

City of Hesperia

STAFF REPORT



DATE: May 15, 2018
TO: Mayor and Council Members
FROM: Nils Bentsen, City Manager
BY: Michael Blay, Assistant City Manager
SUBJECT: Development Impact Fee Update

RECOMMENDED ACTION

It is recommended that the City Council consider the attached Development Impact Fee Study, a comprehensive evaluation of the City's infrastructure needs to accommodate new development, and adopt of Resolution No. 2018-26 reflecting proposed revised Development Impact Fees set during the April 17, 2018 City Council meeting, in the Capital Improvement Development Impact Fee Categories of Fire Suppression Facilities, Vehicles, & Equipment, Police Facilities, Animal Control Facilities, City Hall Facilities, Records Storage Facilities, Drainage Facilities and Transportation Facilities that will amend the Fees for Single Family Residence units, Multi-Family Residence units, Commercial/Office/Retail sites per 1,000 SF, Industrial sites per 1,000 SF, and Hotel/Motel sites per room.

BACKGROUND

In March 2005 Reiter Lowry Consultants began performing a Development Impact Fee (DIF) Nexus Study for the City. The study comprehensively evaluated the City's expansion needs to accommodate new development. On December 20, 2006 the City Council adopted Resolution 2006-115 setting DIF fees for new development. In addition, the Council approved an adjustment to the Streets DIF fees in February 2008 in order to maintain compliance with the San Bernardino County Associated Government (SANBAG) Development Mitigation Program increase.

Beginning in March 2016 an Ad Hoc Committee consisting of Council Members Paul Russ and Russ Blewett as well as City Staff and consultants from David Taussig & Associates began meeting to evaluate the current DIF fees and conduct a nexus study of applicable projects. City staff examined the City's infrastructure needs to accommodate new development. The needs list included Police & Fire, Animal Control Facilities, City Hall Facilities, Records Storage Facilities, Drainage, and Transportation.

The DIF study was presented to Council on November 7, 2017 as part of the New Business agenda and again on December 5, 2017. Staff received direction from the Council and modifications were made to the capital projects needs list. The new needs list was utilized by the consultant to create their report.

On April 17, 2018 consultants from David Taussig & Associates presented the DIF nexus study to Council which included capital projects identified as necessary to support growth in the City. Public comments were heard and the Council reviewed the results of the nexus study. Following a motion by Mayor Blewett, the Council voted 5-0 to recommend the following fees for adoption.

Development Impact Fee Category	Single Family Residence (per Unit)	Multi-Family Residence (per Unit)	Commercial/ Office/Retail (per 1,000 SF)	Industrial (per 1,000 SF)	Hotel/ Motel (per room)
Fire Suppression Facilities, Vehicles, & Equipment	652	494	188	915	88
Police Facilities	10	8	4	16	2
Animal Control Facilities	223	179	0	0	0
City Hall Facilities	530	426	203	837	81
Records Storage Facilities	26	21	10	41	4
Drainage Facilities	963	367	300	632	213
Transportation Facilities	9,952	6,895	6,000	1,500	7,001
Total Fee	\$ 12,356	\$ 8,390	\$ 6,705	\$ 3,941	7,389

ISSUES/ANALYSIS

Government Code Section 66000, enacted by the State of California in 1987, enables cities to establish development impact fees for the purpose of mitigating the cost of additional municipal facilities as a result of new development. It is appropriate for municipal governments to periodically evaluate their fee structures and conduct studies to determine whether the fees collected are an adequate representation of costs incurred. The previous study was completed more than ten (10) years ago and required updating. The current nexus study, performed by David Taussig & Associates, utilized project information, demographic information, and industry accepted assumptions to prepare the attached report.

The City's infrastructure needs will always outpace its ability to collect a corresponding fee so careful consideration was given to the projects included in the nexus study. The projects identified by the Ad Hoc committee were deemed critical to the successful development of the City and were included in the study.

The nexus study calculated the maximum amount that can be charged as a Development Impact Fee for each type of land use based on the capital project needs list. The City Council may elect to set the fee at or below this maximum amount. In the future, and without the requirement of another nexus study, a Council may adjust the DIF fee up or down as long as the amount does not exceed the maximum set by the study.

FISCAL IMPACT

Development Impact Fees are an important source of revenue that allows the City to pay for the expansion of infrastructure projects triggered by new development. The revenue will fluctuate based on building activity and a component of the annual budget is an estimate of construction permits issued.

ALTERNATIVE(S)

1. Provide alternate direction to staff.

ATTACHMENT(S)

1. Proposed DIF Fees
2. Fee Summary Memorandum prepared by David Taussig & Associates
3. Fee comparison chart
4. Resolution No. 2018-26