

RESOLUTION NO. 22-_____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENIFEE,
CALIFORNIA, ADOPTING THE DEVELOPMENT IMPACT FEE
CALCULATION AND NEXUS STUDY REPORT FOR THE CITY OF
MENIFEE, AND ESTABLISHING NEW AND REVISED
DEVELOPMENT IMPACT FEES FOR DEVELOPMENT WITHIN THE
CITY**

WHEREAS, Government Code Sections 66000 et seq. (also known as the “Mitigation Fee Act”) authorizes the legislative body of a city to impose impact fees on development projects for the purpose of defraying all or a portion of the cost of public facilities related to the development project; and

WHEREAS, several policies within the City’s General Plan require that new development mitigate its share of the impacts to the natural and built environments and be fiscally neutral so as to not result in a net economic loss for the City; and

WHEREAS, such General Plan policies include the maintenance of existing quality of life, maintenance of existing service levels and funding of new facilities, the requirement of new development to mitigate a fair share of its impacts, and calling for the use of impact fees to fund needed improvements to serve new development, among other policies; and

WHEREAS, in accordance with those policies, the City adopted an ordinance of the Municipal Code, in accordance with the provisions of Government Code sections 66000 et seq. (the “Mitigation Fee Act”), establishing Development Impact Fees (“DIF”); and

WHEREAS, the City Council finds that Menifee is a rapidly growing city. The City’s populations has potential growth from a current population of about 103,000 to approximately 147,000 at build out. This increase in population is reasonably expected to create a substantial increase in demand placed upon public facilities; and

WHEREAS, the City’s existing public facilities will soon become inadequate to handle the projected population growth at existing levels of service. In order to serve the projected population growth, the City Council finds that public facilities must be expanded; and

WHEREAS, Matrix Consulting Group Inc., was selected to perform a Development Impact Fee Nexus Study (“Nexus Study”) needed to support future development in the City through 2045 that provides an evaluation of existing development impact fees, recommends an increase and change in methodology in certain development impact fees, the creation of new impact fees and establishes the nexus between the imposition of such impact fees and the estimated reasonable cost of providing the service for which the fees are charged; and

WHEREAS, the Nexus Study makes all findings required by the Mitigation Fee Act, and substantiates the need for a modification to existing fees to change certain methodology as well as creation of new impact fees; and

WHEREAS, it is the City's intent that the costs representing future development's share of public facilities and improvements and to develop a new DIF schedule. The relevant infrastructure and improvements for which fees will be collected are divided into the fee categories listed below:

- Animal Shelter
- General Government
- Fire
- Law Enforcement
- Parks
- Transportation
- Storm Drainage

WHEREAS, the City Council had determined that these fees should be established to provide for the City's future provisions of public facilities and essential services, at least partially allocable to new development within the City; and

WHEREAS, the relationship between the use of the fees and the type of development is that the fees will be used to acquire and construct new public facilities to meet the demands of new development; and

WHEREAS, the relationship between the need for the public facilities and the DIF is that each new development project will generate demands on public facilities and essential services and the associated new facilities are needed to provide those services; and

WHEREAS, the relationship between the amount of the fee and the cost of the portion of facilities attributed to new development is that the amount of fee collected is directly attributable to the projected number of residents, employees, or individuals to be served by any new development project; and

WHEREAS, the fees are derived from, are based upon, and do not exceed the costs of the public facilities necessitated by new development for which the fees are imposed; and

WHEREAS, the fees shall be imposed as a condition of development at building permit issuance and shall be collected by the City consistent with the City's Municipal Code, unless payment at a different time is mandated or authorized by Government Code section 66007; and

WHEREAS, notice of a public hearing before the City Council of the City of Menifee concerning a proposed increase of the Development Impact Fees was given, and on November 2, 2022 a duly noticed public hearing regarding the new Development Impact Fee schedule was held by the City Council of the City of Menifee; and

WHEREAS, the public hearing was formally continued to a date certain of November 16, 2022, to allow for further stakeholder input; and

WHEREAS, the City Council has considered the information and public testimony presented in the public hearing and in the proposed documents and staff report, all of which are included in the public record and incorporated herein by reference.

