

City of Fresno

2016 City Impact Fee Update

The Economics of Land Use



presented by

City of Fresno

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Oakland
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Los Angeles

Comprehensive 2016 Impact Fee Update

- Regional Street Impact Fees
- New Growth Street Impact Fees
- Traffic Signal Impact Fees
- Fire Impact Fees
- Police Impact Fees
- Park Impact Fees
- Water Capacity Fees



Today's recommended actions

- Adopt the 529th Amendment to the Master Fee Schedule to adjust seven existing impact fees (increases and decreases)
- Adopt the 530th Amendment to the Master Fee Schedule for Water Capacity Fees
(Adjusted fees will be effective in 60 calendar days.)
- Accept the associated Nexus Studies and required findings under AB1600
- Adopt a CEQA Finding of Statutory Exemption
- Adopt a Resolution amending the Major Street Impact Fee Implementing Policies
- Introduce an Amended Ordinance for the Park Fee Program, with adoption on December 15th.

Recap of November 3rd Workshop

- What is an impact fee?
- Mitigation Fee Act (AB1600)
- Scope of nexus study update
 - Demographic and Land Use Analysis
 - Capital Facilities Analysis
 - Project List and Cost Estimates
 - Cost Allocation
 - Fee Calculation
 - Technical Report Establishing Legal Nexus between New Development and the Proposed Fees
- Review of existing fee programs (Streets, Traffic Signals, Fire, Police, Parks) and planned facilities

Mitigation Fee Act Legal Requirements

REQUIRED FINDINGS UNDER AB1600

- Identify the purpose of the fee.
- Identify how the fee is to be used.
- Determine how a reasonable relationship exists between the fee's use and the type of development project on which the fee is imposed.
- Determine how a reasonable relationship exists between the need for the public facility and the type of development project on which the fee is imposed.
- Demonstrate a reasonable relationship between the amount of the fee and the cost of public facility or portion of public facility attributable to development on which the fee is imposed.

Major Street Impact Fees

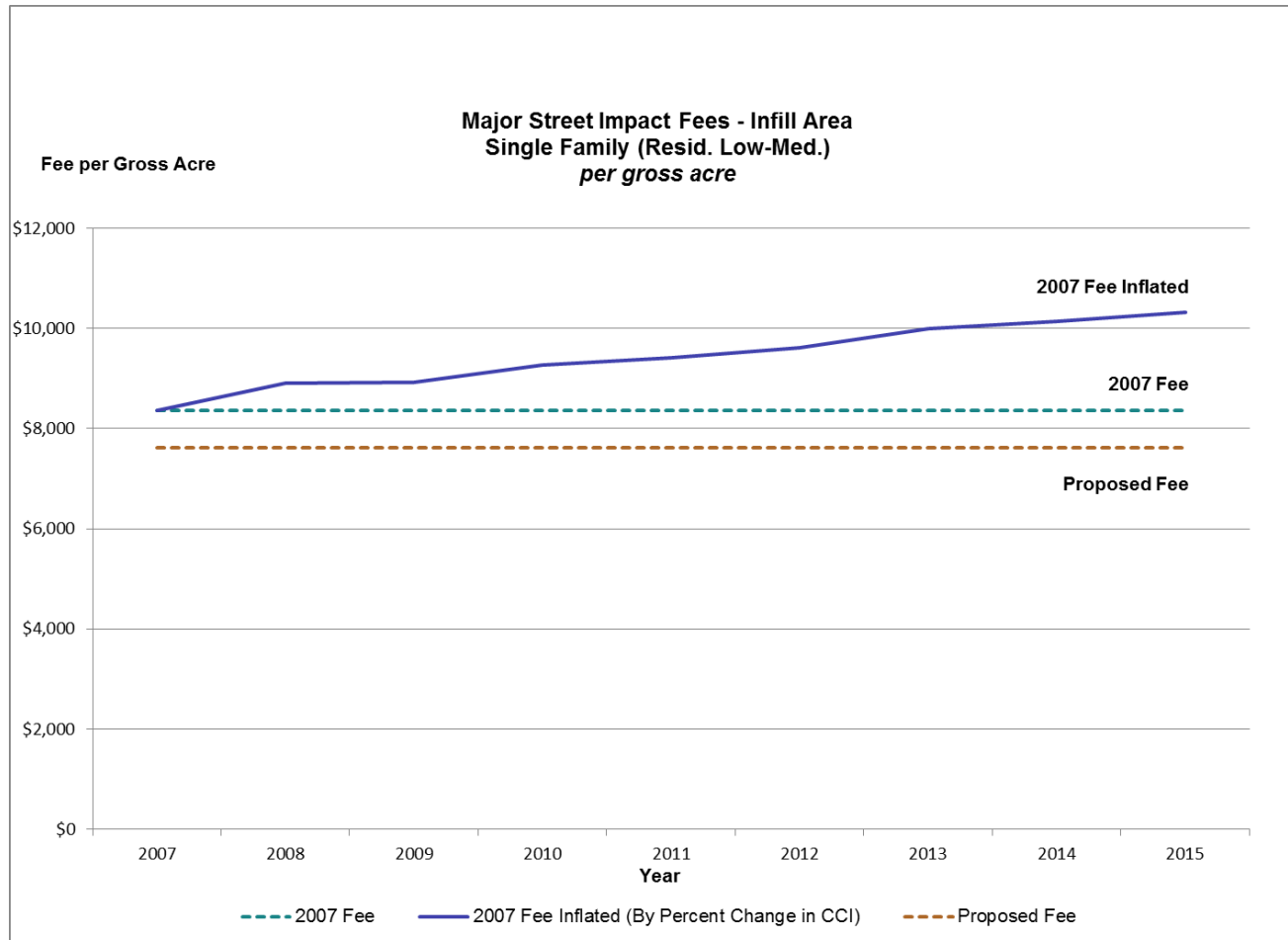


Comparison of Existing and Proposed Major Street Impact Fees – Infill Area

Land Use	Infill Area		
	Major Street Impact Fee per Gross Acre [1]		
	Existing Fee	Proposed Fee	Percent Change
Residential			
Residential Low - Medium	\$8,361	\$7,617	(9%)
Residential Medium/High - High	\$15,663	\$14,790	(6%)
Nonresidential			
Retail	\$20,233	\$13,469	(33%)
Office	\$15,422	\$14,266	(7%)
Light Industrial	\$3,633	\$4,056	12%
Heavy Industrial	\$2,541	\$2,493	(2%)

[1] Citywide fee.

