



City of Grass Valley City Council Agenda Action Sheet

Title: Transportation Impact Fees - Public Hearing for Fee Program Updates

CEQA: Not a Project

Recommendation: That Council hold a public hearing and adopt two resolutions; updating the Grass Valley Transportation Impact Fee Program and updating the Regional Transportation Mitigation Fee (RTMF) Program.

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

Council Meeting Date: 4/23/2024

Date Prepared: 4/18/2024

Agenda: Public Hearing

Background Information: Growth and development brings changes and impacts to existing communities, often notably with strains on the transportation infrastructure. In 2001, Nevada County and the cities of Grass Valley and Nevada City joined together and separately adopted the Regional Transportation Mitigation Fee (RTMF) program which is administered by the Nevada County Transportation Commission (NCTC). Similarly in 2008, the City of Grass Valley adopted its own Grass Valley Transportation Impact Fee (GVTIF) program to address local transportation concerns. These programs were developed to ensure that new development projects pay their fair share of the cost of improvements required to mitigate their impacts on the existing transportation network.

Per California Government Code Sections 66000 et seq., also known as the Mitigation Fee Act, comprehensive updates are required periodically to fee programs to ensure that the assumptions regarding the need for the projects, costs, growth, etc. continue to provide a nexus between the development impacts and the fees charged. On August 22, 2023, Council adopted updated fee programs for the Grass Valley Transportation Impact Fee (GVTIF) and Regional Transportation Mitigation Fee (RTMF) after a comprehensive study process. Program updates were performed in coordination with Nevada County Transportation Commission (NCTC) and consultant GHD.

Soon after implementation of the new fees last year, it was discovered that an error in the calculations led to some residential categories being overcharged and some under charged from what the nexus study would support. On March 12, 2024, Council was briefed on this miscalculation and authorized immediate implementation of the corrected, reduced Single Family rates for both GVTIF and RTMF programs, while leaving the under-charged categories (Multi Family, Mobile Home and Senior Housing) temporarily unchanged.

Additionally, at the March council meeting a Council member request was made for Staff to evaluate the feasibility of reducing the residential fees charged to developers to near

zero and to supplement the Transportation Fee Programs with other funding sources as residential development occurs. City Staff have worked closely with GHD, NCTC and legal counsel to discuss the ramifications of such a modification. If alternate funding sources were utilized in order to keep the programs intact and avoid the undesirable consequences of dissolving the programs completely, the determination is that this would primarily be a policy decision for Council on the GVTIF Program. There are serious concerns from legal counsel with the RTMF Program; however, that such a reimbursement using public funds would very likely trigger the need for the developer to pay prevailing wages on their entire project being mitigated.

General Funds would be the most likely source of funding for these supplemental transfers to the Impact Fee programs. As the number of residential development permits pulled year by year varies widely, the impact on the General Fund would be unpredictable and, in some cases, quite substantial. The approximate sum of the transportation fees for both GVTIF and RTMF programs for a standard, medium size (1500-2500sf) single family residential development is currently \$7,850. If five permits were issued in a given year the transfer necessary from the General Fund might be a little less than \$40,000. However, if a more significant development such as Loma Rica Ranch pulled 50 permits in a single year, the General Fund impact could total close to \$400,000. Considering the prevailing concerns over balancing the General Fund in the coming fiscal years, Staff would not recommend instituting a reimbursement policy with such unknown, variable and potentially significant impacts to the General Fund.

At the Council meeting, GHD and NCTC staff will be present to give a brief summary of the history and purpose of the Transportation Fee Programs; a discussion of the update process and subsequent 2024 revision; and be available to answer questions about the programs. With the proposed modifications necessary to all residential categories to correct the previous errors it was determined that simply adopting new Impact Fee Nexus Study reports was the most concise route to amend the fee programs and would essentially reset the clock of when the next update to the programs would be required. Attached are the Nexus Study Update, Final Reports - 2024 Revision for both the GVTIF and RTMF programs.

Both Impact Fee Programs recommend an annual review to determine if applying an inflation increase is applicable based on the Engineering News Record Construction Cost Index (ENR-CCI) for San Francisco for the 12-month period ending in December. The RTMF Technical Advisory Committee and City Staff have reviewed the data and recommend an annual inflation adjustment in the amount of 3.59%. The summary table excerpts on the following pages show the final proposed fee amounts based on the unit type, with the addition of the inflation adjustment to the proposed, corrected fee amounts.