NOW, THEREFORE BE IT RESOLVED, that the City Council of the City of Menifee, California as follows:

Section 1. The foregoing recitals are true and correct, and incorporated herein by this reference.

Section 2. Findings pursuant to Government Code section 66001. The City Council finds and determines that the Nexus Study (attached hereto as Exhibit A and incorporated herein by reference) complies with California Government Code section 66001, and as to each of the proposed fees to be

imposed on new development. The City Council also makes the following findings consistent with the requirements of the Mitigation Fee Act:

- A. Purpose of the Fee. The primary policy objective of a public facilities fee program is to ensure that new development pays the capital costs associated with growth. The DIF Program is designed to support and fund improvements to public facilities and the purchase of equipment related to the provision of essential services based on the demands created by new growth and development. The proposed fees will enable the City to expand its inventory of public facilities as new development leads to increases in service demands. This report supports the General Plan. Menifee's forecast to significant growth through this study's planning horizon of 2045. This growth will create an increase in demand for public services and the facilities required to deliver them. The fees advance a legitimate City interest by enabling the City to provide public facilities to new development. By collecting the fees, the City can provide sufficient facilities and services truly consistent with the anticipated population.
- B. Use of the Fee. The proceeds from the fees will be used to fund expanded facilities to serve new development. Facilities funded by these fees are designated to be located within the City's sphere of influence. Fees addressed in this report have been identified by the City to be restricted to funding the following facility categories: police facilities, fire facilities, circulation facilities, storm drainage facilities, animal shelter facilities, general government facilities, and parks. New developments result in increased demands on the City's facilities. Any fees collected are not used to overcome past deficiencies, but rather are used for additional facilities and services necessary to meet projected future need from new development.
- C. Relationship Between the Fee's Use and the Type of Development Project on Which the Fee is Imposed. The City will restrict fee revenue to the acquisition of land, construction of facilities and buildings, and purchase of related equipment, furnishings, vehicles, and services used to serve new development. Facilities funded by the fees are expected to provide a citywide network of facilities accessible to the additional residents and workers associated with new development. Under the Mitigation Fee Act, fees are not intended to fund planned facilities needed to correct existing deficiencies. Thus, a reasonable relationship can be shown between the use of fee revenue and the new development classifications that will pay the fees.
- D. Relationship Between the Need for the Facility and the Type of Project. Facility need is based on a facility standard that represents the demand generated by new development for those facilities. For each facility category, demand is measured by a single facility standard that can be applied across land use types to ensure a reasonable relationship to the type of development. For most facility categories service population standards are calculated based upon the number of residents associated with residential development and the number of workers associated with non-residential development. To calculate a single, per capita standard, one worker is weighted less than one resident based on an analysis of the relative use demand between residential and non-residential development. The standards used to identify growth needs are also used to determine if planned facilities will partially serve the existing service population by correcting existing deficiencies. This approach ensures that new development will only be responsible for its fair share of planned facilities, and that the fees will not unfairly burden new development with the cost of facilities associated with serving the existing service population.

- E. *Relationship Between the Amount of the Fee and the Cost of the Facility or Portion of the Facility Attributed to the Project.* All fees are calculated based on dwelling units or building square feet. Occupant density assumptions ensure a reasonable relationship between the size of a development project, the increase in service population associated with the project, and the amount of the fee. The reasonable relationship between each facilities fee for a specific new development project and the cost of the facilities attributable to that project is based on the estimated new development growth the project will accommodate. Fees for a specific project are based on the project's size. Larger new development projects can result in a higher service population resulting in higher fee revenue than smaller projects in the same land use classification. Thus, the fees ensure a reasonable relationship between a specific new development project and the cost of the facilities attributable to that project.