Comparison of Proposed Major Street Impact Fee to Inflated Current Fee – Infill Area

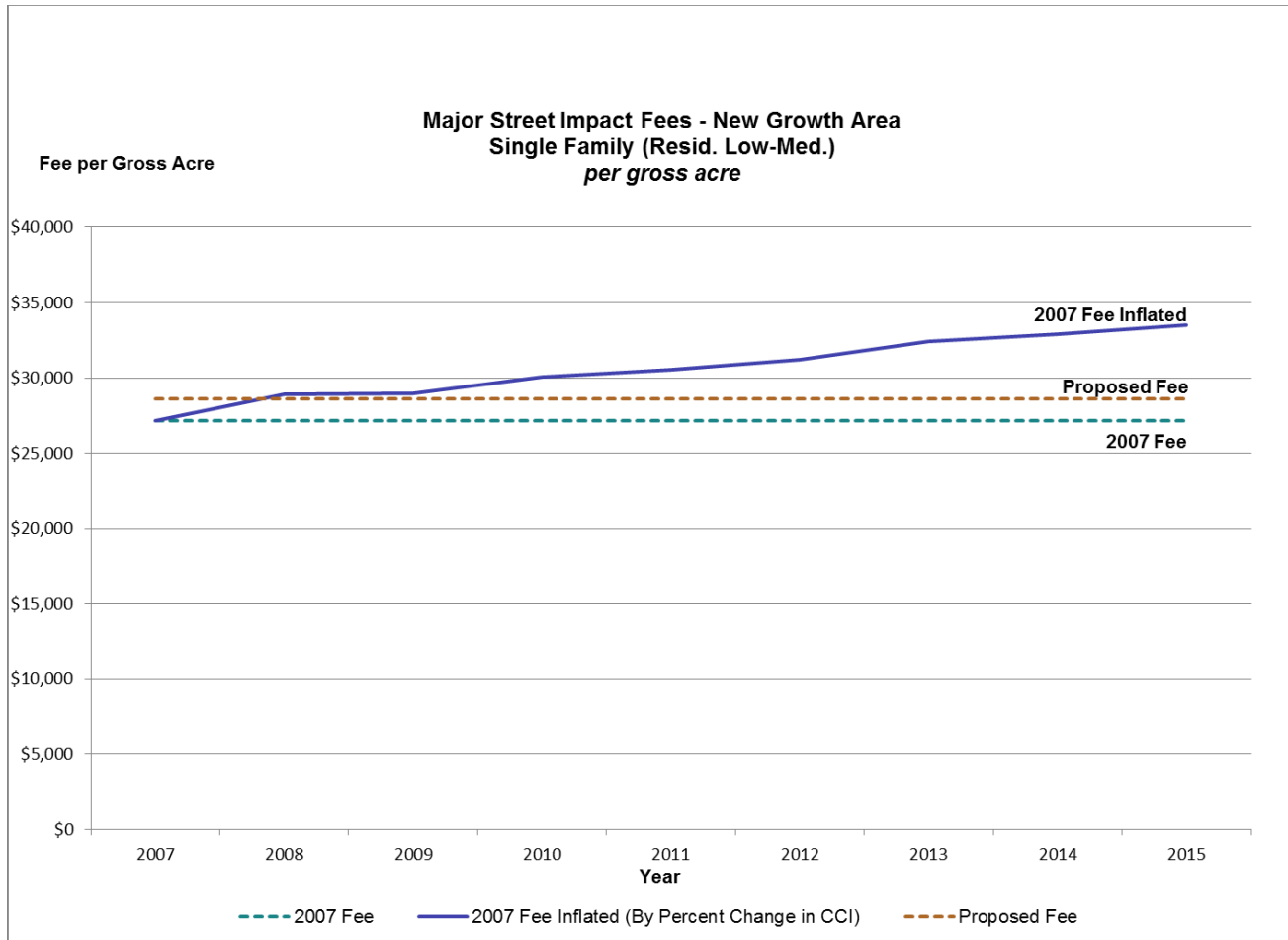


Comparison of Existing and Proposed Major Street Impact Fees – New Growth Area

Land Use	New Growth Area		
	Major Street Impact Fee per Gross Acre [1]		
	Existing Fee	Proposed Fee	Percent Change
Residential			
Residential Low - Medium	\$27,151	\$28,585	5%
Residential Medium/High - High	\$52,372	\$55,538	6%
Nonresidential			
Retail	\$70,353	\$51,319	(27%)
Office	\$50,249	\$50,092	(0%)
Light Industrial	\$11,837	\$15,615	32%
Heavy Industrial	\$8,280	\$9,507	15%

[1] Citywide and New Growth Area fees.

Comparison of Proposed Major Street Impact Fee to Inflated Current Fee – New Growth Area



