

City of Richmond

Development Impact Fee Update Study

March, 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 creates need for facilities
 - **Benefit:** Development use of revenue
 - **Rough Proportionality:** Fee amount development's share of facility costs
- Other findings
 - Purpose of fee
 - Use of fee revenue



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

- Sewer Facilities
- Parks
- Community / Aquatic Center
- Police Facilities
- Fire Protection Facilities
- Library Facilities
- Storm Drains

**Note that Richmond Traffic Impact Fees are not being updated at this time.

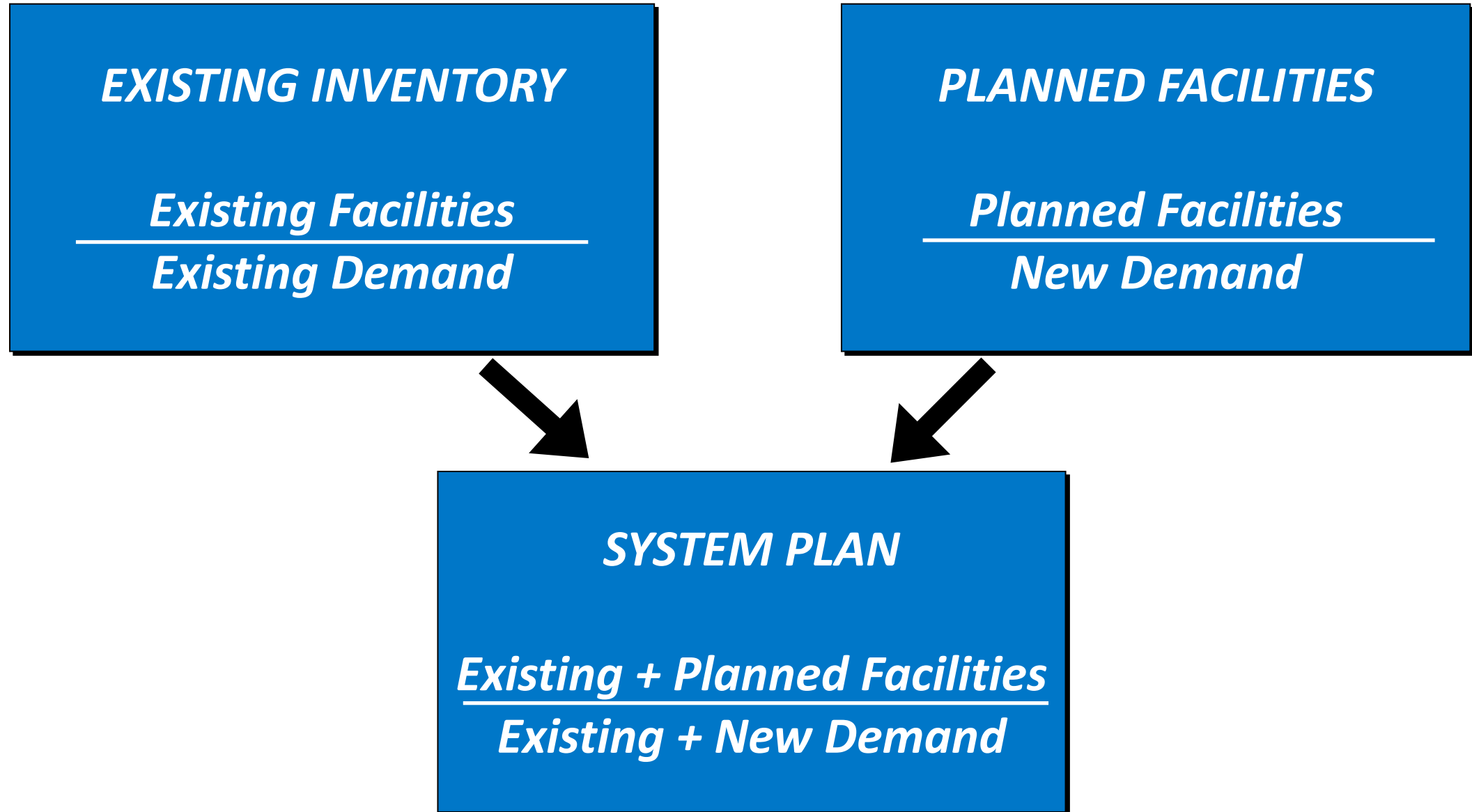
Changes to Report Since Last Version

- Revised library fee and methodology to incorporate latest costs and grant funding
- Revised Community/Aquatic Center fee methodology to existing standard approach
- Incorporated latest impact fee fund balances, where appropriate
- Updated project costs to match City's latest CIP

