



Development Impact Fee Nexus Study & Fee Update Workshop

Presented by

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February 20, 2024, City Council Workshop

Project Timeline

- Kick-off Meeting – June 23, 2023
 - Citywide representation
- Evaluated each department's facilities needs
- Created planned project lists based on priority
- Draft Nexus Study Published – February 17, 2024
- Workshop – February 20, 2024
- Nexus Study & Fee Update Adoption – March 19, 2024



Purpose

- New Legislation – Assembly Bill 602
- Inflation (CCCI – 47.7% since 2016)
- Planned Projects



Planned Projects

Fire Department

- Regional Training Center
- Fire Station 5
- Fire Station 6 and garage bay
 - S6 Engine & upfitting
 - S6 Rescue Truck & upfitting
 - S6 Polaris & upfitting
 - S6 Brush Truck & upfitting

Police Department

- Regional Training Center
- Police Station Expansion

Community Services Department

- CSD Offices
- Library expansion, book lockers, and mobile library



City of Murrieta

Development Impact Fee Update Study

February 20, 2024



What is a Development Impact Fee?

One-time charge



Imposed at building permit stage



Imposed on all development projects within a defined geographic area



Funds facilities to serve new development



Mitigation Fee Act Findings (Govt. Code §66001)

- Key findings
 - **Need:** Development \approx Need for facilities
 - **Benefit:** Development \approx Use of revenue
 - **Rough proportionality:** Fee amount \approx development's share of facility costs
- Other findings
 - Purpose of fee
 - Use of fee revenue

AB 602

- Requires local jurisdictions to make certain information available on website:
 - Current impact fee schedule
 - Nexus studies
 - Annual AB1600 reports
 - Five-Year AB1600 reports
- Changes to impact fee adoption process:
 - Prior to adoption of development fees, an impact fee nexus study needs to be adopted with 30 days notice
- Technical changes:
 - Residential fees should be charged per square foot, unless findings are supported that justify another metric
 - Large jurisdictions shall adopt a capital improvement plan as a part of the nexus study
 - Nexus study should identify level of service
 - If fees are increasing, review the assumptions of the original nexus study and evaluate the amount of fees collected under the original fee

