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**File created:** 6/13/2022    **In control:** City Council  
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**Title:** Actions pertaining to citywide development impact fees (all council districts):  
1. HEARING - to consider amendment to the City of Fresno’s Master Fee Schedule to increase and decrease the existing Citywide Regional Streets, New Growth Area Major Streets, Traffic Signals, Police Facilities, Fire Facilities; and adopt the associated nexus studies  
2. Adopt a Finding of Statutory Exemption, per staff determination in the attached environmental assessment, pursuant to Section 15273 of the California Environmental Quality Act (CEQA) Guidelines;  
3. Adopt the Nexus Studies and incorporated capital improvement programs, for the impact fee programs associated with the citywide regional streets, new growth area major streets, traffic signals, police facilities, and fire facilities fees; and adopt associated findings pursuant to the Mitigation Fee Act;  
4. \*\*\*RESOLUTION - Adoption of the 570th Amendment to the Master Fee Schedule Resolution No. 80-420 to increase and decrease the Citywide Regional Streets, New Growth Area Major Streets, Traffic Signals, Police Facilities, and Fire Facilities Development Impact Fees; and to delete the Urban Growth Management (UGM) Impact Fees (subject to Mayoral Veto).

**Sponsors:** Public Works Department

**Indexes:**

**Code sections:**

**Attachments:** 1. 22-1022 Presentation Materials Summary of Fee Adjustments, 2. 22-1022 2022 Police Nexus Study Update and CIP, 3. 22-1022 2022 Fire Nexus Study Update and CIP, 4. 22-1022 2022 Major Streets Nexus Study Update and CIP, 5. 22-1022 2022 Traffic Signal Impact Fee Nexus Study Update and CIP, 6. 22-1022 Resolution – 570th Amendment to the Master Fee Schedule, 7. 22-1022 Statutory Exemption Environmental Assessment

Date	Ver.	Action By	Action	Result
6/23/2022	1	City Council	ADOPTED	Pass

**REPORT TO THE CITY COUNCIL**

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Public Works Department

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**SUBJECT**

Actions pertaining to citywide development impact fees (all council districts):  
1. HEARING - to consider amendment to the City of Fresno’s Master Fee Schedule to increase and decrease the existing Citywide Regional Streets, New Growth Area Major Streets, Traffic Signals, Police Facilities, Fire Facilities; and adopt the associated nexus studies

2. Adopt a Finding of Statutory Exemption, per staff determination in the attached environmental assessment, pursuant to Section 15273 of the California Environmental Quality Act (CEQA) Guidelines;
3. Adopt the Nexus Studies and incorporated capital improvement programs, for the impact fee programs associated with the citywide regional streets, new growth area major streets, traffic signals, police facilities, and fire facilities fees; and adopt associated findings pursuant to the Mitigation Fee Act;
4. \*\*\*RESOLUTION - Adoption of the 570<sup>th</sup> Amendment to the Master Fee Schedule Resolution No. 80-420 to increase and decrease the Citywide Regional Streets, New Growth Area Major Streets, Traffic Signals, Police Facilities, and Fire Facilities Development Impact Fees; and to delete the Urban Growth Management (UGM) Impact Fees (subject to Mayoral Veto).

## RECOMMENDATIONS

Staff recommends the Council:

1. Adopt a Finding of Statutory Exemption, per staff determination in the attached environmental assessment, pursuant to Section 15273 of the California Environmental Quality Act (CEQA) Guidelines;
2. Adopt the attached Nexus Studies and incorporated capital improvement programs, for the impact fee programs associated with the citywide regional streets, new growth area major streets, traffic signals, police facilities, and fire facilities fees; and adopt associated findings pursuant to the Mitigation Fee Act;
3. Adopt the 570<sup>th</sup> Amendment to the Master Fee Schedule Resolution No. 80-420 to increase and decrease the Citywide Regional Streets, New Growth Area Major Streets, Traffic Signals, Police Facilities, and Fire Facilities Development Impact Fees; and to delete the Urban Growth Management (UGM) Impact Fees (subject to Mayoral Veto).

