

RECEIVED

2016 DEC 6 PM 12 34

Agenda Item: ID16-1384 and 16-1385
(10:00 A.M. #1 and #2)

Date: 12/8/16

CITY CLERK, FRESNO CA

FRESNO CITY COUNCIL



Supplemental Information Packet

Agenda Related Item(s) – ID16-1384 and 16-1385

Contents of Supplement: Letter from the Building Industry Association (BIA)

Agenda Item Title

(File ID16-1384) Actions pertaining to Development Impact Fees

(File ID16-1385) Actions pertaining to proposed Water Capacity Fees (Citywide):

Supplemental Information:

Any agenda related public documents received and distributed to a majority of the City Council after the Agenda Packet is printed are included in Supplemental Packets. Supplemental Packets are produced as needed. The Supplemental Packet is available for public inspection in the City Clerk's Office, 2600 Fresno Street, during normal business hours (main location pursuant to the Brown Act, G.C. 54957.5(2). In addition, Supplemental Packets are available for public review at the City Council meeting in the City Council Chambers, 2600 Fresno Street. Supplemental Packets are also available on-line on the City Clerk's website.

Americans with Disabilities Act (ADA):

The meeting room is accessible to the physically disabled, and the services of a translator can be made available. Requests for additional accommodations for the disabled, sign language interpreters, assistive listening devices, or translators should be made one week prior to the meeting. Please call City Clerk's Office at 621-7650. Please keep the doorways, aisles and wheelchair seating areas open and accessible. If you need assistance with seating because of a disability, please see Security.



Building Industry Association
of Fresno/Madera Counties, Inc.

RECEIVED

2016 DEC 6 AM 8 11

CITY CLERK, FRESNO CA

December 2, 2016

City Council President Paul Caprioglio
City Council Vice President Sal Quintero
Councilmember Oliver Baines
Councilmember Lee Brand
Councilmember Steve Brandau
Councilmember Clint Olivier
Councilmember Esmeralda Soria
City Clerk Yvonne Spence, CMC
Fresno City Hall
2600 Fresno Street
Fresno, CA 93721

RE: Proposed Impact Fee Adjustments

Dear Councilmembers:

The Building Industry Association (BIA) has concerns about the imposition of some of the Fee Adjustments being considered on December 8. Specifically, the BIA is very concerned about the increase in the Park Impact Fee and the Water Capacity Fee. The Park Fee is proposed to increase by almost \$500 per unit and the Water Capacity Fee being proposed will impact builders, depending on where they build, by about 300%.

Overall, the result of all the fee adjustments will increase costs, depending on the area of development, up to \$6,700 per unit.

The nexus study for the Park Fee proposes to impose, as an element of the fee obligation, the financing costs attributable to bonds sold to fund previously developed parks. Those bonds were sold under a unique and costly lease revenue arrangement. We believe imposing those financing costs in such a manner lacks appropriate nexus regarding impacts of new development on park demand and development. This element of the proposed park fee reflects 50% of the total increase in the intended park fees.

We also believe that there is not a proper nexus for the element of the Water Capacity Fee that seeks to impose a "Buy-In" for 20% of the "current value" of existing groundwater system capacities, to be paid by new development. This proposal represents

33% of the entire Citywide Water Capacity Fee and adds \$2,061 of the proposed \$6,373 fee for each new residential home.

In the Park nexus study and the Fire nexus study, the consultants utilize a per acre land cost of \$265,000. This cost is inflated. The typical land for residential, where the parks and fire stations are built, is less than \$200,000.

In addition to the fee increases, the BIA is concerned about a proposal in one of the studies to provide reimbursements to builders on a proportionate basis. The BIA opposes this idea. The reimbursements should remain on a first submitted/first reimbursed basis.

If you have any questions, please call me at (559) 226-5900.

Sincerely,



Michael Prandini
President & CEO

cc: Bruce Rudd
City Manager

Scott Mozier
Public Works Director

Thomas Esqueda
Public Utilities Director