



Date: January 23, 2024

Honorable Mayor and Council Members:

Author and title: Slater Stewart, Assistant Engineer

Title: FY 2022/2023 AB 1600 Traffic and Facility Impact Fee Public Hearing and Fee Adjustments

Jen Callaway, Town Manager

Recommended Action: Council conduct a Public Hearing on FY 2022/2023 AB 1600 fee revenues and expenditures; adopt Resolution 2024-04 approving the annual AB 1600 program fee adjustments; and adopt Resolution 2024-06 revising implementation procedures for the collection of Traffic Impact Fees.

Discussion:

Annual AB 1600 Traffic Impact and Facility Impact Fee Program Report

This staff report constitutes the annual reporting requirement for the AB 1600 program in complying with the provisions of Government Code Section 66006, which requires each public entity that collects AB 1600 fees to provide an annual report and to hold an annual public hearing that discloses the amount of fees collected during the previous fiscal year, as well as the amount of interest earned on those fees. The statute also requires that the public entity disclose the amount of funds which have been spent on given projects over the previous fiscal year. The purpose of tonight's agenda item is to present that information and conduct the referenced public hearing.

Traffic Impact Fee Fund

Exhibit 1, which presents "The beginning and ending balance of the account or fund", fulfills the requirements of Section 66006 (b) (1) (C) and Section 66006 (b) (1) (D), "the amount of the fees collected and the interest earned." The beginning balance on July 1, 2022, was \$9,374,178 and the ending balance on June 30, 2023, was \$7,668,453. As shown in **Exhibit 1**, during the 2022/2023 fiscal year \$1,428,681 in traffic impact fees was collected and \$182,258 in interest was earned for a total revenue amount of \$1,610,939. During this same fiscal year, \$3,316,664 was expended on program projects. \$40,209 in traffic impact fees was expended on the Pioneer Trail & Bridge Street Extension Project, \$3,110,000 was expended on the Church Street Extension Project, \$154,352 was expended on the Bridge Street/West River Street/DPR Intersection Improvement Project, \$2,093 was expended on administration of the program, and \$10,011 was expended on credit card fees associated with the collection of traffic impact fees.

Exhibit 2 fulfills Section (b) (1) (E) "an identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees". In FY 2022/2023, 50% of the Pioneer Trail & Bridge Street Extension Project, 60.8% of the Church Street Extension Project, and 100% of the Bridge Street/West River Street/DPR Intersection Improvement Project was funded with AB 1600 traffic impact fee funds.

As shown in **Exhibit 1**, there are no traffic impact fee program funds that have been on deposit in excess of five years and no specific findings need to be made to retain unspent funds in this reporting period.

To document compliance with Section 66006 (b) (1) (G) and (H), there have been no inter-fund transfers or loans made from the AB 1600 traffic impact fee program funds nor have there been any refunds made pursuant to subdivision (e) of Section 66001 nor allocation pursuant to subdivision (f) of Section 66001.

Facility Impact Fee Fund

On June 6, 2005, the Town implemented the AB1600 facilities impact fee program. **Exhibit 4** which presents “The beginning and ending balance of the account or fund”, fulfills the requirements of Section 66006 (b) (1) (C) and Section 66006 (b) (1) (D), “The amount of the fees collected and the interest earned.”

Exhibit 4 also shows a summary of the facilities impact fee program transactions. During fiscal year 2022/2023, \$459,446 in facilities impact fees was collected and \$33,747 in interest was earned for a total revenue amount of \$493,193. During this same period \$577,858 was expended in the facilities impact fee program. **Exhibit 2** fulfills Section (b) (1) (E) “an identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees”. **Exhibit 2** shows that 11.2% (\$573,257) of the Church Street Extension Project was funded with facilities impact fees. \$4,601 in credit card fees was also expended. No AB 1600 facility impact fee program funds have been on deposit in excess of five years and, therefore, no specific findings need to be made for the AB 1600 facility impact fee program. To document compliance with Section 66006 (b) (1) (G) and (H), there have been no inter-fund transfers or loans made from the AB 1600 facilities impact fee program funds nor have there been any refunds made pursuant to subdivision (e) of Section 66001 nor allocation pursuant to subdivision (f) of Section 66001.

Traffic Impact Fee Adjustments

Exhibit 5 fulfills the requirements of Section 66006 (b) (1) (F) which requires the local agency to identify the approximate date by which construction of a public improvement will commence. It also presents the AB 1600 traffic impact fee program projects, adopted February 9, 2016, with cost estimates that have been updated based on inflationary adjustments or better cost information. The change in the Construction Cost Index (CCI) as reported by Engineering News Record (ENR) for the period from July 1, 2022, through June 30, 2023 (end of fiscal year) was determined to be 1.35% (see attached index chart as **Exhibit 6**). The traffic impact fee program’s project cost estimates have all been updated by this inflationary adjustment (1.35%) with the exception of the completed projects where actual cost information is available.