## EXECUTIVE SUMMARY

On June 17, 2021, the Council approved a professional services agreement with Economic & Planning Systems, Inc., to prepare nexus study updates for the City's development impact fee program. The studies have been completed and two development community stakeholder meetings have been held to discuss the recommended increases and decreases. Key components of the impact fee updates include a detailed demographic and land use analysis, capital facilities analysis, review of the planned project list and cost estimates, cost allocation associated with impacts generated by various land use types and the final fee calculations. These nexus studies establish the required legal nexus between new development and the proposed fees. The existing impact fee programs covered by the proposed Master Fee Schedule amendment are the Fire Impact Fee - Citywide, the Citywide Locally Regionally Significant Street Impact Fee, the New Growth Area Major Street Charge, the Traffic Signal Charge, and the Police Facilities Impact Fee - Citywide. Staff recommends that the Council adopt the updated development impact fees and associated environmental findings. The increased and decreased fees will become effective 60 calendar days after Council approval.

## BACKGROUND

The current development impact fees for major streets, traffic signals, fire facilities, police facilities and parks were originally adopted between 2004 and 2007. The Nexus Studies for the Development Impact fees were updated in 2016. The Fire Facilities Nexus Study was updated in 2019 and the Fire Fee was increased.

Each of the impact fee programs (streets, traffic signals, fire, police, parks) serves to mitigate the impacts from new development upon City services. The impact fees charged to new development represents that particular development's proportionate share of the capital cost of new infrastructure and facilities, which in turn provide capacity to serve growth in population and employment. Impact fees do not pay for any ongoing operational or maintenance costs, which are instead funded through either Community Facilities Districts (CFDs) or Homeowners Associations (HOAs). In addition to ensuring that each development pays only its proportionate share of the cost of new facilities, the impact fee programs also serve to facilitate cost-sharing between the developers who construct more than their share of new infrastructure and those who benefit from the earlier installation of infrastructure such as streets, bridges, traffic signals, sewer, or water facilities. The City has a very active developer reimbursement program where the impact fees collected within a specific fee program are utilized every April and October, in accordance with the Fresno Municipal Code, to reimburse developers on a first-in, first-out basis. Developers are reimbursed from impact fee revenue for any eligible costs they have incurred which goes beyond their fee obligation (i.e., proportionate fair-share).

Two meetings were held with the Building Industry Association, developers, contractors, and other stakeholders to explain the reasons and justifications for the increases and adjustments to the fees. The meetings were on May 11<sup>th</sup> at the Police Headquarters, and on June 1<sup>st</sup> at City Hall. The June 1<sup>st</sup> meeting was available for stakeholders to attend in person or on a virtual platform. The June 23 hearing was also noticed twice in the Fresno Business Journal as required in the Mitigation Fee Act.

The State of California approved Assembly Bill 602 (AB 602) in September 2021. AB 602 establishes certain standards and practices that a local agency must follow when conducting an impact fee nexus study. Newly added Government Code section 66016.5 adds the following new requirements for impact fees adopted on or after January 1, 2022:

- When applicable, a nexus study must identify the existing level of service for each facility, identify the proposed new level of service, and explain why the new level of service is appropriate
- If a nexus study supports an increase in an existing fee the local agency shall review the assumptions of the nexus study supporting the original fee and evaluate the amount of the fees collected under the original fee.
- Large jurisdictions (counties with a population over 250,000 and cities within those counties) must adopt a capital improvement plan as part of the nexus study.
- All impact fee nexus studies shall be adopted at a public hearing with at least 30 days' notice, and the local agency shall notify any member of the public that requests notice of intent to begin and impact fee nexus study of the date of the hearing.
- Nexus studies shall be updated at least every eight years, from the period beginning on January 1, 2022.

