



MEMORANDUM

TO: CITY COUNCIL

FROM: DEBBIE MALICOAT, DIRECTOR OF ADMINISTRATIVE SERVICES *DM*

SUBJECT: CONSIDERATION OF WAIVING ANNUAL ADJUSTMENT OF DEVELOPMENT IMPACT FEES

DATE: JULY 8, 2014

RECOMMENDATION:

It is recommended the City Council adopt the attached Resolution waiving the annual adjustment to the City's Development Impact Fees.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

The adoption of the attached Resolution will not change the Development Impact Fees charged for new development projects in fiscal year 2014-15. Without a cost of living adjustment to Development Impact Fees, some level of City funding subsidy may be required to mitigate impacts for new development. The revenue generated from this action is dependent on the amount of new development in the community during the fiscal year.

No or minimal future staff time is projected.

BACKGROUND:

Section 3.36.040 of the Arroyo Grande Municipal Code states that the fees shall be adopted by resolution and shall be adjusted each year by the Engineering News Record Construction Cost Index. On June 10, 2014, the Council adopted the FY 2014-15 budget, which included an appropriation for a comprehensive Development Impact Fee study.

ANAYLSIS OF ISSUES:

The Engineering News Record indicates that a fee increase of 2.86% would be warranted, based on the City's Municipal Code. However, given the appropriation of funds for a comprehensive fee study, staff recommends delaying any changes in the Development Impact Fees until the results of the study are considered by the Council. Staff anticipates issuing a Request for Proposals for the study in the fall of 2014, with completion before the end of the fiscal year. In addition to re-examining the level of fees necessary to appropriately mitigate impacts, it will enable the City to determine if fee amounts are competitive with other jurisdictions.

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ALTERNATIVES:

The following alternatives are provided for City Council consideration:

1. Approve staff recommendation to retain current fee structure;
2. Do not approve staff recommendation and increase Impact Fees by 2.86%;
3. Modify staff recommendation and approve;
4. Provide direction to staff.

ADVANTAGES:

As a result of the impacts of the recent recession, the economics of development have changed. The City's fees can often make a project that is beneficial to the community cost prohibitive. Therefore, the purpose and advantage of staff's recommendation is to avoid the potential of further increasing fees until it is known that the amounts are appropriate, competitive with other jurisdictions, and feasible to pay.

DISADVANTAGES:

The City will forgo any revenues that would have been generated by higher fees during the fiscal year. A small City funding subsidy may be required to fully mitigate impacts for new development.

ENVIRONMENTAL REVIEW:

No environmental review is required for this item.

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted in front of City Hall on Thursday, July 3, 2014. The Agenda and report were posted on the City's website on Thursday, July 3, 2014. No public comments were received.

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF ARROYO GRANDE WAIVING THE ANNUAL COST OF
LIVING ADJUSTMENT OF DEVELOPMENT IMPACT
FEES FOR FISCAL YEAR 2014-15**

WHEREAS, pursuant to Section 3.36.040 of the Municipal Code, Development Impact Fees are to be adjusted annually by modifying the adopted value up or down in conformance with the Engineering News Record Construction Cost Index; and

WHEREAS, the City Council has directed a new development impact fee study be performed to ensure appropriate fees are calculated and charged.

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of Arroyo Grande hereby waives the annual cost of living adjustment for Fiscal Year 2014-15 and re-adopts the fees and fee schedules set forth in Exhibit "A" attached hereto and incorporated herein by this reference.

On motion of Council Member _____ seconded by Council Member _____ and on the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

the foregoing Resolution was passed and adopted this day of , 2014.

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TONY FERRARA, MAYOR

ATTEST:

KELLY WETMORE, CITY CLERK

APPROVED AS TO CONTENT:

STEVEN ADAMS, CITY MANAGER

APPROVED AS TO FORM:

TIMOTHY J. CARMEL, CITY ATTORNEY

EXHIBIT "A"

Definitions:

Development Types – Residential and commercial development divided into sub-categories.

Units of Development – A standard measure of the cost to provide services. The acre is the fundamental unit measure, which is divided into a smaller component, the dwelling unit (DU).

Asset Cost Per Acre – The calculated cost to provide additional services/facilities to new development.

Calls Per Unit – The number of annual additional police calls generated by new development.

Facility Cost Per Call – The cost per call to expand current police facilities to accommodate new development.

Persons Per Unit – The number of persons expected to reside in the unit of development.

Costs Per Capita – The cost of new or additions to the current community center, on a per person basis, to maintain the current level of service of recreation facilities.

