



# Public Facilities Impact Fees

City Council Public Hearing—  
February 7, 2022

Kim Espinosa, Planning Manager

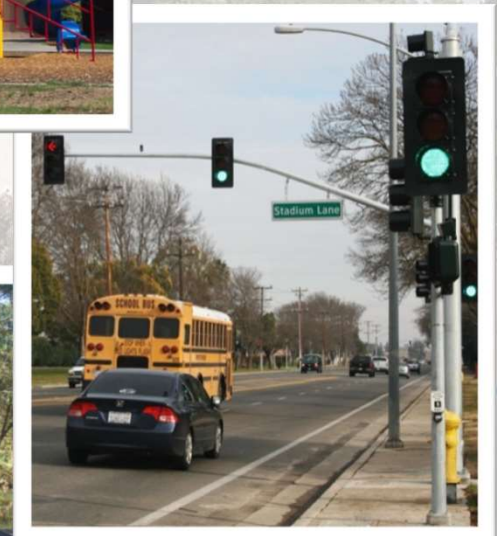
# Merced Fee History



- Sewer and Water Impact Fees since the 1980s
- “Public Facilities Impact Fees” (PFFP) since 1998
- PFFP Fees Updated in 2003, 2006, and 2009
- Most Recent PFFP Fee Update (2012)
  - Fees were reduced by 55%
- In 2019, City hired Economic Planning Systems (EPS) to prepare the Update of the Fees

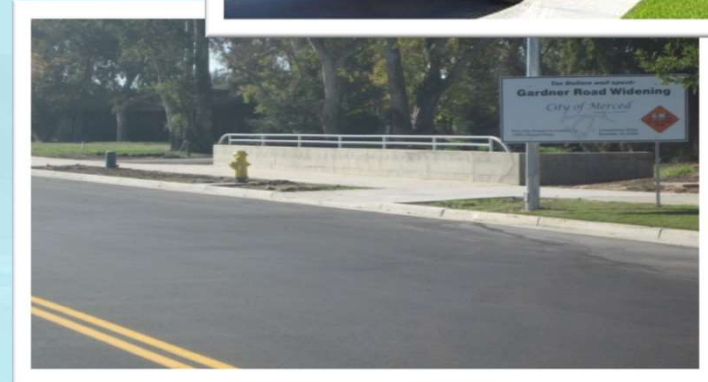
# Types of Projects Financed by Fees

- Fire Stations
- Police Facilities
- Parks & Bikeways
- Roads, Bridges, & Railroad Crossings
- Traffic Signals



# Completed Projects (Examples)

- G Street Undercrossing
- Fire Station 55
- Gardner Road Widening
- Campus Parkway (Phase 1)
- G Street (Cardella to Bellevue)
- Parsons Frontage Rd (Mission to Childs)
- M/Cottonwood Creek Bridge



# Fees Pay for:

- Capital Project costs only (physical infrastructure)
- Fees cannot pay for operations, maintenance, or staffing
- “Existing Deficiency”: Growth pays for growth impacts, not existing problems
- City-built projects and reimbursement to developers for eligible projects



# How Fees are Determined

**Decide on the Community Vision (General Plan Establishes the Desired Levels of Service)**

**Determine Projects needed to carry out the Vision**

**Estimate the Project Costs**

**Divide the Costs among Properties to be Developed**

- **New Residential Dwelling Units**
- **Square Feet of New Commercial/Industrial Projects**
  - **Based on Historic Trends**

# Current Fees

## Development Impact Fees By Project Category (Effective January 1, 2022)

Per Dwelling		Per 1,000 Sq. Ft. of Building Space				
Residential		Commercial				
Single Family	Multi-Family	Institutional	Retail Less Than 50,000 SF	Retail Greater Than 50,000 SF	Office/Commercial	Industrial
\$5,938	\$4,107	\$4,079	\$11,927	\$8,996	\$7,810	\$2,233

# Update Process (2019-22)



- Updated Population & Growth Assumptions
- Updated Project List and Costs
- Added Projects that were Deleted from Project List in 2012 (Were Outside 20-Year Time Frame)
- Added Neighborhood Parks (would replace current Park Fees), New Corporation Yard, and Smart City Technology Infrastructure
- Held Three Stakeholder Meetings (June, August, & September 2021)
- Published Draft Nexus Report as Required by State Law (December 2021)

# Maximum Justified Fees (2022)

Per Dwelling		Per 1,000 Sq. Ft. of Building Space				
Residential		Per Room	Commercial			
Single Family	Multi-Family	Lodging (NEW)	Retail Less Than 50,000 SF	Retail Greater Than 50,000 SF	Office/Commercial	Industrial
<b>\$11,671</b>	<b>\$8,520</b>	<b>\$3,293</b>	<b>\$13,940</b>	<b>\$13,940</b>	<b>\$12,420</b>	<b>\$5,400</b>
Compared with 2022 Fees						
<b>\$5,938</b>	<b>\$4,107</b>	<b>\$4,107</b>	<b>\$11,927</b>	<b>\$8,996</b>	<b>\$7,810</b>	<b>\$2,233</b>
<b>+96%</b>	<b>+107%</b>	<b>-19%</b>	<b>+17%</b>	<b>+55%</b>	<b>+59%</b>	<b>+141%</b>



## City Council Direction (Jan 18)

- Fee Options
  - Adopt the Maximum Justified Fee with No Phasing
- Policy Options
  - Offer Reduced Fee for Infill of 50 Percent
  - Determine Fees for Affordable Housing Case by Case
  - Offer Reduced Proportional Fee for Homes Smaller Than Average (1,920 SF) by at Least 20 Percent
  - Existing Park Credits can be used for Public Facilities Impact Fees (Addresses Inquiry from the Public)

# Completed & Next Steps



**January 18, 2022—Public Meeting**

**Staff Drafts Modified Ordinance and Admin Policy Based on Council Direction from January 18**



**February 7, 2022—Public Hearing; Ordinance Introduced**



**February 22, 2022—Ordinance Adopted (Effective 30 Days Later)**



**March 26, 2022—New Fees Effective**



# City Council Action

- After the public hearing, the City Council should adopting a motion:
  - A. Introducing Ordinance No. \_\_\_\_\_, An Ordinance of the City Council of the City of Merced, California, Amending Chapter 17.62, “Public Facilities Impact Fees,” And Repealing Chapter 17.38 “Park And Recreation Facilities Fee” And Chapter 18.40, “Park Dedication,” Of The Merced Municipal Code; and,
  - B. Approving Resolution No. \_\_\_\_\_, A Resolution of the City Council of the City of Merced, California, Amending Administrative Policy and Procedure A-32 Regarding Public Facilities Impact Fees.

**Questions?**