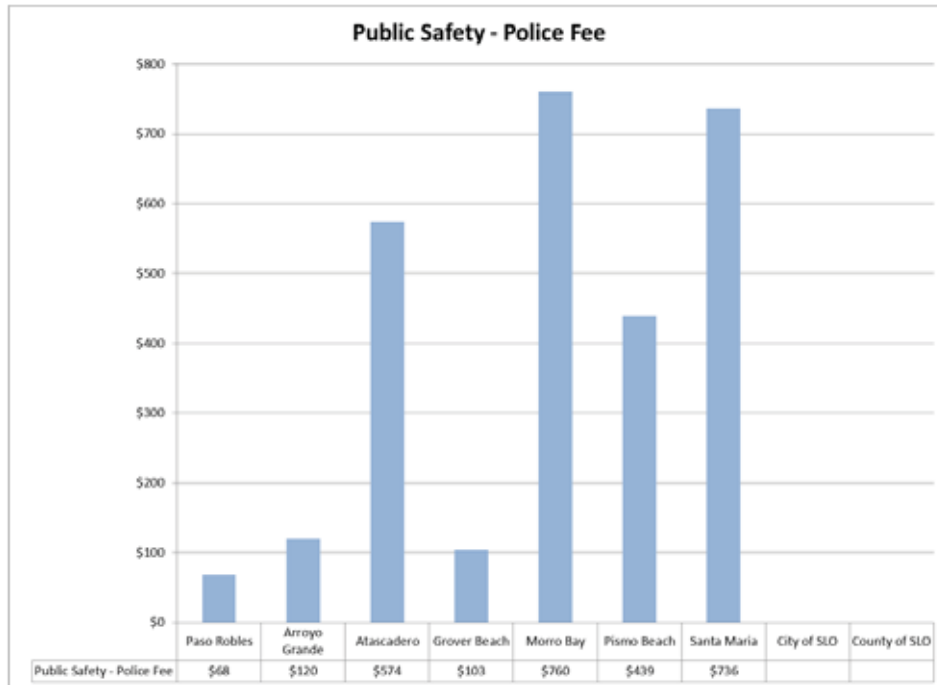
(6) *Transportation*



*\*Note: Paso Robles fees shown above are preliminary and subject to City Council approval.*

**Overview:** With an average fee of \$6,804 (and a median of \$5,597) among Comparable Cities, Paso Robles lands approximately at the 75<sup>th</sup> percentile. Please note for purposes of this analysis, the County of San Luis Obispo fee represented in the table above is the fee currently being imposed on Subarea C located within the boundaries of Templeton's Community Services District, in the amount of: \$14,121. Notably, Subarea C was selected for its direct proximity to the City of Paso Robles and Highway 101.

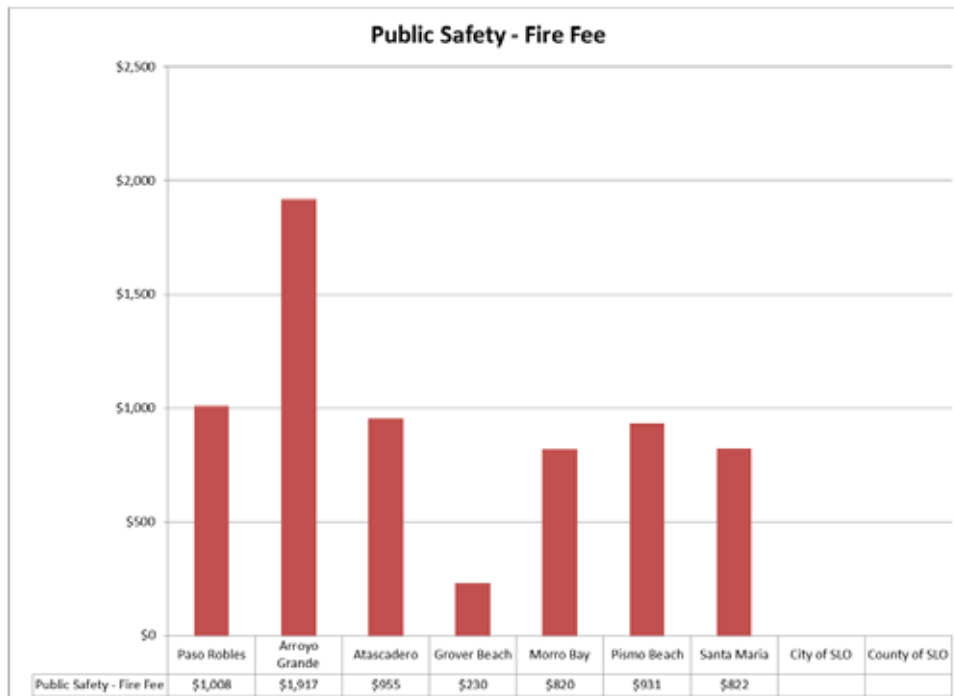
(7) Police



*\*Note: Paso Robles fees shown above are preliminary and subject to City Council approval.*

Overview: With an average fee of \$400 (and a median of \$439), Paso Robles is well below the fees currently being imposed by Comparable Cites.

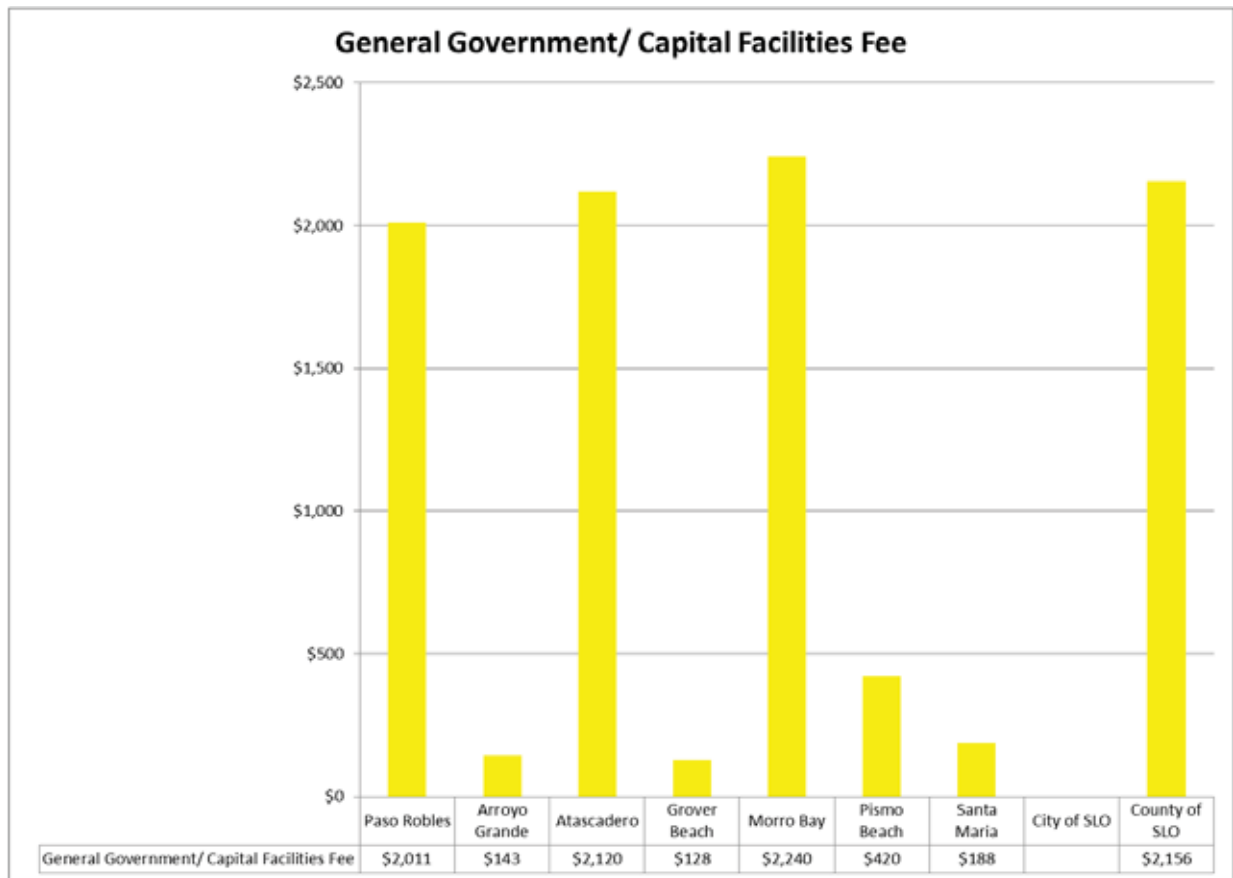
(8) Fire



*\*Note: Paso Robles fees shown above are preliminary and subject to City Council approval.*

Overview: With an average fee of \$955 (and a median of \$931), Paso Robles is in line with the fees currently being imposed by Comparable Cites.

## (9) General Government/Capital Facilities



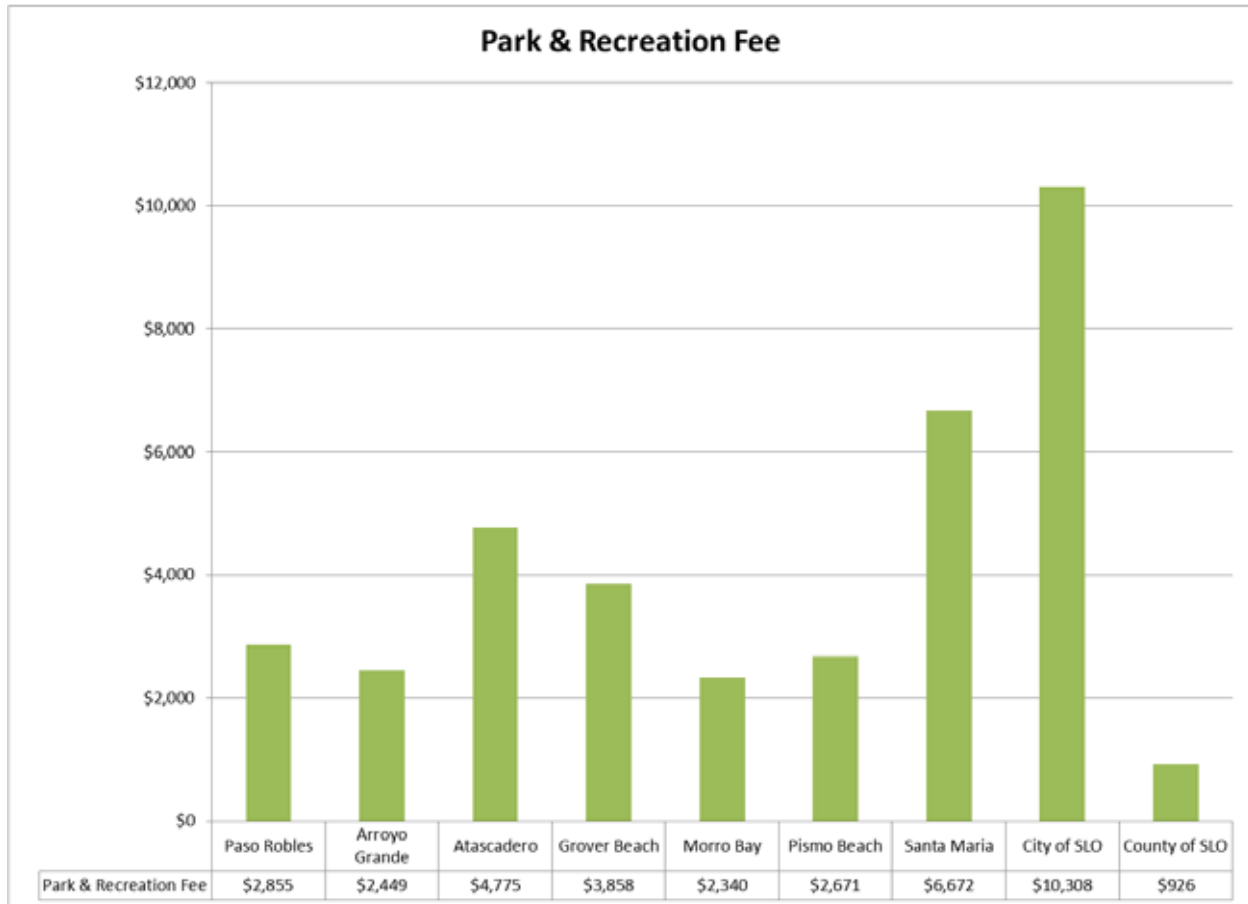
*\*Note: Paso Robles fees shown above are preliminary and subject to City Council approval.*

**Overview:** With an average fee of \$1,176 (and a median of \$1,216), Paso Robles is significantly above the fees currently being imposed by Comparable Cities.