Impact Fees – Basic Methodology



ESTIMATE
EXISTING
DEVELOPMENT
AND FUTURE
GROWTH



IDENTIFY FACILITY
STANDARDS



DETERMINE NEW
FACILITY NEEDS
AND COSTS



ALLOCATE SHARE
TO
ACCOMMODATE
GROWTH



IDENTIFY
ALTERNATIVE
FUNDING NEEDS



CALCULATE FEE BY
ALLOCATING
COSTS PER UNIT
OF NEW
DEVELOPMENT

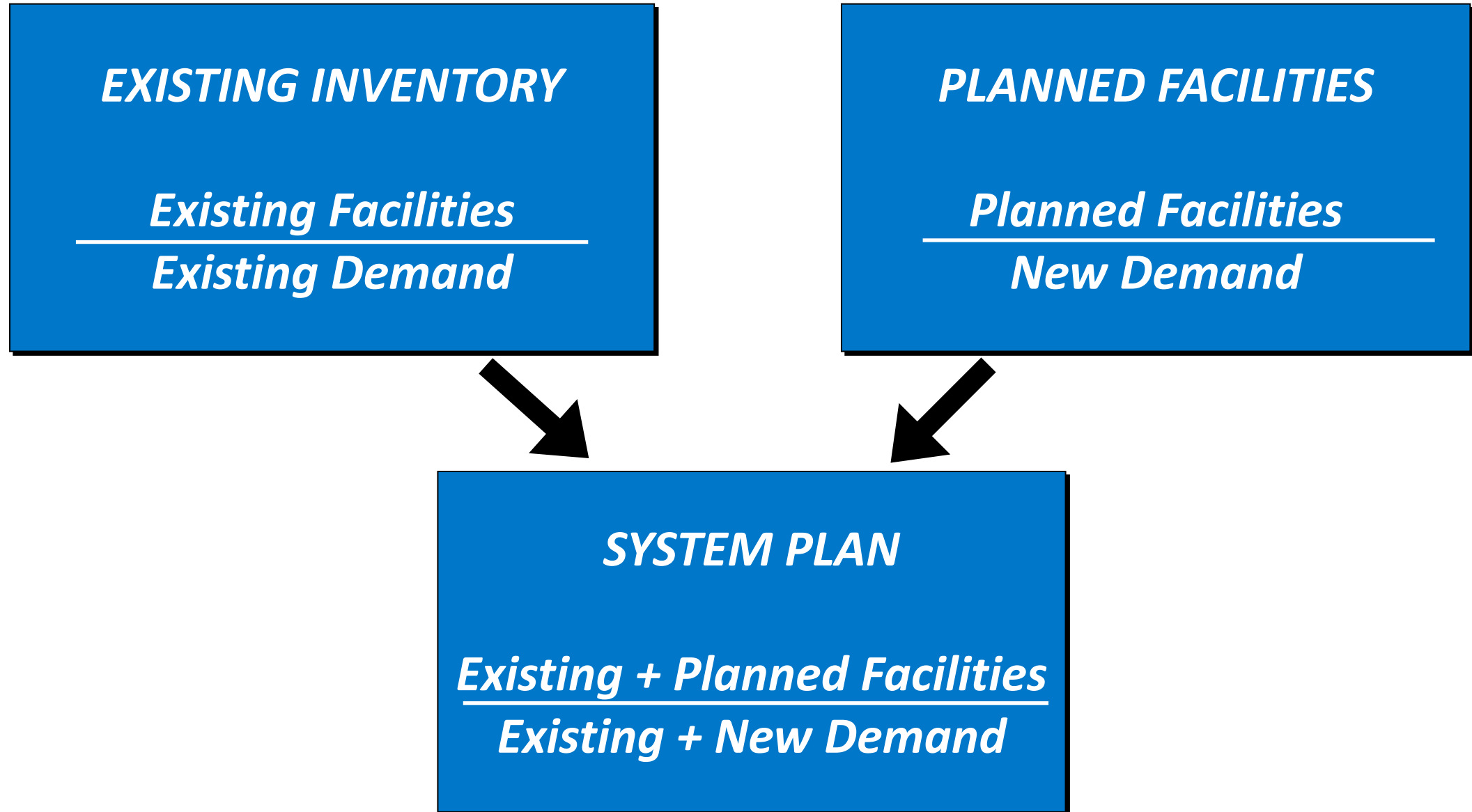
Impact Fee Categories

- Law Enforcement
- Fire Protection
- Streets, Minor Bridges & Culverts
- Traffic Signals
- Storm Drainage
- General Facilities
- Park Facilities
- Community Centers
- Public Library

Growth Projections

	2023	2035	Increase
Residents	109,998	135,774	25,776
Dwelling Units	37,205	47,993	10,788
Employment	26,240	111,280	85,040
Sources: CA DOF; OnTheMap; American Community Survey; Murrieta General Plan.			

Cost Allocation Methods: *WHAT Facilities Serve WHO*



Fee Program Methodologies

Existing Standard

Law Enforcement
Fire Protection
Open Space
Park Facilities
Community Centers
General Facilities

System Plan

Library Facilities

Planned Facilities

Streets, Minor Bridges &
Culverts

Traffic Signals

Storm Drain

Projected Impact Fee Revenue

Fee Category	Total Project Cost	Projected Impact Fee Revenue	Additional Funding Required
Law Enforcement	\$ 59,670,000	\$ 59,670,000	\$ -
Fire Protection	85,521,000	85,521,000	-
Streets, Minor Bridges & Culverts	355,740,973	286,035,438	69,705,535
Traffic Signals	67,872,382	41,977,526	25,894,856
Storm Drainage	12,983,598	7,850,999	5,132,599
General Facilities	18,131,000	18,131,000	-
Park Facilities	97,204,000	97,204,000	-
Community Centers	2,288,000	2,288,000	-
Public Library	<u>7,100,000</u>	<u>3,325,104</u>	<u>3,774,896</u>
Total	\$ 706,510,953	\$ 602,003,068	\$ 104,507,886

