



## MEMORANDUM

**TO: CITY COUNCIL**

**FROM: NICOLE VALENTINE, ACCOUNTING MANAGER**

**SUBJECT: CONSIDERATION OF ANNUAL ADJUSTMENT OF DEVELOPMENT IMPACT FEES**

**DATE: JANUARY 28, 2020**

### **SUMMARY OF ACTION:**

Adoption of a Resolution approving the annual adjustment of Development Impact Fees.

### **IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:**

Adoption of the Resolution will increase the Development Impact Fees charged for new development projects in 2020. The revenue generated from this increase is dependent on the amount of new development in the community during the coming year.

### **RECOMMENDATION:**

It is recommended the City Council adopt a Resolution approving the annual adjustment to the City's Development Impact Fees based on changes in the Engineering News Record (ENR) Construction Cost Index (CCI).

### **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 in accordance with the percentage increase based on changes in the annual average Engineering News Record (ENR) Construction Cost Index (CCI).

### **ANALYSIS OF ISSUES:**

The calculation shown below provides documentation that a 1.98% increase in the ENR CCI warrants an adjustment in the City's Development Impact Fees.

The calculation adjusts the fees as follows:

$$\text{Factor} = 1 + \frac{\text{Current Index} - \text{Base Index for Date of Adoption}}{\text{Base Index for Date of Adoption}}$$

The calculation is as follows:

$$1.0198 = 1 + \frac{11,281 - 11,062}{11,062}$$

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**ALTERNATIVES:**

The following alternatives are provided for City Council consideration:

1. Adopt the Resolution;
2. Do not adopt the Resolution and request further information; or
3. Provide direction to staff.

**ADVANTAGES:**

By approving the recommended fees, the City will be able to recover the estimated cost of providing services to new development.

**DISADVANTAGES:**

The only disadvantage identified in relation to this recommendation is an increased cost to new development.

**ENVIRONMENTAL REVIEW:**

No environmental review is required for this item.

**PUBLIC NOTIFICATION AND COMMENTS:**

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

**RESOLUTION NO.**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE ADJUSTING DEVELOPMENT IMPACT FEES BY THE CHANGE IN THE ENGINEERING NEWS RECORD CONSTRUCTION COST INDEX**

**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.

**NOW, THEREFORE BE IT RESOLVED** that the City Council of the City of Arroyo Grande hereby adopts the fees and fee schedules set forth in Exhibit "A" attached hereto and incorporated herein by this reference. This Resolution shall take effect sixty (60) days after its adoption, per Government Code Section 66017.

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 28<sup>th</sup> day of January, 2020.

**RESOLUTION NO.  
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\_\_\_\_\_  
**CAREN RAY RUSSOM, MAYOR**

**ATTEST:**

\_\_\_\_\_  
**KELLY WETMORE, CITY CLERK**

**APPROVED AS TO CONTENT:**

\_\_\_\_\_  
**JAMES A. BERGMAN, 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 yearly 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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**Fire Protection**

<b>Development Type</b>	<b>Units</b>	<b>Fee per Acre</b>	<b>Acres Per Unit</b>	<b>Fee Per Unit</b>
Residential - Estate	Dwelling Unit	\$ 2,015.00	2.500	\$ 5,038.00
Residential Rural	Dwelling Unit	\$ 2,015.00	1.000	\$ 2,015.00
Residential - Single-Family	Dwelling Unit	\$ 2,015.00	1.000	\$ 2,015.00
Low- income	Dwelling Unit	\$ 504.00	1.000	\$ 504.00
Very Low-income	Dwelling Unit	-	1.000	
Residential - Multi-Family	Dwelling Unit	\$ 2,015.00	0.090	\$ 181.00
Low- income	Dwelling Unit	\$ 504.00	0.090	\$ 45.00
Very Low-income	Dwelling Unit	-	0.090	
Residential Mobile Home	Dwelling Unit	\$ 2,015.00	0.120	\$ 242.00
Low- income	Dwelling Unit	\$ 504.00	0.120	\$ 60.00
Very Low-income	Dwelling Unit	-	0.120	
Commercial - General	Thousand Square Feet	\$ 2,015.00	0.091	\$ 183.00
Commercial - Service	Thousand Square Feet	\$ 2,015.00	0.091	\$ 183.00
Hotel/Motel	Thousand Square Feet	\$ 2,015.00	0.050	\$ 101.00
Professional Office	Thousand Square Feet	\$ 2,015.00	0.077	\$ 155.00
Industrial	Thousand Square Feet	\$ 2,015.00	0.067	\$ 135.00