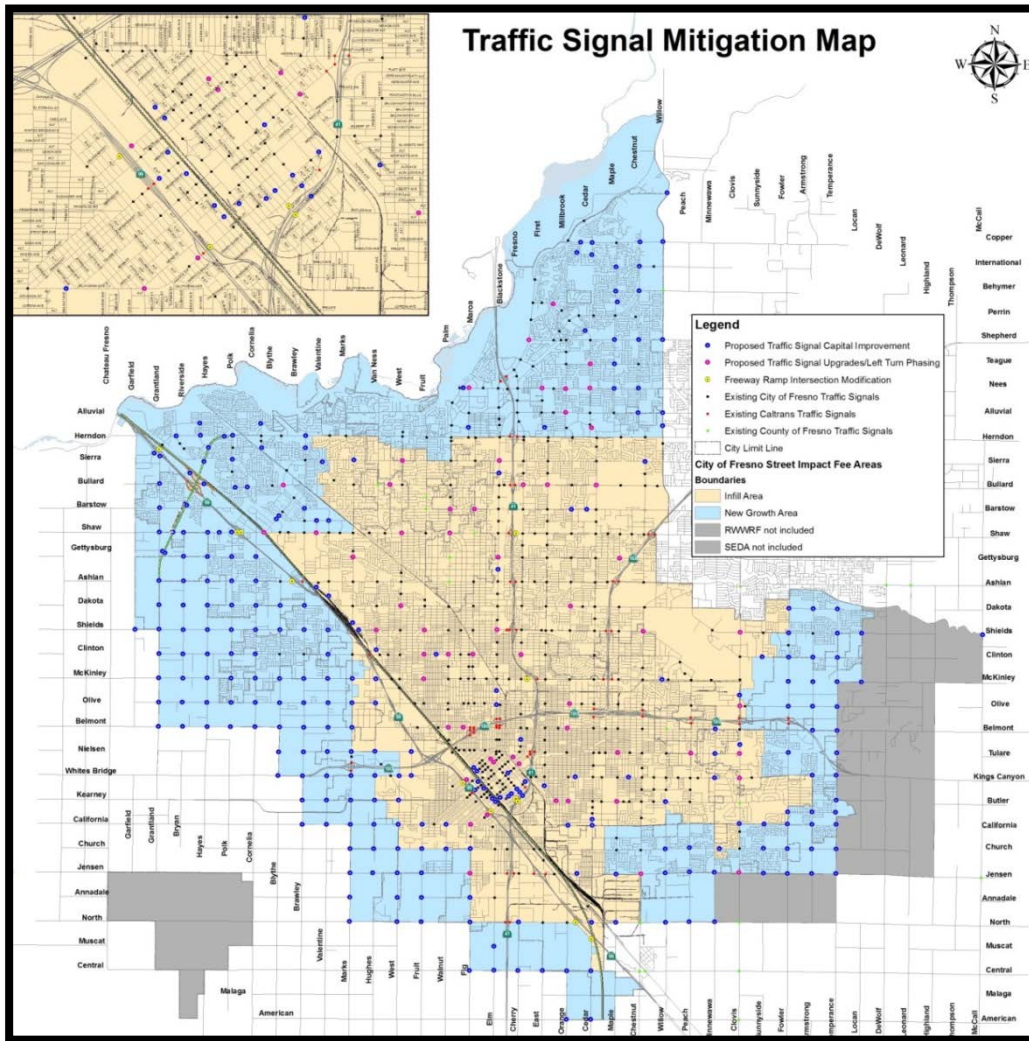
Street Impact Fee Program Modifications

- Include reimbursements or fee credits for:
 - Curb and gutter
 - Median island landscaping
 - Trails required (instead of sidewalks) parallel to major streets
- Requires the Council to adopt amended Implementing Policies by resolution to reflect these changes in the program

Traffic Signal Impact Fees



Facilities covered by TSMI Fees



- Intersections are roughly distributed throughout the entire City
- Predominately a developer reimbursement program (\$1.3 million currently owed)
- TSMI Fees are also used for capital and grant matches
- Fee Study recommends a 5.84% increase to the current fee. This is less than the 14% increase in construction costs in the SF Region since our last TSMI Update in 2008.

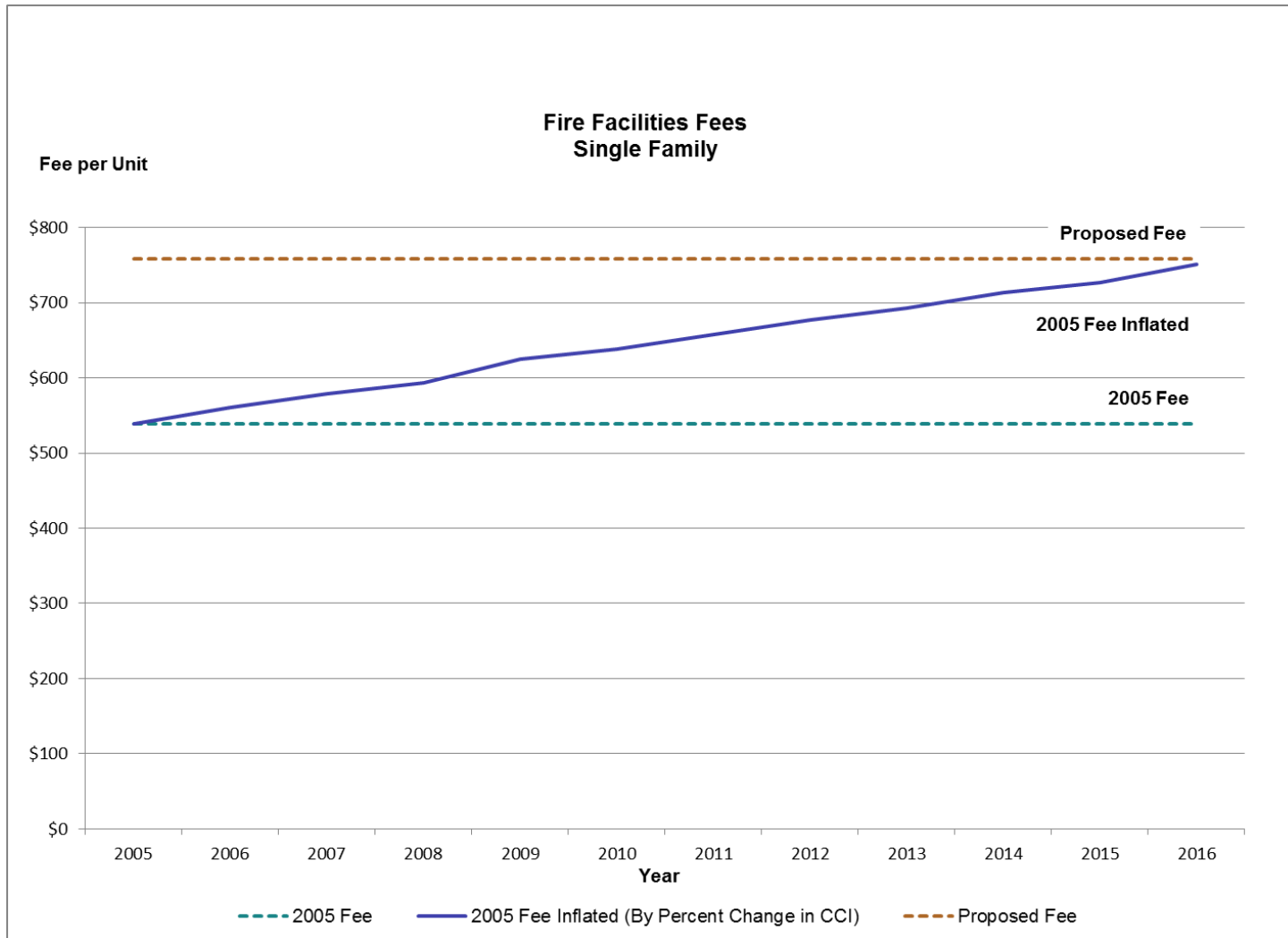
Fire Facility Impact Fees



Comparison of Existing and Proposed Fire Facilities Impact Fees

Land Use	Fire Facilities Fee		
	Existing Fee	Proposed Fee	Percent Change
Fee per Dwelling Unit			
Single Family	\$539	\$758	41%
Multifamily	\$439	\$572	30%
Fee per 1,000 Building Square Feet			
Retail	\$236	\$265	12%
Office	\$236	\$303	29%
Industrial	\$150	\$152	1%