Growth Projections

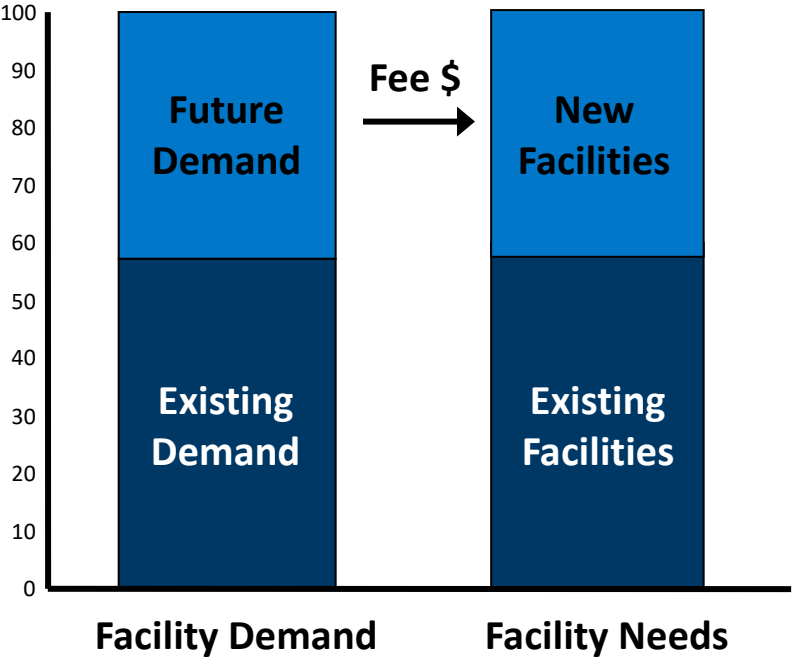
	2023	2040	Increase
Residents	111,924	164,220	52,296
Dwelling Units	40,871	59,968	19,097
Employment	27,587	61,815	34,228
Sources: CA DOF; ABAG; US Census' OnTheMap Application			

