



November 2, 2022

Honorable Mayor and City Council
City of Menifee
29844 Haun Rd
Menifee, CA 92586

RE: City of Menifee DIF Study Review and Continuance Request

Dear Honorable City Mayor and City Council Members:

DPFG is submitting this letter on the behalf of the Riverside County Chapter of the Building Industry Association (BIA) regarding the proposed Development Impact Fee update. DPFG has been representing the BIA in reviewing the proposed Development Impact Fees and meeting with the city and their consultants. We have greatly appreciated the communication and collaboration between the BIA and the City of Menifee, and look forward to continuing this working relationship, but we still have concerns about some of the methodologies used in calculating these fees and believe this needs more time to be discussed and achieve an outcome agreeable to all involved.

On behalf of the Riverside County Chapter of the BIA, we respectfully request that you allow for a continuance regarding the Development Impact Fee update that is on the City Council agenda tonight. Attached to this letter are our comments and questions reflecting our remaining concerns regarding the methodology for this fee update. Please note the items in blue text in the attached are comments from the recent correspondence we received back from your consulting team as part of the on-going discussions.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Piller', is located below the 'Sincerely,' text.

Peter Piller
Managing Principal

cc: Cheryl Kitzerow, Community Development Director, City of Menifee
Lou Monville, Riverside County Chapter of the BIA

Allocation to New Development

- Looking at the Animal Shelter chapter, using the methodology in the study, the per capita cost for new development is 1.76x the amount of the per capita cost for existing development. The only infrastructure cost for the Animal Shelter Impact Fee is the debt service payment, which provides an equal level of benefit to existing and future residents.
 - Why then, is new development paying almost twice as much?
 - How can it be justified that new development will pay 1.76x the amount of existing development when they will be receiving an equal level of benefit.
 - Wouldn't this bond payment remain in place regardless of whether or not there is an increase in population?
- Looking at the Storm Drain chapter, the methodology of allocating costs to new development by using the existing EDUs as the denominator results in some sub-basins being allocated 100% of costs, as their growth rate was over 100%.
 - This alone serves as an indication of the flaws in using this method of allocating costs to new development, as it insinuates that the facilities required for existing residents are fully built out, and if there were to be no additional EDUs in that Sub_Basin, there would be no need for further infrastructure.
 - Further, looking at Sub_Basin A_A at buildout, new development will represent approximately 24% of all EDUs in A_A (348 / 1453). Why then, would the per capita cost for new development be 1.5x more than the per capita cost for existing development, and why are they bearing 32% of total costs?
- “Transportation is the exception, as the projects determined by transportation, included projects from the previous analysis, as such it was important that when looking at transportation, the project team took the proportion of new development out of the total potential trips that could be generated, as projects were not based solely upon the needs of new development starting from 2020 onward.”
 - The chapters for General Government, Fire, and Police all have costs for existing and planned facilities. As these existing facilities are not solely based upon the needs of new development starting from 2020 onward, shouldn't the allocation be calculated in the same way?
 - Further, in addition to Transportation, it appears that the Parks & Recreation chapter might include projects from the previous analysis.

Residential Service Population Weighting (General Government, Fire, Police)

- It was stated that it is a standard approach that residents are weighted at 100% or at a 1, not because they spend 100% of their time within the City, but because they are the primary beneficiaries of the infrastructure that is being installed by the DIF.
 - Even if this doesn't mean they are spending 100% of their time in the City, because the non-residential weighting factor is used to represent a proportionate impact to the residential weighting (based on 40 hours divided by 168 hours in a week), doesn't this naturally insinuate the residential weighting is $168/168 = 1$?

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- To accurately reflect the time spent outside of the City for residents should this be reduced to 163/163? The non-residential weighting calculation will then be 40 hours /163.

General Government

- “The 40 hour per work week is a standard methodology for weighting non-residential or employment uses for general government. The reason this is utilized as depending upon the employment industry there are a variety of average hours per week that an employee may spend within a City. Rather than developing individual estimates based upon each industry type, a standardized approach of 40 hours is used. The reason that commute hours or shopping / dining time is not factored in is that the 40 hours is more used to generate the proportionality of the impact. The concept is that because a non-resident (employee) is within a city less than a resident there is less of an impact associated with infrastructure.”
 - Most employees, regardless of industry, are not working only between the hours of 9am – 5pm. Should the standardized approach be 45 hours?
 - The proportionality of the impact is calculated as 40/168. This seems to understate the proportion of an employee’s hours in the City in relation to a residents, as it was already agreed upon that a resident is not in the City 168 hours a week.

Fire

- Non-residential weighting factor of 0.42 seems far lower than factors we have seen in other Cities and is also much lower than the factor of 0.84 that was in the 2017 DIF study.
 - Two of the three years used for the calls for service data were years during COVID-19. While the use of a single year of data can skew results, the use of 2 years of data during a time that could be considered an anomaly also can skew results.
 - Wouldn’t it be more representative of true proportions to use an average of data from the 5 years prior to COVID-19?
 - Not only is this a very large difference from the 2017 study, but this also seems inconsistent considering the employee density per 1,000 sq. ft. assumption increased by more than an insignificant amount for each category since the 2017 study.
 - “To calculate service population for fire protection facilities, residents are weighted at 1.00. A worker is weighted at 0.69 of one resident to reflect the lower per capita need for fire services associated with businesses. The specific 0.69 per worker weighting used here is derived from an extensive study carried out by planning staff in the City of Phoenix. Data from that study is used to calculate a per capita factor that is independent of land use patterns. It is reasonable to assume that relative demand for fire service between residents and workers does not vary substantially on a per capita basis across communities, enabling the use of this data in other communities in the documentation of a fire facilities impact fee.” This value has been used in multiple Impact Fee studies.

Police

- Non-residential weighting factor of 0.21 was calculated based on calls for service from January 2021 to November 2021. Is this data impacted by COVID-19?

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- As discussed in the City's responses, the use of a single year of data can skew results. Is this truly a justifiable point of data?
 - Aside from the cost for the Police EOC/Facility, the largest component of the Police Equipment Costs is the Patrol Tahoes. "The need for 30 additional Tahoes is not to replace the existing fleet, but that 30 additional Tahoes are needed for the increased staffing that would be required of the Police Department by 2045 to meet the population growth demand."
 - There are 30 existing Tahoes for the existing service population of 117,817, but there are 30 planned Tahoes for the future service population of 44,355. Either new development is paying for a shortfall in Tahoes needed for the existing service population, or they are being required to pay for a higher level of service than existing residents are receiving.
 - There is \$595,332 of existing fleet equipment for an existing service population of 117,817 and \$732,784 of planned fleet equipment for a future service population of 44,355. How can new development ensure they aren't paying for existing shortfalls, when their per capita cost of service is significantly higher?
 - "Additionally, the previous study did incorporate in-house infrastructure, but only did so based upon a police facility, and no police equipment; therefore, the previous analysis did not sufficiently factor in the true infrastructure needs."
 - Would this not be an example of an existing shortfall that new development is now being required to help pay for? If the previous study didn't sufficiently factor in the true infrastructure needs, how is that fair that new development is allocated those costs and becomes responsible for making up that gap?
 - Additionally, the inclusion of both existing and planned facilities supports the need to allocate costs to new development using total buildout service population, as some of these facility and equipment costs are from the previous analysis and will benefit both existing and future service populations.