City of Grass Valley
City Council
Agenda Action Sheet

Title: Development Impact Fees – Draft Capacity and Impact Fee Studies

CEQA: Not a Project

Recommendation: That Council 1) receive a presentation on the Water and Wastewater Capacity Fee study process and findings, 2) receive a presentation on the Development Impact Fee study process and findings 3) set a public hearing for June 27, 2023 for the AB1600 update of Water, Wastewater and Development Impact Fees.

Prepared by: Bjorn P. Jones, PE, City Engineer

Council Meeting Date: 5/9/2023 **Date Prepared:** 5/3/2023

Agenda: Administrative

Background Information: In September 2021, the City entered into a professional services agreement with NBS for the preparation of a Development Nexus and Impact Fee Study, as well as a Water and Sewer Rate Study which will be discussed in a separate item. Two studies were prepared simultaneously for the Impact Fee portions, one for Water and Wastewater Capacity Fees and one for Development Fees for all other City facilities, including Parks, Fire, Police, General Facilities and Storm Drainage Improvements. The studies seek to analyze the impacts of new development on the various types of City capital facilities and systems, and to calculate suitable impact fees based on that analysis.

The Water and Wastewater Capacity Fee report addresses the utility system assets; the treatment facilities, distribution and collection system infrastructure, and the various equipment and vehicles required to operate the system and provide service to users. Updated AB1600 project lists for both systems were developed based on the projects identified in the system Master Plans and includes those future capital improvement projects required to serve both existing and future development. The report uses a "Combination Approach" which requires new customers to pay both their fair share of existing system assets, as well as their share of the planned future capital improvements needed to provide the necessary capacity in the City's water and wastewater systems. In short, the proposed Base Capacity Fee is proposed to be adjusted as follows:

- Water Capacity Fee increased by 3.4% to $12,077 from $11,681 existing
- Wastewater Capacity Fee decreased by 26.6% to $9,078 from $12,370 existing

The Development Impact Fee study takes a similar approach to analyze all the existing City owned assets and facilities in order to establish an existing level of service as a cost per capita. This cost is then converted into impact fees per unit of future development for each of the specific types of City facilities studied: Parks, Fire, Police, General and Storm Drainage.

It should be noted that because of provisions in AB 602 incorporated into California law in 2022, impact fees for residential development are now proposed to be based on unit size categories rather than unit type. Additionally, storm drainage impact fees are now calculated as per-acre fees rather than per-unit fees. The land use categories used to calculate storm drainage impact fees are not consistent with the categories of development used for the other impact fees, so storm drainage fees are shown in a separate schedule. In short, the sum of the proposed impact fees (excluding drainage) for a standard size residential unit (1,200 – 2,100SF) is proposed to be increased 22% from the existing $4,641.50 to $5,681.95, as shown in the summary tables attached to this report.

Staff and the consultant have extensively reviewed the numbers and assumptions in the report in order to minimize the fiscal impact on future development while ensuring a consistent level of service is possible as that development occurs. Staff have met with representatives of the local Contractor's Association to allow input and listen to their concerns. In sum, when one considers a standard 1,500SF residential home built on a 10,000 square foot lot, with water and sewer services, the proposed total development impact fees paid to the City would be $27,232.37 compared to an existing total cost of $29,515.01, an 7.7% reduction in impact fees.

NBS representatives will give the Council a presentation summarizing the Impact Fee Study process, demonstrating how the proposed fees affect the current typical residential development cost, and the next steps in the implementation process. Staff recommends that Council review the draft impact/capacity fee reports, provide comments to Staff concerning the proposed implementation of the proposed fees and set the public hearing for the adoption of Water, Wastewater and Development Impact Fees.

Council Goals/Objectives: Implementation of the proposed Water and Wastewater Capacity Fees and Development Impact Fees executes portions of work tasks towards achieving/maintaining Strategic Plan Goal #3 – Recreation and Parks, Goal #4 – Economic Development and Vitality, Goal #6 – Public safety and Goal #7 Water & Wastewater Systems & Underground Infrastructure.

Fiscal Impact: The proposed water, wastewater and development impact fees are established based on the capital costs for facilities and other capital assets needed to mitigate the impacts of additional development.