Comparison of Proposed Fire Facilities Impact Fee to Inflated Current Fee



Police Facility Impact Fees



Comparison of Existing and Proposed Police Facilities Impact Fees

Land Use	Police Facilities Fee		
	Existing Fee	Proposed Fee	Percent Change
Fee per Dwelling Unit			
Single Family	\$624	\$586	(6%)
Multifamily	\$508	\$442	(13%)
Fee per 1,000 Building Square Feet			
Retail	\$665	\$624	(6%)
Office	\$665	\$594	(11%)
Industrial	\$422	\$297	(30%)

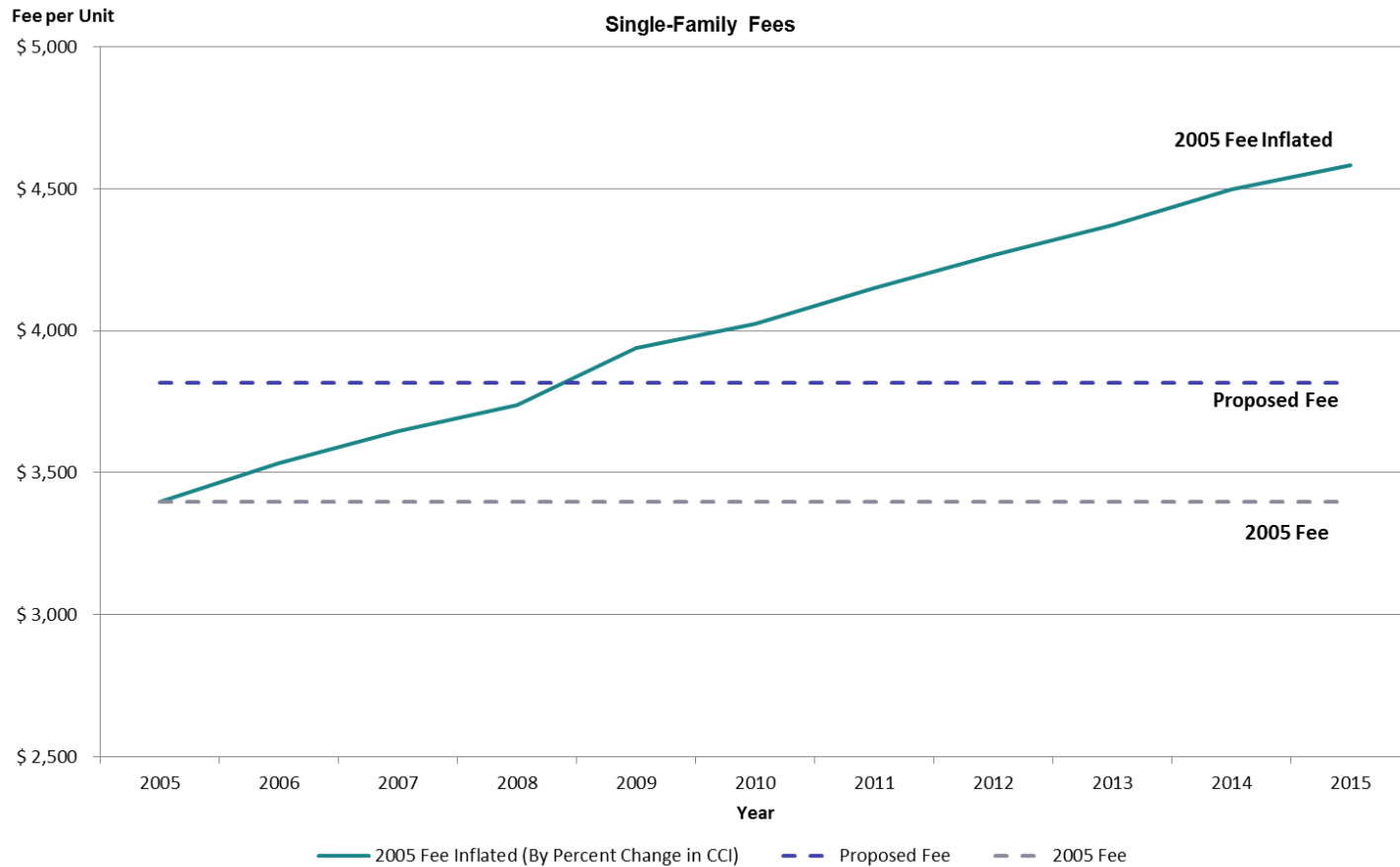
Park Impact Fees



Comparison of Existing and Proposed Park Impact Fees

Land Use	Existing Fee	Proposed Fee	Percent Change
Fee per Unit			
Single-Family	\$3,398	\$3,816	12%
Multifamily	\$2,764	\$2,878	4%

Comparison of Proposed Park Impact Fee to Inflated Current Fee



Construction and Land Costs

Fee Component	2005	2016
Land Costs (per acre)	\$120,000	\$150,000
Park Improvements (per acre)	\$200,000	\$450,000

General Plan Open Space Policies

2025 General Plan	2035 General Plan	Current Service Levels
3 acres / 1,000 residents	5 acres / 1,000 residents	3.28 acres / 1,000 residents
A combination of Regional, Community, Neighborhood, Pocket, Trails	Specifically 3 acres / 1,000 residents of Community, Neighborhood, Pocket. Paid for by new development	1.09 acres / 1,000 residents of Community, Neighborhood, Pocket
	<u>and</u> 2 acres / 1,000 residents of Regional Parks and Trails	2.19 acres / 1,000 residents of Regional Parks and Trails