**Police Facilities**

<b>Development Type</b>	<b>Units</b>	<b>Fee per Call</b>	<b>Calls Per Unit</b>	<b>Fee Per Unit</b>
Residential - Estate	Dwelling Unit	\$ 168.00	0.250	\$ 42.00
Residential Rural	Dwelling Unit	\$ 168.00	0.250	\$ 42.00
Residential - Single-Family	Dwelling Unit	\$ 168.00	0.750	\$ 126.00
Low- income	Dwelling Unit	\$ 42.00	0.750	\$ 32.00
Very Low-income	Dwelling Unit	-	0.750	
Residential - Multi-Family	Dwelling Unit	\$ 168.00	1.320	\$ 222.00
Low- income	Dwelling Unit	\$ 42.00	1.320	\$ 55.00
Very Low-income	Dwelling Unit	-	1.320	
Residential Mobile Home	Dwelling Unit	\$ 168.00	0.750	\$ 126.00
Low- income	Dwelling Unit	\$ 42.00	0.750	\$ 32.00
Very Low-income	Dwelling Unit	-	0.750	
Commercial - General	Thousand Square Feet	\$ 168.00	3.909	\$ 657.00
Commercial - Service	Thousand Square Feet	\$ 168.00	2.273	\$ 382.00
Hotel/Motel	Thousand Square Feet	\$ 168.00	1.195	\$ 201.00
Professional Office	Thousand Square Feet	\$ 168.00	0.095	\$ 16.00
Industrial	Thousand Square Feet	\$ 168.00	0.045	\$ 8.00

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**Traffic Signalization**

<b>Development Type</b>	<b>Units</b>	<b>Fee per Trip</b>	<b>PeakTrips Per Unit</b>	<b>Fee Per Unit</b>
Residential - Estate	Dwelling Unit	\$ 741.00	1.2	\$ 889.00
Residential Rural	Dwelling Unit	\$ 741.00	1.2	\$ 889.00
Residential - Single-Family	Dwelling Unit	\$ 741.00	1.0	\$ 741.00
Low- income	Dwelling Unit	\$ 185.00	1.0	\$ 185.00
Very Low-income	Dwelling Unit	-	1.0	
Residential - Multi-Family	Dwelling Unit	\$ 741.00	0.7	\$ 519.00
Low- income	Dwelling Unit	\$ 185.00	0.7	\$ 130.00
Very Low-income	Dwelling Unit	-	0.7	
Residential Mobile Home	Dwelling Unit	\$ 741.00	0.5	\$ 371.00
Low- income	Dwelling Unit	\$ 185.00	0.5	\$ 93.00
Very Low-income	Dwelling Unit	-	0.5	
Commercial - General	Thousand Square Feet	\$ 741.00	7.0	\$ 5,187.00
Commercial - Service	Thousand Square Feet	\$ 741.00	4.0	\$ 2,964.00
Hotel/Motel	Thousand Square Feet	\$ 741.00	1.8	\$ 1,334.00
Professional Office	Thousand Square Feet	\$ 741.00	2.8	\$ 2,075.00
Industrial	Thousand Square Feet	\$ 741.00	0.8	\$ 593.00