Improvements such as community centers are often funded by a mixture of resources, of which DIFs are a fraction, in recognition that existing development typically benefits from such improvements. The same logic applies to other unique recreational or cultural amenities that potentially serve the entire community. Some cities conservatively choose not to fund (or only fund to a small degree) community centers with any impact fees for this reason.

But City-wide impact fees can reflect the geographically-integrated nature of general government services. If future improvements are dispersed evenly throughout the City, and/or such improvements are part of an integrated City-wide system of capital facilities, then City-wide impact fees will remain suitable.

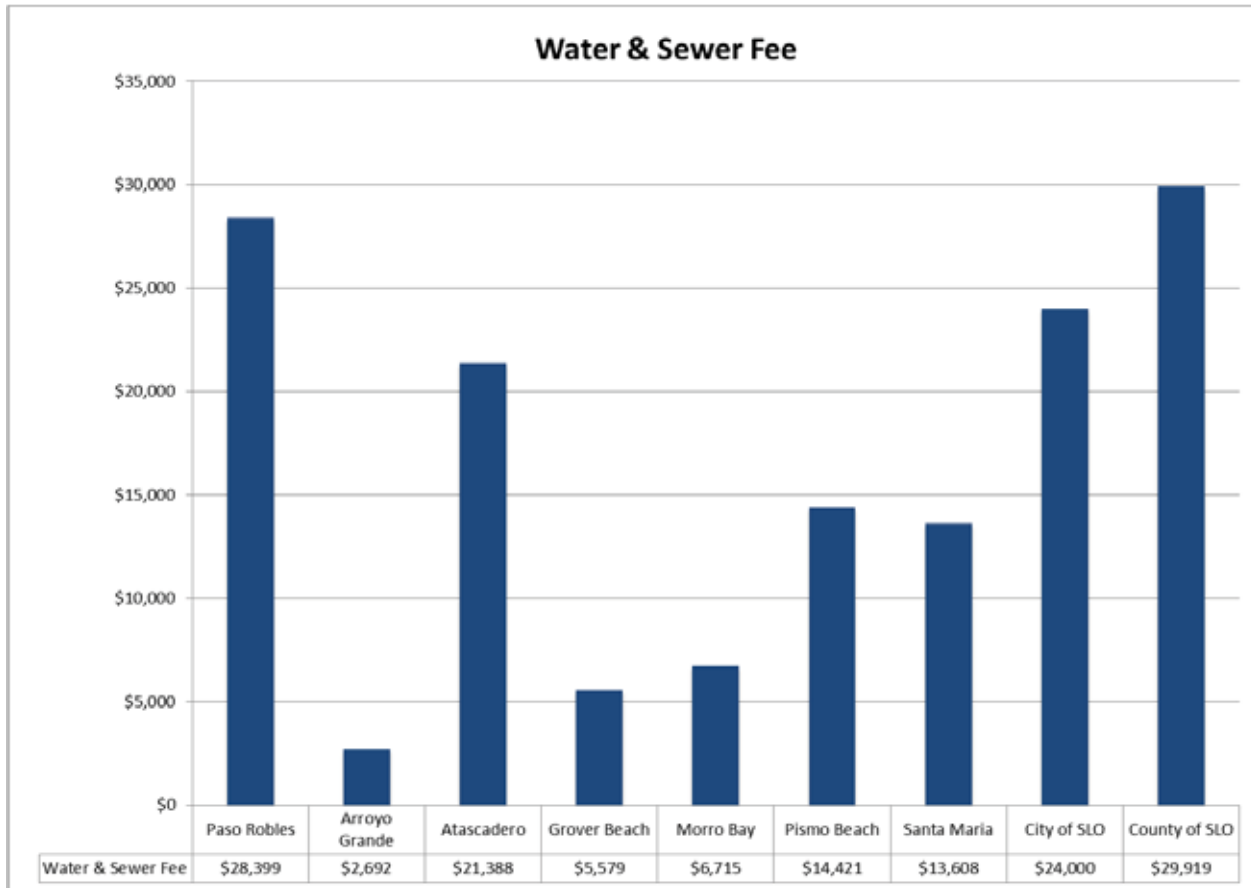
## (10) Park &amp; Recreation



*\*Note: Paso Robles fees shown above are preliminary and subject to City Council approval.*

**Overview:** With an average fee of \$4,095 (and a median of \$2,855), Paso Robles is in line with the fees currently being imposed by Comparable Cities.

Many cities mandate the use of park-related impact fees to pay for capital improvements, although, routine maintenance and repair are typically not funded by impact fees. Park impact fees are used to acquire land, develop new facilities, or rehabilitate facilities that serve new development. To be well within the mainstream of common practice, park impact fees charged by the City of Paso Robles should continue to pay only for land acquisition, construction of new facilities, conversion of facilities not previously in use for public recreation, or upgrade of facilities that expand the size or functionality beyond the original design. The City's impact fees could also pay for rehabilitation or replacement of existing park and recreation facilities. But this option is less common and could be construed as using impact fees to remedy existing deficiencies or maintain current park system capacity.

(11) *Water & Sewer Facilities*

\*Please Note: City of Arroyo Grande's sewer fees are not reflected as City staff has yet to provide this information.

\*\* Paso Robles fees shown above are preliminary and subject to City Council approval.

**Overview:** With an average fee of \$16,302 (and a median of \$14,421) among Comparable Cities, Paso Robles is generally in line with several of the Comparable Cities with respect to water and sewer connection/hookup fees. Given new State law demanding that the flow for new sprinkler systems be upgraded to a one-inch (1.0) meter, DTA has evaluated all cities with the expectation that each will soon update their fees accordingly to comply with State law. Please note for purposes of this analysis, the County of San Luis Obispo fee represented in the table above is the fee currently being imposed within the boundaries of Templeton's Community Services District, in the amount of: \$29,919.

Many cities do not incorporate water/sewer hookup or connection fees into their DIF programs. Occasionally, this is because these fees predate AB 1600, and compliance is viewed as cumbersome. But more typically, cities are often aligned with Municipal Water Districts, Private Water Companies, or other Sanitation Agencies that carry the responsibility of imposing applicable water/sewer fees. Therefore, many cities do not consider them as an element of *their* DIF program. As such, an "apples-to-apples" comparison of water/sewer fees is incredibly difficult as some cities consider these fees to be DIFs, other do not, and many others do not address the issues as they consider these fees and charges to be outside of their purview.

For these reasons, DTA has (i) *attempted* to identify those noteworthy water/sewer fees in each Comparable City irrespective of classification or purview and (ii) broken out water/sewer fees from the cumulative calculations found above to best reflect the City of Paso Robles's current fee practices and understanding.



Notably, the City plans to complete its update to the existing 2006 Nexus Study in 2014. This new study will comment on the potential need to update/revise the existing DIF programs due to new facility needs, changed demographics, and increased infrastructure costs. Additionally, the new study will analyze the potential need for new DIF programs specific to new facility categories.

In developing this new study, DTA has been mindful of the requirement to not use impact fees to remedy existing deficiencies; however, DTA has considered options such as targeting a “Level of Service” to be achieved upon completion of a planned improvement, a methodology that typically results in more fee revenue. A compromise approach could use DIFs to fund improvements that provide an enhanced level of service, while also demanding that the Paso Robles General Plan identify the need to remedy existing deficiencies by other means within a reasonable time frame. Although defining a “reasonable time frame” could prove tricky, one option is to decide that existing deficiencies be remedied within the capital planning horizon upon which DIFs and other fees are based. Finally, DTA will take into account that the statutory development impact fees are intended to represent the maximum impact fee amount justified, not necessarily the most advisable amount to charge development.

Notably, DTA also recently assisted the City in the formulation of a strategy to equitably apportion Transportation DIFs between future residential and non-residential development within the City. The methodology utilized involved a comparison of the relative annual fiscal contributions made to the City General Fund by residential and non-residential development, followed by a proportionate reduction in the Transportation DIFs for those land uses that generate a fiscal surplus to the General Fund – *these fiscal surpluses can be utilized to backfill any loss of revenues resulting from this reduction in Transportation DIF funding.* While there is no State legal requirement that the maximum justifiable DIF be imposed on any specific land use type, the City had concerns that any such reduction be validated for political purposes through a supportable empirical analysis.