Funds Available: N/A **Account #:** N/A

Reviewed by: __ City Manager

ATTACHMENT 1: PROPOSED CITYWIDE IMPACT FEES TABLE

Development Type	Unit Type [1]	Park Imprvmts	Park Trails	Fire	Police	General Gov't [2]	Total
Residential: <800 Sq. Ft.	DU	2,717.47	267.29	297.03	406.79	1,054.28	**$ 4,742.86**
Residential: 800-1,200 Sq. Ft.	DU	2,860.49	281.36	472.55	508.49	1,109.77	**$ 5,232.66**
Residential: >1,200-2,100 Sq. Ft.	DU	3,003.52	295.42	607.56	610.19	1,165.26	**$ 5,681.95**
Residential: >2,100 Sq. Ft.	DU	3,146.54	309.49	742.58	677.99	1,220.75	**$ 6,097.34**
Commercial	KSF			374.58	1,428.60	532.39	**$ 2,335.58**
Hotel/Lodging	Room			604.61	467.97	122.11	**$ 1,194.69**
Office	KSF			103.02	221.03	473.78	**$ 797.83**
Medical Office	KSF			667.54	1,421.50	454.24	**$ 2,543.29**
Hospital Facilities	Bed			2,226.55	1,523.98	3,536.27	**$ 7,286.80**
Light Industrial	KSF			44.47	121.46	210.03	**$ 375.95**
Manufacturing	KSF			103.50	60.24	302.83	**$ 466.56**
Warehouse	KSF			41.95	105.09	92.80	**$ 239.84**
College/University	Students			1.54	3.10	48.84	**$ 53.49**

[1] DU = dwelling unit; KSF = 1,000 gross square feet of building area; Room = hotel guest room; Bed = patient bed

[2] General government impact fees include animal control impact fees

EXISTING CITYWIDE IMPACT FEES TABLE

Development Type	Unit Type [1]	Park Imprvmts	Trails	Fire	Police	General Gov't.	Total
Residential: <800 Sq. Ft.	DU	2,423.49	0.00	715.87	289.13	393.87	**$ 3,822.36**
Residential: 800-1,200 Sq. Ft.	DU	2,423.49	0.00	715.87	289.13	393.87	**$ 3,822.36**
Residential: >1,200-2,100 Sq. Ft.	DU	2,945.92	0.00	870.19	346.82	478.57	**$ 4,641.50**
Residential: >2,100 Sq. Ft.	DU	2,945.92	0.00	870.19	346.82	478.57	**$ 4,641.50**
Commercial	KSF			772.29	635.05	256.96	**$ 1,664.30**
Hotel/Lodging	Room			164.75	126.88	54.93	**$ 346.56**
Office	KSF			1,005.77	288.14	334.98	**$ 1,628.89**
Medical Office	KSF			939.51	472.71	312.51	**$ 1,724.73**
Hospital Facilities	Bed			782.82	229.87	260.82	**$ 1,273.51**
Light Industrial	KSF			534.73	91.36	18.55	**$ 644.64**
Manufacturing	KSF			391.61	49.95	138.13	**$ 579.69**
Warehouse	KSF			295.40	64.89	98.75	**$ 459.04**
College/University	N/A				No Existing Fee		

[1] DU = dwelling unit; KSF = 1,000 gross square feet of building area; Room = hotel guest room; Bed = patient bed

ATTACHMENT 2: PROPOSED WATER CAPACITY FEES TABLE

Meter Size	Standard Meters[1]		Capacity Fee by Meter Size
	Meter Capacity (gpm)	Equivalency to 3/4-inch meter	
Current Fee			$11,681
	Displacement Meters		
5/8 inch	30	1.00	$12,077
3/4 inch	30	1.00	$12,077
1 inch	50	1.67	$20,128
1.5 inch	100	3.33	$40,256
2 inch	160	5.33	$64,410
	Compound Class I Meters		
3 inch	320	10.67	$128,820
4 inch	500	16.67	$201,281
6 inch	1,000	33.33	$402,561
8 inch	1,600	53.33	$644,098

1. Meter flow rates are from *AWWA M-1* Table B-1.

PROPOSED WASTEWATER CAPACITY FEES TABLE

Summary of Capacity Fee Calculation	System Cost Basis	Estimated EDU Increase	Base Capacity Fee per EDU
Current Capacity Fee			$12,370
Proposed Sewer Capacity Fee	$ 15,672,910	1,726	$9,078