



AGENCY: City Council
MEETING DATE: February 12, 2024
DEPARTMENT: Public Works
PRESENTED BY: C. O'Neal & A. Lechowicz
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AGENDA ITEM SUMMARY

TITLE: Conduct Public Hearing on Proposed Water, Sewer, Storm Drainage, Police, Fire, and C.V. Starr Facilities Fees (Capacity Charges/Impact Fees) and on Nexus Study Analyzing These Proposed Fees; Consider Adoption of Resolution Approving Nexus Study; and Consider Introduction of Ordinance Adding Chapter 12.16 (Capacity Charges and Impact Fees) to Title 12 of the Municipal Code and Imposing and Setting the Rates of the Proposed Fees

ISSUE/BACKGROUND:

Council authorized the contract with Lechowicz & Tseng (L&T) on November 14, 2022 to prepare an Impact Fee Nexus Study. L&T presented the Impact Fee Report to the City's Finance and Administration Committee on June 14, 2023, and again on August 24, 2023, and then the first draft version was presented to City Council on October 23, 2023. At the meeting in October, the Council approved modifications to the City's existing capacity fees for Water, Sewer, and Storm Drain fees and recommended that the new Impact fees for Police, Fire, and C.V. Starr, be brought back for consideration.

An updated "City of Fort Bragg Impact Fee Nexus Study" dated January 29, 2024 (the "Study") has been prepared by L&T and is included as Attachment 2 to this staff report. It describes revised versions of all six fees (Water, Sewer, Storm Drain, Police, Fire and CV Starr).

A noticed public hearing is scheduled for tonight to approve the Nexus Study and all six fees. Following the hearing, staff recommends the City Council adopt the Nexus Study (by resolution) and introduce an ordinance that will provide a common framework for the application of the six fees and set the rates for each of the fees. The existing rates for the three existing fees will remain in effect until the new rates go into effect sixty days after the adoption of the Ordinance.

ANALYSIS:

IMPACT NEXUS STUDY

Development impact fees and capacity charges allow cities to collect funds from new development projects to mitigate the costs of infrastructure and facilities needed to serve the new development. In order to calculate the portion of such costs that could be allocated to new development, the City engaged L&S to prepare a Nexus Study that analyzed the "nexus" between new development and the City's anticipated costs.

Nine groups of improvements and facilities were analyzed by L&T as part of their work: water, sewer, storm drainage, police, fire, C.V. Starr, parks, general government facilities and transportation. In October, Council reached a majority consensus to approve changes

AGENDA ITEM NO. _____

to the existing capacity fees (water, sewer, and storm drain) and recommended that three new fees (police, fire, and C.V.Starr) be included for further consideration with the adoption of the study. The Council reached a consensus to not proceed at that time with fees for parks, general government facilities, and transportation.

The Nexus Study before the Council tonight (Attachment 2) includes an analysis of water, sewer, storm drainage, police, fire, and C.V. Starr. The other three potential fee areas have been removed from the Nexus Study but will be filed with the City as a separate technical memo in order to fulfill the contract scope of work. A resolution adopting the Nexus Study is attached as Attachment 1. It can be adopted by the Council following the public hearing.

ORDINANCE

The proposed ordinance (Attachment 3) adds Chapter 12.16 (Capacity Charges and Impact Fees) to Title 12 of the Municipal Code. This ordinance was drafted to accomplish the following:

1. Adopt uniform procedures for the six fees and place the authorizations and implementation rules for all impact fees and capacity charges in a single location in the Municipal Code.
2. Set new rates for the three existing fees and initial rates for the three new fees.
3. Repeal existing code sections that charged for storm drainage based on adjusted lot size, as the proposed storm drain fee is based on impermeable square footage (ie the square footage of a lot that is covered by a building, pavement, or other impermeable surface that does not allow water to be absorbed by underlying soil).

As an extension of current policy, under the Ordinance accessory dwelling units are exempt from all six fees.

Staff recommends that the Council introduce the Ordinance at tonight's meeting. Although the Ordinance itself sets rates for the six fees, future increases to the rates (included inflation-based adjustments) may be accomplished by resolution.

FEES

The City's current and proposed development impact fees (as excerpted from the final Study) are provided in Table 1 through 6 below.