[Http://localhost:9010/resources/Clients/Paso Robles/AB1600 Study/2013 Update/Comparative DIF Study/Project Information/Paso Robles Comparative Fee Survey \(12.23.13 Amendment\).docx](http://localhost:9010/resources/Clients/Paso%20Robles/AB1600%20Study/2013%20Update/Comparative%20DIF%20Study/Project%20Information/Paso%20Robles%20Comparative%20Fee%20Survey%20(12.23.13%20Amendment).docx)



Public Finance  
Public Private Partnerships  
Urban Economics

2250 Hyde Street, 5th Floor  
San Francisco, CA 94109  
Phone (800) 969-4382

	DOWNTOWN 40,000SF 3 STORY 14,000SF PARCEL	REGIONAL COMMERCIAL 180,000SF BIG BOX 220,000 PARKING 10 ACRE SITE	5 ACRE INDUSTRIAL 40,000SF BUILDING	SMALL INDUSTRIAL 10,000SF PARCEL 3,000SF BLDG
BUILDING	\$250/SF \$10,000,000	\$100/SF \$18,000,000	\$85/SF \$3,400,000	\$85/SF \$255,000
SITE		\$3,300,000	\$1,500,000	\$105,000
OFFSITE IMPROVEMENTS	\$20,000	\$1,000,000	\$120,000	\$40,000
SOFT COSTS 20%	\$2,004,000	\$4,460,000	\$1,004,000	\$80,000
LAND	\$40/SF \$560,000	\$10/SF \$4,356,000	\$7/SF \$1,524,600	\$18/SF \$180,000
TOTAL DEVELOPMENT COST	\$12,584,000	\$31,116,000	\$7,548,600	\$660,000
IMPACT FEES	WATER	\$109,900	\$34,440	\$20,620
	SEWER	\$40,700	\$12,700	\$7,600
	IMPACTS	<u>\$494,800</u> <b>\$645,400</b>	<u>\$150,400</u> <b>\$197,540</b>	<u>\$11,280</u> <b>\$39,500</b>
IMPACT FEES % OF TOTAL	5%	8%	3%	6%

Public Finance  
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Newport Beach  
Riverside  
San Ramon

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**FISCAL IMPACT SUMMARY  
CITY OF PASO ROBLES  
GENERAL PLAN ALTERNATIVES**

**November 11, 2003**

**FISCAL IMPACT SUMMARY  
CITY OF PASO ROBLES  
GENERAL PLAN ALTERNATIVES**

**Prepared For**

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## EXECUTIVE SUMMARY

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### **BACKGROUND**

This executive summary describes a series of analyses of the potential fiscal impacts to the City of Paso Robles (the "City") expected to result from the future development of currently undeveloped and underdeveloped areas within the existing City limits and the proposed annexation areas under consideration as of October 14, 2003 as part of the 2003 General Plan Update. In preparing these analyses, David Taussig & Associates, Inc. ("DTA") relied on information provided by Rincon Consultants on the proposed General Plan Land Use Alternatives that are being reviewed and considered by the City. The fiscal analyses performed by DTA also used information from the City's 2003-04 Operating Budget (which has been reviewed for accuracy by the City's Administrative Services Director), as well as a series of interviews and discussions with the City's department heads.

### **PROJECT DESCRIPTION**

DTA used three different approaches to project the fiscal impacts of new development on the City's General Fund.

- Evaluate fiscal impacts of buildout in accordance with the proposed General Plan within the current City boundaries (infill);
- Evaluate the fiscal impacts of buildout for just the proposed annexation areas;
- Evaluate the combination of infill and annexation development.

The first set of evaluations are based on anticipated future development within the existing City limits ("Buildout of Existing City"). Buildout of Existing City is expected to encompass 5,447 dwelling units and 4,525,825 building square feet of nonresidential development, with a total of 14,706 new residents and 8,565 new employees. Also, 968 new hotel rooms are expected to be constructed within the existing City limits by buildout.

The second set of evaluations focus on future development projected for all undeveloped land outside the existing City limits, but within the City's Sphere and expansion areas ("Buildout of Sphere & Expansion Areas"). Development within the potential annexation areas is expected to include 1,702 new dwelling units constructed on 509 newly annexed residential acres, but no nonresidential development. Buildout of Sphere & Expansion Areas is also expected to generate 4,595 residents, but no new employees. (There may be neighborhood commercial land uses provided but the amount and number of employees would not be significant.)

The third set of fiscal impact evaluations encompass future development on all undeveloped land both within the City's existing boundaries and within the City's Sphere and expansion areas ("Total Buildout"). The total development potential of the Draft 2003 General Plan Update is expected to include 7,149 new dwelling units, 4,525,825 building square feet of nonresidential development and 968 hotel rooms. The Total Buildout scenario is expected to generate 19,302 new residents and 8,565 new employees.



## **SCOPE AND METHODOLOGY**

The fiscal impacts identified in this report include recurring municipal revenues and costs to the City that result from future development of currently undeveloped or underdeveloped properties. City revenues are generated from a variety of taxes, license and permit fees, fines, and other revenue sources, as listed in Figure 1. City expenditures are associated with a variety of services, such as police protection, fire protection, public works services, general government costs, community development costs, library costs, and recreation services.

Fiscal impacts have been estimated based on the level of development expected to have occurred by the year 2025, as assumed in the General Plan Alternatives. However, all fiscal projections are stated in constant / uninflated 2003 dollars, based on the assumption that the impacts of inflation on City revenues and costs will be identical through 2025.

The methodology employed in estimating the fiscal impacts for the analyses involved a combination of *Case Study* and *Per Capita Multiplier* methods for various cost and revenue categories, as formulated by City staff and DTA in the development of the fiscal impact model that provides the foundation for this analysis.

The three different approaches assuming buildout within the City, buildout outside the City, and the combined total buildout (as discussed above) were each analyzed at three separate levels of service for both police and fire protection (i.e., high, medium and low service levels). Specifically, high levels of service for police and fire protection were, respectively, 1.6 officers and 1.3 firefighters per thousand residents, and medium levels of service for police and fire protection were, respectively, 1.5 officers and 1.0 firefighter per thousand residents. Low levels of service for police and fire protection were, respectively, 1.4 officers and 0.8 firefighters per thousand residents.

## **CONCLUSIONS OF THE FISCAL IMPACT ANALYSES**

Figures 4, 5, 6 and 7 depict the surplus/(deficit) of each buildout projection that was analyzed. The Buildout of Sphere & Expansion Areas analyses were characterized by the highest deficit levels, as a result of the fact that this scenario consists exclusively of residential development. As retail development generates direct sales tax, which is the largest source of City revenues, the absence of this type of development for a particular buildout projection causes the City General Fund to experience a negative fiscal impact, no matter what level of service is provided. For example, assuming that the City adopts high levels of service, Buildout of Sphere and Expansion Areas creates a deficit of services costs versus City revenues of \$2,207,542 per year. The annual deficit per dwelling unit for this scenario is forecasted at \$1,297 per year.

On the other hand, the best performing analysis from a fiscal impact perspective is the Buildout of Existing City, in which a combination of new residential and nonresidential development would generate a surplus for each level of service evaluated (high, medium and low). For example, based on low levels of service, the total surplus generated for the City under Buildout of Existing City is estimated at \$4,544,842 per year. Please note that this buildout projection assumes the successful development of 2,906,529 square feet of retail space and 968 new hotel rooms. As new residential development by itself would generate a deficit projected at \$663 per dwelling unit, the Buildout of Existing City would also create a deficit without retail and hotel development. However, the deficit per dwelling unit is lower for all three levels of service for the Buildout of Existing City versus the Buildout of Sphere and Expansion Areas as a result of limitations established by the County on the property tax revenues apportioned to the City under all future annexations.



The Total Buildout includes both the deficit from the Buildout of Sphere & Expansion Areas and the surplus from the Buildout of Existing City, so it provides a middle ground for the City's fiscal future. The Total Buildout creates a surplus of \$1,017,512 per year with high levels of service, a surplus of \$2,001,975 with medium levels of service, and a surplus of \$2,749,689 with low levels of service.

It is important to note that the costs associated with residential development may be somewhat overstated in these analyses because all police and fire protection costs were calculated based on the number of residents generated, and therefore were exclusively assigned to residential development. Should a share of these costs be apportioned to non-residential development, the positive fiscal impacts of future non-residential development would be reduced, while the fiscal impacts of future residential development on the City would be less negative than indicated herein. Also, these analyses assume that the City's current basic revenue and cost structures will remain the same indefinitely (e.g., assumes that Motor Vehicle In-Lieu Fees will not be reduced or eliminated, assumes that the "triple-flip" proposal regarding property tax and sales tax revenues will not be implemented, and assumes no changes in current laws). Finally, the expectation of 968 hotel rooms is expected to generate almost \$2.5 million in revenues for the Existing City and Total Buildout analyses. The relaxation of this assumption has a significant effect on the overall results for the Existing City and Total Buildout scenarios.

AB 7X and AB1766, otherwise known as the "Triple Flip" legislation, require that cities give up .5% of sales tax in their jurisdictions (1/2 of the sales tax they would receive without the legislation) to the State in exchange for an equal share of property tax. The Triple Flip allows cities to recoup their loss in sales tax via a State backfill property taxes that would ordinarily be directed to school districts as part of the Educational Revenue Augmentation Fund ("ERAF"). The provisions of the Triple Flip are expected to continue until all outstanding bonds/ancillary obligations issued to cover the State's current budget deficit have been paid/retired. The legislation will become effective in July, 2004; preliminary estimates of the effective window of this legislation are approximately five years. Unfortunately, there are concerns that due to the magnitude of the State's deficit, the State may unilaterally decide not to backfill local agencies, thereby causing a net loss to these agencies equal to one-half of their sales tax revenues. Figure 8 compares the total surplus/(deficit) for Existing City Buildout, Sphere & Expansion Buildout, and Total Buildout at medium levels of service assuming the scenario under which the State backfills 100% of the sales tax owed for reimbursement versus the scenario under which the State defaults on its backfill. Total Buildout and Buildout of Existing City stand to lose approximately \$2.8 million per year if the State defaults; Buildout of Sphere and Expansion Areas only stands to lose approximately \$62,000 per year if the State defaults, due to the lack of retail development planned for these areas. Please note, however, that this legislation is expected to be effective for only five years, whereas buildout is expected to occur in 2025. Therefore, if the State does default, the negative fiscal impacts of the Triple Flip will only affect the City for a five-year period.

A sample of the fiscal impact model for the Total Buildout – Medium Levels of Service is attached to this summary report to illustrate the factors utilized in the analyses.