These requirements are addressed in the attached Nexus Studies. For example, included with this report are Capital Improvement Plans for the Police Facilities, the Fire Facilities, the Major Streets, and the Traffic Signal Mitigation. These Capital Improvement Plans include all the improvements that are planned for Police, Fire, Streets and Traffic signals that are eligible for funding with development Impact fee revenue. There are other improvements, in each category, that are planned but are not eligible to be funded with development Impact fee revenue. The Parks Facility and Quimby fees are not being considered for adjustment at this time because a detailed CIP list has not been created. The Park Fees for the last update were based on the General Plan requirement that the City provide three acres per 1,000 population (five acres per 1,000 when trails and regional parks are included). Staff will be presenting an adjustment to the park fee once a CIP program is completed. On July 1, 2022, the Park fees will be adjusted by the 20-City Construction Cost Index as they have been each year since the last update in 2016.

AB 602 also requires all nexus studies adopted after July 1, 2022, shall calculate a fee imposed on a housing development project proportionately to the square footage of the proposed units of the development. A local agency that imposes a fee proportionately to the square footage of the proposed units of the development shall be deemed to have used a valid method to establish a reasonable relationship between the fee charged and the burden posed by the development. The law outlines some possible exceptions to this requirement. **Staff is recommending adoption of the adjusted fees prior to July 1<sup>st</sup> to avoid the additional work of switching to fees based on the size of the home or apartment.**

The City retained Economic Planning Services (EPS) to evaluate the existing nexus studies and prepare updated studies that establish a fee that generates adequate revenue to serve growth. The methods for calculating the fee rates vary for most of the fee programs.

### **Urban Growth Management (UGM) Fees**

Public Works replaced the UGM Fees programs for Parks, Police, Fire, and Major Streets with Citywide fees between 2005 and 2008. The UGM program established impact fees for defined areas of the City. This method of collecting fees made it very difficult to fund needed public improvements. There were often substantial funds in an individual impact fee program, but not adequate funds to construct a needed improvement in a particular service area. This was most apparent in the fire impact fee program. The overall fee program collected funds that were adequate to construct a new fire station, but the specific service area where the new station was needed often did not have sufficient funds to build the substation. The UGM program was also difficult to justify for many of the programs. Citizens often use parks that are near where they live, but the park that they use may not be in the service area that was defined in the UGM program. Depending on the call volume, the Fire Department may respond from a fire station other than the station that is closest to the home or call for service. For these reasons, the UGM Fee Program was replaced with citywide fees in 2008.

Several references to the old UGM Fee Program are being removed from the Master Fee Schedule. The Master Fee Schedule continued to show the UGM fees because some tract maps and other developments were vested into this program. All of those subdivisions and developments have either been completed are no longer being considered. Having these fees included in the Master Fee Schedule often confuses landowners that want to develop a project. They review the Master Fee Schedule to estimate the fees that they will be required to pay and are unsure what category or service area pertains to their project. Staff is recommending removing the old UGM Fire Station Capital Fee, the UGM Major Street Charge, the UGM Major Street Bridge Charge, the UGM Park

Fees, and the UGM Grade Separation Fee from the Master Fee Schedule.

**Police Facilities Fees.** Police fees are based on staff (officers and non-sworn) needed to serve new development. The fees collected are not used to pay salaries but are used to pay for patrol vehicles, new substations, and other equipment and facilities to serve new development. The Police Capital Improvements program also includes replacement of the existing headquarters building. The new headquarters would be 125,000 square feet and partially funded with impact fee revenue. The proposed fee also includes bond payments for facilities that were built in the past to serve new growth. The fee also assumes that 50% of the new facilities would be financed and that impact fee revenue would be used to make the principal and interest payments.

The EPS analysis indicates that the Police Impact Fee needs to be increased due to higher site development costs for new substations. The 2016 Nexus study established the fee based on a cost of \$265,000 per acre to develop a substation. This cost included the land purchase price, and the site development expenses. Based on the cost of developing the new eastside Police Substation and on the development of Fire Station 18, the new fees are based on a cost of \$542,000 per acre.

EPS is recommending increasing the residential rate by 41% and increasing the Retail, Office, and Industrial rate by 24%. There are several reasons why the rate for all development is not increasing by the same percentage. In 2016, the occupancy rate was established to be 3.14 persons per home. The recent census data indicates that the occupancy rate has increased to 3.44 persons per home. Calls for service to residential properties were higher than they were in 2016, while calls for service on commercial and industrial properties decreased.