Section 3. The Council further determines that the Nexus Study complies with AB 602 and required findings to use residential densities are included on pages 15 and 16 of the Nexus Study.

Section 4. The maximum justifiable fees required per Chapter 8.02 of the Menifee Municipal Code establishing DIF to be paid as a condition of development, for each category shall be as follows:

Development Impact Fees Schedule

Land Use	Animal Shelter	General Govt.	Fire	Law Enf.	Parks & Rec	Transportation Impact Fees	Total Maximum Fee, Excluding Storm Drain
Residential Fee Per Dwelling Unit							
Single Family Unit	\$ 94	\$ 1,176	\$ 647	\$ 925	\$ 1,723	\$ 7,097	\$ 11,662
Multi-Family Unit	\$ 74	\$ 920	\$ 506	\$ 724	\$ 1,348	\$ 3,585	\$ 7,157
Nonresidential Fee Per Sq. Ft.							
Commercial / Retail	\$ -	\$ 0.68	\$ 0.85	\$ 0.47	\$ -	\$ 17.29	\$ 19.29
Commercial / Service / Office	\$ -	\$ 1.87	\$ 2.36	\$ 1.32	\$ -	\$ 8.24	\$ 13.79
Industrial / Business Park	\$ -	\$ 0.25	\$ 0.32	\$ 0.17	\$ -	\$ 4.66	\$ 5.40

Storm Drain Impact Fee	A_A	A_B	A_C	B_A	B_B	F_A	F_C	F_E
Residential Fee Per Dwelling Unit								
Single Family Unit	\$ 9,995	\$ 260	\$ 4,694	\$ 658	\$ 1,906	\$ 139	\$ 2,029	\$ 474
Multi-Family Unit	\$ 3,621	\$ 95	\$ 1,700	\$ 238	\$ 691	\$ 50	\$ 735	\$ 172
Nonresidential Fee Per Sq. Ft.								
Commercial / Retail	\$ 8.36	\$ 0.22	\$ 3.93	\$ 0.56	\$ -	\$ 0.11	\$ -	\$ 0.40
Commercial / Service / Office	\$ -	\$ 0.14	\$ 2.61	\$ 0.37	\$ -	\$ 0.08	\$ -	\$ 0.27
Industrial	\$ -	\$ -	\$ -	\$ 0.31	\$ -	\$ -	\$ -	\$ -

Phased-In Approach

Phased-In DIF Fees (Per Sq. Ft.)		Current	Year 1	Year 2	Year 3	Year 4	Year 5	Difference between the Current Fee and New Fee (J)
		FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	
Cumulative % Increase (Column J)			5%	25%	50%	75%	100%	
General Government	Commercial / Retail	\$ 0.28	\$ 0.30	\$ 0.38	\$ 0.48	\$ 0.58	\$ 0.68	\$ 0.40
	Commercial / Service / Office	\$ 0.37	\$ 0.45	\$ 0.75	\$ 1.12	\$ 1.50	\$ 1.87	\$ 1.50
Fire	Commercial / Retail	\$ 0.46	\$ 0.48	\$ 0.56	\$ 0.66	\$ 0.75	\$ 0.85	\$ 0.39
	Commercial / Service / Office	\$ 0.61	\$ 0.70	\$ 1.05	\$ 1.49	\$ 1.92	\$ 2.36	\$ 1.75
Law Enforcement	Commercial / Retail	\$ 0.06	\$ 0.08	\$ 0.16	\$ 0.27	\$ 0.37	\$ 0.47	\$ 0.41
	Commercial / Service / Office	\$ 0.08	\$ 0.14	\$ 0.39	\$ 0.70	\$ 1.01	\$ 1.32	\$ 1.24
Transportation Impact Fees	Commercial / Retail	\$ 8.38	\$ 8.83	\$ 10.61	\$ 12.84	\$ 15.06	\$ 17.29	\$ 8.91
	Commercial / Service / Office	\$ 6.44	\$ 6.53	\$ 6.89	\$ 7.34	\$ 7.79	\$ 8.24	\$ 1.80

