



## **CITY OF SALINAS COUNCIL STAFF REPORT**

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**DATE:** JANUARY 8, 2019  
**DEPARTMENT:** PUBLIC WORKS DEPARTMENT  
**FROM:** DAVID JACOBS, PUBLIC WORKS DIRECTOR  
**BY:** JAMES SERRANO, TRANSPORTATION MANAGER  
**TITLE:** REGIONAL DEVELOPMENT IMPACT FEE UPDATE

**RECOMMENDED MOTION:**

A motion(s) to:

- 1) Approve a Resolution updating the Regional Development Impact Fee (RDIF); and
- 2) Adopt an Ordinance amending Chapter 9 of the Salinas Municipal Code to modify timing of payment of the RDIF from building permit issuance to certification of occupancy for residential projects.

**RECOMMENDATION:**

Staff recommends approving a Resolution updating the Regional Development Impact Fee and adopting an Ordinance to modify timing of payment of the RDIF to certification of occupancy for residential projects.

**EXECUTIVE SUMMARY:**

The Transportation Agency for Monterey County (TAMC) is required under state law to update the Regional Development Impact Fee (RDIF) every five years. This process includes reviewing the land use and population assumptions in the regional travel demand model, forecasting future travel demands, updating the project list as necessary to meet those demands, revising project costs, and developing an updated fee schedule. The TAMC Board of Directors acting as the Regional Development Impact Fee Joint Powers Agency, of which the City is a member, approved the updated fee schedule on September 26, 2018. This resolution updates the regional fees as part of the City's code.

In addition, Council adopted an Ordinance on November 6, 2018 amending the City Code to modify collection of development fees for residential projects to certification of occupancy. The Ordinance aims to encourage development of housing. The November 6, 2018 Ordinance did not include the RDIF. In consultation with TAMC, the agency defers collection of the RDIF to the City, as long as the payment of the fee is a condition of approval in accordance with the California Government Code Sections 66000-66008.

## BACKGROUND:

Traffic Impact Fee Programs are about making sure that residents and businesses have the streets that they will need in the future as new development brings growth and additional traffic to the transportation system. The City has a traffic fee program that collects impact fees from development projects to address the traffic impacts on the City's transportation network. The Regional Development Impact Fee is collected to help pay for road/highway improvements such as widening Davis Road to four lanes, widening the US 101 corridor through Salinas, and improvements on the US 101 or SR 68 corridors—roads needed for regional travel.

The City Council established the Regional Development Impact Fee program in June 2008 and executed the Joint Powers Agreement with the County and other cities that have TAMC administering the fee program. As part of the Joint Powers Agreement, TAMC is required to update the fee program every five years.

The RDIF program, as adopted by the Transportation Agency Board of Directors and each of the jurisdictions, including Salinas, went into effect in August 2008. Prior to the adoption of the regional fee program, development proposals were evaluated on a case-by-case, ad-hoc basis for cumulative impacts to the regional transportation network as part of the California Environmental Quality Act (CEQA) review. This process resulted in, at times, lengthy negotiations with developers, and assessments were not consistently applied throughout the County. The purpose of establishing a countywide Regional Fee program was to streamline the environmental review of new development, and establish a consistent methodology to assess in-lieu fees as a CEQA mitigation for new trips on the regional transportation system.

As mentioned, the Transportation Agency is required to conduct a major update to the fee program once every five years. In June 2018, the TAMC Board approved the 2018 Monterey County Regional Transportation Plan, and adopted Resolution 2018-12, making findings under the California Environmental Quality Act related to the Transportation Plan. This 2018 Regional Fee update is based upon projects identified and environmentally reviewed in the 2018 Monterey County Regional Transportation Plan and its accompanying CEQA Findings.

The updated fees reflect changes that have occurred in the past five years, such as: updates to population, employment and housing projections; the expected pace of new development; changes in land use plans including general plan updates; the need for new transportation projects based on growth; the completion of some transportation projects; and, changes to estimated project costs. This update also evaluated how TAMC could incorporate a Fort Ord Reuse Area zone into the regional fee program. The regional fee program segments the County into four distinct zones - North County, Peninsula/South Coast, Greater Salinas, and South County. Currently, development projects located within the FORA boundary only pay the FORA Community Facilities District fee and are exempt by policy from payment of the TAMC regional transportation fee. With the legislatively-mandated sunset of FORA in 2020, TAMC has been coordinating with FORA's staff on the potential transfer of capital improvement program transportation obligations to the TAMC fee program.

The concept of a traffic fee is to assure that new development pays for its impact on the roadways and circulation network. Most new development will generate new trips; for instance, a new single family home is estimated to result in 10 new trips per day; some of those trips may be linked into a single automobile journey, and some will be walking, biking or transit trips. A new retailer or warehouse is estimated to draw new customers and employees, who will create trips on the regional and local roads, based on its overall square footage. The AMBAG Regional Travel Demand Model incorporates the adopted local general plans, as well as current and projected future population, to predict which roads people will drive on to get to and from these new developments, and existing land uses.

To calculate the traffic impact fee, TAMC's consultant, Wood Rodgers, used the AMBAG travel forecast model to determine where future traffic congestion (i.e. a network "deficiency") is projected to occur in 2035 (the forecast year). The fee program then proposes future roadway improvements where this traffic congestion is projected to occur. Only a portion of the future traffic congestion is caused by new trips; the remaining traffic is caused by trips to and from existing development, i.e. employment, housing or shopping centers.