Impact Fee Per Unit – The fee to be levied per unit of development in order to recover future cost of new or expanded facilities.

Fees:

A person seeking to construct a residential or non-residential development project shall pay Development Impact Fees for fire protection, police facilities, traffic signalization, transportation facilities, community centers, park improvements, and water facilities based upon the following schedule:

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EFFECTIVE 7/1/14**

Fire Protection

Development Type	Units	Fee per Acre	Acres Per Unit	Fee Per Unit
Residential - Estate	Dwelling Unit	\$ 1,917.00	2.500	\$ 4,793.00
Residential Rural	Dwelling Unit	\$ 1,917.00	1.000	\$ 1,917.00
Residential - Single-Family	Dwelling Unit	\$ 1,917.00	1.000	\$ 1,917.00
Low- income	Dwelling Unit	\$ 479.00	1.000	\$ 479.00
Very Low-income	Dwelling Unit	-	1.000	
Residential - Multi-Family	Dwelling Unit	\$ 1,917.00	0.090	\$ 173.00
Low- income	Dwelling Unit	\$ 479.00	0.090	\$ 43.00
Very Low-income	Dwelling Unit	-	0.090	
Residential Mobile Home	Dwelling Unit	\$ 1,917.00	0.120	\$ 230.00
Low- income	Dwelling Unit	\$ 479.00	0.120	\$ 57.00
Very Low-income	Dwelling Unit	-	0.120	
Commercial - General	Thousand Square Feet	\$ 1,917.00	0.091	\$ 174.00
Commercial - Service	Thousand Square Feet	\$ 1,917.00	0.091	\$ 174.00
Hotel/Motel	Thousand Square Feet	\$ 1,917.00	0.050	\$ 96.00
Professional Office	Thousand Square Feet	\$ 1,917.00	0.077	\$ 148.00
Industrial	Thousand Square Feet	\$ 1,917.00	0.067	\$ 128.00

Police Facilities

Development Type	Units	Fee per Call	Calls Per Unit	Fee Per Unit
Residential - Estate	Dwelling Unit	\$ 160.00	0.250	\$ 40.00
Residential Rural	Dwelling Unit	\$ 160.00	0.250	\$ 40.00
Residential - Single-Family	Dwelling Unit	\$ 160.00	0.750	\$ 120.00
Low- income	Dwelling Unit	\$ 40.00	0.750	\$ 30.00
Very Low-income	Dwelling Unit	-	0.750	
Residential - Multi-Family	Dwelling Unit	\$ 160.00	1.320	\$ 211.00
Low- income	Dwelling Unit	\$ 40.00	1.320	\$ 53.00
Very Low-income	Dwelling Unit	-	1.320	
Residential Mobile Home	Dwelling Unit	\$ 160.00	0.750	\$ 120.00
Low- income	Dwelling Unit	\$ 40.00	0.750	\$ 30.00
Very Low-income	Dwelling Unit	-	0.750	
Commercial - General	Thousand Square Feet	\$ 160.00	3.909	\$ 625.00
Commercial - Service	Thousand Square Feet	\$ 160.00	2.273	\$ 364.00
Hotel/Motel	Thousand Square Feet	\$ 160.00	1.195	\$ 191.00
Professional Office	Thousand Square Feet	\$ 160.00	0.095	\$ 15.00
Industrial	Thousand Square Feet	\$ 160.00	0.045	\$ 7.00

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Traffic Signalization

Development Type	Units	Fee per Trip	PeakTrips Per Unit	Fee Per Unit
Residential - Estate	Dwelling Unit	\$ 705.00	1.2	\$ 846.00
Residential Rural	Dwelling Unit	\$ 705.00	1.2	\$ 846.00
Residential - Single-Family	Dwelling Unit	\$ 705.00	1.0	\$ 705.00
Low- income	Dwelling Unit	\$ 176.00	1.0	\$ 176.00
Very Low-income	Dwelling Unit	-	1.0	
Residential - Multi-Family	Dwelling Unit	\$ 705.00	0.7	\$ 494.00
Low- income	Dwelling Unit	\$ 176.00	0.7	\$ 123.00
Very Low-income	Dwelling Unit	-	0.7	
Residential Mobile Home	Dwelling Unit	\$ 705.00	0.5	\$ 353.00
Low- income	Dwelling Unit	\$ 176.00	0.5	\$ 88.00
Very Low-income	Dwelling Unit	-	0.5	
Commercial - General	Thousand Square Feet	\$ 705.00	7.0	\$ 4,935.00
Commercial - Service	Thousand Square Feet	\$ 705.00	4.0	\$ 2,820.00
Hotel/Motel	Thousand Square Feet	\$ 705.00	1.8	\$ 1,269.00
Professional Office	Thousand Square Feet	\$ 705.00	2.8	\$ 1,974.00
Industrial	Thousand Square Feet	\$ 705.00	0.8	\$ 564.00

