



Public Facilities Impact Fees

City Council Meeting—
January 18, 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

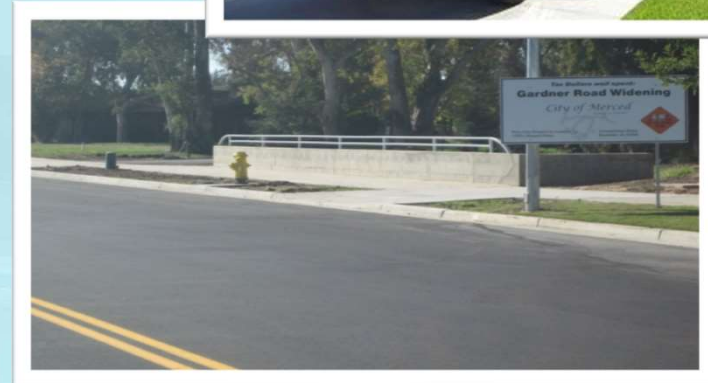
Types of Projects Financed by Fees

- 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
\$11,671	\$8,520	\$3,293	\$13,940	\$13,940	\$12,420	\$5,400
Compared with 2022 Fees						
\$5,938	\$4,107	\$4,107	\$11,927	\$8,996	\$7,810	\$2,233
+96%	+107%	-19%	+17%	+55%	+59%	+141%

City Council Direction



- Fee Options
 - Adopt the Maximum Justified Fee
 - Phase In Fee Increases Over Time
 - Phase in Fees by Fee Category
 - Adopt Less Than the Maximum Justified Fee
 - Approve Fee At Lesser Rate for Specific Land Uses
- Policy Options
 - Offer Reduced Fee for Infill of 50 to 75 Percent
 - Determine Fees for Affordable Housing Case by Case
 - Offer Reduced Fee for Homes Smaller Than Average (1,920 SF) by at Least 10 to 20 Percent
 - Others?

Questions?

Next Steps



January 18, 2022—Public Meeting

Staff to Draft Modified Ordinance and Admin Policy Based on Council Direction from Tonight



February 7, 2022—Public Hearing; Ordinance Introduced



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



March 22, 2022—New Fees Effective (Unless Council Picks Another Date)