<b>Police Fees</b>				
	Existing Fee	Proposed Fee	Difference	Percent Difference
Single Family (per unit)	\$673	\$948	\$275	41%
Multifamily (per unit)	\$507	\$723	\$216	43%
Retail (per 1,000 sf)	\$717	\$886	\$169	24%
Office (per 1,000 sf)	\$682	\$844	\$122	24%
Industrial (per 1,000 sf)	\$340	\$422	\$82	24%

**Fire Facilities Fees.** The Fire Fees were last raised in 2019. The current analysis determined that residential fire fees need to be increased by 11% and the commercial and industrial fees need to be decreased by 17%. The reason for this change is related to the occupancy rate on single family homes increasing from 3.14 persons per home in the 2019 Nexus study to 3.44 persons per home in the new Nexus study. The proposed fee also includes bond payments for facilities that were built in the past to serve new growth. The proposed fee also assumes that 50% of the new facilities would be financed and that impact fee revenue would be used to make the principal and interest payments.

<b>Fire Fees</b>				
	Existing Fee	Proposed Fee	Difference	Percent Difference
Single Family (per unit)	\$2,061	\$2,285	\$224	11%
Multifamily (per unit)	\$1,556	\$1,743	\$187	12%

Retail (per 1,000 sf)	\$721	\$602	(\$119)	(17%)
Office (per 1,000 sf)	\$824	\$688	(\$136)	(17%)
Industrial (per 1,000 sf)	\$413	\$344	(\$69)	(17%)

**Regional Street Fees (Citywide).** The City has three fees that are related to street improvements. The fees are the Regional Street Fee, the New Growth Street Fee, and the Traffic Signal Impact Fee. The Regional Street Fee is a citywide fee and is paid by all projects. The revenue collected is spent on larger arterial and expressway streets. Streets in this program include, Veterans Boulevard, Jensen, Temperance, and several others. All the street fee programs are established as revolving funds. When a developer widens or constructs a street that is in the Regional Program, they are reimbursed for the work that they complete. The funds are also used to purchase right-of-way for regional streets that do not currently exist. Two examples are Veterans Boulevard between Shaw and Gettysburg, and McKinley Avenue between Fowler and Armstrong. None of the street fee programs include improvements east of Temperance in the Southeast Development Area (SEDA).

The analysis performed by EPS determined that Regional Street Fees do not need to be increased by a substantial amount. This is because a substantial amount of the work that is included in this program has been completed since the last fee update in 2016. The best example of this work is the Veterans Boulevard construction. The interchange project is now fully funded and was dropped for the program.

Even though material prices and labor costs have increased, the amount of work left to widen and build out the regional streets has decreased enough to allow the fees to have only a small adjustment.

Regional Street Fees (Citywide)				
	Existing Fee	Proposed Fee	Difference	Percent Difference
Residential Low - Medium (per acre)	\$ 8,752	\$8,783	\$49	1%
Residential Medium/High (per acre)	\$16,993	\$17,054	\$94	1%
Retail (per acre)	\$15,475	\$15,769	(\$463)	(3%)
Office (per acre)	\$16,390	\$16,517	\$583	4%
Light Industrial (per acre)	\$ 4,661	\$4,728	\$102	2%
Heavy Industrial (per acre)	\$ 2,865	\$2,874	\$15	1%

**New Growth Street Fees.** Only projects that are built in the New Growth Area pay this impact fee. EPS is recommending an increase in this fee due to increasing construction costs on street improvements. Several streets in the New Growth fee program have been widened and improved since the last fee update in 2016. However, not enough of the work has been completed to offset the construction cost increases.