Transportation Facilities

Development Type	Units	Fee per Trip	PeakTrips Per Unit	Fee Per Unit
Residential - Estate	Dwelling Unit	\$ 1,925.00	1.2	\$ 2,310.00
Residential Rural	Dwelling Unit	\$ 1,925.00	1.2	\$ 2,310.00
Residential - Single-Family	Dwelling Unit	\$ 1,925.00	1.0	\$ 1,925.00
Low- income	Dwelling Unit	\$ 481.00	1.0	\$ 481.00
Very Low-income	Dwelling Unit	-	1.0	
Residential - Multi-Family	Dwelling Unit	\$ 1,925.00	0.7	\$ 1,348.00
Low- income	Dwelling Unit	\$ 481.00	0.7	\$ 337.00
Very Low-income	Dwelling Unit	-	0.7	
Residential Mobile Home	Dwelling Unit	\$ 1,925.00	0.5	\$ 963.00
Low- income	Dwelling Unit	\$ 481.00	0.5	\$ 241.00
Very Low-income	Dwelling Unit	-	0.5	
Commercial - General	Thousand Square Feet	\$ 1,925.00	7.0	\$ 13,475.00
Commercial - Service	Thousand Square Feet	\$ 1,925.00	4.0	\$ 7,700.00
Hotel/Motel	Thousand Square Feet	\$ 1,925.00	1.8	\$ 3,465.00
Professional Office	Thousand Square Feet	\$ 1,925.00	2.8	\$ 5,390.00
Industrial	Thousand Square Feet	\$ 1,925.00	0.8	\$ 1,540.00

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Community Centers

Development Type	Units	Fee per Capita	Persons Per Unit	Fee Per Unit
Residential - Estate	Dwelling Unit	\$ 53.00	2.7	\$ 143.00
Residential Rural	Dwelling Unit	\$ 53.00	2.7	\$ 143.00
Residential - Single-Family	Dwelling Unit	\$ 53.00	2.7	\$ 143.00
Low- income	Dwelling Unit	\$ 13.00	2.7	\$ 35.00
Very Low-income	Dwelling Unit	-	2.7	
Residential - Multi-Family	Dwelling Unit	\$ 53.00	2.0	\$ 106.00
Low- income	Dwelling Unit	\$ 13.00	2.0	\$ 26.00
Very Low-income	Dwelling Unit	-	2.0	
Residential Mobile Home	Dwelling Unit	\$ 53.00	1.5	\$ 80.00
Low- income	Dwelling Unit	\$ 13.00	1.5	\$ 20.00
Very Low-income	Dwelling Unit	-	1.5	-

Park Improvements

Development Type	Units	Fee per Capita	Persons Per Unit	Fee Per Unit
Residential - Estate	Dwelling Unit	\$ 907.00	2.7	\$ 2,449.00
Residential Rural	Dwelling Unit	\$ 907.00	2.7	\$ 2,449.00
Residential - Single-Family	Dwelling Unit	\$ 907.00	2.7	\$ 2,449.00
Low- income	Dwelling Unit	\$ 227.00	2.7	\$ 613.00
Very Low-income	Dwelling Unit	-	2.7	-
Residential - Multi-Family	Dwelling Unit	\$ 907.00	2.0	\$ 1,814.00
Low- income	Dwelling Unit	\$ 227.00	2.0	\$ 454.00
Very Low-income	Dwelling Unit	-	2.0	
Residential Mobile Home	Dwelling Unit	\$ 907.00	1.5	\$ 1,361.00
Low- income	Dwelling Unit	\$ 227.00	1.5	\$ 341.00
Very Low-income	Dwelling Unit	-	1.5	-

Water Facilities

Meter Size	Fee
5/8 inch - 3/4 inch	\$ 997.00
1 inch	\$ 1,662.00
1 1/2 inch	\$ 3,323.00
2 inch	\$ 5,316.00
3 inch	\$ 9,970.00
4 inch	\$ 16,617.00
6 inch	\$ 33,248.00
8 inch	\$ 66,497.00