Table E.1: Maximim Justified Impact Facilities Fee Summary 2016 Fee Schedule

Land Use	Law Enforcement	Fire Protection	Streets, Minor Bridges & Culverts	Traffic Signals	Storm Drainage	General Facilities	Parkland Facilities	Community Centers	Public Library	Grand Total
<i>Residential - Fee Per Dwelling Unit</i>										
Single Family	\$ 597	\$ 634	\$ 5,481	\$ 1,051	\$ 334	\$ 241	\$ 4,363	\$ 764	\$ 388	\$ 13,853
Multifamily	417	444	3,809	730	304	168	3,049	533	270	9,724
<i>Equivalent Fee per Square Foot</i>										
Single Family	\$ 0.23	\$ 0.25	\$ 2.15	\$ 0.41	\$ 0.13	\$ 0.09	\$ 1.71	\$ 0.30	\$ 0.15	\$ 5.42
Multifamily	0.35	0.37	3.18	0.61	0.25	0.14	2.55	0.44	0.23	8.12
<i>Nonresidential - Fee per 1,000 Square Feet</i>										
Commercial	\$ 130	\$ 307	\$ 9,089	\$ 1,742	\$ 173	\$ 51	\$ -	\$ -	\$ -	\$ 11,492
Office	168	401	6,932	1,329	90	67	-	-	-	8,987
Industrial	62	149	991	190	217	24	-	-	-	1,633
<i>Equivalent Fee per Square Foot</i>										
Commercial	\$ 0.13	\$ 0.31	\$ 9.09	\$ 1.74	\$ 0.17	\$ 0.05	\$ -	\$ -	\$ -	\$ 11.49
Office	0.17	0.40	6.93	1.33	0.09	0.07	-	-	-	8.99
Industrial	0.06	0.15	0.99	0.19	0.22	0.02	-	-	-	1.63

Table E.1: Maximum Justified Impact Facilities Fee Summary 2024 Proposed Fee Schedule

Land Use	Law Enforcement	Fire Protection	Streets, Minor Bridges & Culverts	Traffic Signals	Storm Drainage	General Facilities	Parkland Facilities	Community Centers	Public Library	Total
<i>Residential - Fee per Square Foot</i>										
Single Family	\$ 0.40	\$ 0.28	\$ 2.38	\$ 0.35	\$ 0.15	\$ 0.45	\$ 4.89	\$ 0.12	\$ 0.17	\$ 9.19
Multifamily	0.54	0.38	3.63	0.54	0.29	0.61	6.65	0.16	0.23	13.03
<i>Nonresidential - Fee per Square Foot</i>										
Commercial	\$ 1.20	\$ 1.85	\$ 8.82	\$ 1.30	\$ 0.20	\$ 0.21	\$ -	\$ -	\$ -	\$ 13.58
Office	1.93	2.98	7.69	1.13	0.10	0.34	-	-	-	14.18
Industrial	0.64	0.99	2.51	0.37	0.25	0.11	-	-	-	4.87