Proposed RTMF Residential Fees

Typical Use	ITE Code & Unit	Proposed Fee without Inflation	Inflation Rate	Final Proposed Fee (with Inflation)
		(A)	(B)	(C)=(A)*(B)
Residential (Dwelling Unit)				
Single Family	210			
Small (<1,500 sq.ft.)	Dwelling Unit	\$3,406	1.0359	\$3,528
Medium (1,500-2,500 sq.ft.)	Dwelling Unit	\$4,115	1.0359	\$4,263
Large (>2,500 sq.ft.)	Dwelling Unit	\$4,561	1.0359	\$4,725
Multi-Family	251			
Small (<1,500 sq.ft.)	Dwelling Unit	\$1,981	1.0359	\$2,052
Medium (1,500-2,500 sq.ft.)	Dwelling Unit	\$2,393	1.0359	\$2,479
Large (>2,500 sq.ft.)	Dwelling Unit	\$2,653	1.0359	\$2,748
Mobile Home	220			
Small (<1,500 sq.ft.)	Dwelling Unit	\$3,107	1.0359	\$3,219
Medium (1,500-2,500 sq.ft.)	Dwelling Unit	\$3,753	1.0359	\$3,888
Large (>2,500 sq.ft.)	Dwelling Unit	\$4,160	1.0359	\$4,309
Senior Housing	252			
Small (<1,500 sq.ft.)	Dwelling Unit	\$1,647	1.0359	\$1,706
Medium (1,500-2,500 sq.ft.)	Dwelling Unit	\$1,990	1.0359	\$2,061
Large (>2,500 sq.ft.)	Dwelling Unit	\$2,206	1.0359	\$2,285
Accessory Dwelling Unit (ADU)				
< 750 sq.ft.		Exempt		
> 750 sq.ft.		Fee is based on the ratio of its floor area in relation to the primary unit, multiplied by the fee that the primary unit would pay, if it was being built today. (RTMF (F) for primary unit) x (ADU sq.ft. divided by primary unit sq.ft.)		
Typical Use	Unit	Proposed Fee without Inflation	Inflation Rate	Final Proposed Fee (with Inflation)
		(A)	(B)	(C)=(A)*(B)
Non-Residential				
Office	KSF	\$755	1.0359	\$782
Industrial	KSF	\$281	1.0359	\$291
Warehouse	KSF	\$211	1.0359	\$219
Retail/Service - Low	KSF	\$1,280	1.0359	\$1,326
Retail/Service - Medium	KSF	\$2,990	1.0359	\$3,097
Retail/Service - High	KSF	\$5,443	1.0359	\$5,638
* Lodging	Room	\$249	1.0359	\$258
** Public & Quasi-Public	KSF			Exempt
** School K-8th Grade	Student			Exempt
** School 9-12th Grade	Student			Exempt
** Public College	Student			Exempt

* The unit of analysis for this category is "rooms".

** Public-sector land uses are generally exempt from local fees

Proposed GVTIF Fees

Typical Use	ITE Code & Unit	Proposed Fee without Inflation	Inflation Rate	Final Proposed Fee (with Inflation)
		(A)	(B)	(C)=(A)*(B)
Residential (Dwelling Unit)				
Single Family	210			
Small (<1,500 sq.ft.)	Dwelling Unit	\$3,090	1.0359	\$3,201
Medium (1,500-2,500 sq.ft.)	Dwelling Unit	\$3,732	1.0359	\$3,866
Large (<2,500 sq.ft.)	Dwelling Unit	\$4,138	1.0359	\$4,287
Multi-Family	251			
Small (<1,500 sq.ft.)	Dwelling Unit	\$1,797	1.0359	\$1,862
Medium (1,500-2,500 sq.ft.)	Dwelling Unit	\$2,171	1.0359	\$2,249
Large (<2,500 sq.ft.)	Dwelling Unit	\$2,406	1.0359	\$2,492
Mobile Home	220			
Small (<1,500 sq.ft.)	Dwelling Unit	\$2,818	1.0359	\$2,919
Medium (1,500-2,500 sq.ft.)	Dwelling Unit	\$3,404	1.0359	\$3,526
Large (<2,500 sq.ft.)	Dwelling Unit	\$3,774	1.0359	\$3,909
Senior Housing	252			
Small (<1,500 sq.ft.)	Dwelling Unit	\$1,494	1.0359	\$1,548
Medium (1,500-2,500 sq.ft.)	Dwelling Unit	\$1,805	1.0359	\$1,870
Large (<2,500 sq.ft.)	Dwelling Unit	\$2,001	1.0359	\$2,073
Accessory Dwelling Unit (ADU)				
< 750 sq.ft.		Exempt		
> 750 sq.ft.		Fee is based on the ratio of its floor area in relation to the primary unit, multiplied by the fee that the primary unit would pay, if it was being built today. (RTMF (F) for primary unit) x (ADU sq.ft. divided by primary unit sq.ft.)		

Typical Use	Unit	Proposed Fee without Inflation	Inflation Rate	Final Proposed Fee (with Inflation)
		(A)	(B)	(C)=(A)*(B)
Non-Residential				
Office	KSF	\$1,576	1.0359	\$1,633
Industrial	KSF	\$587	1.0359	\$608
Warehouse	KSF	\$440	1.0359	\$456
Retail/Service - Low	KSF	\$2,671	1.0359	\$2,767
Retail/Service - Medium	KSF	\$6,241	1.0359	\$6,465
Retail/Service - High	KSF	\$11,360	1.0359	\$11,768
* Lodging	Room	\$520	1.0359	\$539
** Public & Quasi-Public	KSF			Exempt
** School K-8th Grade	Student			Exempt
** School 9-12th Grade	Student			Exempt
** Public College	Student			Exempt

* The unit of analysis for this category is "rooms".

** Public-sector land uses are generally exempt from local fees

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The RTMF Nexus Study and Program Update were approved by the Nevada County Transportation Commission at their March 20th meeting and are scheduled to be heard at the Nevada County Board of Supervisors meeting on April 23rd. Once all participating agencies adopt the proposed update, an RTMF Agreement would be executed with NCTC to administer the program and the fees would become effective a minimum of 60 days after adoption. For the GVTIF, if Council adopts the program updates, it is proposed that new fees would become effective on July 1, 2024.

Staff recommends that Council hold a public hearing and adopt two resolutions; adopting the updated Grass Valley Transportation Impact Fee Program; and adopting the updated Regional Transportation Mitigation Impact Fee Program.

Council Goals/Objectives: Implementation of the proposed Impact Fees program updates executes portions of work tasks towards achieving/maintaining Goal #2 - Transportation, and Goal #4 - Economic Development and Vitality.

Fiscal Impact: The proposed transportation impact fees are established based on the capital costs for facilities and transportation improvement projects needed to mitigate the impacts of additional development.

Funds Available: N/A

Account #: N/A

Reviewed by: ___ City Manager

Attachments: Public Hearing Notice, GVTIF Final Revision, RTMF Final Revision, R2024-26 and R2024-27