



AGENDA
CITY COUNCIL OF THE CITY OF MORENO VALLEY
MORENO VALLEY COMMUNITY SERVICES DISTRICT
CITY AS SUCCESSOR AGENCY FOR THE
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF
MORENO VALLEY
MORENO VALLEY HOUSING AUTHORITY

August 21, 2012

STUDY SESSION – 6:00 P.M.

City Council Closed Session

First Tuesday of each month – 6:00 p.m.

City Council Study Sessions

Third Tuesday of each month – 6:00 p.m.

City Council Meetings

Second and Fourth Tuesdays – 6:30 p.m.

City Hall Council Chamber - 14177 Frederick Street

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, in compliance with the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to Mel Alonzo, ADA Coordinator at 951.413.3705 at least 48 hours before the meeting. The 48-hour notification will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

William H. Batey II, Mayor Pro Tem
Jesse L. Molina, Council Member

Richard A. Stewart, Mayor

Robin N. Hastings, Council Member
Marcelo Co, Council Member

**AGENDA
CITY COUNCIL OF THE CITY OF MORENO VALLEY
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***THE CITY COUNCIL RECEIVES A SEPARATE STIPEND FOR CSD MEETINGS**

**STUDY SESSION - 6:00 PM
AUGUST 21, 2012**

CALL TO ORDER

PLEDGE OF ALLEGIANCE

INVOCATION

ROLL CALL

INTRODUCTIONS

PUBLIC COMMENTS ON MATTERS UNDER THE JURISDICTION OF THE CITY COUNCIL

There is a three-minute time limit per person. Please complete and submit a BLUE speaker slip to the City Clerk. All remarks and questions shall be addressed to the presiding officer or to the City Council and not to any individual Council Member, staff member or other person.

SPECIAL ORDER OF BUSINESS

1. DISCUSSION OF THE CITY OF MORENO VALLEY'S DEVELOPMENT IMPACT FEE (DIF) (CEDD/15 MIN.)
2. DEVELOPMENT IMPACT FEE (DIF) PRESENTATION BY THE BUILDING INDUSTRY ASSOCIATION (BIA) OF SOUTHERN CALIFORNIA, RIVERSIDE COUNTY DIVISION (STEWART/15 MIN.)
3. CITY COUNCIL REQUESTS AND COMMUNICATIONS

AGENDA
August 21, 2012

(Times shown are only estimates for staff presentation. Items may be deferred by Council if time does not permit full review.)

❖ Oral Presentation only – No written material provided

***Materials related to an item on this Agenda submitted to the City Council/Community Services District/City as Successor Agency for the Community Redevelopment Agency/Housing Authority after distribution of the agenda packet are available for public inspection in the City Clerk's office at 14177 Frederick Street during normal business hours.**

CLOSED SESSION

A Closed Session of the City Council, Community Services District and City as Successor Agency for the Community Redevelopment Agency of the City of Moreno Valley and Moreno Valley Housing Authority will be held in the City Manager's Conference Room, Second Floor, City Hall. The City Council will meet in Closed Session to confer with its legal counsel regarding the following matter(s) and any additional matter(s) publicly and orally announced by the City Attorney in the Council Chamber at the time of convening the Closed Session.

- **PUBLIC COMMENTS ON MATTERS ON THE CLOSED SESSION AGENDA UNDER THE JURISDICTION OF THE CITY COUNCIL**

There is a three-minute time limit per person. Please complete and submit a BLUE speaker slip to the City Clerk. All remarks and questions shall be addressed to the presiding officer or to the City Council and not to any individual Council member, staff member or other person.

The Closed Session will be held pursuant to Government Code:

1 SECTION 54956.9(a) - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

a Case: *Balvaneda v. City of Moreno Valley*
Court: Riverside Superior Court
Case No: RIC 1203151

2 SECTION 54956.9(b)(1) - CONFERENCE WITH LEGAL COUNSEL - SIGNIFICANT EXPOSURE TO LITIGATION

Number of Cases: 5

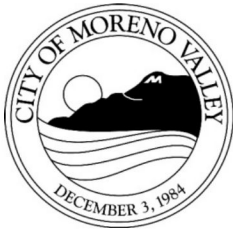
3 SECTION 54956.9(c) - CONFERENCE WITH LEGAL COUNSEL - INITIATION OF LITIGATION