Current vs Proposed Fees

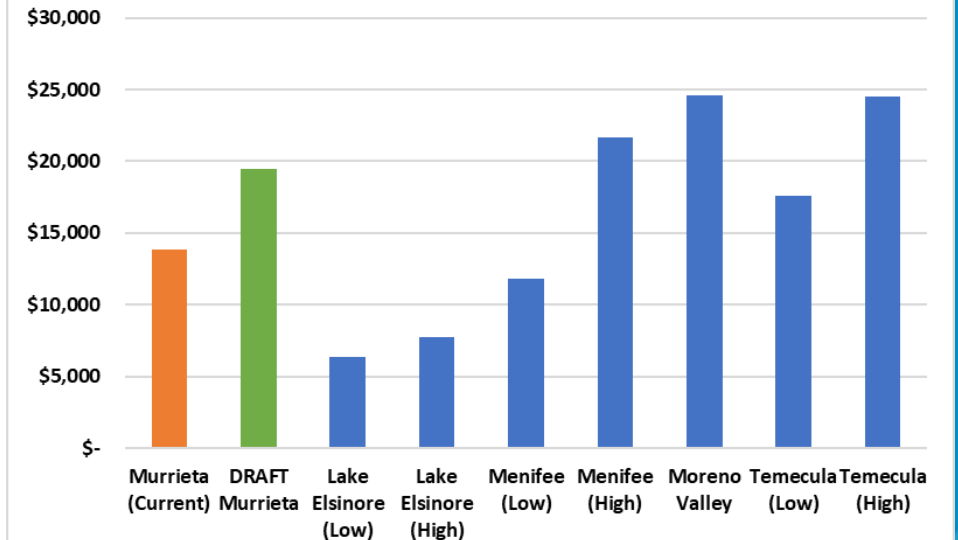
Proposed Fees vs Local Jurisdictions

Single Family

Single Family Residential - 2,555 Square Feet

Fee Category	Murrieta (Current)	DRAFT Murrieta	Lake Elsinore (Low)	Lake Elsinore (High)	Menifee (Low)	Menifee (High)	Moreno Valley	Temecula (Low)	Temecula (High)
City Hall & Public Works		-	809	809	-	-	450	-	-
Community Rec Center	764	307	545	545	-	-	753	-	-
Developer Impact Fees	-	-	-	-	-	-	-	12,628	12,628
Fire Facilities	634	715	751	751	647	647	1,314	-	-
General Government	241	1,150	-	-	1,176	1,176	-	-	-
Lakeside Facilities	-	-	779	779	-	-	-	-	-
Library	388	434	150	150	-	-	569	-	-
Maintenance Equipment	-	-	-	-	-	-	240	-	-
Parks	4,363	8,457	1,600	1,600	1,723	1,723	5,867	4,627	4,627
Police	597	1,022	-	-	925	925	910	-	-
Public Art	-	-	-	-	-	-	4,233	323	323
Railroad Canyon Road Fee	-	-	-	505	-	-	-	-	-
Storm Drain	334	383	-	868	139	9,995	-	-	-
Streets, Minor Bridges & Culverts	5481	6,081	-	-	-	-	5,674	-	-
Traffic Signals and Controllers	1051	894	-	-	-	-	748	-	-
Transportation/Traffic/Interchange	-	-	1,369	1,369	7,097	7,097	2,584	-	-
Workforce Development	-	-	-	-	-	-	332	-	-
Uptown Temecula New Streets	-	-	-	-	-	-	-	-	6,923
Total	\$ 13,853	\$ 19,444	\$ 6,351	\$ 7,723	\$ 11,801	\$ 21,657	\$ 24,567	\$ 17,578	\$ 24,501

Single Family Residential - 2,555 Sq. Ft.