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# FIGURES 1-8

## Fiscal Impact Analyses



# FIGURE 1

## City of Paso Robles

### Recurring City Revenues

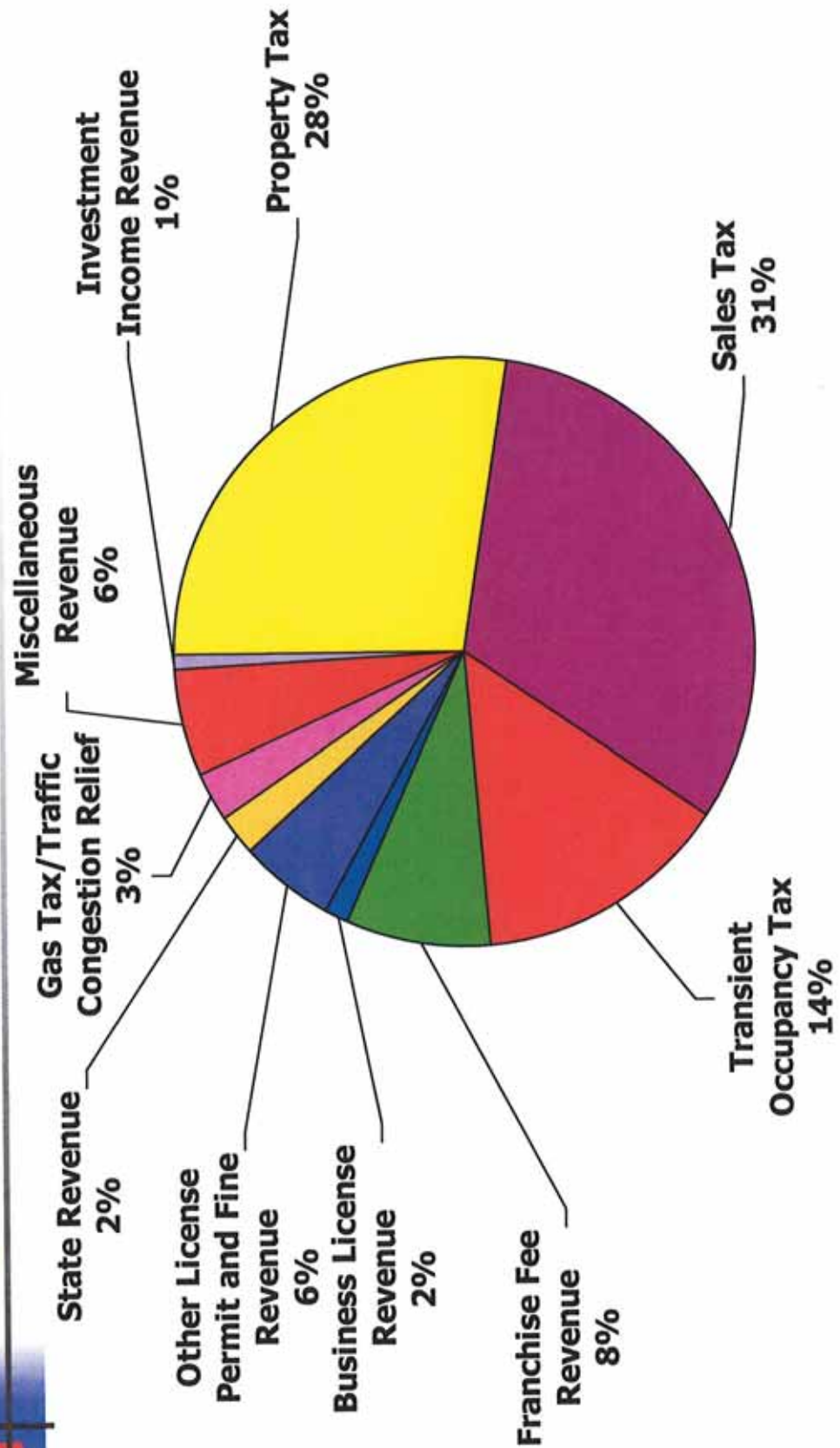
- Secured Property Tax
- Unsecured Property Tax
- Property Transfer Tax
- Sales Tax
- Safety Sales Tax
- Transient Occupancy Tax
- Franchise Fee Revenue
- Business License Revenue
- Licenses, Permits & Fines
- State Revenue
- Gasoline Tax / Traffic Congestion Relief
- Miscellaneous Revenue
- Investment Income Revenue

### Recurring City Costs

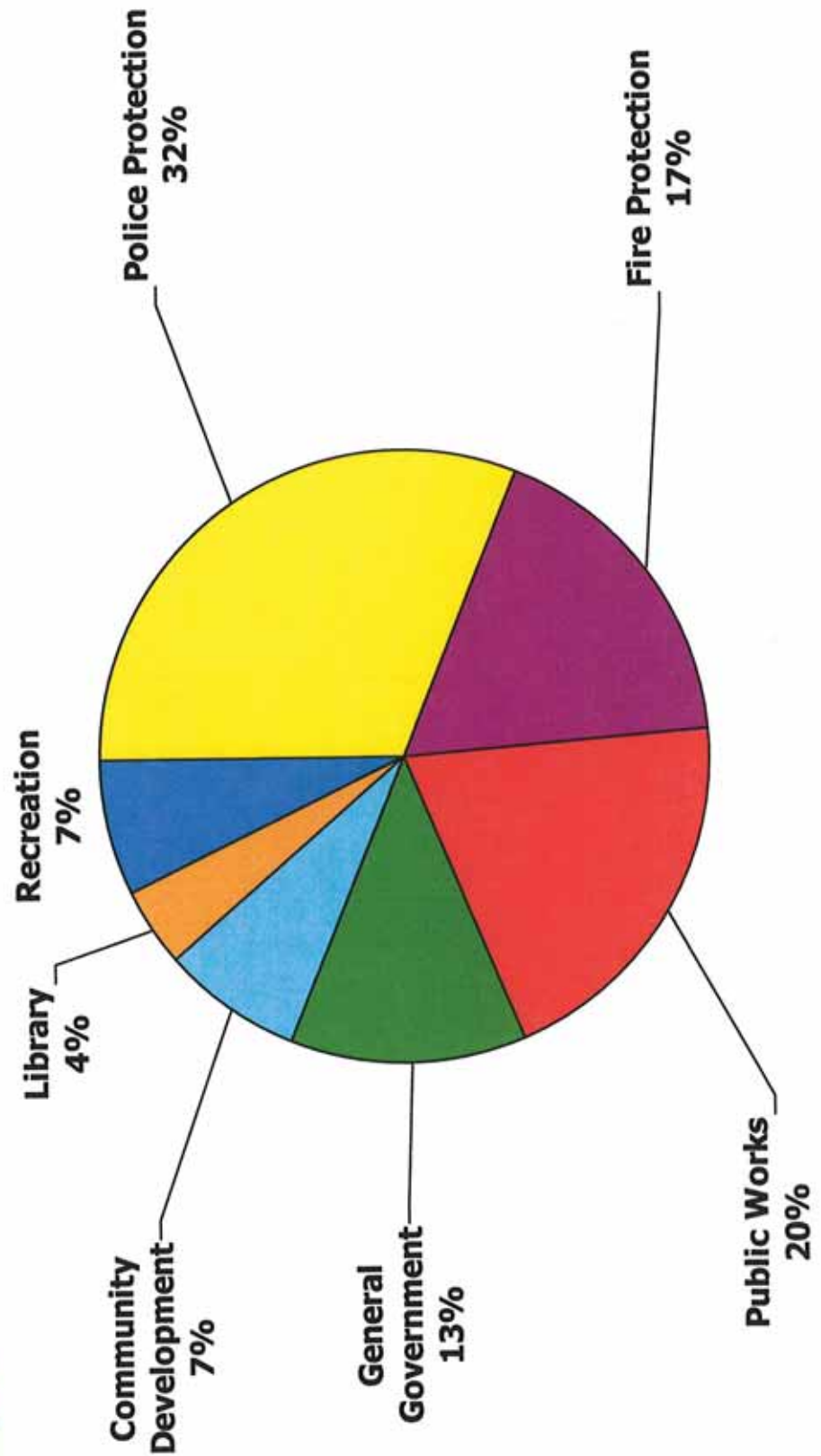
- Police Protection
- Fire Protection
- Public Works
- General Government
- Community Development
- Library
- Recreation Services



**FIGURE 2 – REVENUES FOR TOTAL  
BUILDOUT: MEDIUM LEVELS OF SERVICE**  
**City of Paso Robles**



# FIGURE 3 – COSTS FOR TOTAL BUILDOUT: MEDIUM LEVELS OF SERVICE City of Paso Robles



# FIGURE 4 – TOTAL SURPLUS/(DEFICIT)

## City of Paso Robles

### LEVELS OF SERVICE

	High	Medium	Low
Existing City Buildout	\$3,225,053	\$3,975,140	\$4,544,842
Sphere & Expansion Buildout	(\$2,207,542)	(\$1,973,165)	(\$1,795,153)
Total Buildout	\$1,017,512	\$2,001,975	\$2,749,689

### LAND-USE SCENARIOS

Existing City Buildout

Sphere & Expansion Buildout

Total Buildout

# FIGURE 5 – DEFICIT PER DWELLING

## UNIT/1

### City of Paso Robles

#### LEVELS OF SERVICE

	High	Medium	Low
Existing City Buildout	(\$905)	(\$767)	(\$663)
Sphere & Expansion Buildout	(\$1,297)	(\$1,159)	(\$1,055)
Total Buildout	(\$1,000)	(\$862)	(\$758)