New Growth Area Street Fees				
	Existing Fee	Proposed Fee	Difference	Percent Difference
Residential Low - Medium (per acre)	\$24,090	\$27,490	\$3,829	16%

Residential Medium/High Density (per acre)	\$46,816	\$54,424	\$7,441	16%
Retail (per acre)	\$43,487	\$50,710	\$4,532	10%
Office (per acre)	\$41,162	\$47,189	\$8,192	20%
Light Industrial (per acre)	\$13,281	\$15,396	\$2,480	19%
Heavy Industrial (per acre)	\$ 8,058	\$9,196	\$1,282	16%

**Traffic Signal Mitigation Impact Fee.** This fee, often referred to as the TSMI fee, is paid citywide by all projects. Like the other street fees, it is a revolving fund; all developments pay the fee, but any development that installs a traffic signal or moves signal poles to the ultimate location gets reimbursed for the work. The costs of installing traffic signals have increased significantly in the last few years. Due to these cost increases, staff is recommending a 44% increase in the fee. The current fee is \$56.00 per trip. The proposed fee is \$80.73 per trip.

The City of Fresno determines the trips generated by using the tables in the International Traffic Institute’s trip generation manual. This manual is used by most traffic engineers in the United States. The latest update of the manual changed the trip generation rates for several of the categories listed in Fresno’s Master Fee Schedule. Even though the City’s analysis indicated a 44% increase, due to the ITE trip generation rates changing, some of the fees increased by more than 44%.

A list of the signals that are in this program is include in the Traffic Signal Capital Improvement Program (attached).

Traffic Signal Mitigation Impact Fee				
	Existing Fee	Proposed Fee	Difference	Percent Difference
Single Family Residential (per unit)	\$546	\$762	\$216	40%
Multi-family (per unit)	\$381	\$591	\$210	55%
Assisted Living (per bed)	\$158	\$334	\$176	111%
Lodging (per room)	\$510	\$987	\$477	94%
Fitness Club (per 1,000 sq ft)	\$1,890	\$2,662	\$772	41%
Industrial (per 1,000 sq ft)	\$399	\$400	\$220	55%
Warehouse (per 1,000 sq ft)	\$204	\$140	\$112	55%
Elementary School (per Student)	\$74	\$153	\$79	107%
Middle School (per student)	\$92	\$172	\$80	87%
High School (per student)	\$97	\$164	\$67	69%
Private School (per student)	\$141	\$200	\$59	42%
Comm. College (per student)	\$71	\$93	\$22	31%
University (per student)	\$97	\$126	\$29	30%
Place of Worship (per student)	\$36	\$51	\$15	42%
Day Care (per student)	\$250	\$330	\$80	32%

Library (per 1,000 sf)	\$3,223	\$5,817	\$2,594	80%
Hospital (per bed)	\$742	\$1,802	\$1,060	143%
Clinic (per 1,000 sf)	\$1,801	\$3,081	\$1,280	71%
Medical/Dental (per 1,000 sf)	\$2,070	\$2,809	\$739	36%
Office (per 1,000 sf)	\$632	\$786	\$154	24%
Discount Store (per 1,000 sf)	\$2,094	\$2,906	\$812	39%
General Retail (per 1,000 sf)	\$2,445	\$3,048	\$603	25%
Supermarket (per 1,000 sf)	\$3,640	\$5,517	\$1,877	52%
Discount Club (per 1,000 sf)	\$2,396	\$2,126	(\$270)	-11%
Home Improvement Store (per 1,000 sf)	\$916	\$1,439	\$523	57%
Pharmacy (per 1,000 sf)	\$2,831	\$4,494	\$1,663	59%
Restaurant (per 1,000 sf)	\$4,151	\$5,162	\$1,011	24%
Fast-food (per 1,000 sf)	\$14,212	\$19,019	\$4,807	34%
Convenience Market (per fueling space)	\$4,104	\$7,295	\$3,191	78%
Convenience Market (per 1,000 sf)	\$4,104	\$7,295	\$3,191	78%
Bank (per drive-in lane)	\$4,229	\$7,050	\$2,821	67%
Tire Store (per service bay)	\$1,751	\$2,466	\$715	41%
Auto Care (per service bay)	\$714	\$1,008	\$294	41%
Car wash (per stall)	\$6,188	\$8,719	\$2,531	41%

## CAPITAL IMPROVEMENT PROGRAM

Capital Improvement Plans (CIPs) for Police, Fire, Major Streets, and Traffic Signals are included as attachments to the Nexus Studies. The CIPs list improvements that are planned and eligible for impact fee revenue for each category. Some improvements that are listed are not completely eligible for impact fee funding. An example is the new Police Headquarters' Building. General Fund revenue and grant funding will be used to construct this building. Only a small portion of the funding will be from Impact Fee revenue.