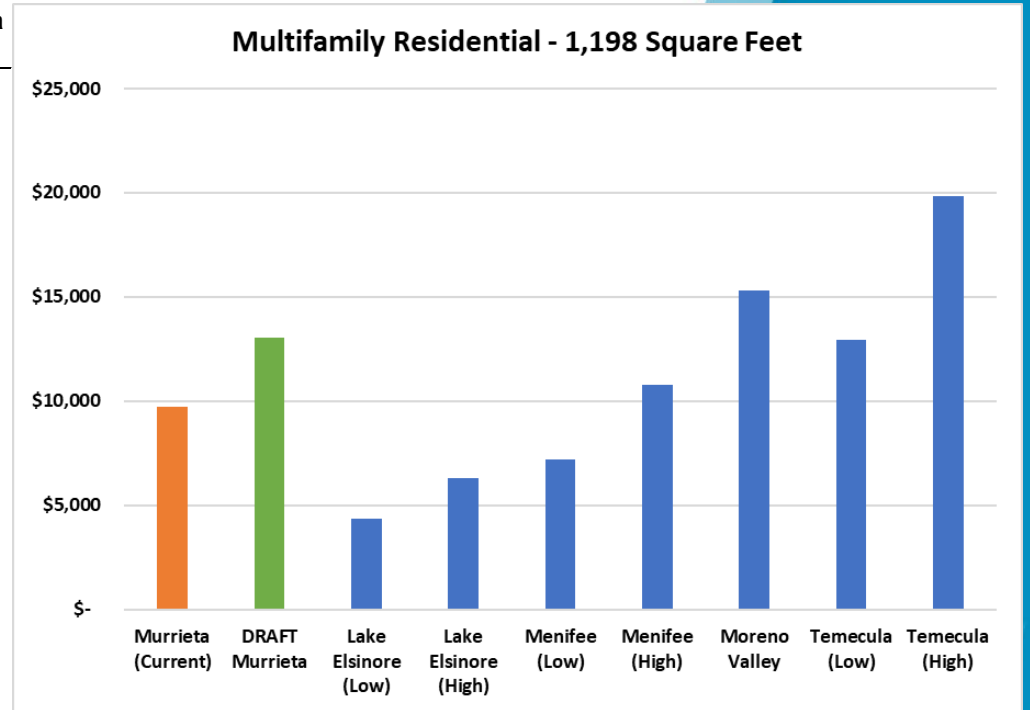


Proposed Fees vs Local Jurisdictions

Multifamily

Multifamily Residential - 1,198 Square Feet

Fee Category	Murrieta (Current)	DRAFT Murrieta	Lake Elsinore (Low)	Lake Elsinore (High)	Menifee (Low)	Menifee (High)	Moreno Valley	Temecula (Low)	Temecula (High)
Animal Shelter	\$ -	\$ -	\$ 174	\$ 299	\$ 74	\$ 74	\$ 49	\$ -	\$ -
City Hall & Public Works	-	-	404	696	-	-	245	-	-
Community Rec Center	533	192	272	469	-	-	478	-	-
Corporate Yard	-	-	-	-	-	-	397	-	-
Developer Impact Fees	-	-	-	-	-	-	-	9,041	9,041
Fire Facilities	444	455	612	612	506	506	611	-	-
General Government	168	731	-	-	920	920	-	-	-
Lakeside Facilities	-	-	389	671	-	-	-	-	-
Library	270	276	150	150	-	-	406	-	-
Maintenance Equipment	-	-	-	-	-	-	117	-	-
Parks	3,049	5,391	1,400	1,500	1,348	1,348	4,100	3,805	3,805
Police	417	647	-	-	724	724	503	-	-
Public Art	-	-	-	-	-	-	1,849	85	85
Railroad Canyon Road Fee	-	-	-	353	-	-	-	-	-
Storm Drain	304	347	-	607	50	3,621	-	-	-
Streets, Minor Bridges & Culverts	3,809	4,349	-	-	-	-	4,043	-	-
Traffic Signals and Controllers	730	647	-	-	-	-	534	-	-
Transportation/Traffic/Interchange	-	-	959	959	3,585	3,585	1,841	-	-
Workforce Development	-	-	-	-	-	-	156	-	-
Uptown Temecula New Streets	-	-	-	-	-	-	-	-	6,923
Total	\$ 9,724	\$ 13,034	\$ 4,360	\$ 6,316	\$ 7,207	\$ 10,778	\$ 15,326	\$ 12,931	\$ 19,854