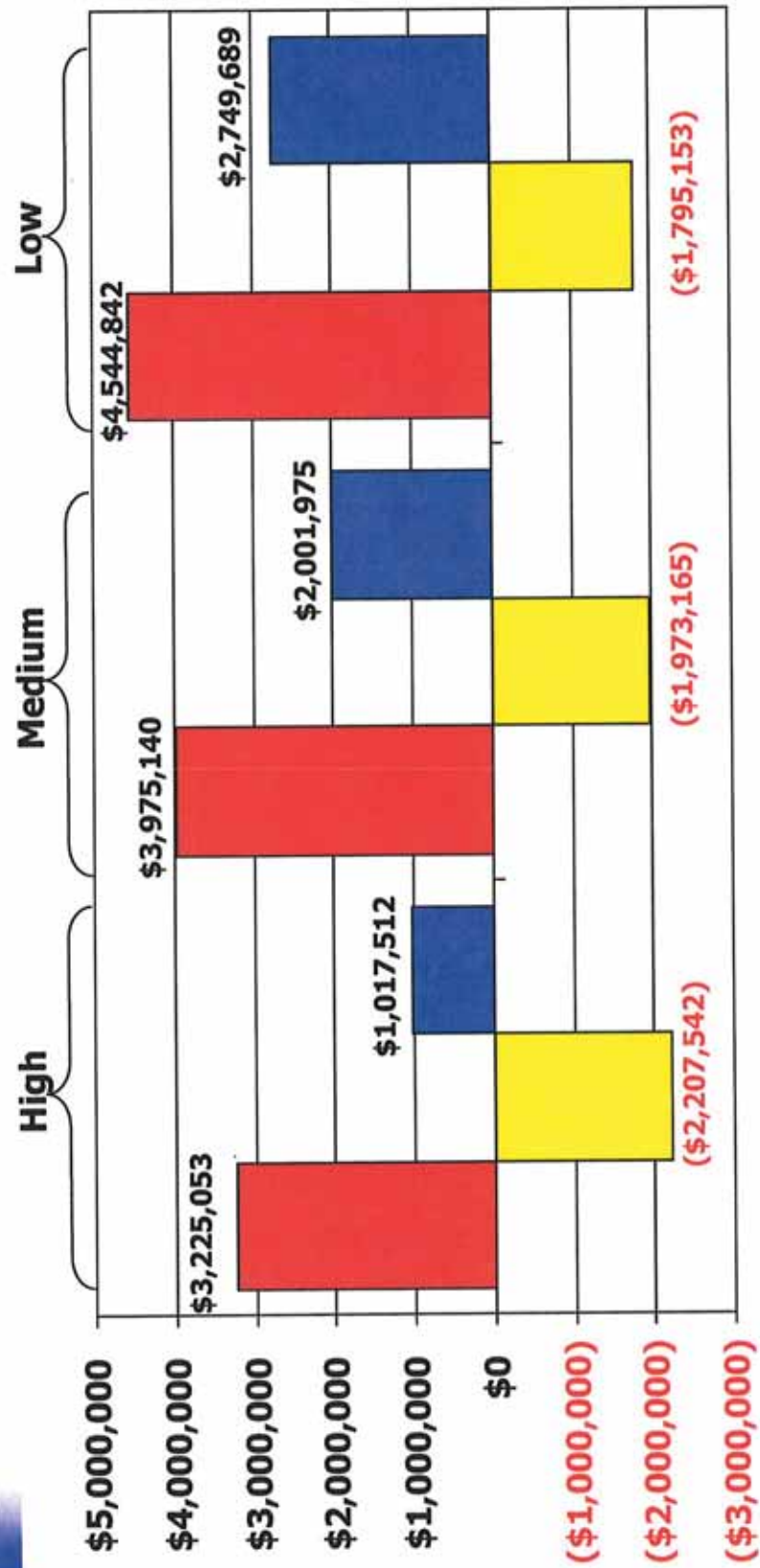
#### LAND-USE SCENARIOS

1. Does not consider the surplus generated by non-residential development.



# FIGURE 6 – TOTAL SURPLUS/(DEFICIT)

## City of Paso Robles

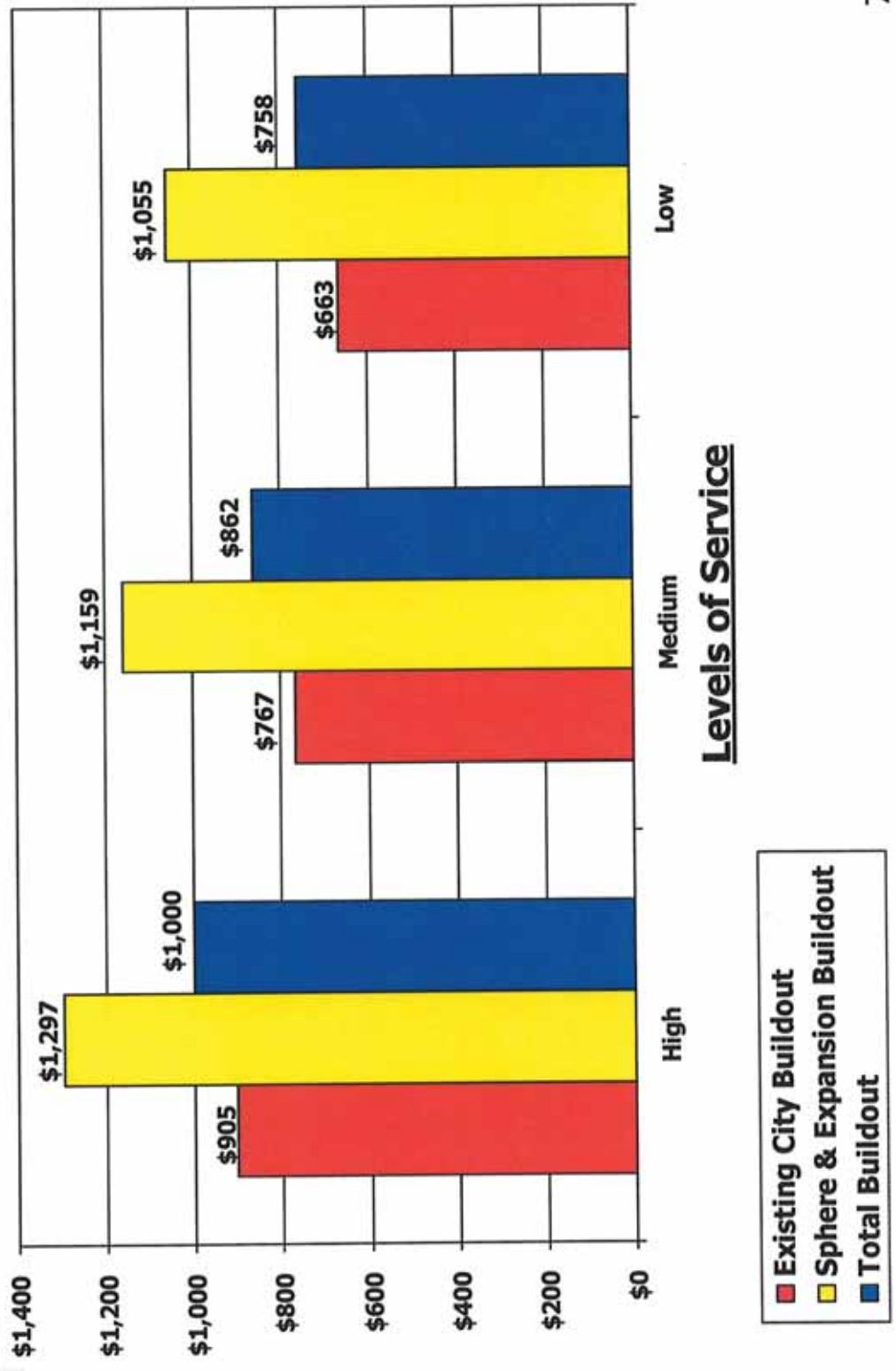




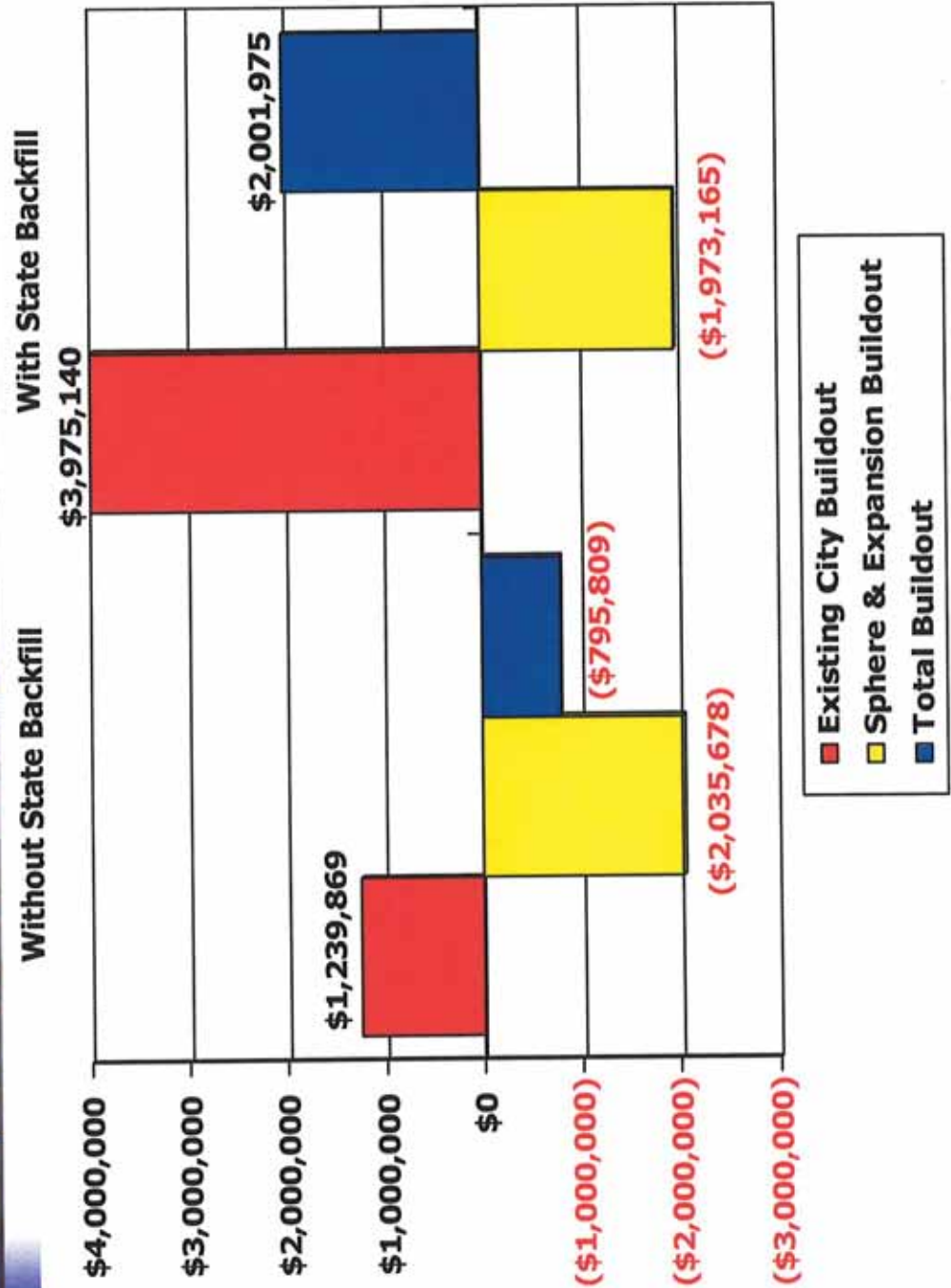
# FIGURE 7 – DEFICIT PER DWELLING

UNIT

City of Paso Robles



# FIGURE 8 – "Triple-Flip" Medium Levels Of Service City of Paso Robles



TABLES 1-8  
SAMPLE FISCAL IMPACT ANALYSIS  
TOTAL DEVELOPMENT  
MEDIUM LEVELS OF SERVICE

**TABLE 1**  
**CITY OF EL PASO DE ROBLES : MODEL**  
**LAND USE SUMMARY: RESIDENTIAL AND COMMERCIAL**  
**FISCAL IMPACT ANALYSIS - TOTAL BUILDOUT**  
**MEDIUM LEVELS OF SERVICE**

LAND USE	BUILD-OUT		
			2025
<b>DWELLING UNITS</b>	<b>WITHIN CITY LIMITS</b>	<b>OUTSIDE CITY LIMITS</b>	<b>TOTAL</b>
Single-Family Residential	3,129	1,271	4,400
Multi-Family Residential	<u>2,318</u>	<u>431</u>	<u>2,749</u>
TOTAL, DWELLING UNITS	5,447	1,702	7,149
<b>PROJECT RESIDENTS /1</b>			
Single-Family Residential	NA	NA	11,880
<u>Multi-Family Residential</u>	NA	NA	<u>7,422</u>
TOTAL, PROJECT RESIDENTS			19,302
<b>PROJECT ACREAGE</b>			
Single-Family Residential	NA	NA	4,446
<u>Multi-Family Residential</u>	NA	NA	<u>773</u>
TOTAL, RESIDENTIAL ACREAGE			5,219
<b>SEE FOOTNOTES ON FOLLOWING PAGE</b>			

TABLE 1 CONTINUED

BUILD-OUT  
2025**LAND NONRESIDENTIAL ACRES****NONRESIDENTIAL ACRES**

Neighborhood Commercial (NC)	46
Office Professional (OP)	7
Community Commercial (CC)	10
Regional Commercial (RC)	60
Commercial Service (CS)	248
Business Park (BP)	1112
<u>Industrial (IND)</u>	<u>2</u>
<b>TOTAL, NON-RESIDENTIAL</b>	<b>1,486</b>

**BUILDING NONRESIDENTIAL SQ.FT.**

Neighborhood Commercial (NC)	505,304
Office Professional (OP)	76,146
Community Commercial (CC)	106,933
Regional Commercial (RC)	661,103
Commercial Service (CS)	1,633,189
Business Park (BP)	1,539,882
<u>Industrial (IND)</u>	<u>3,267</u>
<b>TOTAL, NON-RESIDENTIAL</b>	<b>4,525,825</b>

**NONRESIDENTIAL EMPLOYEES /2**

<b>TOTAL, NON-RESIDENTIAL EMPLOYEES</b>	<b>8,565</b>
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**NOTES:**

