



Legislation Text

File #: 18-191, **Version:** 1

Report Prepared by: Kim Espinosa, Planning Manager, Development Services Department

SUBJECT: Continued Public Hearing - Repeal of Regional Transportation Impact Fee Ordinance

REPORT IN BRIEF

The City Council will consider the repeal of the Regional Transportation Impact Fee Ordinance (Merced Municipal Code Chapter 17.64).

RECOMMENDATION

City Council - Adopt a motion:

- A. Introducing **Ordinance No. 2487**, an Ordinance of the City Council of the City of Merced, California, Repealing Chapter 17.64 of the Merced Municipal Code relating to the Regional Transportation Impact Fees; and,
- B. Rescinding the Implementation Agreement Authorizing the Merced County Association of Governments to Manage and Administer the Regional Transportation Impact Fee Program, dated March 1, 2005.

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

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

CITY COUNCIL PRIORITIES

Not applicable.

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. From August 2005 until August 2016, the City 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.

Starting in January 2012, other jurisdictions in Merced County began suspending collection of the RTIF on some or all new developments. Other cities, although still collecting the RTIF on selected projects, exempted major commercial projects from paying the fee based on a variety of stated reasons.

From 2005 to 2016, the City of Merced collected over \$5.1 million in RTIF fees. That represented 41 percent of the \$12.2 million total collected over all jurisdictions. Just for comparison purposes, the City of Merced's population represented only 31 percent of the County's population in 2016.

Given the inconsistent application of the fees to development projects throughout the County, the City of Merced had been at a competitive disadvantage to competing jurisdictions within the County based on the City continuing to charge the RTIF, despite having lowered the City's Public Facilities Impact Fees by over 55 percent in 2012. Therefore, on July 5, 2016, the City Council adopted Ordinance No. 2461 suspending the collection of the RTIF for 2 years, starting on August 17, 2016, through July 6, 2018.

On January 18, 2018, the MCAG Board of Directors reviewed a number of options regarding the future of RTIF and how funds should be allocated if the program was dissolved (Attachment 1). The Board ultimately elected to suspend RTIF indefinitely.

On February 5, 2018, the City Council reviewed options from MCAG on how to proceed with the RTIF program. The City Council voted 7-0 to approve the 2016 RTIF Study Project list, contingent on the money being allocated based on contribution. The City Council also voted 7-0 to approve Option 3C, allocating the remaining funds to all jurisdictions based on the contributions those jurisdictions made.

The City of Merced will begin a 5-year update of the City's Public Facilities Impact Fee program in 2018. 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 can consider adding any projects that were on the RTIF list of projects into the City's fee program.

Given the MCAG Board's decision to suspend the RTIF indefinitely and the City's previous suspension of collecting the RTIF ending in July 2018, City staff is recommending that the City Council adopt an ordinance repealing Chapter 17.64 (Regional Transportation Impact Fee) in its entirety. See Attachment 3 for the proposed Ordinance, which will end the City's collection of the RTIF fees on a permanent basis. The Implementation Agreement (Attachment 2) also needs to be rescinded.

This item was continued from the April 2, 2018, Council meeting because of further actions anticipated by other jurisdictions on the RTIF. MCAG indicated that as of April 4, 2018, Merced County, Los Banos, Dos Palos, Livingston, and Gustine had all taken action to rescind the Implementation Agreement and adopt the 2016 Project list.

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 by repealing those fees. If the RTIF program is abolished by MCAG, the City of Merced should expect to receive an unknown amount of RTIF funds back, based on our previous contributions, to put into local transportation projects.

ATTACHMENTS

1. "RTIF Alternatives for Consideration by the MCAG Governing Board" (January 2018)
2. RTIF Implementation Agreement
3. Draft City Council Ordinance repealing the RTIF