Park Fee Program

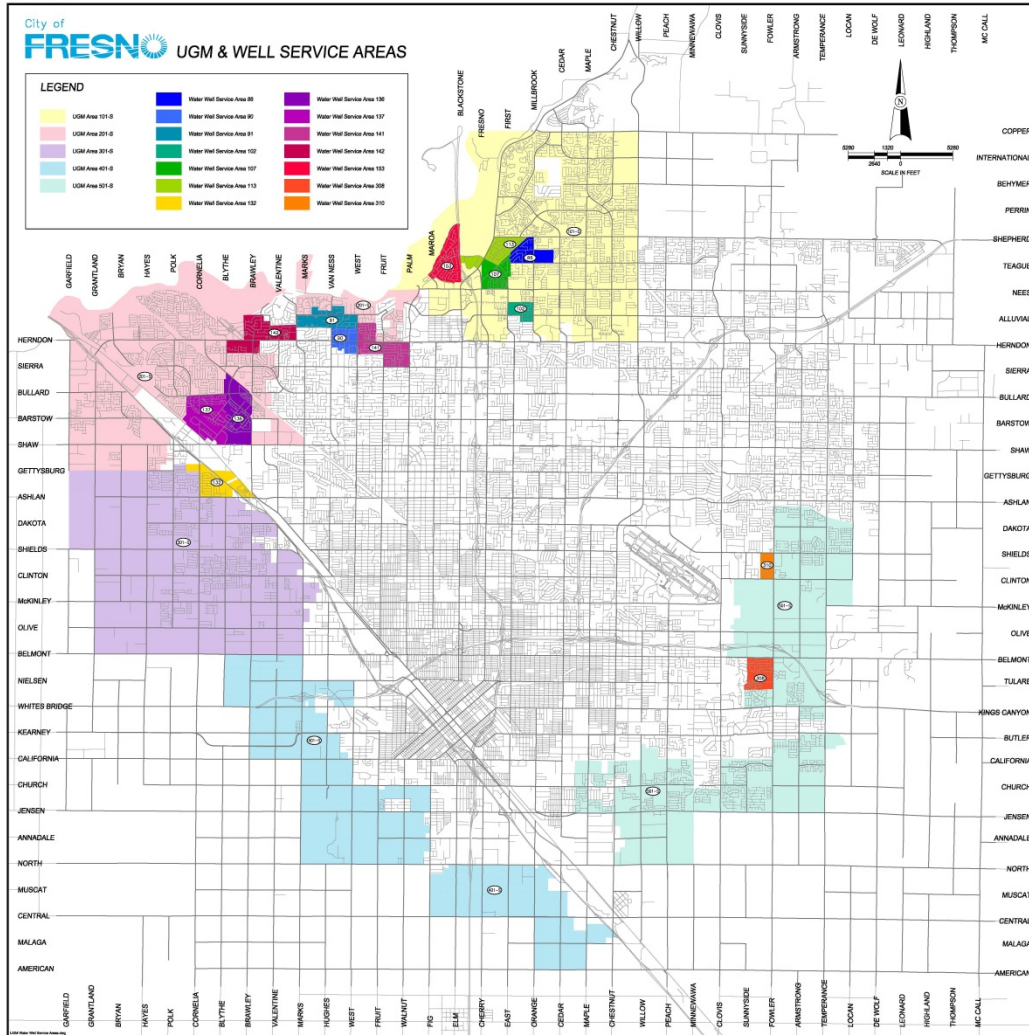
- **Proposed Program (Amended Ordinance)**

- For every 1,000 new residents, add 3 acres of pocket, neighborhood or community parks
- Impact fees will go toward Community and Neighborhood Parks, providing 2.4 acres per 1,000 new residents
- Developers will provide the 0.6 acres of pocket parks through a dedication within tentative subdivision maps of 50 lots or more, with no Quimby credits.
- No credits would be given for standard frontage improvements around the pocket park, irrigation, basic landscaping and benches.
- Smaller tentative maps (<50 lots) would have an incentive to develop without the pocket park dedication requirement.
- Park Facility fee credits would still be provided for amenities such as picnic tables, play structures and barbeque pits.

Water Connection Charges



Current Water Connection Charges



- Urban Growth Management (UGM) Water Supply Fees
 - 21 Areas
- Well Head Treatment Fees
 - 5 Areas
- Recharge Area Fees
- 1994 Bond Debt Service
- Transmission Grid Main Charges
- Transmission Grid Main Bond Debt Service

Current Water Connection Charges Cont.

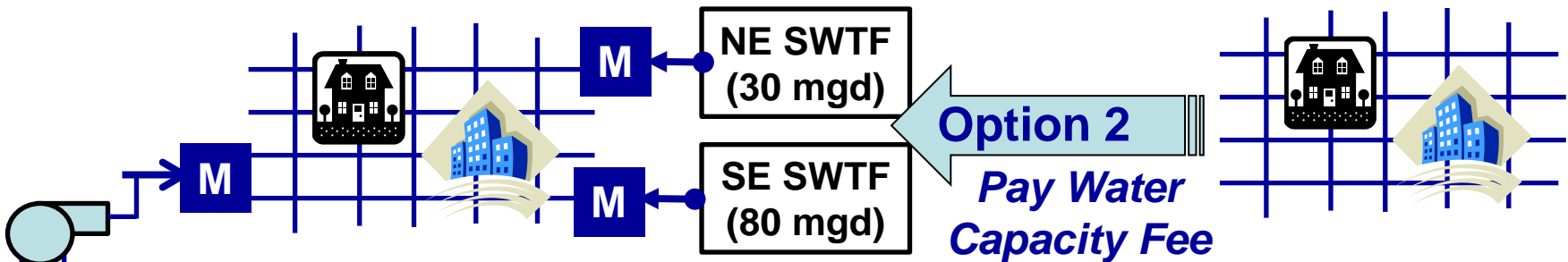
City's current system of water capacity fees:

- Only recovers a portion of the infrastructure costs that benefit new or expanded connections to water system
- Does not recover any costs for infrastructure and water supply projects necessary to comply with new surface water and groundwater regulations
- Fails to recover any costs from non-UGM areas
- Is administratively burdensome

City of Fresno Water System

Existing Rate Payers
Recharge Fresno (\$429 MM)

New Development
No Recharge Fresno



Existing Groundwater Aquifer: Overdrafted and Contaminated

Water Budget Analysis

Total Demand = 128,000 AF

SW Use = 110,000 AF

GW Use = (18,000 AF)