1. U.S. Census

Persons Per Household - Single Family Detached

2.700

2. Economic Development Department, State of California

**SHADED CELLS ARE VARIABLE ASSUMPTIONS OR INPUTS UNIQUE TO THE PROJECT.**

**TABLE 2**  
**CITY OF EL PASO DE ROBLES : MODEL**  
**CASE STUDY REVENUES: PROPERTY TAXES**  
**FISCAL IMPACT ANALYSIS - TOTAL BUILDOUT**  
**MEDIUM LEVELS OF SERVICE**

ASSESSED VALUATION ASSUMPTIONS	
<b>RESIDENTIAL</b>	
Single-Family Residential	\$418,707
Multi-Family Residential	\$258,987
<b>NON-RESIDENTIAL</b>	
Neighborhood Commercial (NC)	\$125
Office Professional (OP)	\$110
Community Commercial (CC)	\$125
Regional Commercial (RC)	\$125
Commercial Service (CS)	\$125
Business Park (BP)	\$110
Industrial (IND)	\$75
Base Year Value Per Unit	\$150,000
SECURED PROPERTY TAX ASSUMPTIONS	
APPORTIONMENT FACTOR AS A PERCENT OF 1%	
PROPERTY TAXES PASSED THROUGH TO CITY - PROPERTY WITHIN CITY LIMITS	17.00%
PROPERTY TAXES PASSED THROUGH TO CITY - PROPERTY OUTSIDE CITY LIMITS	8.20%
UNSECURED PROPERTY TAX ASSUMPTIONS	
<b>RESIDENTIAL:</b>	
UNSECURED TAXES AS A % OF SECURED	2.75%
<b>NON-RESIDENTIAL:</b>	
UNSECURED TAXES AS A % OF SECURED	10.00%



**TABLE 2 CONTINUED****BUILD-OUT****FISCAL YEAR**

(\$s x1,000)

**2025****SECURED ASSESSED VALUE CALCULATION:**ANNUAL ASSESSED VALUESWITHIN CITY LIMITS

Single-Family Residential	\$1,310,135.7
Multi-Family Residential	\$600,330.8

OUTSIDE CITY LIMITS

Single-Family Residential	\$532,177.2
Multi-Family Residential	\$111,623.2

TOTAL RESIDENTIAL	\$2,554,266.9
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NON-RESIDENTIAL

Neighborhood Commercial (NC)	\$63,163.0
Office Professional (OP)	\$8,376.1
Community Commercial (CC)	\$13,366.7
Regional Commercial (RC)	\$82,637.8
Commercial Service (CS)	\$204,148.6
Business Park (BP)	\$169,387.0
Industrial (IND)	\$245.0
TOTAL NON-RESIDENTIAL	\$541,324.3

**SECURED PROPERTY TAX REVENUE CALCULATION:****CITY OF EL PASO DE ROBLES**

RESIDENTIAL	\$3,566.4
<u>NON-RESIDENTIAL</u>	<u>\$920.3</u>

TOTAL SECURED TAX REVENUES TO CITY	\$4,486.6
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**UNSECURED PROPERTY TAX REVENUE CALCULATION:****CITY OF EL PASO DE ROBLES**

RESIDENTIAL	\$98.1
<u>NON-RESIDENTIAL</u>	<u>\$92.0</u>

TOTAL UNSECURED TAX REVENUES TO CITY	\$190.1
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<b>TOTAL PROPERTY TAXES TO CITY</b>	<b>\$4,676.7</b>
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SHADED CELLS ARE VARIABLE ASSUMPTIONS OR INPUTS UNIQUE TO THE PROJECT.

**TABLE 3**  
**CITY OF EL PASO DE ROBLES : MODEL**  
**CASE STUDY: SALES TAXES AND PROPERTY TRANSFER TAXES**  
**FISCAL IMPACT ANALYSIS - TOTAL BUILDOUT**  
**MEDIUM LEVELS OF SERVICE**

**RESIDENTIAL INDIRECT SALES TAX GENERATION ASSUMPTIONS**

**AVERAGE HOUSEHOLD INCOME ASSUMPTIONS:**

WEIGHTED AVERAGE RESIDENTIAL PRICE	\$357,290
AVERAGE RESIDENTIAL MORTGAGE (45% DOWN)	\$196,510
ANNUAL MORTGAGE PAYMENTS @ 8.00% & 30 YEARS	\$17,303
AVG. HOUSEHOLD INCOME (4:1 INCOME/PAYMENT RATIO):	\$69,212
RETAIL TAXABLE EXPENDITURES (% OF INCOME):	20.0%
PROJECT RESIDENTS' PURCHASES OUTSIDE PROJECT AND WITHIN INCORPORATED CITY:	50.0%

**PROPERTY TRANSFER TAX ASSUMPTIONS**

RESIDENTIAL PROPERTY TURNOVER RATE	10.00%
BUS & COM PROPERTY TURNOVER RATE	5.00%
TRANSFER TAX AS A % OF PRICE	0.11%
PROPERTY TRANSFER TAX PASSED THROUGH TO CITY	50.00%

**BUSINESS DIRECT SALES & USE TAX GENERATION ASSUMPTIONS**

SALES TAXES PASSED THROUGH TO CITY, APPLIED TO COSTS:	1.00%
COUNTYWIDE AND STATE POOLED TAX REVENUE (% of 1%)	0.00%
SAFETY SALES TAX REVENUE	0.0025%
DISPLACED EXISTING CITY SALES TAX	25.00%

**PROJECT RETAIL TAXABLE SALES PER SQ. FT:**

Neighborhood Commercial (NC)	\$225.00
Office Professional (OP)	\$15.00
Community Commercial (CC)	\$225.00
Regional Commercial (RC)	\$225.00
Commercial Service (CS)	\$225.00
Business Park (BP)	\$15.00
Industrial (IND)	\$10.00



**TABLE 3 CONTINUED**

FISCAL YEAR	(\$s x1,000)	BUILD-OUT 2025
<b>SALES &amp; USE TAX REVENUE CALCULATION (CUMULATIVE):</b>		
<u>INDIRECT SALES TAX GENERATION</u>		
RESIDENTIAL TAXABLE EXPENDITURES		\$98,959.4
<u>TOTAL TAXABLE PURCHASES WITHIN CITY</u>		<u>\$49,479.7</u>
RESIDENTIAL SALES TAX GENERATION		\$494.8
<u>DIRECT SALES TAX GENERATION</u>		
Neighborhood Commercial (NC)		\$113,693.4
Office Professional (OP)		\$1,142.2
Community Commercial (CC)		\$24,060.0
Regional Commercial (RC)		\$148,748.1
Commercial Service (CS)		\$367,467.5
Business Park (BP)		\$23,098.2
Industrial (IND)		\$32.7
SUB-TOTAL DIRECT TAXABLE SALES		\$678,242.2
<u>LESS: DISPLACED EXISTING CITY SALES TAX</u>		<u>\$169,560.5</u>
TOTAL DIRECT TAXABLE SALES		\$508,681.6
TOTAL DIRECT SALES TAX GENERATION		\$5,086.8
<u>TOTAL PROJECT SALES &amp; USE TAX REVENUES, APPLIED TO COSTS</u>		<u>\$5,581.6</u>
RESIDENTIAL SAFETY SALES TAX REVENUES		\$1.2
NON-RESIDENTIAL SAFETY SALES TAX REVENUES		\$12.7
<u>TOTAL PROJECT SALES &amp; USE TAX REVENUES</u>		<u>\$5,595.6</u>
<b>PROPERTY TRANSFER TAX CALCULATION (CUMULATIVE):</b>		
RESIDENTIAL PROPERTY TRANSFER TAXES		\$140.5
NON-RESIDENTIAL PROPERTY TRANSFER TAXES		\$14.9
<u>TOTAL ANNUAL PROPERTY TRANSFER TAXES</u>		<u>\$155.4</u>

**SHADED CELLS ARE VARIABLE ASSUMPTIONS OR INPUTS UNIQUE TO THE PROJECT.**

**TABLE 4**  
**CITY OF EL PASO DE ROBLES : MODEL**  
**BUSINESS LICENSE, FRANCHISE FEE, T.O.T. REVENUES**  
**FISCAL IMPACT ANALYSIS - TOTAL BUILDOUT**  
**MEDIUM LEVELS OF SERVICE**

BUSINESS LICENSE FEE REVENUE		
RESIDENTIAL		NA
NON-RESIDENTIAL (PER EMPLOYEE)		\$31.09
FRANCHISE FEES (RESIDENTIAL - PER CAPITA; NONRESIDENTIAL - PER CAPITA AND EMPLOYEE)		
	RESIDENTIAL	NON-RESIDENTIAL
CABLE	\$11.38	NA
GAS/ELECTRIC	\$10.27	\$10.27
LANDFILL	\$26.58	\$26.58
SOLID WASTE	\$5.15	\$5.15
TOTAL FRANCHISE	\$53.38	\$42.00
TRANSIENT OCCUPANCY TAX		
NUMBER OF AVAILABLE HOTEL ROOMS		968
OCCUPANCY RATE		70.00%
AVERAGE BILLING RATE PER ROOM		\$100.00
% PASSED THROUGH TO CITY		10.00%
FISCAL YEAR (\$s x1,000)		BUILD-OUT 2025
<b>BUSINESS LICENSE FEE REVENUE</b>		
TOTAL RESIDENTIAL		NA
NONRESIDENTIAL		
TOTAL NONRESIDENTIAL		\$266.3
TOTAL, BUSINESS LICENSE FEE REVENUE		\$266.3
<b>FRANCHISE FEE REVENUE</b>		
RESIDENTIAL CABLE FRANCHISE FEES		\$219.7
NON-RESIDENTIAL CABLE FRANCHISE FEES		\$0.0
RESIDENTIAL GAS & ELECTRIC FRANCHISE FEES		\$198.3
NON-RESIDENTIAL GAS & ELECTRIC FRANCHISE FEES		\$88.0
RESIDENTIAL LANDFILL FRANCHISE FEES		\$513.0
NON-RESIDENTIAL LANDFILL FRANCHISE FEES		\$227.6
RESIDENTIAL SOLID WASTE FRANCHISE FEES		\$99.4
NON-RESIDENTIAL SOLID WASTE FRANCHISE FEES		\$44.1
TOTAL, FRANCHISE FEE REVENUE		\$1,390.1
<b>TRANSIENT OCCUPANCY TAX REVENUE</b>		
TOTAL, TRANSIENT OCCUPANCY TAX REVENUE		\$2,473.2

SHADED CELLS ARE VARIABLE ASSUMPTIONS OR INPUTS UNIQUE TO THE PROJECT.

