



# Folsom City Council Staff Report

<b>MEETING DATE:</b>	11/12/2025
<b>AGENDA SECTION:</b>	Public Hearing
<b>SUBJECT:</b>	Resolution No. 11505 – A Resolution Adopting the November 2025 Adjustment for the Folsom Plan Area Specific Plan Infrastructure Fees (SPIF) and Setting the Updated Amount of the SPIF Fees
<b>FROM:</b>	Finance Department

## **RECOMMENDATION / CITY COUNCIL ACTION**

Staff recommends the City Council conduct the public hearing and then adopt Resolution No. 11505– A Resolution Adopting the November 2025 Adjustment for the Folsom Plan Area Specific Plan Infrastructure Fees (SPIF) and Setting the Updated Amount of the SPIF Fees.

## **BACKGROUND / ISSUE**

On January 28, 2014, the Public Facilities Financing Plan (PFFP) for the Folsom Plan Area (FPA) was adopted by the City Council with Resolution No. 9298. The PFFP is an \$877 million plan that described the infrastructure and facility costs, presented a financing strategy, and estimated the time horizon for the development in the FPA. The PFFP proposed the establishment of several impact fees for the development of the backbone infrastructure including roadway improvements, potable and non-potable water systems, wastewater systems, storm drainage infrastructure and habitat mitigation to serve the FPA.

On September 8, 2015, the City Council adopted Ordinance No. 1235 adding Chapter 3.130 to the Folsom Municipal Code and established the Folsom Plan Area Specific Plan Infrastructure Fee (SPIF). Also, on September 8, 2015, the City Council adopted Resolution No. 9642 which approved the initial nexus study for the SPIF Fee and set the initial amount of the SPIF fee.

On January 9, 2018, the City Council adopted Resolution No. 10059 which approved the Nexus Study Fiscal Year 2017-2018 update and set the updated amount of the SPIF fees.

On June 11, 2019, the City Council adopted Ordinance No. 1293 amending sections 3.130.010(JJ) and 3.130.030(E)(1)(c) to the Folsom Municipal Code which changed the Off-Site Roadway Improvement fee to a Set-Aside Fee to be collected at building permit issuance rather than prior to final map approval.

On July 28, 2020, the City Council adopted Resolution No. 10491, approving the Nexus Study Fiscal Year 2020-21 Update and setting the updated amount of the SPIF Fees and introduced Ordinance No. 1307 amending sections 3.130.010(JJ) And 3.130.030(E)(1)(c) of the Folsom Municipal Code Pertaining to the Set-Aside Component of the Folsom Plan Area Specific Plan Infrastructure Fees. On August 25, 2020, the City Council adopted Ordinance No. 1307.

On August 22, 2023, the City Council adopted Resolution No. 11096, approving the August 2023 Adjustment to the SPIF, dated August 10, 2023, adjusting the Folsom Plan Area Specific Plan Infrastructure Fees for the development of public facilities necessary and required to serve the FPA.

On November 14, 2023, the City Council adopted Resolution No. 11129, approving the November 2023 Adjustment to the SPIF, dated October 18, 2023, amending the August 2023 SPIF adjustment to the Folsom Plan Area Specific Plan Infrastructure Fees to account for a set of SPIF-eligible infrastructure costs that were erroneously omitted from the adjusted fee calculations as well as costs for already constructed improvements which were unnecessarily included in the August 2023 Adjustment calculations.

## **POLICY / RULE**

General Plan Policy 11.6 – states that it is the policy of the City of Folsom to require new development to bear the cost of its increased demand on municipal services and facilities so as not to create a greater burden on existing residents.

Section 3.130.030(A) of the Folsom Municipal Code authorizes adoption of the SPIF Fee by Council Resolution. Section 3.130.030(F) of the Folsom Municipal Code permits the property owners of the FPASP to petition the City for an adjustment of the SPIF Fees and permits the Finance Director to adjust the SPIF Fee based on general changes in construction costs.

## **ANALYSIS**

**SPIF Infrastructure Fee Adjustment:** This Resolution will adjust the Folsom Plan Area Specific Plan Infrastructure Fees (SPIF Fees) for the development of public facilities necessary and required to serve the FPA. The SPIF Program is the mechanism to equalize the costs of the Infrastructure, Public Lands and Community Parkland in the FPA. This Resolution is an

update to the City Council's November 2023 approval of Resolution No. 11129 for the November 2023 SPIF Adjustment.

The SPIF Fees equitably spread the cost burden of the public infrastructure improvements in the FPA such as, roadways, sewer facilities, potable water facilities, recycled water facilities, storm drainage facilities, and habitat mitigation and other costs in the FPA as provided in the PFFP. This 2025 SPIF Adjustment alters the fee amounts based on updated construction costs and the amount of development remaining in the FPA.