Table 1: Current and Proposed Water Impact Fees
City of Fort Bragg
Impact Fee Nexus Study

Category	Unit	Existing Fee	Proposed Fee
Single Family Resident	per dwelling	\$4,631.00	\$3,280.20
Multi Family Resident	per dwelling unit	\$2,821.00	\$2,394.55
Car Wash (Self Serve)	stall	\$14,356.10	\$4,461.07
Car Wash (Full Service)	tunnel	New	\$5,969.96
Schools	1,000 sq ft of classroom	\$14,865.51	\$2,820.97
Laundromats	Washing machine	\$3,612.18	\$3,870.64
Hospitals	bed	\$5,649.82	\$1,804.11
Convalescent Homes	bed	\$2,269.19	\$1,804.11
Church	1,000 sq ft	\$1,574.54	\$1,476.09
Retail/Wholesale	1,000 sq ft	\$1,111.44	\$1,935.32
Professional Office	1,000 sq ft	\$3,380.63	\$1,935.32
Dental/Medical Office	1,000 sq ft	\$3,843.73	\$2,230.54
Beauty Shops	1,000 sq ft	\$6,066.61	\$2,230.54
Brewery	1,000 sq ft	\$6,946.50	\$8,954.95
Theater	seat	\$46.31	\$295.22
Gas Stations	1,000 sq ft	\$4,075.28	\$2,984.98
Garage	1,000 sq ft	\$1,111.44	\$885.65
Bar	1,000 sq ft patron area	\$6,390.78	\$7,446.05
Counter Service Food/Dining	1,000 sq ft prep area	\$8,706.28	\$5,969.96
Outdoor Seating	1,000 sq ft dining area	\$15,791.71	removed
Lodging with dining (with spa)	room	\$5,186.72	removed
Lodging with dining (without spa)	room	\$2,917.53	removed
Lodging (all) [1]	room	New	\$2,230.54
Restaurant with Bar (fixed seating)	seat	\$1,018.82	removed
Restaurant with Bar (no fixed seating)	1,000 sq ft dining area	\$27,045.04	removed
Restaurant (fixed seating)	seat	\$694.65	removed
Restaurant (no fixed seating)	1,000 sq ft dining area	\$27,045.04	removed
Restaurant (table service)	1,000 sq ft dining area	New	\$8,954.95
Supermarket	1,000 sq ft	\$2,917.53	\$2,394.55

1 – For lodging development that includes both lodging and a restaurant, the restaurant square footage will be charged the restaurant fee separately from the per room fee.

Table 2: Current and Proposed Sewer Impact Fees
City of Fort Bragg
Impact Fee Nexus Study

Category	Unit	Existing Fee	Proposed Fee
Single Family Resident	per dwelling	\$3,640.00	\$2,640.34
Multi Family Resident	per dwelling unit	New	\$1,905.40
Car Wash (Self Serve)	stall	\$15,433.60	\$3,663.03
Car Wash (Full Service)	tunnel	New	\$4,884.05
Schools	1,000 sq ft of classroom	\$16,016.00	\$2,585.90
Laundromats	Washing machine	\$3,894.80	\$3,174.63
Hospitals	bed	\$6,078.80	\$1,633.20
Convalescent Homes	bed	\$2,438.80	\$1,633.20
Church	1,000 sq ft	\$1,710.80	\$1,361.00
Retail/Wholesale	1,000 sq ft	\$1,201.20	\$1,506.43
Professional Office	1,000 sq ft	\$3,640.00	\$1,587.31
Dental/Medical Office	1,000 sq ft	\$4,113.20	\$2,041.50
Beauty Shops	1,000 sq ft	\$6,552.00	\$2,391.47
Brewery	1,000 sq ft	\$7,462.00	\$10,499.14
Theater	seat	\$72.80	\$318.86
Gas Stations	1,000 sq ft	\$4,368.00	\$2,442.02
Garage	1,000 sq ft	\$1,201.20	\$695.28
Bar	1,000 sq ft patron area	\$7,207.20	\$6,105.06
Counter Service Food/Dining	1,000 sq ft prep area	\$7,352.80	\$6,999.43
Outdoor Seating	1,000 sq ft dining area	\$14,560.00	removed
Lodging with dining (with spa)	room	\$5,569.20	removed
Lodging with dining (without spa)	room	\$3,166.80	removed
Lodging (all) [1]	room	New	\$1,769.30
Restaurant with Bar (fixed seating)	seat	\$1,092.00	removed
Restaurant with Bar (no fixed seating)	1,000 sq ft dining area	\$23,296.00	removed
Restaurant (fixed seating)	seat	\$728.00	removed
Restaurant (no fixed seating)	1,000 sq ft dining area	\$24,278.80	removed
Restaurant (table service)	1,000 sq ft dining area	New	\$13,298.91
Supermarket	1,000 sq ft	\$3,166.80	\$2,550.90

1 – For lodging development that includes both lodging and a restaurant, the restaurant square footage will be charged the restaurant fee separately from the per room fee.