The total project cost that is the responsibility of the traffic impact fee program was calculated to be \$106,157,991 (including eastern Nevada and Placer County improvements). The amount of additional funds not yet collected is \$93,777,860. The updated traffic impact fees are calculated in **Exhibit 7** by dividing the project costs not yet collected by the number of Dwelling Unit Equivalent (DUE) of future development (\$93,777,860/10,715). Therefore, the new traffic impact fee per DUE is calculated to be **\$8,752**. This new fee is \$34/DUE (0.39%) less than the current fee of \$8,786/DUE. This reduction is primarily a result of less traffic impact fees being spent on the Church Street Extension/Trout Creek restoration project than originally anticipated. If adopted, staff recommends that these fees become *effective March 25, 2024*.

The attached **Exhibit 7**, DUE and Fee Calculations, fulfills the requirements of Section 66006 (b) (1) (B), “The amount of the fee.”

Traffic Impact Fee Program

TABLE 5: Dwelling Unit Equivalent Factors and Fee Calculations							
Fee Formula: $\$8,752 \times DUE \text{ per Unit} \times \text{Units (from Project)} = \text{fee}$							
Land Use Category	Unit	ITE Land Use Code	PM Peak Hour Trip Rate Per Unit ³	% New Trips	New Trips per Unit	DUE per Unit	Fee per square foot
Residential (Note 1)	1,000 s.f.	210, 220, 240	0.41	100%	0.41	0.41	\$3.59
Hotel/Motel	Room	310	0.7	100%	0.70	0.70	
Office							
General Office	1,000 s.f.	710	1.49	100%	1.49	1.49	\$13.04
Medical Office	1,000 s.f.	720	3.57	100%	3.57	3.57	\$31.24
Commercial							
General Retail	1,000 s.f.	Note 4	6.08	43%	2.64	2.64	\$23.11
Multiplex Movie Theater	1,000 s.f.	445	2.94	100%	2.94	2.94	\$25.73
Restaurant - Quality or High-Turnover	1,000 s.f.	931, 932	8.67	37%	3.23	3.23	\$28.27
Fast Food Restaurant / Coffee Shop	1,000 s.f.	933, 934	29.4	30%	8.78	8.78	\$76.84
Supermarket	1,000 s.f.	850	9.48	34%	3.24	3.24	\$28.36
Convenience Market	1,000 s.f.	851	52.4	24%	12.53	12.53	\$109.66
Bank	1,000 s.f.	912	24.3	27%	6.56	6.56	\$57.41
Gas Station	Fueling Position	944	13.87	13%	1.79	1.79	
Health Fitness Club	1,000 s.f.	492	3.53	75%	2.65	2.65	\$23.19
Industrial							
Light Industrial	1,000 s.f.	110	0.97	100%	0.97	0.97	\$8.49
Warehouse	1,000 s.f.	150	0.32	100%	0.32	0.32	\$2.80
Hospital	1,000 s.f.	610	0.93	77%	0.72	0.72	\$6.30
Public Park	Acre	417	0.2	100%	0.2	0.20	
School							
Elementary School	1,000 s.f.	520	1.21	80%	0.97	0.97	\$8.49
Middle School	1,000 s.f.	522	1.19	80%	0.95	0.95	\$8.31
High School	1,000 s.f.	530	0.97	80%	0.78	0.78	\$6.83
Community College	1,000 s.f.	540	2.54	80%	2.03	2.03	\$17.77
Note 1: Residential additions less than 500 square feet shall not be assessed a fee. An Accessory Dwelling Unit (ADU) less than 750 square feet shall not be assessed a fee. Note 3: PM peak-hour of adjacent street traffic. Note 4: Trip generation rate based on calibrated Town of Truckee Model.							

Staff is also recommending that Council approve a revision to the implementation procedures for the collection of traffic impact fees contained in draft Resolution 2024-06 (attached as **Exhibit 8**). Specifically, in Section 1b., clarifying language is proposed regarding changes between “Land Use Category” and in Section 3f., simplified language is proposed regarding the previous use fee credit.

Present Section 1b. in Resolution 2023-08:

A traffic impact fee shall also be applicable when the use of a building or parcel changes to a different use category as defined by Table 5 (Attachment B) of the Town of Truckee AB 1600 Traffic Impact Fee Study, whether or not a building permit is required. In these circumstances the applicable traffic impact fee shall be calculated by subtracting the traffic impact fee previously paid for the existing use(s) from the traffic impact fee applicable to the proposed uses(s). If the difference is zero or a negative number, no impact fee is applicable and no fee refund is required. Fee credits are discussed further in section 3f.

