



Staff Report

TO: City Council

FROM: Lloyd White, Mayor

DATE January 18, 2022

SUBJECT: Discussion and Direction to City Staff Regarding Updates to the City of Beaumont Development Impact Fee (DIF) Program

Background and Analysis:

In late 2017 the Beaumont City Council adopted an updated development impact fee (DIF) program. The impact fees imposed prior to 2017 had been based on nexus studies that were extremely dated, resulting in significant increases to some of the fees. An important part of the discussion in 2017 was that the DIFs needed to keep pace with inflationary trends and that the entire program needed to be evaluated periodically to ensure that they were consistent with the City's evolving needs and costs.

Beaumont's DIFs have been adjusted annually based on prior year inflation as specified in the adopting ordinances. This ensures that the dollar value of each fee stays current. In some instances, fees have been increased while in other instances fees have been decreased, based upon the applicable consumer price index.

Since the current DIF program is entering its fifth year, the City Council needs to consider conducting new nexus studies and adopting a revised DIF program pursuant to those studies. In considering these new nexus studies, the City Council should consider the types of capital improvements and services that it would like analyzed.

One major area of concern throughout the community is the existing level of traffic and the need for the City to initiate proactive measures to mitigate traffic impacts borne by new development. Future traffic impacts will result directly from the types and intensities of the development that actually occurs, and it will be important for the new/updated nexus studies to consider current trends, market conditions, and City plans/policies.

Beaumont is expected to see continued growth in its single-family and retail sectors. However, the City should also expect to see continued interest in certain industrial sectors, primarily in the logistics and distribution center industries.

By their very nature, logistics and distribution centers rely on surface transportation and may have unique impacts on local and state roadway systems. This was demonstrated via a Logistics Center Mitigation Fee Nexus Study prepared by the Riverside County Transportation Commission (RCTC) in 2019. This study was prepared as a result of the litigation initiated by Riverside County pertaining to the World Logistics Center (WLC) development in the City of Moreno Valley. A copy of this nexus study is included as Attachment A to this memorandum.

It is important to note that pursuant to the WLC settlement agreement, approval of at least 75% of the cities within a supervisory district would have to have occurred in order for a regional fee of \$0.50/square foot to be implemented. Riverside County could have adopted this fee unilaterally. Neither approvals happened and the fee was never adopted.

There are other economic trends and issues that should be considered as well. For example, Beaumont is also evolving as more of a regional center for retail, commercial, and parks/recreation services due directly to growth within the neighboring cities. This results in a greater consumption of existing infrastructure capacities as well as assumptions for their upgrade and expansion.

Fiscal Impact:

City staff estimates it cost approximately \$1,316 to prepare this report.

Recommended Action:

- Direct City staff to begin preparing requests for proposals (RFPs) for the impact fee nexus studies;
- Direct City staff to include updates to the DIF nexus studies and the DIF program in the FY2022-2023 budget; and
- Add an item on the next City Council agenda to discuss updates to the City's DIF program.

Attachments:

A. Logistics Center Mitigation Fee Nexus Study – Riverside County Transportation Commission, May 8, 2019