Table 3: Current and Proposed Drainage Impact Fees (\$/improved sq ft)
City of Fort Bragg
Impact Fee Nexus Study

Land Use Classification			Current[1]	Proposed[1]
265	RVH, RM, RH	Very-High Density Residential, Medium Density Residential	\$0.15013	
266	RL	Low Density Residential	\$0.37054	
267	RS, RR	Suburban Residential, Rural Residential	\$0.37054	
268	CN, CO, CBD, CG, CH	Commercial	\$0.14623	
269	IH, IL, HD, IT	Industrial, Timber Resources Industrial, Harbor District	\$0.14623	
270	PR	Parks and Recreation	\$0.14361	
271	PF	Public Facilities and Services	\$0.05068	
272	OS	Open Space	\$0.21541	
All Land Uses				\$0.74462

1 – Fee per improved square foot. Improved area consists of livable or occupied space, garages and carports, walkways, driveways, parking lots, or other paved area

Table 4: Current and Proposed Police Impact Fees
City of Fort Bragg
Impact Fee Nexus Study

Category	Current	Proposed
Residential per 1,000 sq ft	NA – new fee	\$324.99
Commercial per 1,000 sq ft	NA – new fee	\$2,028.54
Industrial per 1,000 sq ft	NA – new fee	\$782.16
Lodging per room	NA – new fee	\$553.24

Table 5: Current and Proposed Fire Impact Fees
City of Fort Bragg
Impact Fee Nexus Study

Category	Current	Proposed
Residential per 1,000 sq ft	NA – new fee	\$202.18
Commercial per 1,000 sq ft	NA – new fee	\$371.20
Industrial per 1,000 sq ft	NA – new fee	\$184.49
Lodging per room	NA – new fee	\$103.07

Table 6: Current and Proposed CV Starr Impact Fees
City of Fort Bragg
Impact Fee Nexus Study

Category	Current	Proposed
Residential per 1,000 sq ft	NA – new fee	\$385.78
Commercial impact fee per 1,000 sq ft	NA – new fee	\$271.66
Industrial impact fee per 1,000 sq ft	NA – new fee	\$104.75
Lodging impact fee per room	NA – new fee	\$74.09

Table 7 below provides the high-level summary of changes to the study between the draft version presented in October 2023 and this final version:

Table 7: Changes between October 2023 and January 2024	
Fee Category	Summary of Changes
Water	<ul style="list-style-type: none"> The base capacity fee for a single-family residence was reduced. Revised the table used to calculate non-residential fees (Table 17 in the Study and presented in the fee schedule).
Sewer	<ul style="list-style-type: none"> Fee decreased; Debt cost removed. Revised the table used to calculate non-residential fees (Appendix A in the Study and presented in the fee schedule).
Storm Drain	<ul style="list-style-type: none"> Single fee (\$/sq ft) for all land-use categories. Increase the typical fee paid by the average home.
Police	<ul style="list-style-type: none"> No change to single-family fee; slight updates to other fee categories.
Fire	<ul style="list-style-type: none"> Residential fees decreased slightly. Updated medical and emergency response using statewide statistical information. Revised fee structure to mirror other facility fee categories including commercial, industrial, and lodging fees.
CV Starr	<ul style="list-style-type: none"> Minor decrease to the fee, due to nonresidential development updates.
Parks, Facilities, and Transportation	<ul style="list-style-type: none"> These three (3) fees were removed from the final study and filed as a separate technical memorandum.

- The October report total average SFR fee for water, sewer, storm, police, fire and CV Starr was proposed at \$8,870.
- The January 29, 2024, total average SFR fee for water, sewer, storm, police, fire and CV Starr was proposed at \$8,672. The current recommended fee to be paid by a single-family residence have been reduced by an additional \$198.00 since the October report.

RECOMMENDED ACTION:

1. Open the public hearing, receive staff report and consultant presentation, take testimony from the public, close the public hearing and deliberate;
2. Adopt Resolution Approving Impact Fee Nexus Study; and
3. Introduce, by title only, and waive further reading of Ordinance Adding Chapter 12.16 Capacity Charges and Impact Fees to Title 12 of the Municipal Code;

ALTERNATIVE ACTION(S):

1. Remove the addition of Police, Fire, and CV Starr fees and limit the ordinance to water, sewer and storm drainage fees.
2. Provide alternative direction to staff.