Cost Allocation Methods: *WHAT Facilities Serve WHO*

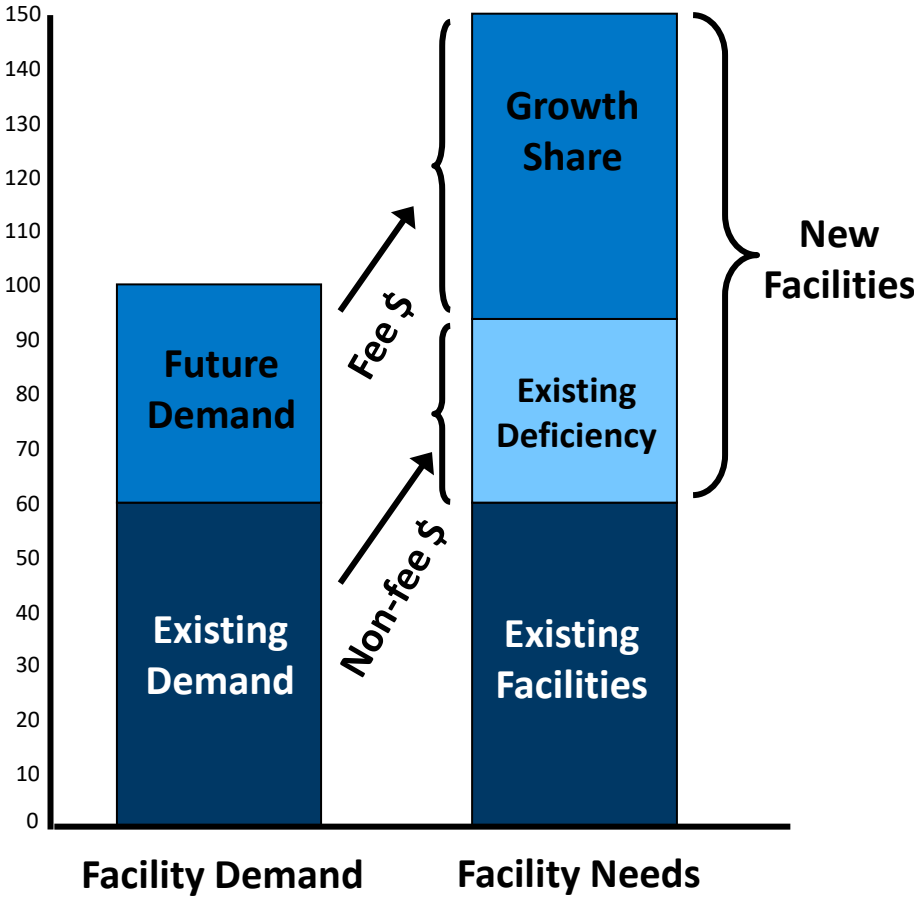


Cost Allocation Methodologies

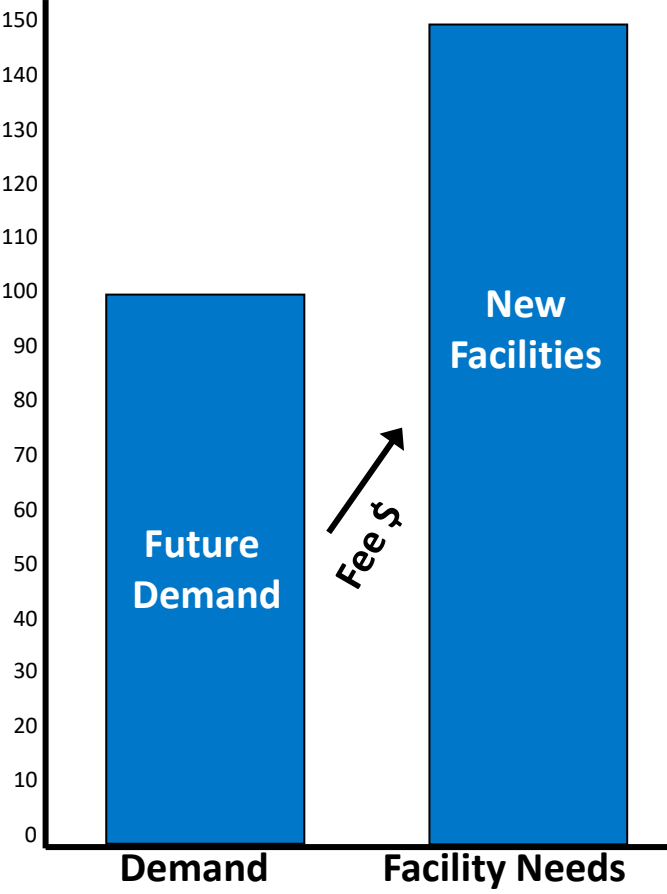
Existing Inventory Method



System Plan Method
(Increase Service Level)



Planned Facilities Method



Fee Program Methodologies

Existing Standard	System Plan	Planned Facilities
<p>Parks</p> <p>Community / Aquatic Centers</p> <p>Fire Protection Facilities</p>	<p>Police Facilities</p> <p>Libraries</p>	<p>Sewer</p> <p>Storm Drain</p>

Planned Facilities

Cost Estimate		Cost Estimate	
<u>Community Centers</u>		<u>Storm Drain Facilities</u>	
Martin Luther King Jr. Community Center	\$ 14,000,000	Central Avenue - West end of Van Fleet Avenue	\$ 676,000
		32 nd Street - End of Spring Street south of Freeway and railroad tracks	182,000
<u>Police Facilities</u>		8th-9th Street and Harbor Way	332,000
New Police Station	\$ 80,000,000	Plumas Ave and San Benito St.	950,000
		Carlson Blvd & Tehama Ave	105,000
<u>Fire Facilities</u>		Carlson Blvd & Tehama Ave	226,000
Gender Specific Restrooms Fire Station 66	\$ 475,000	Carlson Blvd & Tehama Ave	560,000
Fire Department Regional Training Center	2,000,000	Green infrastructure along Carlson Boulevard.	2,215,000
Total Fire Facilities	\$ 2,475,000	Green infrastructure along Plumas Avenue.	701,000
		Total Storm Drain Facilities	\$ 5,947,000
<u>Library Facilities</u>		<u>Sewer Facilities</u>	
New Library	\$ 29,933,657	1.5 Dewatering Facility	\$ 12,135,200
<u>Parks</u>		2.1 Level 1 Nutrient Removal Improvements	1,712,200
Acquisition and Improvement of 150.61 Parkland Acres	\$ 303,328,000	2.10 Site Protection from Rock Slides	2,140,200
		2.11 Low-Lift Effluent Pump Station	7,847,500
		3.1 Level 2 Nutrient Removal Improvements	195,760,500
		3.2 Level 3 Nutrient Removal Improvements	120,281,400
		3.3 Wet Weather Improvements	193,049,500
		3.4 Digested Sludge Storage (to support dewatering)	8,703,600
		3.5 Biosolids Post-Processing (Dryer Facility)	42,519,400
		Total Sewer Facilities	\$ 584,149,500