**TABLE 5**  
**CITY OF EL PASO DE ROBLES : MODEL**  
**OTHER REVENUE AND REVENUE SUMMARY**  
**FISCAL IMPACT ANALYSIS - TOTAL BUILDOUT**  
**MEDIUM LEVELS OF SERVICE**

OTHER GENERAL REVENUES (MULTIPLIER METHOD)		
	RESIDENTIAL	NONRESIDENTIAL
OTHER LICENSES/PERMITS/FINES	\$25.45	\$52.61
STATE REVENUES	\$18.76	\$0.00
GASOLINE TAXES/TDA FUND	\$25.59	NA
MISCELLANEOUS REVENUES/SERVICE CHARGES	\$36.41	\$36.41

INCOME FROM INVESTMENTS	
EFFECTIVE INTEREST /1	1.77%

1. Local Agency Investment Fund ("LAIF") Rat

FISCAL YEAR	(\$s x1,000)	BUILD-OUT 2025
<b>PER CAPITA REVENUES</b>		
<u>OTHER LICENSES/PERMITS/FINES</u>		
RESIDENTIAL		\$491.2
NON-RESIDENTIAL		\$450.6
TOTAL, LICENSES, PERMITS AND FINES		\$941.8
<u>STATE REVENUES</u>		
RESIDENTIAL		\$362.2
NON-RESIDENTIAL		\$0.0
TOTAL, STATE REVENUES		\$362.2
<u>GASOLINE TAXES/TDA FUND</u>		
RESIDENTIAL		\$493.9
NON-RESIDENTIAL		\$0.0
TOTAL, GASOLINE/TDA FUND REVENUES		\$493.9
<u>MISCELLANEOUS REVENUES</u>		
RESIDENTIAL		\$702.7
NON-RESIDENTIAL		\$311.8
TOTAL, MISCELLANEOUS REVENUES		\$1,014.5
TOTAL RESIDENTIAL PER CAPITA REVENUES		\$3,080.3
TOTAL NON-RESIDENTIAL PER CAPITA REVENUES		\$1,388.4
TOTAL PER CAPITA REVENUES		\$4,468.7
TOTAL CASE STUDY RESIDENTIAL REVENUES		\$4,301.0
TOTAL CASE STUDY NON-RESIDENTIAL REVENUES		\$8,599.9
TOTAL CASE STUDY REVENUES		\$12,900.9
RESIDENTIAL REV AVAILABLE FOR INV. INCOME		\$7,381.3
NON-RESIDENTIAL REV AVAILABLE FOR INV. INCOME		\$9,988.3
TOTAL REVENUES AVAILABLE FOR INVESTMENT INCOME		\$17,369.6
RESIDENTIAL INVESTMENT INCOME		\$65.3
NON-RESIDENTIAL INVESTMENT INCOME		\$88.4
TOTAL INVESTMENT INCOME		\$153.7

SHADED CELLS ARE VARIABLE ASSUMPTIONS OR INPUTS UNIQUE TO THE PROJECT.

**TABLE 6**  
**CITY OF EL PASO DE ROBLES : MODEL**  
**POLICE DEPARTMENT, FIRE DEPARTMENT, PUBLIC WORKS & PER CAPITA COSTS**  
**FISCAL IMPACT ANALYSIS - TOTAL BUILDOUT**  
**MEDIUM LEVELS OF SERVICE**

POLICE DEPARTMENT COSTS	
# OF SWORN OFFICERS PER 1,000 POPULATION /1	1.50
# OF NON-SWORN OFFICERS PER 1,000 POPULATION /2	0.50

1. Existing multiple of sworn officers per thousand population: 1.36
2. Existing multiple of non-sworn officers per thousand population: .54

FIRE DEPARTMENT COSTS	
# OF FIREFIGHTERS PER 1,000 POPULATION /1	1.00
# OF SUPPORT PERSONNEL PER THOUSAND POPULATION /2	0.11

1. Existing multiple of firefighters per thousand population: .67
2. Existing multiple of support personnel per thousand population

PUBLIC INFRASTRUCTURE REQUIREMENTS	
ROADS (LANE MILES)	204.6
SIGNALIZED INTERSECTIONS	33.5
PARK ACREAGE (GROSS) /1	135.1
OPEN SPACE (ACRES)	1199.4
TRAILS (LINEAL MILE)	40.9
STORM DRAIN MILES	125.5

1. 7 ACRES PER THOUSAND POPULATION (NEW DEVELOPMENT)

PUBLIC WORKS MAINTENANCE COSTS		
	COST	PERCENT RESIDENTIAL
PAVEMENT MAINTENANCE PER LANE MILE	\$1,116	69%
SIGNALIZED INTERSECTION	\$10,371	69%
PARK MAINTENANCE PER ACRE	\$10,285	69%
OPEN SPACE MAINTENANCE PER ACRE	\$43	69%
TRAIL MAINTENANCE PER MILE	\$1,116	69%
STORM DRAIN MILES	\$8,334	69%

OTHER COSTS (MULTIPLIER METHOD)		
	RESIDENTIAL	NONRESIDENTIAL
COMMUNITY DEVELOPMENT	\$40.94	\$40.94
LIBRARY	\$34.45	\$0.00
RECREATION SERVICES	\$57.94	\$0.00
GENERAL GOVERNMENT	\$70.46	\$70.46

SHADED CELLS ARE VARIABLE ASSUMPTIONS OR INPUTS UNIQUE TO THE PROJECT.



TABLE 6 CONTINUED

BUILD-OUT

FISCAL YEAR	(\$s x1,000)	2025
<b>CITY DIRECT COSTS</b>		
<u>POLICE DEPARTMENT COSTS</u>		
RESIDENTIAL		\$4,817.2
NON-RESIDENTIAL		\$0.0
TOTAL, POLICE DEPARTMENT COSTS		\$4,817.2
<u>FIRE DEPARTMENT COSTS</u>		
RESIDENTIAL		\$2,707.1
NON-RESIDENTIAL		\$0.0
TOTAL, FIRE DEPARTMENT COSTS		\$2,707.1
<u>PUBLIC WORKS COSTS</u>		
RESIDENTIAL PAVEMENT MAINTENANCE		\$158.2
NONRESIDENTIAL PAVEMENT MAINTENANCE		\$70.2
RESIDENTIAL TRAFFIC SIGNAL OPERATION		\$240.8
NONRESIDENTIAL TRAFFIC SIGNAL OPERATION		\$106.9
RESIDENTIAL PARK MAINTENANCE		\$962.5
NONRESIDENTIAL PARK MAINTENANCE		\$427.1
RESIDENTIAL OPEN SPACE MAINTENANCE		\$36.1
NONRESIDENTIAL OPEN SPACE MAINTENANCE		\$16.0
RESIDENTIAL TRAIL MAINTENANCE		\$31.6
NONRESIDENTIAL TRAIL MAINTENANCE		\$14.0
RESIDENTIAL STORM DRAIN MAINTENANCE		\$724.4
NONRESIDENTIAL STORM DRAIN MAINTENANCE		\$321.5
TOTAL, PUBLIC WORKS COSTS		\$3,109.3
<u>COMMUNITY DEVELOPMENT COSTS</u>		
RESIDENTIAL		\$790.2
NON-RESIDENTIAL		\$350.6
TOTAL, COMMUNITY DEVELOPMENT COSTS		\$1,140.9
<u>LIBRARY</u>		
RESIDENTIAL		\$664.9
NON-RESIDENTIAL		NA
TOTAL, ANIMAL CONTROL COSTS		\$664.9
<u>RECREATION SERVICES</u>		
RESIDENTIAL		\$1,118.4
NON-RESIDENTIAL		NA
TOTAL, RECREATION SERVICES COSTS		\$1,118.4
<u>GENERAL GOVERNMENT</u>		
RESIDENTIAL		\$1,360.0
NONRESIDENTIAL		\$603.5
TOTAL, GENERAL GOVERNMENT COSTS		\$1,963.5

SHADED CELLS ARE VARIABLE ASSUMPTIONS OR INPUTS UNIQUE TO THE PROJECT.

**TABLE 7**  
**CITY OF EL PASO DE ROBLES : MODEL**  
**DETAILED SUMMARY**  
**FISCAL IMPACT ANALYSIS - TOTAL BUILDOUT**  
**MEDIUM LEVELS OF SERVICE**

FISCAL YEAR	(\$s x1,000)	BUILD-OUT 2025	% OF TOTAL
ONGOING REVENUES			
SECURED PROPERTY TAXES			
RESIDENTIAL		\$3,566.4	20.35%
NON-RESIDENTIAL		\$920.3	5.25%
UNSECURED PROPERTY TAXES			
RESIDENTIAL		\$98.1	0.56%
NON-RESIDENTIAL		\$92.0	0.53%
PROPERTY TRANSFER TAXES			
RESIDENTIAL		\$140.5	0.80%
NON-RESIDENTIAL		\$14.9	0.08%
SALES TAXES			
RESIDENTIAL		\$494.8	2.82%
NON-RESIDENTIAL		\$5,086.8	29.03%
SAFETY SALES TAXES			
RESIDENTIAL		\$1.2	0.01%
NON-RESIDENTIAL		\$12.7	0.07%
TRANSIENT OCCUPANCY TAX			
RESIDENTIAL		\$0.0	0.00%
NON-RESIDENTIAL		\$2,473.2	14.11%
FRANCHISE FEE REVENUES			
RESIDENTIAL		\$1,030.4	5.88%
NON-RESIDENTIAL		\$359.7	2.05%
BUSINESS LICENSE REVENUES			
RESIDENTIAL		NA	0.00%
NON-RESIDENTIAL		\$266.3	1.52%
OTHER LICENSES/PERMITS/FINES			
RESIDENTIAL		\$491.2	2.80%
NON-RESIDENTIAL		\$450.6	2.57%
STATE REVENUES			
RESIDENTIAL		\$362.2	2.07%
NON-RESIDENTIAL		\$0.0	0.00%
GASOLINE TAXES/TRAFFIC CONGESTION RELIEF			
RESIDENTIAL		\$493.9	2.82%
NON-RESIDENTIAL		\$0.0	0.00%
MISCELLANEOUS REVENUES			
RESIDENTIAL		\$702.7	4.01%
NON-RESIDENTIAL		\$311.8	1.78%
INVESTMENT INCOME REVENUES			
RESIDENTIAL		\$65.3	0.37%
NON-RESIDENTIAL		\$88.4	0.50%
TOTAL RESIDENTIAL REVENUES		\$7,446.6	
TOTAL NON-RESIDENTIAL REVENUES		\$10,076.7	
TOTAL ONGOING REVENUES		\$17,523.3	

TABLE 7 CONTINUED

FISCAL YEAR	(\$s x1,000)	BUILD-OUT 2025	% OF TOTAL
<b>ONGOING COSTS</b>			
<u>POLICE DEPARTMENT COSTS</u>			
RESIDENTIAL		\$4,817.2	31.04%
NON-RESIDENTIAL		\$0.0	0.00%
<u>FIRE DEPARTMENT COSTS</u>			
RESIDENTIAL		\$2,707.1	17.44%
NON-RESIDENTIAL		\$0.0	0.00%
<u>PUBLIC WORKS DEPARTMENT COST</u>			
RESIDENTIAL		\$2,153.7	13.88%
NON-RESIDENTIAL		\$955.7	6.16%
<u>GENERAL GOVERNMENT COSTS</u>			
RESIDENTIAL		\$1,360.0	8.76%
NON-RESIDENTIAL		\$603.5	3.89%
<u>COMMUNITY DEVELOPMENT COSTS</u>			
RESIDENTIAL		\$790.2	5.09%
NON-RESIDENTIAL		\$350.6	2.26%
<u>LIBRARY COSTS</u>			
RESIDENTIAL		\$664.9	4.28%
NON-RESIDENTIAL		NA	0.00%
<u>RECREATION SERVICES COSTS</u>			
RESIDENTIAL		\$1,118.4	7.21%
NON-RESIDENTIAL		NA	0.00%
TOTAL RESIDENTIAL COSTS		\$13,611.5	
<u>TOTAL NON-RESIDENTIAL COSTS</u>		<u>\$1,909.8</u>	
TOTAL ONGOING COSTS		\$15,521.4	
ANNUAL RESIDENTIAL ONGOING SURPLUS/(DEFICIT)		(\$6,164.9)	
ANNUAL NON-RESIDENTIAL ONGOING SURPLUS/(DEFICIT)		<u>\$8,166.9</u>	
TOTAL ANNUAL ONGOING SURPLUS/(DEFICIT)		\$2,002.0	
ANNUAL RESIDENTIAL REVENUE/COST RATIO		0.55	
ANNUAL NON-RESIDENTIAL REVENUE/COST RATIO		5.28	
TOTAL ANNUAL REVENUE/COST RATIO		1.13	