FISCAL IMPACT:

The exact fiscal impact of the proposed fee changes cannot be accurately estimated, since the collection of impact fees is directly related to the amount of development. Below is a table showing annual proceeds collected for each water, sewer, and storm drain since 2004.

Capacity Fees Collected 2004-Present				
		Fee Category		
Fiscal Year	Water	Sewer	Storm Drain	
2005	\$ 113,744.27	\$ 100,227.29	\$ 24,330.10	
2006	\$ 104,762.48	\$ 89,971.10	\$ 18,346.10	
2007	\$ 170,062.84	\$ 30,606.00	\$ 7,530.06	
2008	\$ 29,908.79	\$ 26,093.61	\$ 11,803.78	
2009	\$ 130,096.91	\$ 23,678.63	\$ 13,993.68	
2010	\$ 7,745.62	\$ 7,204.02	\$ 3,157.40	
2011	\$ 39,150.05	\$ 30,398.87	\$ 9,773.61	
2012	\$ 41,798.15	\$ 33,293.12	\$ 4,888.46	
2013	\$ 115,502.87	\$ 109,127.60	\$ 27,920.37	
2014	\$ 25,691.63	\$ 13,828.20	\$ 1,254.50	
2015	\$ 37,535.36	\$ 21,630.09	\$ 929.57	
2016	\$ 144,123.92	\$ 21,762.00	\$ 6,635.25	
2017	\$ 25,367.39	\$ 17,740.75	\$ 1,446.98	
2018	\$ 19,537.12	\$ 19,568.87	\$ 2,384.16	
2019	\$ 19,095.21	\$ 21,820.35	\$ 4,482.20	
2020	\$ 30,042.54	\$ 26,294.65	\$ 3,342.06	
2021	\$ 346,560.92	\$ 309,446.16	\$ 24,648.46	
2022	\$ 14,198.68	\$ 7,352.80	\$ 7,916.82	

2023	\$ 51,758.38	\$ 44,220.64	\$ 8,448.52
2024	\$ 5,425.22	\$ 11,773.58	\$ 1,349.69
Total	\$ 1,472,108.35	\$ 966,038.33	\$ 184,581.77

The current balance in the water fund as of 06/30/2023 is \$ 670,789.
The current balance in the sewer funds as of 06/30/2023 is \$776,319.
The current balance in the storm drain fund as of 06/30/2023 is \$166,555.

GREENHOUSE GAS EMISSIONS IMPACT:

The preparation of this study and report on fees has no impact on greenhouse gas emissions.

CONSISTENCY:

The fees affected by the proposed Ordinance are each capacity charges or development impact fees. These fees are governed by various provisions of the Mitigation Fee Act (the “Act”) (Gov’t Code Section 66000 *et seq.*) The Nexus Study and the Ordinance were prepared to comply with the requirements of the Act.

Staff published notice of the public hearing on the Nexus Study and the proposed fees (Attachment 5) on January 11, 2024, and January 25, 2024. Notice was also distributed to those who requested at as required by law. Required information about the fee was made available to the public for inspection in the Office of the City Clerk beginning January 29, 2024 as required by law.

ENVIRONMENTAL ANALYSIS:

Adoption of this ordinance and resolution is categorically exempt from the California Environmental Quality Act (CEQA) because the adoptions are not a project, in that it is a government funding mechanism that does not involve any commitment to any specific project (CEQA Guidelines Section 15378(b)(4)), and because it can be seen with certainty that there is no possibility that the fees may have a significant effect on the environment, in that this ordinance and resolution contain no provisions modifying the physical design, development, or construction of residences or nonresidential structures per CEQA Guidelines Section 15061(b)(3)).

IMPLEMENTATION/TIMEFRAMES:

If the Council Introduces the Ordinance on February 12, 2024, and adopts the Ordinance on February 26, 2024, the Ordinance and associated fees will go into effect 60 days after adoption (April 26, 2024).

ATTACHMENTS:

1. Resolution Adopting Impact Fee Nexus Study
2. Final Impact Fee Nexus Study
3. Ordinance - Chapter 12.16 Capacity Charges and Impact Fees, Including Exhibit A, Rate Table

4. Public Hearing Notice
5. Consultants Impact Fee Presentation

NOTIFICATION:

1. "Notify Me" subscriber list: Finance and Budgeting; Public Hearings
2. Lechowicz & Tseng