**Transportation Facilities**

<b>Development Type</b>	<b>Units</b>	<b>Fee per Trip</b>	<b>PeakTrips Per Unit</b>	<b>Fee Per Unit</b>
Residential - Estate	Dwelling Unit	\$ 2,022.00	1.2	\$ 2,426.00
Residential Rural	Dwelling Unit	\$ 2,022.00	1.2	\$ 2,426.00
Residential - Single-Family	Dwelling Unit	\$ 2,022.00	1.0	\$ 2,022.00
Low- income	Dwelling Unit	\$ 506.00	1.0	\$ 506.00
Very Low-income	Dwelling Unit	-	1.0	
Residential - Multi-Family	Dwelling Unit	\$ 2,022.00	0.7	\$ 1,415.00
Low- income	Dwelling Unit	\$ 506.00	0.7	\$ 354.00
Very Low-income	Dwelling Unit	-	0.7	
Residential Mobile Home	Dwelling Unit	\$ 2,022.00	0.5	\$ 1,011.00
Low- income	Dwelling Unit	\$ 506.00	0.5	\$ 253.00
Very Low-income	Dwelling Unit	-	0.5	
Commercial - General	Thousand Square Feet	\$ 2,022.00	7.0	\$ 14,154.00
Commercial - Service	Thousand Square Feet	\$ 2,022.00	4.0	\$ 8,088.00
Hotel/Motel	Thousand Square Feet	\$ 2,022.00	1.8	\$ 3,640.00
Professional Office	Thousand Square Feet	\$ 2,022.00	2.8	\$ 5,662.00
Industrial	Thousand Square Feet	\$ 2,022.00	0.8	\$ 1,618.00

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**Community Centers**

<b>Development Type</b>	<b>Units</b>	<b>Fee per Capita</b>	<b>Persons Per Unit</b>	<b>Fee Per Unit</b>
Residential - Estate	Dwelling Unit	\$ 55.00	2.7	\$ 149.00
Residential Rural	Dwelling Unit	\$ 55.00	2.7	\$ 149.00
Residential - Single-Family	Dwelling Unit	\$ 55.00	2.7	\$ 149.00
Low- income	Dwelling Unit	\$ 14.00	2.7	\$ 38.00
Very Low-income	Dwelling Unit	-	2.7	
Residential - Multi-Family	Dwelling Unit	\$ 55.00	2.0	\$ 110.00
Low- income	Dwelling Unit	\$ 14.00	2.0	\$ 28.00
Very Low-income	Dwelling Unit	-	2.0	
Residential Mobile Home	Dwelling Unit	\$ 55.00	1.5	\$ 83.00
Low- income	Dwelling Unit	\$ 14.00	1.5	\$ 21.00
Very Low-income	Dwelling Unit	-	1.5	-

**Park Improvements**

<b>Development Type</b>	<b>Units</b>	<b>Fee per Capita</b>	<b>Persons Per Unit</b>	<b>Fee Per Unit</b>
Residential - Estate	Dwelling Unit	\$ 953.00	2.7	\$ 2,573.00
Residential Rural	Dwelling Unit	\$ 953.00	2.7	\$ 2,573.00
Residential - Single-Family	Dwelling Unit	\$ 953.00	2.7	\$ 2,573.00
Low- income	Dwelling Unit	\$ 238.00	2.7	\$ 643.00
Very Low-income	Dwelling Unit	-	2.7	-
Residential - Multi-Family	Dwelling Unit	\$ 953.00	2.0	\$ 1,906.00
Low- income	Dwelling Unit	\$ 238.00	2.0	\$ 476.00
Very Low-income	Dwelling Unit	-	2.0	
Residential Mobile Home	Dwelling Unit	\$ 953.00	1.5	\$ 1,430.00
Low- income	Dwelling Unit	\$ 238.00	1.5	\$ 357.00
Very Low-income	Dwelling Unit	-	1.5	-

**Water Facilities**

<b>Meter Size</b>	<b>Fee</b>
5/8 inch - 3/4 inch	\$ 1,047.00
1 inch	\$ 1,746.00
1 1/2 inch	\$ 3,492.00
2 inch	\$ 5,585.00
3 inch	\$ 10,475.00
4 inch	\$ 17,459.00
6 inch	\$ 34,933.00
8 inch	\$ 69,866.00