



CITY OF MURRIETA

TO: Mr. Brownyard
Attn: Gretchen Gutierrez
Desert Valleys Builder Association

FROM: City of Murrieta

SUBJECT: Development Impact Fee Review
Comments

DATE: April 8, 2024

Dear Mr. Brownyard:

We appreciate you taking the time to review the Development Impact Fee Study and providing your observations over for the specific items addressed in your letter. We have worked with our consultants, Willdan Financial Services, and believe each of your concerns are addressed appropriately. Please review the following attachment from Willdan Financial Services.

Thank you,

A blue ink signature of Javier Carcamo.

Javier Carcamo,
Finance Director

Memorandum

To: Javier Carcamo, City of Murrieta
From: Carlos Villarreal, Willdan Financial Services
Date: April 5, 2024

Re: Response to DVBA: Limited Review of the City of Murrieta's Development Impact Fee Study Letter

The following are Willdan's responses to DVBA's March 6, 2024 letter regarding the City's *Administrative Draft Development Impact Fee Nexus Study Update*, dated February 12, 2024. The comments are summarized and responded to.

Comment 1: The study suggests that an administrative charge of 2% for miscellaneous costs attributed to the collection and maintenance of a Development Impact Fee Program is perfectly acceptable. It is NOT!

Response: The administrative fee can be spent on all aspects related to the administration of an impact fee program beyond mandated public reporting, and fee justification analyses. The administrative fee can fund but is not limited to: legal costs, revenue collection costs, revenue and cost accounting, staff time spent on capital project administration related to growth-driven projects and other impact fee program related administrative costs.

We have reviewed the City's CIP and based on an analysis of the FY2023 impact fee program operating expenditures found that administrative costs were approximately 1.52%. To be conservative we have revised the study to use a 1% administrative charge. Appendix Table A.7 has been added to the report showing this administrative charge calculation.

Comment 2: Page 38, Table 6.2: Traffic signal costs and Allocation to New Development: This table erroneously adds the 2013 construction cost to fee calculation.

Response: This has been corrected in the latest version of the report.

Comment 3: Page 41, Storm Drain Facilities: The second line speaks of Pomona, not Murrieta.

Response: This has been corrected in the latest version of the report.

Comment 4: Page 46, Table 82.: General Facilities Inventory- The calculation of the cost per square foot for MIC is incorrect. There are several items included in Appendix Table A.6 that one might expect to be included in the construction costs of various building types.

Response: The cost per square foot for the MIC has been corrected in the latest version of the report.

City staff reviewed the unit costs for the included buildings and equipment included in Table A.6 and determined that the equipment and tenant improvements listed in Table A.6 are not included in the replacement costs for the buildings. No adjustments are needed.

Comment 5: Page 47, Table 8.3: Planned Facilities: The unit cost of \$500 per square foot seems high for a Public Works Maintenance Building. Is there an example of a completed maintenance building with similar cost.

Response: The City has not completed a public works building recently. However, the City has received cost estimates for several buildings, site improvements and tenant improvements to existing buildings, which all indicate that \$500 per square foot is a conservative cost assumption for estimating the cost of the future Public Works Maintenance Building. Further, the cost of the planned facility does not drive the fee calculation, rather, the fees are driven by the existing facility standard for this fee category.

Comment: Page 54, Table 9.4: Park Facilities Unit Costs: The percentage shares established in the right column are confusing.

Response: Agreed. We have removed the percentage shares from the table, as they are not used in the calculation.

Comment: Page 58, Table 9.9: Park Facilities Fee Schedule: The multifamily square foot calculations use the incorrect denominator.

Response: This has been corrected in the latest version of the report.