Projected Impact Fee Revenue

Fee Category	Fee Calculation Methodology	Net Project Cost	Projected Impact Fee Revenue	Additional Funding Required
Sewer Facilities	Planned Facility Standard	\$ 584,149,500	\$ 228,986,604	\$355,162,896
Parks ¹	Existing Facility Standard	303,328,000	303,328,000	-
Community / Aquatic Center	Existing Facility Standard	33,783,200	33,783,200	-
Police Facilities	System Standard	80,000,000	32,771,000	47,229,000
Fire Protection Facilities	Existing Facility Standard	17,641,200	17,641,200	-
Library Facilities ²	System Standard	29,933,657	14,747,472	15,186,185
Storm Drains	Planned Facility Standard	<u>5,947,000</u>	<u>2,586,945</u>	<u>3,360,055</u>
Total		\$1,054,782,557	\$ 633,844,421	\$420,938,136

Note: For facility categories calculated using the existing facility standard, the projected fee revenue is equal to the cost of planned facilities needed to serve new development.

¹ Fee revenue shown if all development is infill development. Refer to Table 4.5 for projections of Quimby in-lieu fee revenue.

² The City has secured \$13.9 million in grants to fund the planned facilities. The remainder will be funded through the City's General Capital Fund. See Table 8.7 for more detail.

Maximum Justified Impact Fee Schedule

Maximum Justified Impact Fee Summary

Land Use	Sewer Facilities ¹	Parks - Quimby (Subdivisions) ²	Parks (Infill) ²	Community / Aquatic Center	Police Facilities	Fire Protection Facilities	Library Facilities	Storm Drains	Total - Subdivisions	Total - Infill
<i>Residential - per Sq. Ft.</i>	\$ 7.98	\$ 11.32	\$ 11.03	\$ 1.23	\$ 0.99	\$ 0.46	\$ 0.54	\$ 0.03	\$ 22.55	\$ 22.26
<i>Nonresidential - per Sq. Ft.</i>										
Commercial	\$ 3.55	\$ -	\$ -	\$ -	\$ 0.35	\$ 0.32	\$ -	\$ 0.05	\$ 4.27	\$ 4.27
Office	4.43	-	-	-	0.54	0.49	-	0.07	5.53	5.53
Industrial	7.09	-	-	-	0.19	0.17	-	0.10	7.55	7.55
Warehousing	7.09	-	-	-	0.06	0.05	-	0.10	7.30	7.30

² Only charged within Richmond Municipal Sewer District Boundaries.

¹ A development project either pays the Quimby fee of the park infill fee, not both. Development not occurring in subdivisions is subject to the infill fee. Development in subdivisions is subject to the Quimby fee.

Sources: Tables 3.5, 4.7, 5.7, 6.6, 7.9, 8.9 and 9.5.