GW Recharge = 32,000 AF

Net GW Impact = + 14,000 AF

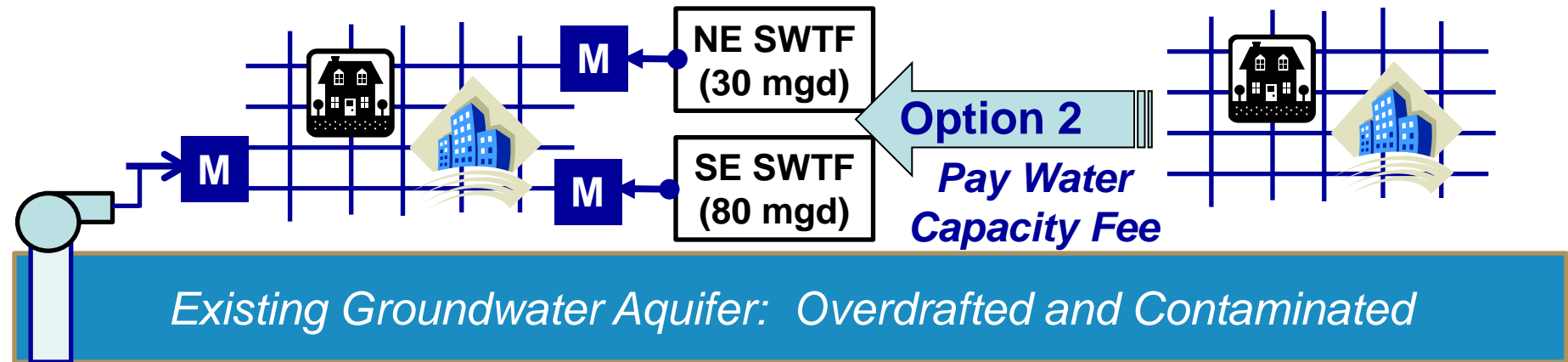
Option 1: Comply with Water Supply Requirements

- Define Peak Water Demands
 - Peak Hour Demand
 - Fire Protection Demand
- Provide Firm Capacity for Peak Water Demands and Fire Protection
- Provide Surface Water for Total Annual Demands and Recharge
- Demonstrate Net-Positive GW Impact

City of Fresno Water System

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Recharge Fresno (\$429 MM)

New Development
No Recharge Fresno



Water Capacity Fee

- Provides surface water supply, treatment, distribution, and recharge facilities to serve new or expanded water service connections and create a net-positive GW impact.
- Provides water supply reliability, redundancy, and drought resiliency benefits for new or expanded water service connections.

OR (Option 1)

To avoid paying water capacity fees, developers can demonstrate a net-positive GW impact at build out conditions by providing an independent source of surface water supply; independent surface water treatment and recharge facilities; and independent reliability, redundancy, and drought resiliency facilities.

Recommendation & Objectives

Recommendation: Transition to a single consistent water capacity fee applied uniformly to all development within the City's service area, regardless of where the development occurs.

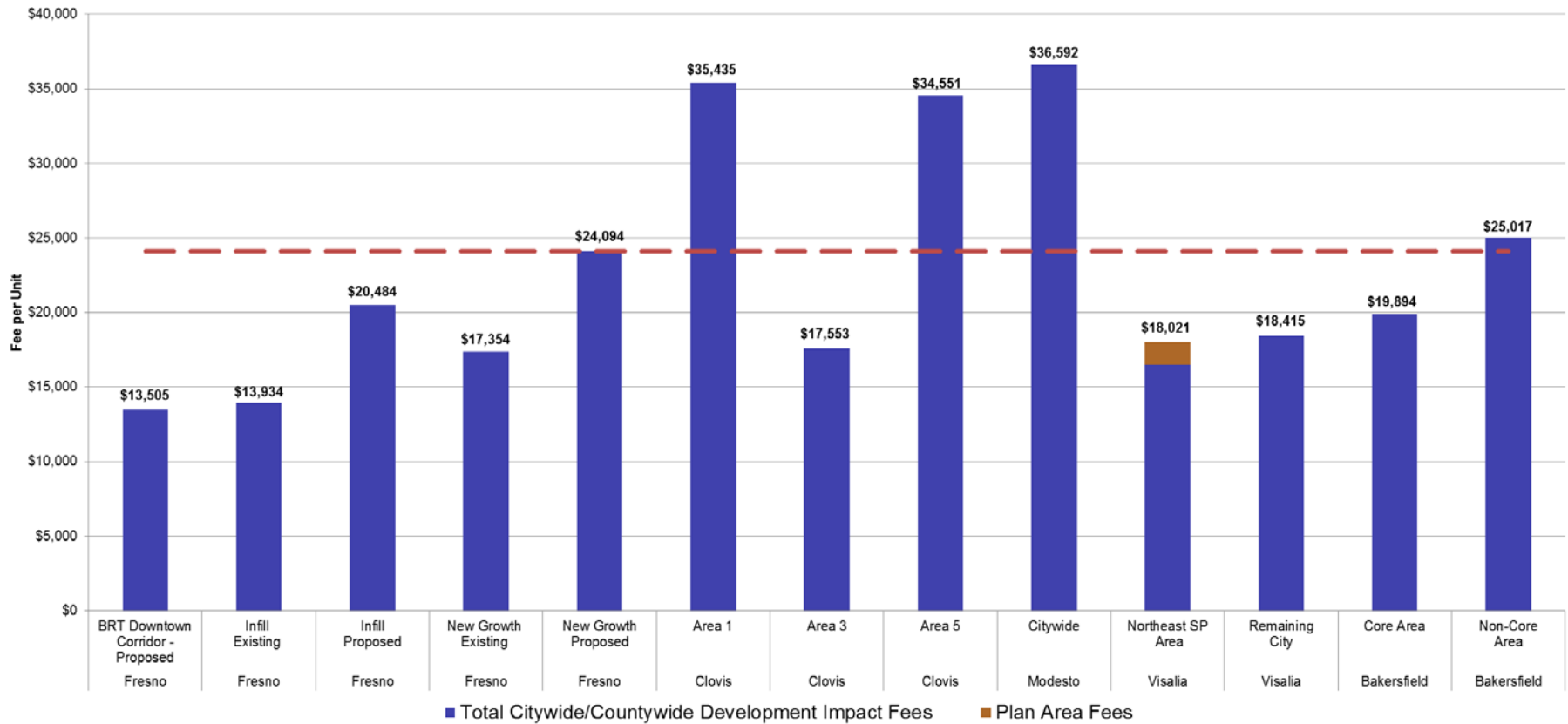
Key objectives include:

- Equitably recover the costs of infrastructure, assets, and water supply projects that benefit new and expanded connections to the water system.
- Consistency with industry-standard practices and methodologies.

