



Legislation Text

File #: 06-0892, **Version:** 1

Recommendation to authorize City Attorney to prepare an ordinance to establish a public safety impact fee and a resolution to set the fee amount for City Council adoption based on the recommendations in the attached report.

On June 7, 2005 the City Council requested that a nexus study be prepared to begin the process of implementing a public safety impact fee for new development. New development increases the demand for public safety facilities and impact fees help defray the cost for these facilities. Jurisdictions throughout California have enacted impact fees to offset new development impacts on public safety, parks, infrastructure (streets, lighting, landscaping), affordable housing, day care, public art, and utilities. Based on a March 2004 survey conducted by the Community Development Department, there are eleven jurisdictions in California with public safety impact fees. The "Mitigation Fee Act" contained in California government code Section 66000-66025 requires that prior to implementing an impact fee, a study needs to be conducted demonstrating the linkage between the fee and the impact new development will have on public safety facilities. The revenue collected from the impact fee is restricted to funding public safety facilities that will serve new development. Any existing public safety facility deficiencies must be funded by non-impact fee funding sources. The consulting firm, MuniFinancial, was selected to conduct the Public Safety Impact Fee Study and to make recommendations on the appropriate fee to collect in order to mitigate the impact. A summary of their methodology and results are described below and the full report is attached. Methodology - The study determined the development impact fee by: (1) using demographic information to prepare growth projections; (2) identifying facility deficiencies by taking inventory of the existing facilities and identifying specific planned facilities; (3) determining the amount and cost of facilities required to accommodate new development based on the facility deficiencies and growth projections; and (4) calculating the public facilities fee by allocating the total cost of facilities per unit of development. In determining what the impact future growth will have on public safety infrastructure the analysis relied on the 2002 Fire Facilities Assessment Report and information provided by the Police Department related to future demands. The analysis also assessed the impact of five development categories: single family, multi-family, commercial, office and industrial. Demographic Assumptions - This study utilized census data, population data and current and future employment projections for 2025 from the Southern California Association of Government (SCAG) to determine development projections. Current and future dwelling estimates categorized by single and multi-family units from Los Angeles Metropolitan Transit Authority were also used in the analysis. Facility Standard and Cost of Growth - In determining the facility standards two different approaches were utilized for fire and police. For fire protection fees, the existing inventory approach was used. In this method fees assessed to new development can fund the expansion of fire facilities. These fees can be used to offset a portion of the project costs if it expands or intensify the service levels. For example, building a larger facility to accommodate the staff and/or equipment to serve a growing service population would be considered an increase or expansion of service levels. However, impact fees cannot be used to replace existing fire facilities that serve the existing population. For police facilities the system plan method was used. This methodology calculates the facility standard based on the ratio of all existing police facilities plus

planned facilities to determine the total future demand; The facility standard for police is projected to increase and thus that portion of the cost of the planned facilities attributable to new development has been calculated, as well as the existing development's fair-share responsibility toward existing residents and businesses. To ensure a reasonable relationship between each fee and the type of development paying the fee, growth projections distinguish between different land use classifications. In addition, to ensure a reasonable relationship between the increase in service population and amount of the fee, average occupant density factors by land use types were utilized. The land use types employed in this analysis are categorized between residential (i.e., single family and multi-family) and non-residential (i.e. all commercial, office, and industrial development). Study Results-The study resulted in the following proposed fee schedule, which identifies the maximum justifiable public safety fees by land use.

Proposed Public Facilities Fee Summary Fire Protection

Police Total Residential (per dwelling unit) Single Family Unit
Multi-family Unit 496
378
696
532
\$ 1 192
910
Nonresidential (per thousand square feet)

Commercial

Office

Industrial

267

325

132

438

532

216

705

857

348

Policy Decisions Two issues must be resolved prior to drafting the ordinance, the applicability of the fee to existing projects, and the land uses that will be subject to the impact fee. The fee could apply to all future projects (projects that have not yet applied for development permits) or apply to projects that have applied for planning permits but not yet been approved, or to projects that have applied or obtained planning permits but have not yet obtained building permits. Since the Council directed staff to proceed with the nexus study, staff has included a condition of approval on multi-family development that subjects projects to a future public safety impact fee. In order to offset project impacts, staff is recommending the fee apply to any project that has not yet obtained a building permit for construction. As illustrated in the above chart, the impact to public safety is different among various land uses. Since this is a fee on new development, the Council must decide if the fee should be applied to all uses or select uses. For example, the City is actively seeking industrial development within the City. An impact fee on industrial development may discourage such uses and therefore should not be applied. Staff is recommending the fee apply to any of the following developments that have not yet obtained a building permit to start construction. This includes new single family developments over 5 parcels, all multi-family units, commercial and office developments over 1 000 square feet. In addition to industrial uses, staff is recommending deed restricted affordable housing units and hospitals be exempted from the fee requirements.

This report was reviewed by Assistant City Attorney Michael Mais on August 31 2006 and Budget Management Officer David Wodynski on August 31 2006.

[Timing Considerations]

Based on the maximum fee recommendation , it is projected that \$550 000 of fee revenues annually can be collected to fund public safety facilities. Fire protection fees would yield approximately \$220,000, while police fees would generate \$330 000 annually. Should the Council decide to apply the fee to current multi-family projects that have not yet obtained building permits, then the fee would apply to approximately 000 residential units that are either in process or have obtained planning permits. Depending on the implementation date of the fee and when these multi-family projects apply for permits , this could result in approximately \$2 730, 000 in revenue for public safety facilities serving new development. Unless other revenue sources are identified, the General Fund will be impacted by providing funding to mitigate the impact new development has to police and fire services.

Approve recommendation.

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NAME
TITLE

APPROVED:

GERALD R. MILLER
CITY MANAGER