Recommendation: Residential – Phase In Increases Over Four Years

Residential - Four Year Phase In

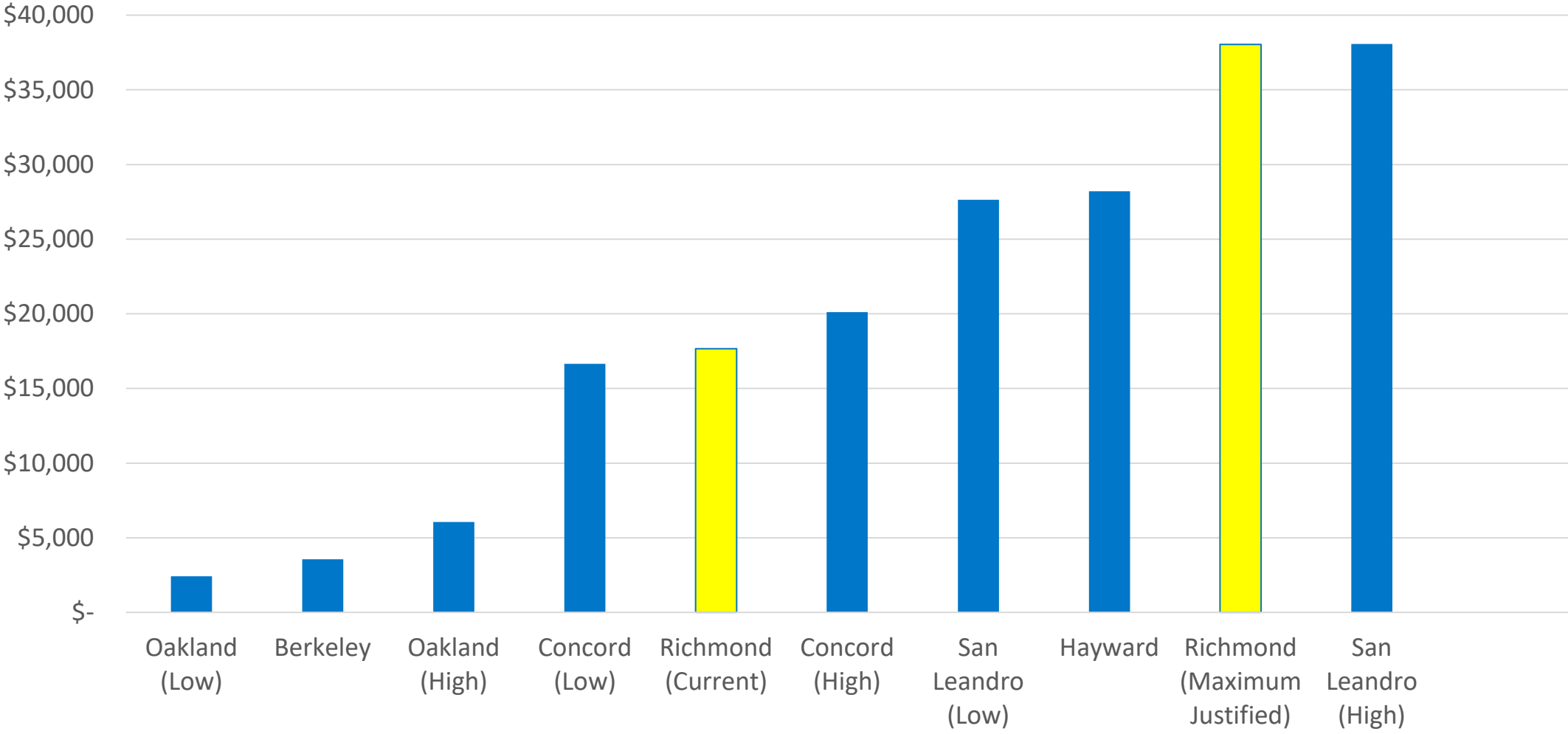
	Current	Year 1	Year 2	Year 3	Year 4
Parks - Quimby (Subdivisions)	\$ 4.39	\$ 6.12	\$ 7.86	\$ 9.59	\$ 11.32
Parks (Infill)	4.39	6.05	7.71	9.37	11.03
Community / Aquatic Center	1.05	1.10	1.14	1.19	1.23
Police Facilities	0.25	0.43	0.62	0.80	0.99
Fire Protection Facilities	0.30	0.34	0.38	0.42	0.46
Library Facilities	1.19	0.54	0.54	0.54	0.54
Storm Drains	0.45	0.03	0.03	0.03	0.03
Sewer Facilities	2.29	3.71	5.14	6.56	7.98
Total (Subdivisions)	\$ 9.92	\$ 13.08	\$ 16.24	\$ 19.39	\$ 22.55
Total (Infill)	\$ 9.92	\$ 13.01	\$ 16.09	\$ 19.18	\$ 22.26