**TABLE 8a**  
**CITY OF EL PASO DE ROBLES : MODEL**  
**RESIDENTIAL ONLY**  
**FISCAL IMPACT ANALYSIS - TOTAL BUILDOUT**  
**MEDIUM LEVELS OF SERVICE**

FISCAL YEAR	(\$s x1,000)	BUILD-OUT 2025
<b>ONGOING REVENUES</b>		
TOTAL RESIDENTIAL REVENUES		\$7,446.6
<b>ONGOING COSTS</b>		
TOTAL RESIDENTIAL COSTS		\$13,611.5
ANNUAL RESIDENTIAL ONGOING SURPLUS/(DEFICIT)		(\$6,164.9)
ANNUAL RESIDENTIAL SURPLUS/(DEFICIT) PER DWELLING UNIT		(\$0.862)
ANNUAL RESIDENTIAL REVENUE/COST RATIO		0.55



**TABLE 8b**  
**CITY OF EL PASO DE ROBLES : MODEL**  
**NON-RESIDENTIAL ONLY**  
**FISCAL IMPACT ANALYSIS - TOTAL BUILDOUT**  
**MEDIUM LEVELS OF SERVICE**

FISCAL YEAR	(\$s x1,000)	BUILD-OUT 2025
<b>ONGOING REVENUES</b>		
TOTAL NON-RESIDENTIAL REVENUES		\$10,076.7
<b>ONGOING COSTS</b>		
TOTAL NON-RESIDENTIAL COSTS		\$1,909.8
ANNUAL NON-RESIDENTIAL SURPLUS/(DEFICIT)		\$8,166.9
ANNUAL NON-RESIDENTIAL SURPLUS/(DEFICIT) PER NON-RESIDENTIAL ACRE		\$5.5
ANNUAL NON-RESIDENTIAL REVENUE/COST RATIO		5.28

**TABLE 8c**  
**CITY OF EL PASO DE ROBLES : MODEL**  
**SUMMARY - MIXED**  
**FISCAL IMPACT ANALYSIS - TOTAL BUILDOUT**  
**MEDIUM LEVELS OF SERVICE**

FISCAL YEAR	(\$s x1,000)	BUILD-OUT 2025	% OF TOTAL
<b>ONGOING REVENUES</b>			
TOTAL RESIDENTIAL REVENUES		\$7,446.6	42.50%
<u>TOTAL NON-RESIDENTIAL REVENUES</u>		<u>\$10,076.7</u>	57.50%
TOTAL ON-GOING REVENUES		\$17,523.3	
<b>ONGOING COSTS</b>			
TOTAL RESIDENTIAL COSTS		\$13,611.5	87.70%
<u>TOTAL NON-RESIDENTIAL COSTS</u>		<u>\$1,909.8</u>	12.30%
TOTAL ON-GOING COSTS		\$15,521.4	
ANNUAL RESIDENTIAL ONGOING SURPLUS/(DEFICIT)		(\$6,164.9)	
ANNUAL NON-RESIDENTIAL ONGOING SURPLUS/(DEFICIT)		<u>\$8,166.9</u>	
TOTAL ANNUAL ONGOING SURPLUS/(DEFICIT)		\$2,001.975	
ANNUAL RESIDENTIAL REVENUE/COST RATIO		0.55	
ANNUAL NON-RESIDENTIAL REVENUE/COST RATIO		5.28	
TOTAL ANNUAL REVENUE/COST RATIO		1.13	

RESOLUTION NO. 14-xx

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES  
ADOPTING THE DEVELOPMENT IMPACT FEE CALCULATION AND JUSTIFICATION  
STUDY 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 Land Use Element of the City's General Plan has as a policy that new development mitigate its share of the impacts to the natural and built environment and to be fiscally neutral and not result in a net loss for the City; and

WHEREAS, in accordance with policies established in the 2003 General Plan update, the City Council has directed staff 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 David Taussig & Associates, Inc to provide a comprehensive evaluation of the City's existing development impact fees; and

WHEREAS, David Taussig & Associates, Inc. prepared a report, entitled *Development Impact Fee Justification Study for the City of Paso Robles, California*, dated February 2014, ATTACHED TO THIS RESOLUTION AS Exhibit "B", that establishes amounts of 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 Justification Study for the City of Paso Robles, California*, has been available for public review and comment; and

WHEREAS, the *Development Impact Fee Justification Study for the City of Paso Robles, California* substantiates the need for an increase in development impact fees amongst five different categories of services and facilities provided by the City; and

WHEREAS, the City has imposed development impact fees, including fees for transportation, park development, public safety, public facilities, and library since the adoption of Resolution 06-188; and

WHEREAS, the City Council desires to adopt new development impact fees, in accordance with the nexus calculations and recommendations in the *Development Impact Fee Justification Study* prepared by David Taussig & Associates, Inc. in January, 2014; and

WHEREAS, in compliance with the Mitigation Fee Act (Government Code section 66000 *et seq.*), the City Council held a noticed public hearing on the proposed development input fees on February 18, 2014, to solicit public input on the proposed development impact fees;

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 *Development Impact Fee Justification Study* prepared by David Taussig & Associates, Inc. and dated February, 2014, 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 *Study*:

- (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 *Study*.

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 *Development Impact Fee Justification Study*, the Master Facilities Plan or other such facility master plans as may from time to time be adopted by the City Council.

SECTION 3. Approval of Items in *Development Impact Fee Justification Study*.

The City Council has considered the specific project descriptions and cost estimates identified in the *Development Impact Fee Justification Study* 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 *Development Impact Fee Justification Study* are consistent with the City's General Plan which calls for development to mitigate its share of the impacts to City infrastructure and to be fiscally neutral.

SECTION 5. Differentiation Among Fees.

The City Council finds that the fees recommended in the *Development Impact Fee Justification Study* are separate and different from other fees the City may impose through the implementation of a Specific Plan or 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. Specific Plan fees or fees imposed pursuant to the Subdivision Map Act and/or the Quimby Act and as determined by the environmental impacts of any given land development entitlement shall be credited for the deposit of Development Impact Fees as specified in Appendix A to the extent that the fees imposed are specifically identified to be used to fund the same project or facility as listed in Table 2 of the *Development Impact Fee Justification Study*.

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 *Development Impact Fee Justification Study* and the development impact fees are categorically exempt from environmental review pursuant to section 15061(b)(3) of the California Environmental Quality Act Guidelines. The intent of the *Study* 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 Justification Study 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 and paid upon occupancy of a building permit, 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.

The fees as identified in attached Exhibit "A" shall take effect thirty (30) days following adoption of this resolution by the City Council with the following exceptions:

- (a) All residential building permit applications on properties west of the Salinas River that are, or were received by the City Building Division on or before July 1, 2014, and based upon the submissions made by that date have been deemed by the City to be accepted for review to determine their compliance with City requirements, shall be processed on a first-come, first-served basis, in accordance with the City's standard policies and practices shall be subject to the Transportation development impact fees that applied pursuant to Resolution No. 06-188, prior to adoption of this resolution;
- (b) All commercial building permit applications that are, or were received by the City Building Division on or before July 1, 2014, and based upon the submissions made by that date have been deemed by the City to be accepted for review to determine their compliance with City requirements, shall be processed on a first-come, first-served basis, in accordance with the City's standard policies and practices shall be subject to the Transportation development impact fees that applied pursuant to Resolution No. 06.188, prior to adoption of this resolution;
- (c) Except as provided in subparagraphs (a) and (b) above, the fees adopted by this resolution shall take effect on March 18, 2014.

#### SECTION 9. Amount of Fee.

The City Council hereby approves and adopts the development impact fees as set forth in Exhibit "A" to this resolution, attached hereto and incorporated herein. Exhibit "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 Exhibit "A" are consistent with the Report. 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.

#### SECTION 10. Use of fee.

The development impact fees shall be solely used for (1) the purposes described in the *Development Impact Fee Justification Study*; (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 *Development Impact Fee Justification Study* or the Master Facilities Plan or other facility master plans adopted from time to time by the City Council, where those facilities exceed mitigation of the impacts of the developers' project or projects.

A developer that has been required by the City to construct any facilities or improvements (or a portion thereof) described in Table 2 of the *Development Impact Fee Justification Study* as a condition of approval of a development entitlement may request an in-lieu credit from the Development Impact Fee fund. This credit may only be for the portion of the specific development impact fees attributable to the specific improvement project described in the *Study* and constructed in conjunction with the subject development. Upon request, an in-lieu credit of fees shall be granted for that portion of the facilities or improvements that exceed the mitigation of the need that is attributable to and reasonably related to the development as determined by the Community Development Director.

When an applicant is required, as a condition of approval of a development entitlement, to construct any facility or improvement listed in Table 2 of the Development Impact Fee Justification Study; which improvement is determined by the Community Development Director to exceed the need and mitigation of the development entitlement, the applicant may request in writing that a reimbursement agreement with the City be presented to the City Council for consideration. The amount reimbursed shall be that portion of the estimated cost of the improvement or facility that exceeds the need or mitigation attributable to the development.

Fees collected pursuant to Resolution 03-31 for Aquatic Facilities and for Public Meeting Facilities shall be used exclusively for those purposes and accounts for these fees shall remain in effect and shall be maintained by the Director of Administrative Services.

Fees collected under any of the seven categories listed A through E in Table 2 of the *Development Impact Fee Justification Study* may be used to finance the construction or implementation of any project listed in those categories to the extent that use of the fees may not exceed the percentage allocated to new development of all of the projects listed in the category, or sub-category as shown on Table 2.

#### 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 Exhibit "A" generally correspond to the City's land use designations in the land use element of the City's general plan.

##### 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 Exhibit "A" generally correspond to the City's land use designations in the land use element of the City's general plan.



C. Uses Not Specified.

In the event that there are land uses not specified in Exhibit "A", the development impact fee for such use shall be determined by the City's Community Development Director 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 Exhibit "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. 06-188.

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 as identified in attached Exhibit "A" adopted by this resolution shall take effect thirty (30) 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 2014 by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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Duane Picanco, Mayor

ATTEST:

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Caryn Jackson, Deputy City Clerk