## SUMMARY OF NEXUS FINDINGS

After considering the Nexus Studies for the fee updates, the facility standards, the cost of facilities, supporting documents, the 2035 General Plan, all correspondence received and any public testimony received during the public hearing held on June 23, 2022 (the Record), staff recommends that the City Council approve and adopt the attached 2022 nexus studies for fire impact fees, the regionally significant and new growth street impact fees, the traffic signal mitigation impact fee, and the police facilities impact fee. Drafts of these nexus studies were provided for public review within the time period required by Government Code section 66016(a).

In approving and adopting the nexus studies, Council makes the following findings:

1. PURPOSE OF THE FEES: The Record demonstrates the purposes of the proposed impact

fees to be updated. The Fire and Police Fee programs will fund the new fire and police facilities, vehicles and equipment necessary to serve new residential and non-residential development in the City. New development in the City will increase the service population and, therefore, the need for new fire and police capital improvements to adequately serve the new residents and employees.

The purpose of the Major Street Impact Fees and Citywide Traffic Signal Mitigation Impact Fees is to provide a funding mechanism to maintain adequate levels of service on its major street system and to mitigate traffic impacts through the funding of traffic signal improvements that serve new development. The fees fund the construction of new streets and the widening or improving of existing streets. The streets included in the program are expressways, super arterials, arterials and collector streets.

2. **USE OF FEES:** The Record demonstrates how each proposed fee to be updated will be used. Fire and Police fee revenue will be used to construct new development's proportionate share of fire and police buildings and equipment, as well as to acquire fire and police vehicles and equipment necessitated by new development. It will also be used to plan for and design fire and police facilities and fund the studies and administration needed to support the programs. The Major Street Impact Fee Program includes two distinct Street Fees that will be used to fund different street improvements needed to serve new development. The street improvements funded by each fee are detailed in the City's Street CIP which is included with and attached to the nexus study. The Citywide Regional Street Fee is used to fund larger regional transportation improvements with Citywide use and benefit. The New Growth Area fee is used to fund major roadway improvements located in the New Growth Area and designed primarily to accommodate new development in the New Growth Area. These improvements typically facilitate trips either starting or ending in the New Growth Area. The Traffic Signal Fee revenue is used throughout the City to construct new traffic signals at unsignalized intersections, install protected left turn phasing and expand intersections with additional turn lanes to maintain Level of Service per the 2035 General Plan.

AB 602 added Government Code section 65015.5(a)(6) requiring that "large jurisdictions," meaning counties with a population of 250,000 and cities within those counties must adopt a capital improvement plan as part of an impact fee nexus study. The Record demonstrates that each nexus study contains a capital improvement plan addressing this requirement.

3. **RELATIONSHIP BETWEEN USE OF FEES AND TYPE OF DEVELOPMENT:** The Record demonstrates the direct and cumulative impacts of new development upon existing infrastructure and facilities. The development of new residential and non-residential land uses in the City will generate the need for additional fire and police personnel, facilities, vehicles and equipment. The Fire and Police Fee revenue will be used to construct and expand facilities and to acquire vehicles and equipment needed to serve new residents and employees.

New residential and non-residential development in the City will result in increased roadway trips on the major streets and additional vehicle movements through major intersections. The Street Fees will be used to complete major street improvements needed to ensure that the greater traffic volume on the City's street network as caused by new development does not result in unacceptable service levels or increased public safety hazards. The Traffic Signal Fees will be used to install traffic signals and modify existing traffic signals to mitigate the

traffic impacts from new development and to install traffic signals as new development caused signal warrants to be met.