The Nexus Study Fiscal Year 2020-2021 Update for the SPIF Fees referenced above was compliant with the requirements set forth in the Mitigation Fee Act, also known as AB1600. The 2020-2021 updated Study ensured that a rational nexus exists between future development in the City and (i) the use and need of the proposed facilities, and (ii) the cost or portion of the cost of the capital facilities attributable to future development. That 2020-2021 Updated Study demonstrated that a reasonable relationship exists between the fees and the cost of the facilities attributable to each land use type.

The prior November 2023 and this November 2025 SPIF Infrastructure Fee Adjustments were done at the request of the SPIF Administrator, the City, and the landowners to update the construction cost estimates used to calculate the SPIF Infrastructure Fees. The updated cost estimates are in addition to the Construction Cost Index (CCI) update that occurred on July 1, 2025, and will ensure the fees are reflective of the cost of SPIF backbone infrastructure construction. Table 1, in Exhibit A of Resolution No. 11505 summarizes the updated SPIF Fee Components for all FPASP land uses, except those in the Folsom Heights area. As shown in Table 1, the SPIF Fee decreased between approximately \$431 to \$4,116 per unit for residential uses with one use experiencing an increase of \$193; for nonresidential uses, fees decreased between \$13.19 and \$0.42 per building square foot with one land use experiencing an increase of \$3.79 per building square foot. Table 2, in Exhibit A of Resolution No. 11505 summarizes the updated SPIF Fee Components for Folsom Heights land uses. Because the Folsom Heights SPIF Fee only includes a selection of SPIF components, the change in the SPIF Fee for Folsom Heights land uses may have changed in different proportions as compared to land uses in the remainder of the FPA, as shown in Table 2 of Exhibit A.

The Adjusted Folsom Plan Area SPIF Fees, if approved, will become effective January 15, 2026.

As discussed in Attachment 2, this November 2025 SPIF Infrastructure Fee Adjustment does not represent a Nexus Study update. Though recalibrations were made to the residential impervious area factors used to distribute storm drainage infrastructure costs among newly increased residential densities, the cost allocation methodology used to distribute the storm drainage and all other infrastructure costs among the various land uses in the FPASP remain unchanged from the Nexus Study Fiscal Year 2020-2021 Update. As such, the nexus between the impacts caused by new development and the fees charged to new development remain unchanged as well.

Because this November 2025 SPIF Adjustment does not represent a nexus study update, it is not subject to the provisions of California Government Code Section 66016.5(a)(5)(A) enacted by Assembly Bill 602 in 2022, which require new nexus studies or nexus study updates to calculate impact fees for residential development proportional to building square footage. Additionally, as described in Attachment 2, the SPIF program complies with the conditions in California Government Code Section 66016.5(a)(5)(B) which exempt nexus studies from this square footage requirement.

### **FINANCIAL IMPACT**

The Nexus Study Fiscal Year 2020-2021 Update established the Off-Site Water Treatment Plant Set-Aside, a mechanism to reimburse the City for the FPASP's proportionate share of costs incurred by the City to construct water treatment and distribution facilities that serve the FPASP. This November 2025 SPIF Infrastructure Fee adjustment does not alter the Off-Site Water Treatment Plan Set-Aside mechanism, except to adjust the amount of the Set-Aside based on remaining development, Set-Aside fees collected to date, and updated estimates of reimbursements to the City from other sources, such as Community Facilities District No. 18. Table 3 of Exhibit A depicts the updated Off-Site Water Treatment Plan Set-Aside, which is applicable to all FPA land uses excluding those in Folsom Heights. Because the Nexus Study Update allocates the remaining Off-Site Water Treatment Plant Set-Aside costs among the updated remaining FPA land uses, the per-unit Off-Site Water Treatment Plant Set-Aside fee is decreasing. Although this November 2025 SPIF Adjustment does not alter the mechanism for reimbursing the City for these costs, this update may increase the timeline for the City to be fully reimbursed for these costs. However, this update more equitably spreads the cost of reimbursement to the City among the development that will benefit from the water treatment improvements. There are no additional financial impacts to the City related to this item.

### **ENVIRONMENTAL REVIEW**

This action is exempt from the California Environmental Quality Act under 15061(b)(3) of the CEQA Guidelines.

### **ATTACHMENTS**

1. Resolution No. 11505 – A Resolution Adopting the November 2025 Adjustment for the Folsom Plan Area Specific Plan Infrastructure Fees (SPIF) and Setting the Updated Amount of the SPIF Fees
2. November 2025 SPIF Infrastructure Fee Adjustment for the Folsom Plan Area Specific Plan

Submitted,



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Stacey Tamagni, Finance Director