



## Legislation Text

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**File #:** 16-286, **Version:** 1

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**SUBJECT:** Continued Public Hearing - 2-Year Suspension of Collection of the Regional Transportation Impact Fees

### REPORT IN BRIEF

The City Council will consider a proposed Ordinance which will suspend the City's collection of Regional Transportation Impact Fees (RTIF) on all new development projects for a period of two years, or until July 5, 2018.

### RECOMMENDATION

**City Council** - Adopt a motion introducing **Ordinance 2461**, "An Ordinance of the City Council of the City of Merced, California, Amending Section 17.64.150, 'Repeal,' of the Merced Municipal Code Relating to the Regional Transportation Impact Fees."

### ALTERNATIVES

1. Approve, as recommended by staff; or,
2. Approve, subject to modifications as conditioned by Council; or,
3. Deny the request; or,
4. Refer back to staff for reconsideration of specific items (specific items to be addressed in City Council motion); or,
5. Continue to a future City Council meeting (date and time to be specified in City Council motion).

### AUTHORITY

Section 17.64 of the Merced Municipal Code authorizes the City's collection of the Regional Transportation Impact Fees.

### CITY COUNCIL PRIORITIES

Although this action is not specifically listed, this action will contribute toward one of the City Council's priorities, Economic Development.

### DISCUSSION

The City of Merced adopted the Regional Transportation Impact Fee (RTIF) in May 2005 per Ordinance #2194 and amended the RTIF in June 2008 per Ordinance #2310. Since August 2005, the City has collected the fee on all new development projects (residential, commercial, and industrial) in the City in order to raise additional revenues to pay for regional transportation improvements. See the Fact Sheet at Attachment 1 and Chapter 17.64 of the Merced Municipal Code at Attachment 2 for additional information regarding the RTIF.

In August 2005, the County of Merced and the Cities of Atwater, Dos Palos, Gustine, Los Banos, and Merced began collecting the RTIF. In November 2014, the City of Livingston began collecting the RTIF.

In January 2012, the City of Dos Palos suspended collecting the RTIF. In January 2012, the City of Los Banos suspended the collection of the RTIF for non-residential projects and in August 2014, suspended the collection of the RTIF on all projects. On June 21, 2016, the City of Livingston just voted to suspend the collection of RTIF on all projects for an undetermined period of time (until the City Council elects to reinstate them), citing economic development reasons. Other cities, although still collecting the RTIF on selected projects, have exempted major commercial projects from paying the fee based on a variety of stated reasons.

Since 2005, the City of Merced has collected over \$5.1 million in RTIF fees. That represents 41 percent of the \$12.2 million total collected over all jurisdictions. Just for comparison purposes, the City of Merced's population represents only 31 percent of the County's population in 2016. For information on how much the other Cities and County have collected as well as the amount of fees and expenses for each project, please see Attachment 3. This information comes from MCAG's RTIF Quarterly Report issued on June 17, 2016, and includes one additional quarter in FY 2015-16 which was not included in the information presented by City staff in the presentation on this item on June 20, 2016.

Given the inconsistent application of the fees to development projects throughout the County as demonstrated above, the City of Merced has been at a competitive disadvantage to competing jurisdictions within the County and has lost projects based on the City of Merced continuing to charge the RTIF, despite having lowered the City's Public Facilities Impact Fees by over 55 percent in 2012. At the June 20, 2016, City Council meeting, the City Council heard testimony from the developers of a motel project in Merced in support of the RTIF suspension, which they felt would help their development move forward. The City Council subsequently continued the public hearing to the July 5 meeting.

The City of Merced will begin a 5-year update of the City's Public Facilities Impact Fee program in 2017. (In 2012, the City indicated that it would update the fees every 5 years, therefore, an update will be due in 2017.) This process will include an analysis of the City's development impact fees for transportation, traffic signals, police, fire, and parks and bikeways, including regional transportation projects within the City's Sphere of Influence. As part of that study, the City will make a determination on whether the City should continue being part of the RTIF program.

Therefore, City staff is recommending that the City Council adopt an ordinance amending Chapter 17.64 (Regional Transportation Impact Fee) to repeal Section 17.64.150 (Repeal) and replace with "Notwithstanding any language in this Chapter 17.64 to the contrary, the City hereby suspends collection of the Regional Transportation Impact Fees pursuant to Chapter 17.64 for all new development projects in the City of Merced until July 5, 2018." See Attachment 4 for the proposed Ordinance.

## **IMPACT ON CITY RESOURCES**

The Regional Transportation Impact Fees that were collected by the City were forwarded to the

Merced County Association of Governments (MCAG), so there will be no impacts on City resources.

## **ATTACHMENTS**

1. Regional Transportation Impact Fees Fact Sheet
2. Chapter 17.64 (Regional Transportation Impact Fees)
3. MCAG's RTIF Quarterly Report (June 17, 2016)
4. Draft Ordinance