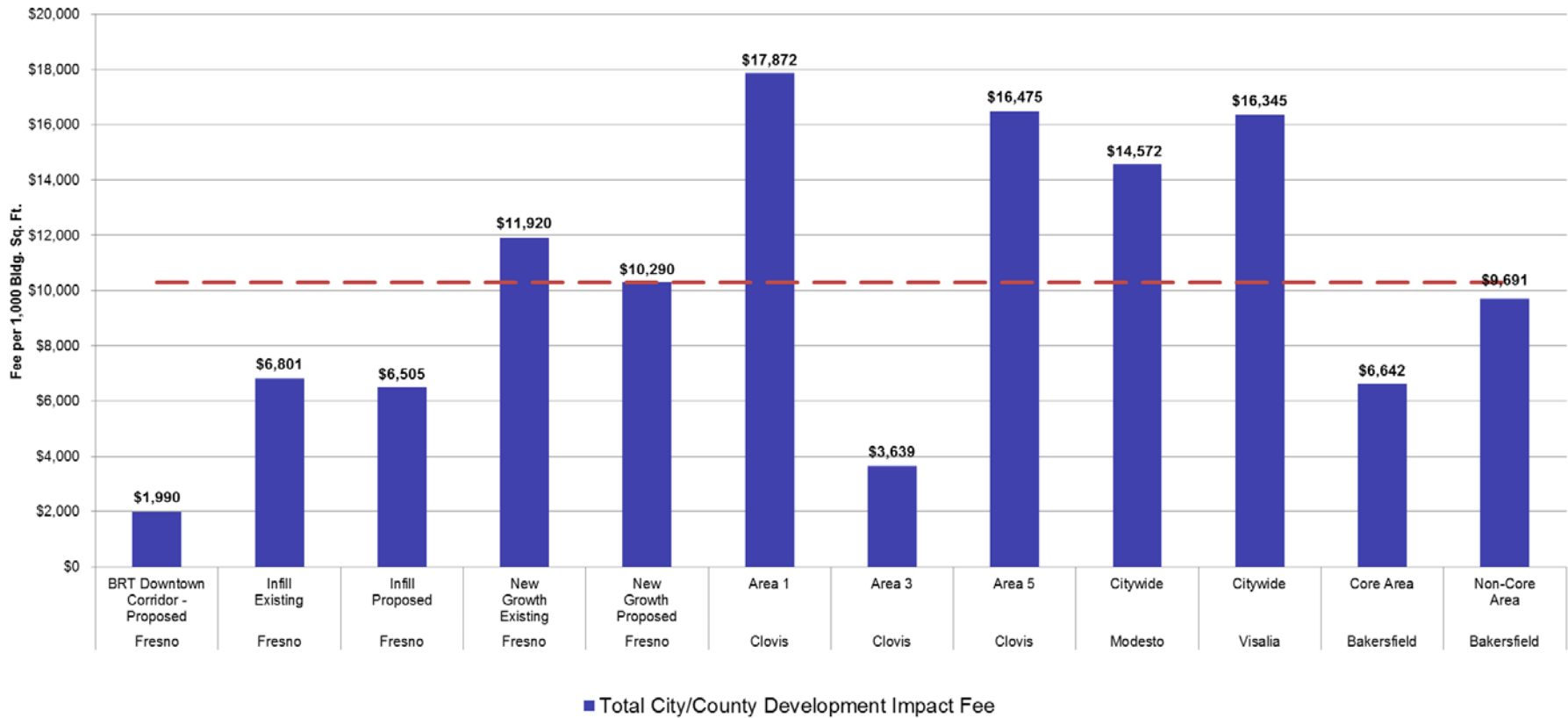
Proposed Water Capacity Fee Meter Charges

Meter Size	Meter Capacity Ratio	Annual Water Demand (hcf/year)	Water Capacity Fee
Capacity Fee Unit Cost (\$ per hcf)			\$25.493
Up to ¾"	0.625	156	\$3,983
1"	1.00	250	\$6,373
1-1/2"	1.25	313	\$7,967
2"	2.50	625	\$15,933
3"	4.00	1,000	\$25,493
4"	6.25	1,563	\$39,833
6"	12.50	3,125	\$79,666
8"	60.00	15,000	\$382,398