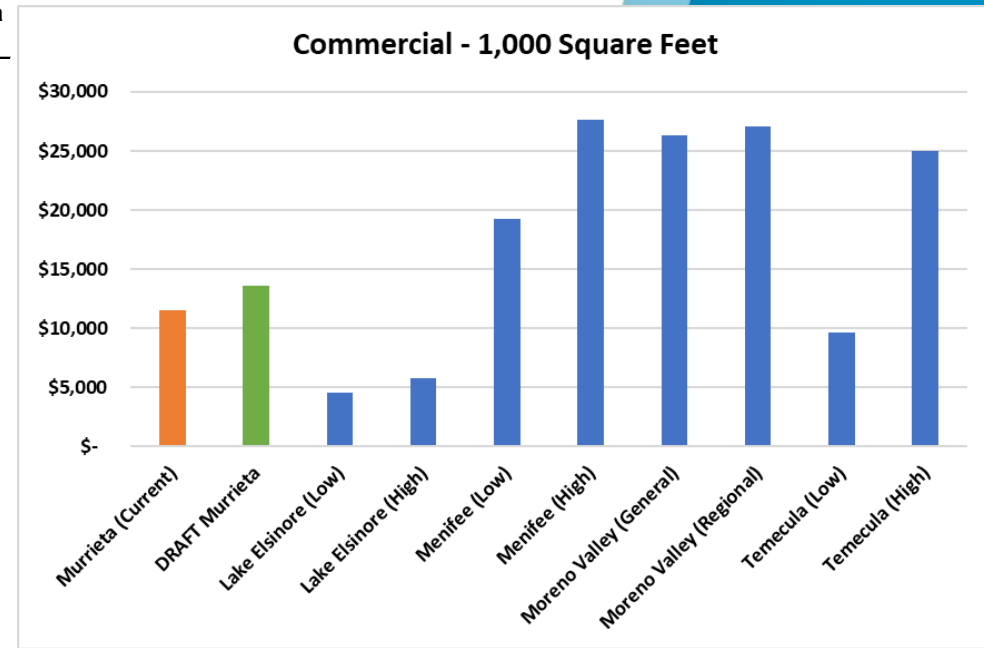


Proposed Fees vs Local Jurisdictions

Commercial

Commercial - 1,000 Square Feet

Fee Category	Murrieta (Current)	DRAFT Murrieta	Lake Elsinore (Low)	Lake Elsinore (High)	Menifee (Low)	Menifee (High)	Moreno Valley (General)	Moreno Valley (Regional)	Temecula (Low)	Temecula (High)
City Hall & Public Works	-	-	108	108	-	-	101	101	-	-
Community Rec Center	-	-	-	-	-	-	16	16	-	-
Corporate Yard	-	-	-	-	-	-	170	170	-	-
Developer Impact Fees	-	-	-	-	-	-	-	-	9,540	13,740
Fire Facilities	307	1,850	489	489	850	850	502	502	-	-
General Government	51	210	-	-	680	680	-	-	-	-
Library	-	-	-	-	-	-	21	21	-	-
Maintenance Equipment	-	-	-	-	-	-	51	51	-	-
Parks	-	-	100	100	-	-	318	318	-	-
Police	130	1,200	-	-	470	470	1,032	1,032	-	-
Public Art	-	-	-	-	-	-	1,849	1,849	85	85
Railroad Canyon Road Fee	-	-	-	454	-	-	-	-	-	-
Storm Drain	173	200	-	781	-	8,360	-	-	-	-
Streets, Minor Bridges & Culverts	9,089	8,820	-	-	-	-	11,650	12,592	-	-
Traffic Signals and Controllers	1,742	1,300	-	-	-	-	1,337	1,262	-	-
Transportation/Traffic/Interchange	-	-	3,840	3,840	17,290	17,290	9,008	8,938	-	-
Workforce Development	-	-	-	-	-	-	230	230	-	-
Uptown Temecula New Streets	-	-	-	-	-	-	-	-	-	11,180
Total	\$ 11,492	\$ 13,580	\$ 4,537	\$ 5,772	\$19,290	\$27,650	\$ 26,284	\$ 27,080	\$ 9,625	\$ 25,005