After identifying where regional roadways are anticipated to be congested in the year 2035, the TAMC staff-consultant team proposed twelve transportation improvements to include in the fee program, to accommodate the new trips created by development. Staff reviewed this draft list of projects with the Technical Advisory Committee at the February 2018 meeting, and made updates based on members' feedback. The fee per trip was then calculated, by dividing the cost of the proposed transportation improvements by the total number of daily trips on that roadway. This fee per trip is then applied to each new development; in the example above, each new single family home pays 10 times the regional per trip fee, to account for the ten new trips added on to the transportation system. These per trip fees are calculated separately for each of the fee zones, since some zones have more transportation improvements, as well as more new development, than others.

The planned network improvements included in the updated 2018 RDIF are described in Exhibit B, showing each project's estimated cost. Highlighted in the exhibit are projects near and around Salinas.

With the above projects in the program, the updated RDIF Rate Schedule is shown on the Table 1 below from the Nexus Update. The Development Fee for Salinas is under Benefit Zone 2: Greater Salinas.

**Table 1. 2018 RDIF Rate Schedule**

Land Use Type (Unit)	Benefit Zone 1: North County	Benefit Zone 2: Greater Salinas	Benefit Zone 3: Peninsula and South Coast	Benefit Zone 4: South County	Benefit Zone 5: FORA
Residential Average (dwelling unit)	\$3,417	\$2,934	\$3,528	\$1,671	\$3,511
Single Family	\$3,857	\$3,312	\$3,982	\$1,886	\$3,963
Apartment	\$2,709	\$2,326	\$2,796	\$1,324	\$2,783
Condo/Townhome	\$2,362	\$2,028	\$2,438	\$1,154	\$2,426
Multi-Family	\$1,495	\$1,284	\$1,544	\$731	\$1,536
Retail (per 1,000 sq. ft.)	\$5,459	\$4,687	\$5,635	\$2,669	\$5,608
Office/Government (per 1,000 sq. ft.)	\$4,460	\$3,830	\$4,604	\$2,181	\$4,582
Industrial/Agriculture (per 1,000 sq. ft.)	\$1,540	\$1,323	\$1,589	\$753	\$1,582
Light Industrial	\$2,809	\$2,413	\$2,900	\$1,374	\$2,886
Heavy Industrial	\$605	\$519	\$624	\$296	\$621
Warehouse	\$1,999	\$1,717	\$2,064	\$977	\$2,054
Manufacturing	\$1,540	\$1,323	\$1,589	\$753	\$1,582
Lodging (per room)					
Hotel	\$3,293	\$2,828	\$3,399	\$1,610	\$3,383
Motel	\$2,269	\$1,948	\$2,342	\$1,110	\$2,331
Fee per trip	\$403	\$346	\$416	\$197	\$414

### CONSIDERATION OF ORDINANCE MODIFYING TIME OF COLLECTION OF THE RDIF

On November 6, 2018, the City Council adopted an Ordinance modifying the time of collection of development fees from issuance of a building permit to certification of occupancy. The change came from the need to encourage housing production and the recommendation originated from a January 2018 report from the Monterey Bay Economic Partnership to encourage housing development. Staff therefore recommends an Ordinance to include the RDIF Program in the new policy in alignment with the Council's direction.

### CEQA CONSIDERATION:

The City of Salinas enacted the Regional Development Impact Fee in 2008 and, considering the environmental effects of the Regional Development Impact Fee Program, made findings that the Development Fee Program itself will have no impact on the environment but future discretionary implementation of the transportation projects identified in the RDIF program by the applicable lead agencies for these transportation projects could potentially lead to one or more significant environmental effects and that the lead agencies for such projects will have responsibility to impose such mitigation measures or makes such changes or alterations as are within their responsibility and jurisdiction to mitigate identified impacts on the environment to the extent feasible.

Furthermore, the City has reviewed and considered the EIR for 2040 Metropolitan Transportation Plan/Sustainable Communities strategies and related documents which includes the transportation projects in the RDIF Nexus Update and finds that there are no substantial changes in the fee program, substantial changes in circumstances, or new information that involve new significant environmental effects or a substantial increase in the severity or environmental effects requiring major revisions to the previously certified EIR, and that the CEQA findings and statement of

overriding considerations made by the City in 2008 approving the JPA and RDIF program remain applicable.

#### STRATEGIC PLAN INITIATIVE:

The Regional Development Impact Fee Program is not an element of the Council's Strategic Plan since it is already an ongoing program. Development Traffic Impact Fees, including City traffic impact fee and the RDIF, provide funding for the local and regional transportation network respectively, allowing mitigation of development impacts on the network. The City and the region's transportation network in turn support the economic operations of the City. Traffic impact fee programs therefore support Council's goals of Excellent Infrastructure and Economic Prosperity.

The proposed Ordinance change aligns the regional fee program with new city policy supporting production of housing which is an objective of the City's strategic plan.

#### DEPARTMENTAL COORDINATION:

Application of development fees are part of the development approval process and involves coordination of City Departments that are involved in the approval of new development. Public Works staff review requisite traffic studies and calculate or confirm traffic impact fees.

#### FISCAL AND SUSTAINABILITY IMPACT:

There is no impact to the General Fund. However, the RDIF program is projected to generate \$121 million through 2035 for transportation infrastructure in the region. Included in the projects funded are transportation facilities that serve City residents and Salinas businesses.

#### ATTACHMENTS:

Resolution Updating the RDIF  
Ordinance modifying the time of collection of RDIF for Housing Projects  
Exhibit A- RDIF Nexus Update Executive Summary  
Exhibit B- Projects List  
Exhibit C-Projects Location Map  
Exhibit D-Expenditure Plan  
Exhibit E- Article V-C of the Salinas Code (RDIF Ordinance)  
Exhibit F - Resolution 20442 2013 RDIF Update  
Exhibit G – Final 2018 Nexus Study Update  
Exhibit H- AMBAG Metropolitan Transportation Plan Final EIR Executive Summary