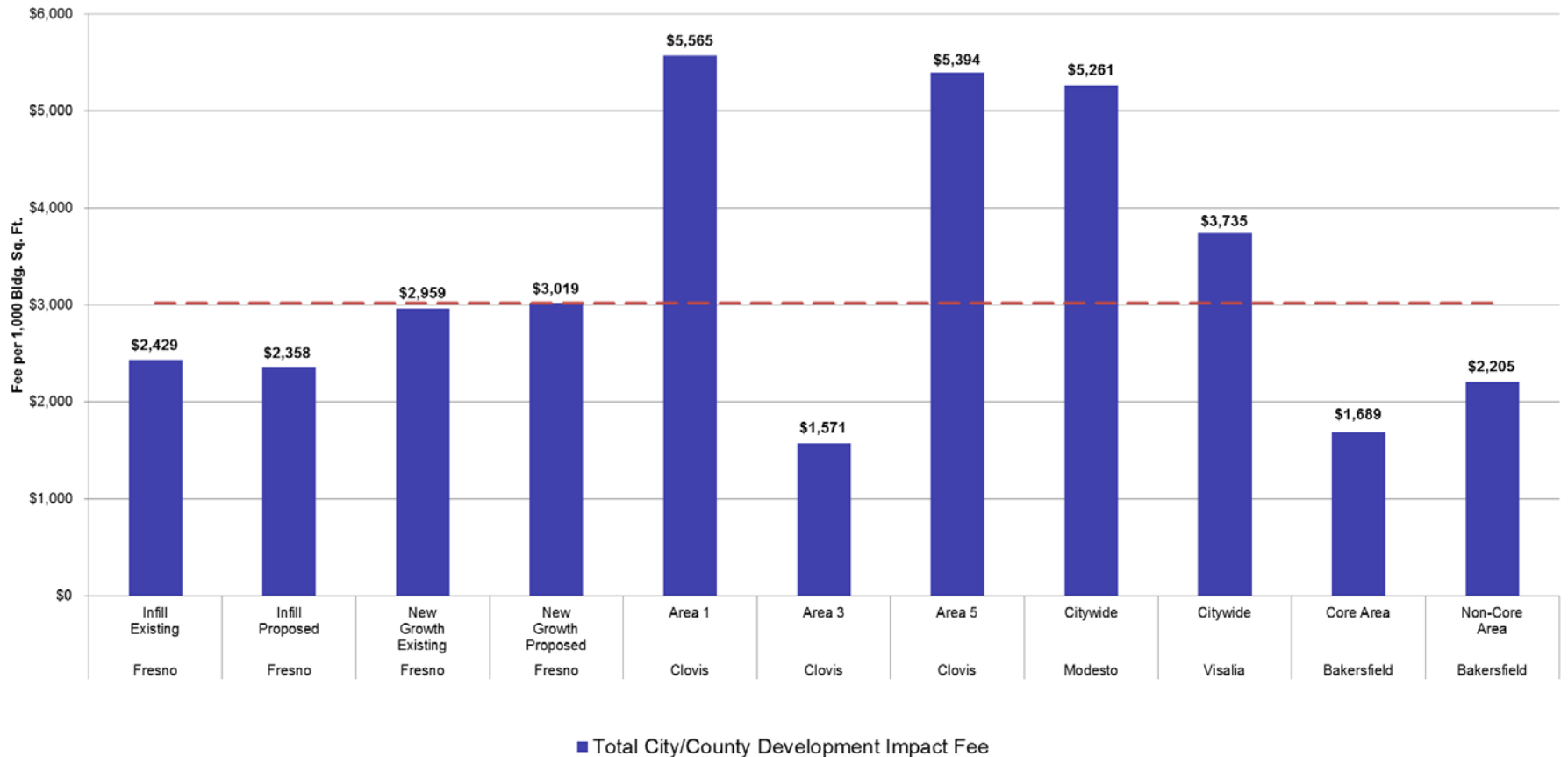
Infrastructure Burden Comparison – Single Family Development



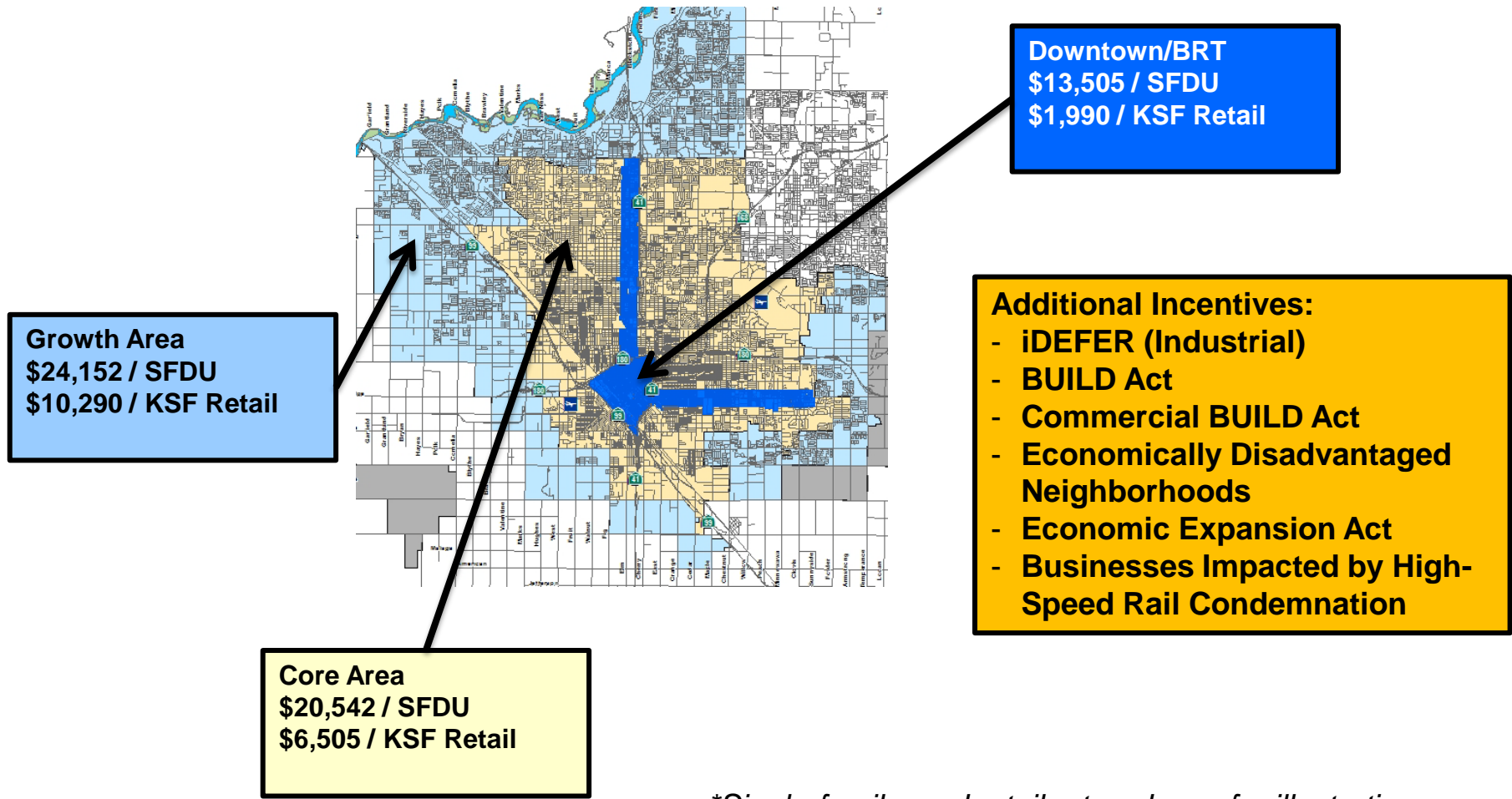
Infrastructure Burden Comparison – Retail Development



Infrastructure Burden Comparison – Industrial Development



Proposed Fee Reductions & Incentives*



**Single-family and retail rates shown for illustration. Lower core-area fees vary by land use type.*

Questions & Discussion