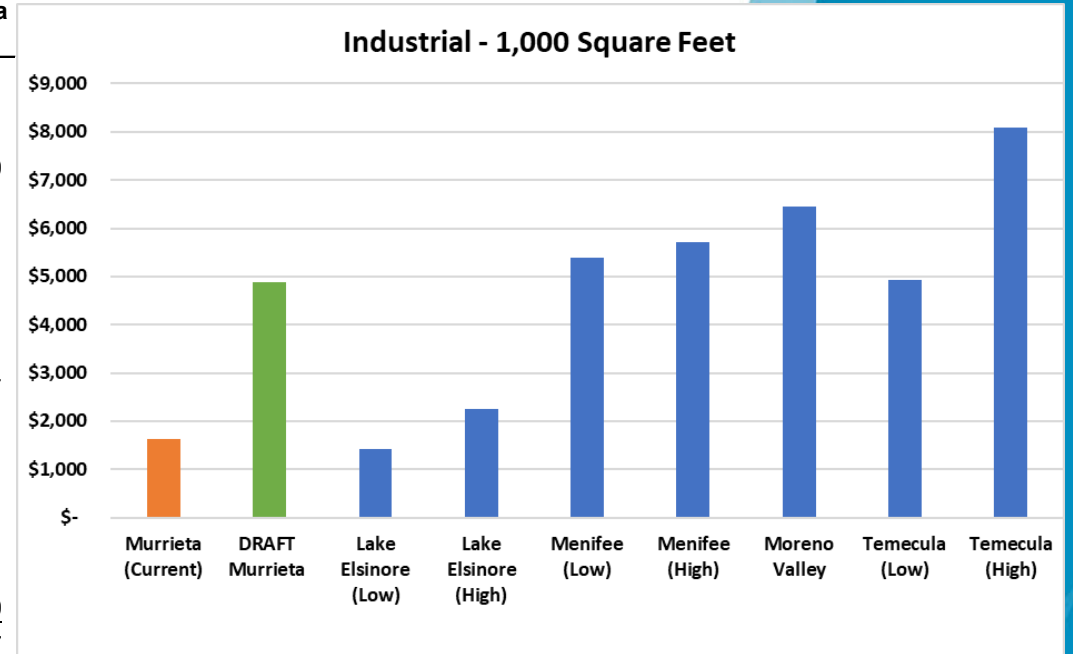


Proposed Fees vs Local Jurisdictions

Industrial

Industrial - 1,000 Square Feet

Fee Category	Murrieta (Current)	DRAFT Murrieta	Lake Elsinore (Low)	Lake Elsinore (High)	Menifee (Low)	Menifee (High)	Moreno Valley	Temecula (Low)	Temecula (High)
City Hall & Public Works	-	-	360	360	-	-	57	-	-
Community Rec Center	-	-	-	-	-	-	8	-	-
Corporate Yard	-	-	-	-	-	-	83	-	-
Developer Impact Fees	-	-	-	-	-	-	-	4,910	4,910
Fire Facilities	149	990	159	159	320	320	271	-	-
General Government	24	110	-	-	250	250	-	-	-
Library	-	-	-	-	-	-	10	-	-
Maintenance Equipment	-	-	-	-	-	-	24	-	-
Parks	-	-	100	100	-	-	155	-	-
Police	62	640	-	-	170	170	104	-	-
Public Art	-	-	-	-	-	-	1,174	17	17
Railroad Canyon Road Fee	-	-	-	303	-	-	-	-	-
Storm Drain	217	250	-	521	-	310	-	-	-
Streets, Minor Bridges & Culverts	991	2,510	-	-	-	-	2,720	-	-
Traffic Signals and Controllers	190	370	-	-	-	-	341	-	-
Transportation/Traffic/Interchange	-	-	810	810	4,660	4,660	1,392	-	-
Workforce Development	-	-	-	-	-	-	110	-	-
Uptown Temecula New Streets	-	-	-	-	-	-	-	-	3,150
Total	\$ 1,633	\$ 4,870	\$ 1,429	\$ 2,252	\$ 5,400	\$ 5,710	\$ 6,448	\$ 4,927	\$ 8,077