Number of Cases: 5

REPORT OF ACTION FROM CLOSED SESSION, IF ANY, BY CITY ATTORNEY

ADJOURNMENT

AGENDA
August 21, 2012



APPROVALS	
BUDGET OFFICER	<i>caf</i>
CITY ATTORNEY	<i>SA</i>
CITY MANAGER	<i>mso</i>

Report to City Council

TO: Mayor and City Council

FROM: Barry Foster, Community & Economic Development Director

AGENDA DATE: August 21, 2012

TITLE: DISCUSSION OF THE CITY OF MORENO VALLEY'S DEVELOPMENT IMPACT FEE (DIF) PROGRAM

RECOMMENDED ACTION

Review and discussion of the City's Development Impact Fee (DIF) program by the City Council

BACKGROUND

When the City first implemented AB 1600 in 2000, its philosophy was to collect the maximum fees permitted under the law. In a robust economy, this is generally not a problem. Since late 2007, the economy has been turned upside down and local government must reconsider barriers to development and especially consider how to be competitive in pursuing new development and business opportunities.

Moreno Valley's Development Impact Fee program was established twelve years ago. The City of Moreno Valley adopted Ordinance No. 579 codified as Chapter 3.38, Residential Development Impact Fees, and Ordinance No. 380 codified as Chapter 3.42, Commercial and Industrial Development Impact Fees, of the Moreno Valley Municipal Code in 2000. The two Chapters permit the City to collect Development Impact Fees (DIF) based on the impacts of future developments on capital facilities in the community. The City's first DIF Study was completed and implemented soon after the adoption of the two Ordinances. Since then, the City has periodically reviewed its DIF program and made adjustments based on the unit cost of the improvements of the capital facility to be improved, economic conditions affecting the Community, and development activity. The City's most current DIF Study was adopted by the City Council in October 2005 and slightly revised in March 2006. In 2008, a comprehensive update of the City's impact fees was considered and a DIF study was undertaken.

However, due to the economic downturn (The Great Recession), the City Council chose not to adopt the 2008 DIF Study, which would have substantially increased DIF rates across the board.

The City is looking to update the 2005 DIF Study to reflect current costs. In 2011, Colgan Consulting Corporation was retained to re-evaluate the City's DIF and to pursue adjustments, if justified based on 1) current infrastructure needs, 2) the cost of future infrastructure (i.e., cost factors for materials impacting capital facilities may go up or down), and 3) to account for the development activity that has occurred since the date of the last DIF study. The 2011 DIF Study calculation prepared by the Colgan Consulting Corporation (Colgan 2011 DIF Study) proposes increasing impact fees in all 2005 categories of capital facilities, along with possibly adding one new category – Electrical Distribution.

The suggested increases in the updated DIF Study are significant and have the potential for considerable impact on future development in Moreno Valley. A survey of other cities within Riverside and San Bernardino Counties was undertaken to better understand what other competing cities are charging for DIF. Please note that the City of Riverside does not charge a DIF. The City of Ontario's DIF is inflated because it also includes a significant cost for storm drainage fees. The City of Corona was the only other city that has DIF costs for both Quimby and the Mitigation Act Fee in residential DIF calculations. Overall, Moreno Valley's current DIF rates are on the high side (top third) as compared to the other cities. Below is a table that illustrates DIF rates for various types of development including 1) Residential – Single Family, 2) Residential – Multi-family, 3) Commercial – General, 4) Industrial – General and 5) Office.

Development Impact Fee Comparison					
	Residential Impact Fees		Non-Residential		
City	Residential Single Family (Per Unit)	Residential Multi-Family (Per Unit)	Commercial General (Per Sq. Ft.)	Industrial General (Per Sq.Ft.)	Office (Per Sq. Ft.)
Corona	\$ 24,428	\$ 8,455	\$ 1.75	\$ 0.72	\$ 1.13
Hemet	\$ 9,708	\$ 6,874	\$ 3.58	\$ 1.08	\$ 5.86
Moreno Valley	\$ 13,745	\$ 10,286	\$ 6.29	\$ 1.86	\$ 2.79
Murrieta	\$ 10,297	\$ 6,527	\$ 11.09	\$ 1.93	\$ 4.15
Ontario	\$ 24,596	\$ 15,575	\$ 12.66	\$ 2.97	\$ 5.94
Perris	\$ 9,645	\$ 8,734	\$ 0.61	\$ 0.61	
Redlands	\$ 11,392	\$ 7,861	\$ 2.17	\$ 1.10	\$ 3.06
Riverside - N/A					
Temecula	\$ 5,891	\$ 8,229	\$ 8.95	\$ 3.23	\$ 5.19