Storm Drain Impact Fee Phased-In DIF Fees		Current	Year 1	Year 2	Year 3	Year 4	Year 5	Difference between the Current Fee and New Fee (J)
		FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	
Cumulative % Increase (Column J)			5%	25%	50%	75%	100%	
A_A	Commercial / Retail		\$ 0.42	\$ 2.09	\$ 4.18	\$ 6.27	\$ 8.36	\$ 8.36
A_B	Commercial / Retail		\$ 0.01	\$ 0.06	\$ 0.11	\$ 0.17	\$ 0.22	\$ 0.22
	Commercial / Service / Office		\$ 0.01	\$ 0.04	\$ 0.07	\$ 0.11	\$ 0.14	\$ 0.14
A_C	Commercial / Retail		\$ 0.20	\$ 0.98	\$ 1.97	\$ 2.95	\$ 3.93	\$ 3.93
	Commercial / Service / Office		\$ 0.13	\$ 0.65	\$ 1.31	\$ 1.96	\$ 2.61	\$ 2.61
B_C	Commercial / Retail		\$ 0.03	\$ 0.14	\$ 0.28	\$ 0.42	\$ 0.56	\$ 0.56
	Commercial / Service / Office		\$ 0.02	\$ 0.09	\$ 0.19	\$ 0.28	\$ 0.37	\$ 0.37
F_A	Commercial / Retail		\$ 0.01	\$ 0.03	\$ 0.06	\$ 0.08	\$ 0.11	\$ 0.11
	Commercial / Service / Office		\$ 0.00	\$ 0.02	\$ 0.04	\$ 0.06	\$ 0.08	\$ 0.08
F_E	Commercial / Retail		\$ 0.02	\$ 0.10	\$ 0.20	\$ 0.30	\$ 0.40	\$ 0.40
	Commercial / Service / Office		\$ 0.01	\$ 0.07	\$ 0.14	\$ 0.20	\$ 0.27	\$ 0.27

*** Maximum Fees beginning July 2024 will be subject to an annual CCI adjustment, including increases and decreases, but not less than 0% during the phase in period through FY 2027/28 ***

Section 5. The DIF shall be subject to an automatic annual adjustment, including increases and decreases, but not less than 0% during the phase in period through FY 2027/2028, on July 1 of each year with the first adjustment on July 1, 2024, based on Construction Cost Index (CCI), as of December of the preceding year. The City Manager is hereby authorized to implement the CCI adjustment each year without further action from City Council.

Section 6. CEQA. Pursuant to Section 15378(b)(4) of Title 14 of the California Code of Regulations, the Resolution is not considered a “project” under the requirements of the California Environmental Quality Act (CEQA) because it involves the “creation of government funding mechanism or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.” In addition, the adoption of the Resolution is exempt from CEQA because there is no possibility that the proposed resolution, as a textural change to the Municipal Code, may have a significant impact on the physical environment (CEQA Guidelines 15061) and per Section 15061(b)(3), because it can be seen with certainty to have no possibility of a significant effect upon the environment.

Section 7. All previous City Resolution inconsistent with the Resolution are repealed to the extent inconsistent herewith.

Section 8. The actions taken in this Resolution, which adopt an increase in fees or charges upon development projects, and which apply to the filing, accepting, enacted in accordance with the notice and public hearing procedures specified in Government Code sections 64986 and 66016, and shall,

exceeding the requirements of California Government Code Section 66017(a), become effective immediately but not implemented until July 1, 2023.

PASSED, APPROVED AND ADOPTED this 16th day of November 2022.

ATTEST:

APPROVED:

Kay Vinson, Acting City Clerk

Bill Zimmerman, Mayor

APPROVED AS TO FORM:

Jeffrey T. Melching, City Attorney