4. **RELATIONSHIP BETWEEN NEED FOR FACILITY AND TYPE OF PROJECT:** The Record demonstrates the demand generated by new development for each type of infrastructure or facility. Each new residential and non-residential development project will generate additional demand for fire and police services and personnel. Additional personnel will be housed in future fire and police station, requiring support vehicles and equipment to serve additional demand generated by new residents and employees.  
Each new residential and non-residential development project in the City will add to the incremental need for roadway and signalized intersection capacity, and each new project will benefit from the new street and traffic signal network capacity. As projected new development occurs, the major street and traffic signal improvements funded by the Street and Traffic Signal Fees will be needed to ensure that acceptable levels of service and traffic flows are maintained on the City's street system.
5. **RELATIONSHIP BETWEEN AMOUNT OF FEES AND COST OF OR PORTIONS OF FACILITY ATTRIBUTED TO DEVELOPMENT ON WHICH FEE IS IMPOSED:** The Record demonstrates the City's 2035 General Plan and associated MEIR identified improvements necessary to serve new development. The costs of fire and police facilities, vehicles and equipment needed to serve new development were split between residential and non-residential uses based on service call activity. Using this split, separate fire and police costs per resident and costs per employee were estimated. These costs were converted to costs per dwelling unit and per thousand square feet of non-residential buildings, using an appropriate common use factor for each land use. For each land use, the base Fire and Police Fees are equal to the allocated cost per dwelling unit or per thousand square feet of non-residential building space.

For each of the two Street Fees and the Traffic Signal Fees, the City's CIP identifies the transportation improvements necessary to serve new development and estimates the cost of these improvements. The total costs to be funded by new development in the City are allocated to the benefitting land uses using Vehicle Miles Traveled (VMT) per acre factors for the Street Fees, and Average Daily Trip (ADT) factors for the Traffic Signal Fees, to measure each land use's relative impact on the street system. The VMT factors account for average number of daily trips generated and average trip length. The ADT factors utilize industry-standard trip generation rates from the Institute of Transportation Engineers (ITE) publications. For each land use, the base Citywide Regional and New Growth Fees are equal to the allocated costs per acre of development.

Further, the Record reflects that, as required by AB 602, the City reviewed the assumptions of the nexus studies supporting the original fees and evaluate the amount of the fees collected under the original fees. For all fees being increased, this review determined that the cost estimated used in prior studies were insufficient to fund the planned improvements.

## **ENVIRONMENTAL FINDINGS**

Staff has performed a preliminary environmental assessment of the impact fee update and has determined that it falls within the Statutory Exemption set forth in CEQA Guidelines Section 15273. Pursuant to Section 15273 of the CEQA Guidelines, CEQA does not apply to the establishment,

modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies which the public agency finds are for the purpose of: (1) Meeting operating expenses, including employee wage rates and fringe benefits; (2) Purchasing or leasing supplies, equipment, or materials; (3) Meeting financial reserve needs and requirements; (4) Obtaining funds for capital projects necessary to maintain service within existing service areas; or, (5) Obtaining funds necessary to maintain such intra-city transfers as are authorized by city charter. Please see the attached Statutory Exemption for additional information.

## **LOCAL PREFERENCE**

Local preference is not applicable to the adjustment of development impact fees.

## **FISCAL IMPACT**

The proposed Police, Fire, Street, and TSMI Impact Fee adjustments will bear directly on the financing and construction of future fire stations, police substations, street improvement projects, and the installation of new traffic signals. If the proposed increases are not made to the impact fees, the improvements will either not be completed, or the completion will be delayed. Without the fee increases more General Fund revenue will be needed to make construct future fire stations, police substations, to improve roads and install traffic signals.

### **Attachments:**

Presentation Materials: Summary of Fee Adjustments

2022 Police Nexus Study Update and CIP

2022 Fire Nexus Study Update and CIP

2022 Major Streets Nexus Study Update and CIP

2022 Traffic Signal Impact Fee Nexus Study Update and CIP

Resolution - 570th Amendment to the Master Fee Schedule

Statutory Exemption Environmental Assessment