Recommendation: Nonresidential – Phase In Increases Over Two Years

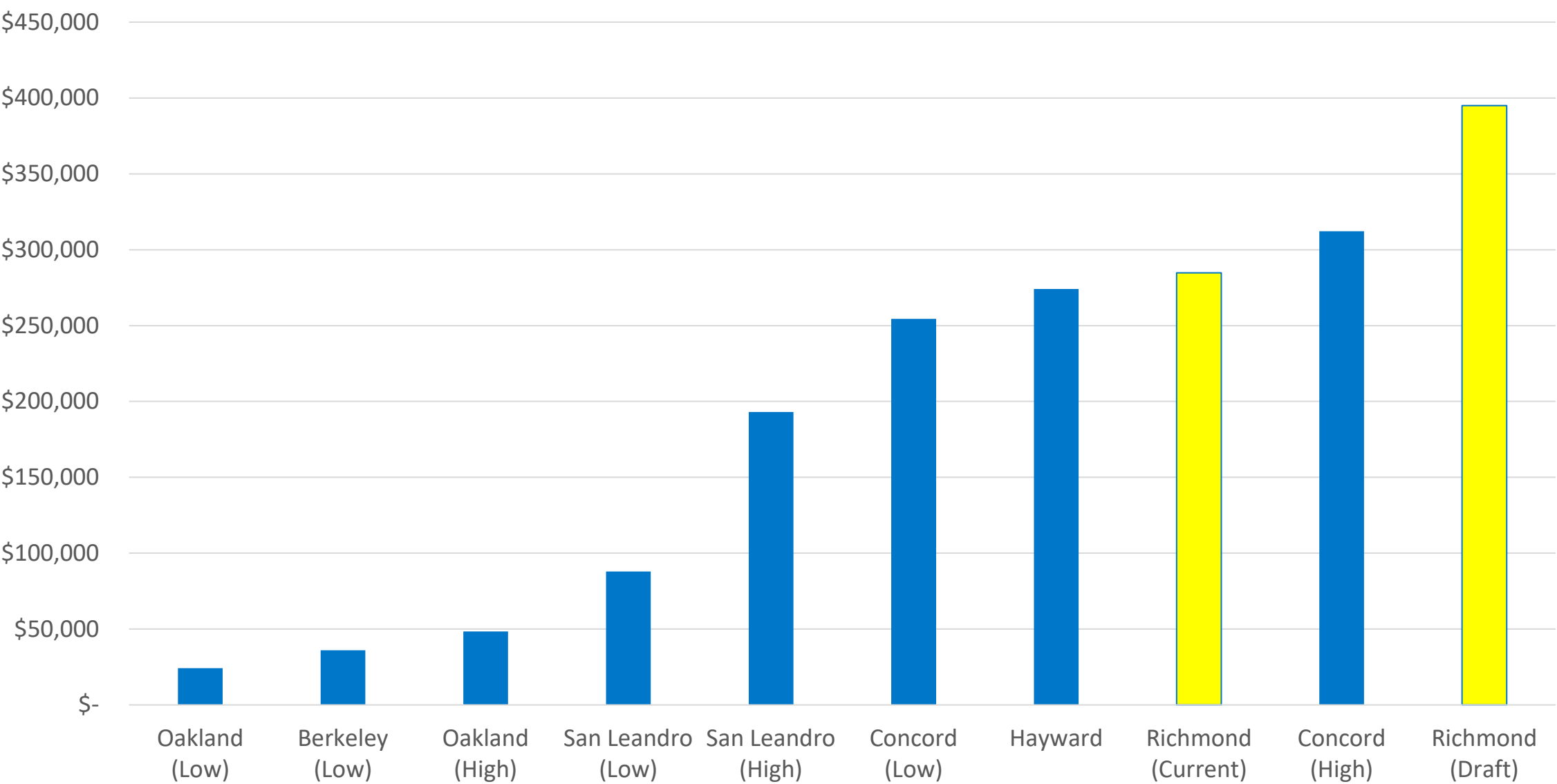
Nonresidential - Two Year Phase In

	Current	Year 1	Year 2
<u>Office</u>			
Police Facilities	\$ 0.30	\$ 0.42	\$ 0.54
Fire Facilities	0.26	0.38	0.49
Library	0.42	-	-
Storm Drainage	0.74	0.07	0.07
Sewer	2.32	3.37	4.43
Total	\$ 4.04	\$ 4.24	\$ 5.53
<u>Industrial</u>			
Police Facilities	\$ 0.11	\$ 0.15	\$ 0.19
Fire Facilities	0.19	0.17	0.17
Library	0.18	-	-
Storm Drainage	0.79	0.10	0.10
Sewer	1.14	4.12	7.09
Total	\$ 2.41	\$ 4.54	\$ 7.55
<u>Warehousing</u>			
Police Facilities	\$ 0.11	\$ 0.06	\$ 0.06
Fire Facilities	0.19	0.05	0.05
Library	0.05	-	-
Storm Drainage	0.79	0.10	0.10
Sewer	1.14	4.12	7.09
Total	\$ 2.29	\$ 4.33	\$ 7.30