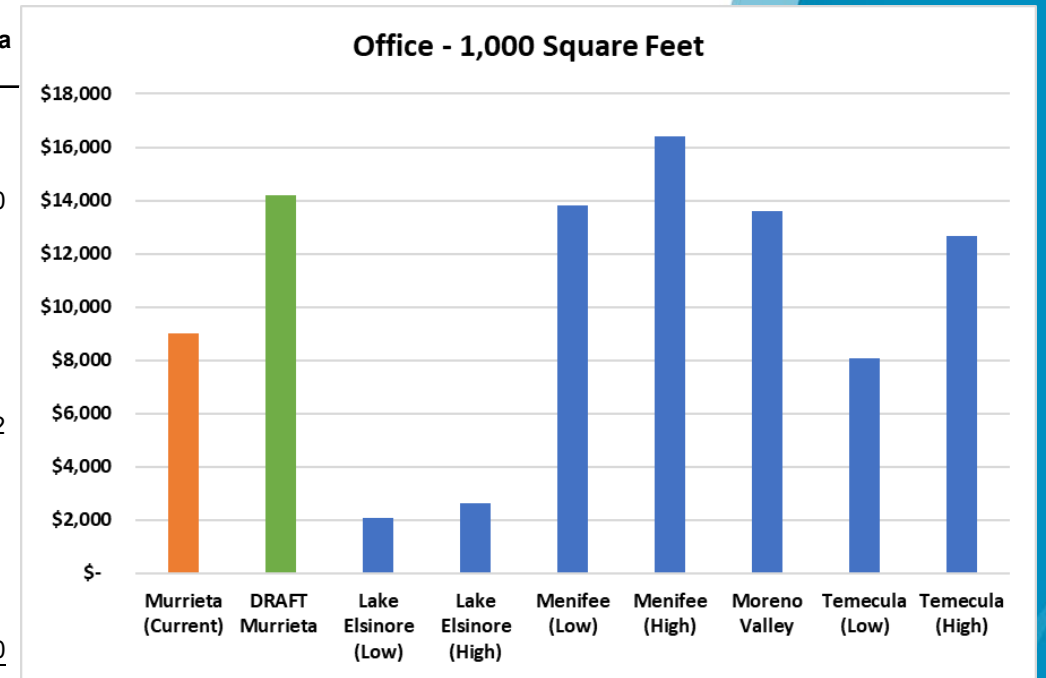


Proposed Fees vs Local Jurisdictions

Office

Office - 1,000 Square Feet

Fee Category	Murrieta (Current)	DRAFT Murrieta	Lake Elsinore (Low)	Lake Elsinore (High)	Menifee (Low)	Menifee (High)	Moreno Valley	Temecula (Low)	Temecula (High)
City Hall & Public Works	-	-	180	180	-	-	112	-	-
Community Rec Center	-	-	-	-	-	-	21	-	-
Corporate Yard	-	-	-	-	-	-	214	-	-
Developer Impact Fees	-	-	-	-	-	-	-	7,920	7,920
Fire Facilities	401	2,980	337	337	2,360	2,360	550	-	-
General Government	67	340	-	-	1,870	1,870	-	-	-
Library	-	-	-	-	-	-	28	-	-
Maintenance Equipment	-	-	-	-	-	-	63	-	-
Parks	-	-	100	100	-	-	416	-	-
Police	168	1,930	-	-	1,320	1,320	281	-	-
Public Art	-	-	-	-	-	-	2,419	142	142
Railroad Canyon Road Fee	-	-	-	202	-	-	-	-	-
Storm Drain	90	104	-	347	-	2,610	-	-	-
Streets, Minor Bridges & Culverts	6,932	7,690	-	-	-	-	5,582	-	-
Traffic Signals and Controllers	1,329	1,130	-	-	-	-	744	-	-
Transportation/Traffic/Interchange	-	-	1,450	1,450	8,240	8,240	2,866	-	-
Workforce Development	-	-	-	-	-	-	300	-	-
Uptown Temecula New Streets	-	-	-	-	-	-	-	-	4,580
Total	\$ 8,987	\$ 14,174	\$ 2,067	\$ 2,616	\$13,790	\$ 16,400	\$13,593	\$ 8,062	\$ 12,642



Implementation Scenarios

Multiple Year Phasing

Potential Phasing Plans Increases Per Year

<u>Type</u>	<u>SQ FT</u>	<u>Current DIF Fees</u>	<u>5-Year</u>	<u>4-Year</u>	<u>3-Year</u>	<u>Proposed Fee</u>
Commercial	9,900	\$ 113,751				\$ 134,442
Industrial	136,837	\$ 223,044	<u>\$ 89,218</u>	<u>\$ 110,838</u>	<u>\$ 147,784</u>	\$ 669,133
Single Family	2,500	\$ 13,853				\$ 19,025
Multi Family	1,450	\$ 9,724				\$ 15,776
Office	60,674	\$ 545,459	<u>\$ 62,858</u>	<u>\$ 78,573</u>	<u>\$ 104,764</u>	\$ 859,751

Implementation Scenarios

Employee Incentive Program – Industrial & Office

Option 1

- Defer DIF until occupancy issuance
- Discount based on number of jobs generated
- Each employee \$1k reduction in DIF

Option 2

- DIF reduction during permit process
- Discount based on estimated range number of jobs
- Range of jobs:
 - 0-10 Jobs = \$25K credit
 - 11-25 Jobs = \$50K credit

Implementation Scenarios

Incentive Programs

Examples:

Stanislaus County – Industrial Incentive Program: minimum square footage of 150K, additional size discount, percentage discount, and point generated system.

City of Chowchilla – Business Incentive Program: Retail and Commercial waive of sewer DIF, DIF deferred until certificate of occupancy is issued, waiver of building permit fees, and certain zones waiver of all DIF.

City of San Diego – Fee Payment Incentive Program: Based on full-time jobs created, sales tax revenue generated, and/or capital investment, reimbursements up to \$10,000 can be issued.



Public Hearing for adoption on March 19, 2024