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November 9, 2022

SUBJECT: REVISION TO DRAFT IMPACT FEE REPORT DATED AUGUST 2022

The Matrix Consulting Group issued a draft impact fee report in August 2022 for the Development Impact Fee Study. This report was published and publicly distributed to City Council and the Development Community. The project team then worked with the City of Menifee staff to ensure that any questions from the draft report were addressed. In October and November 2022, the project team and City staff met with the BIA and development community to review and address these questions.

In the November 2022 meeting it was identified that the current methodology for Police services provided a perception of over-burdening new development. While the proposed methodology meets the nexus requirement, the project team and City staff reviewed the current and previous assumptions. Based upon that review it was determined that since the previous nexus analysis did not take into account any police equipment, there was the potential of new development to subsidize existing development. Therefore, to ensure the most defensible nexus it was determined that the methodology should be altered.

The project team issued a revised final report on November 9, 2022. This revised report incorporates an update to the methodology only for the Police Impact Fees. This methodology resulted in two changes:

1. **Proportion of Calls for Service between Residents & Commercial:** The August Draft Report utilized CY 2021 (Jan-November) calls for service numbers. The project team obtained full CY 2021 information and also CY 2022 YTD (Jan-Oct) calls for service information. This shifted the percentage from 21% to commercial to 22% to commercial.
2. **Proportion to be Borne by New Development:** Based upon the revised methodology, the project team took the expected growth in the service population and divided it by the overall projected population. This reduced the proportion to be borne by new development from 41% to 27%.

These two changes resulted in changing the impact fees for the Police Department for residential and non-residential categories. The following table shows the August 2022 fee and the November 2022 fee:

Table 1: Police Impact Fee

Category	August 2022 Fee	November 2022 Fee
Residential (per dwelling unit)		
Single-Family	\$1,390	\$925
Multi-Family	\$1,088	\$724
Commercial / Non-Residential (per square foot)		
Commercial / Retail	\$0.68	\$0.47
Office	\$1.86	\$1.32
Industrial	\$0.25	\$0.17

As the table indicates, the November 2022 fee shows a significant reduction. This reduction is due to the change of new development being responsible from 41% to 27%. To ensure that there was no potential for future confusion, the project team has updated the City's final nexus document to more cohesively capture this change. This memo was developed as a supplement to help explain the need for the revised Final Report for the Impact Fee Nexus Analysis.