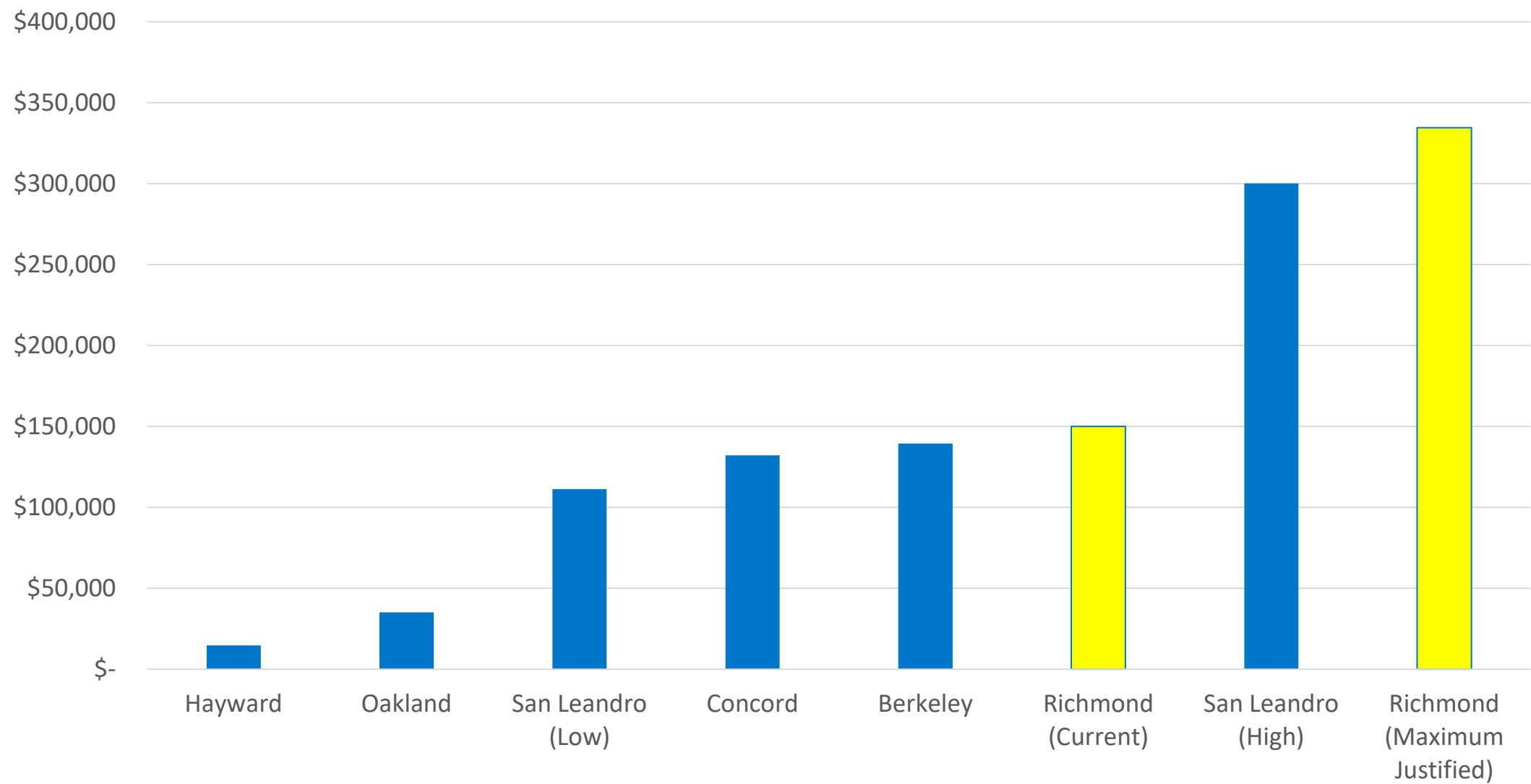
Comparison: Single Family Residential – 1,600 Sq. Ft.