Proposed Section 1b. in Resolution 2024-06:

A traffic impact fee shall also be applicable when the use of a building or parcel changes to a different “Land Use Category” as defined by Table 5 (Attachment B) of the Town of Truckee AB 1600 Traffic Impact Fee Study, whether or not a building permit is required. For purposes of applying this policy, the Land Use Category determined within the adopted resolution and by the Town Engineer are: 1- Residential, 2 - Hotel/Motel/Lodging, 3 - Commercial/Office, 4 - Industrial, 5 - Hospital, 6 - Public Park, and 7 - Schools. “General/Medical Office” uses are combined into the “Commercial” land use category. In these circumstances, the applicable traffic impact fee shall be calculated by subtracting the traffic impact fee previously paid for the existing use(s), or legally established use credit as defined in Section 3f, from the traffic impact fee applicable to the proposed use(s). If the difference is zero or a negative number, no impact fee is applicable and

no fee refund is required. Fee credits are discussed further in section 3f.

Present Section 3f. (partial) in Resolution 2023-08:

Fee credits under Section 1, Paragraph b – Parcels that have previously paid a traffic impact fee shall receive permanent credit for the use and the associated DUE. For parcels upon which land uses were legally established prior to the imposition of the traffic impact fee program, the use shall be “grandfathered” for the purpose of calculating fees. The grandfathered status shall remain in effect permanently unless the use ceases operation for a period of ten consecutive years at which time the credit shall terminate. The grandfathered credit shall be based upon the last legally established use within the building or parcel. For applicants requesting fee credits, it shall be the responsibility of the applicant to provide documentation proving prior payment of fees or grandfathered status.

Fee credits shall be applied as follows under these special circumstances:

- *Change in Land Use that Generates Less Traffic than Current Condition* – No fee reimbursement will be issued. However, if the land use changes again to a higher traffic generator, a credit for the DUE already established will be applied.

Proposed Section 3f. (partial) in Resolution 2024-06:

Fee credits under Section 1, Paragraph b – Buildings or parcels that have previously paid a traffic impact fee, or have a legally established land use on the property when development/re-development occurs, shall receive permanent credit for the use and the associated DUE. The credit shall be based upon a previous legally established use within the Land Use Category for the building or parcel. For applicants requesting fee credits, it shall be the responsibility of the applicant to provide documentation proving prior payment of fees or legally established Land Use status.

Fee credits shall be applied as follows under these special circumstances:

- *Change in Land Use Category that Generates Less Traffic than Current Condition* – No fee reimbursement will be issued. However, if the Land Use Category changes again to a higher traffic generator, a credit for a DUE previously established for the property will be applied so long as proper documentation exists.

Facilities Impact Fee Adjustments

The change in the Construction Cost Index (CCI) for the time period of July 1, 2022, through June 30, 2023 (end of fiscal year) as determined by Engineering News Record (ENR) was determined to be 1.35% as shown in **Exhibit 6**. Table 1 below shows the current and proposed adjustments to the facilities impact fees. If adopted, staff recommends that these fees become *effective March 25, 2024*. **Table 1** fulfills the requirements of Section 66006 (b) (1) (B), “The amount of the fee.”

Table 1 - Facility Impact Fees

Land Use Category	Unit	Current Fees	Proposed Fees
Residential (Note 1)	s.f.	\$1.66	\$1.68
Hotel/Motel	Room	\$244	\$247
Commercial/Office	s.f.	\$1.68	\$1.70
Industrial	s.f.	\$1.03	\$1.05
Note 1: Residential additions less than 500 square feet shall not be assessed a fee. An Accessory Dwelling Unit (ADU) less than 750 square feet shall not be assessed a fee.			

Table 2 fulfills the requirements of Section 66006 (b) (1) (F) which requires the local agency to identify the approximate date by which construction of a public improvement will commence.

Table 2

Facilities Public Improvement Projects	Estimated Construction Commencement
Relocate Town Corporation Yard	2009
Increase Storm Drain Capacity Townwide	>2028
Trout Creek Restoration	2006
Relocate Animal Services	2012
PD Expansion Tenant Improvements	2019

Priority:

- Enhanced Communication
 Climate and Greenhouse Gas Reduction
 Housing
 Infrastructure Investment
 Emergency and Wildfire Preparedness
 Core Service

Fiscal Impact: Conducting this public hearing maintains the Town’s compliance with the AB1600 legislation, thereby allowing the Town to continue collecting AB1600 facilities impact and traffic impact fees. Inflationary cost adjustments will maintain the Fee Program’s ability to implement AB 1600 program projects.

Public Communication: Standard Town Council agenda postings and public hearing notifications in the Sierra Sun.

Attachments:

- Exhibit 1 – Summary of Traffic Impact Fees
- Exhibit 2 – AB 1600 Project Expenditures
- Exhibit 3 – Draft Resolution 2024-04
- Exhibit 4 – Summary of Facility Impact Fees
- Exhibit 5 – Traffic Impact Fee Project List and Estimated Construction Commencement Dates
- Exhibit 6 – ENR’s Monthly Construction Cost Index Chart
- Exhibit 7 – Calculation of Traffic Impact Fee per DUE
- Exhibit 8 – Draft Resolution 2024-06