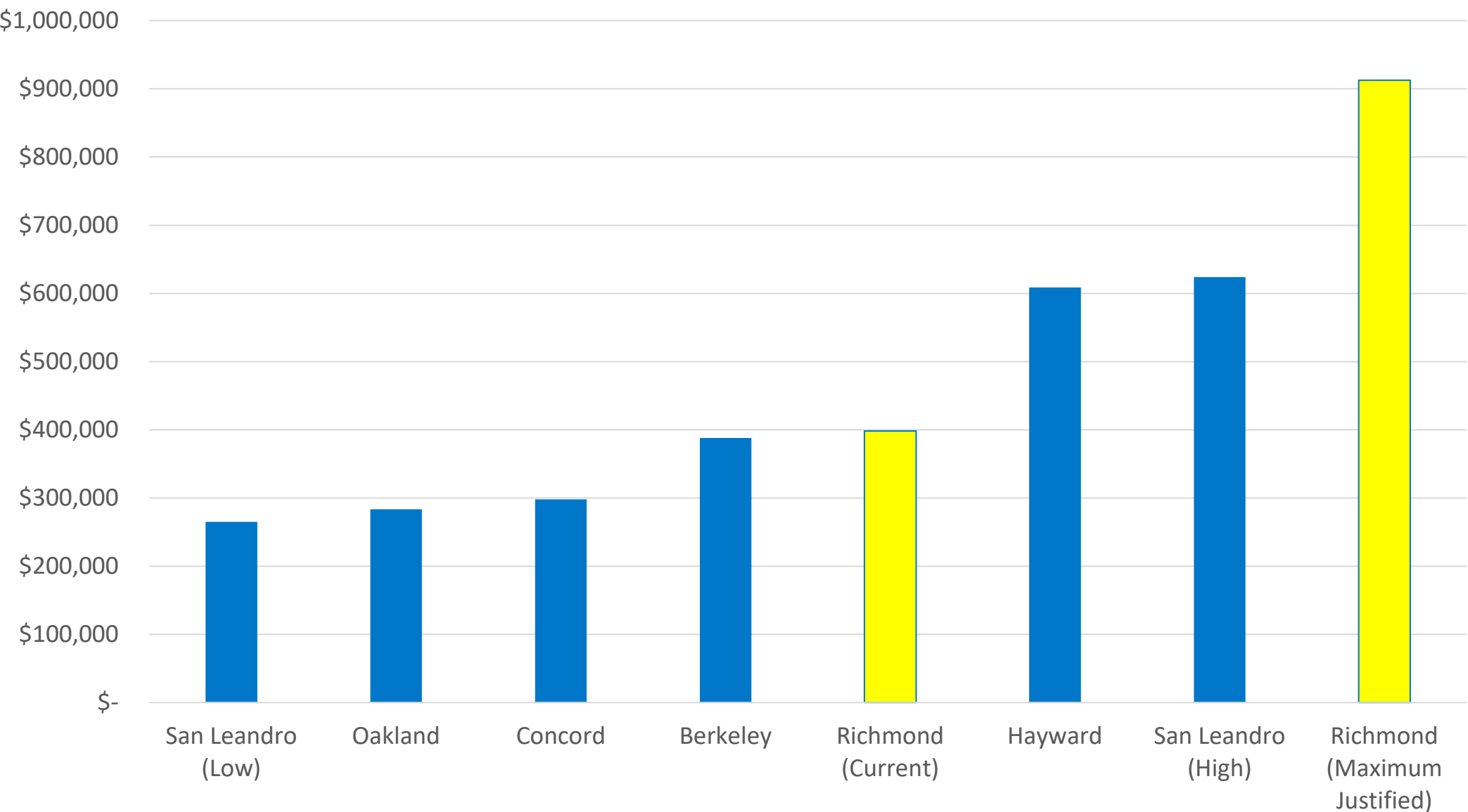
Comparison: Multifamily – 20 Units



Comparison: Commercial – 15,000 Sq. Ft. Retail



Comparison: Industrial – 100,000 Sq. Ft.



Credit Policy

- A public facility or improvement must be included on the current adopted list of public improvements and facilities for the applicable to be considered eligible for credits toward future Impact Fees.
- Fee Credits will apply only to the “cost of the improvements,” not the related financing costs.
- Costs incurred for work not directly related to improvement of a thoroughfare will not be eligible for credit. Specifically excluded from credit calculations are costs of contaminated soils removal or remediation.
- Credits shall be awarded only upon receipt of satisfactory documentation that
 - (i) the improvement is completed; or
 - (ii) land has been conveyed to and accepted by the City; or
 - (iii) that funds for the improvement are in escrow; or
 - (iv) that a construction contract for the improvement has been executed; or
 - (v) that a performance bond approved by the City Attorney has been posted to ensure completion.



Questions

Next Steps

- Staff will return with proposed Ordinance adjusting the dollar amount for proposed Developer Impact Fees using the phase in approach
- Staff will return with proposed Traffic Impacts Fees
- Staff will return to City Council with a proposed contract focused on Recreation Department fees, which will include a comparison with nearby jurisdictions.



Thank you