Notes:

- City of Riverside does not have DIF Fees
- City of Ontario includes storm drainage capital costs
- City of Corona is the only other City to include both Quimby and Mitigation Impact Fees for park land in the DIF for residential development

Below is a table illustrating examples of the DIF Fees for various types of development projects in the surrounding cities:

Development Impact Fee Examples					
City	Residential Impact Fees		Non-Residential		
	Residential Single Family (30 Units)	Residential Multi-Family (70 Units)	Commercial General (500,000 Sq. Ft.)	Industrial General (750,000 Sq. Ft.)	Office (50,000 Sq. Ft.)
Corona	\$ 732,852	\$ 591,822	\$ 875,000	\$ 540,000	\$ 56,500
Hemet	\$ 291,241	\$ 481,183	\$ 1,790,000	\$ 810,000	\$ 293,000
Moreno Valley	\$ 412,350	\$ 720,020	\$ 3,143,500	\$ 1,396,500	\$ 139,500
Murrieta	\$ 308,916	\$ 456,916	\$ 5,545,000	\$ 1,447,500	\$ 207,500
Ontario	\$ 737,880	\$ 1,090,250	\$ 6,330,000	\$ 2,229,000	\$ 296,950
Perris	\$ 410,100	\$ 808,570	\$ 2,920,000	\$ 4,380,000	
Redlands	\$ 341,760	\$ 550,270	\$ 1,085,000	\$ 825,000	\$ 153,000
Riverside - N/A					
Temecula	\$ 176,741	\$ 576,030	\$ 4,475,000	\$ 2,422,500	\$ 259,500

Staff has been working with a consultant and, with an interdepartmental effort towards developing revised methodology to calculate the DIF for some of the categories. Staff is seeking City Council direction on this latest effort to determine if the basic assumptions for the categories used in the Colgan 2011 DIF Study (many of which haven't been altered since adoption of the DIF program) are still appropriate.

The categories of the Colgan 2011 DIF Study are as follows:

Police Facilities	Corporate Yard
Fire Protection Facilities	Maintenance Equipment
Libraries	Arterial Streets
Park Land and Improvements ¹	Traffic Signals ²
Community and Recreation Centers	Interchange Improvements
Animal Shelter	City Hall
Electrical Distribution (Possible <u>NEW</u> category)	

¹ 'Park Land and Improvements' consists of two DIF impact types: Quimby Act and Mitigation Act Fee improvements.

² 'Traffic Signals' are referred to as 'Traffic Control' in the Colgan 2011 DIF Study.

DISCUSSION

Below is a review of the thirteen (13) capital facilities categories identified above that were included in the Colgan 2011 DIF Study.

Police Facilities

'Police Facilities' is a stand-alone DIF category to fund police facilities. In 2006, the City retained the services of an architectural design firm to develop a Police Department Building Plan. The Plan includes a full-service facility to support an in-house Moreno Valley Police Department. While the City has evaluated the possibility of an in-house department several times, contracting with Riverside County continues to be the most cost-effective method of providing police services in Moreno Valley.

The Colgan 2011 DIF Study assigned a share of the future needs for Police Facilities to serve the City at build-out. The cost of Police Facilities required to serve future development is based on a portion of the number of calls for service per year, which is generated by the types of development.

Critical Analysis: The current DIF Study assumes that the City is moving forward to form its own City police department. The Council may want to further consider the expectation that the City will have its own police department and facilities and if the City should be collecting fees from current developers for that purpose. The calculation of the 'Police Facilities' DIF with the expectation that the City will have its own police department and facilities has significantly increased the DIF for this category. Additionally, after surveying a number of other cities for development costs of police facilities, it was noted that Moreno Valley's per square foot cost is significantly higher (80%) than the average per square foot cost for police facilities.

Fire Protection

'Fire Protection' capital facilities are also a stand-alone DIF category. Fire protection services for Moreno Valley are provided via a contract with the County of Riverside/California Fire Department. The City currently has six (6) stations and anticipates an additional six (6) facilities and one replacement station will be needed at build-out.

The Colgan 2011 DIF Study allocates costs based on developed acreage and the number of fire stations and equipment needs to serve the community.

Critical Analysis: The number of stations needed at build-out is a simple exercise. Land-use patterns dictate the number of stations and do not change significantly based on the geographic area of the City and meeting the goal of a 5-minute response time. What does influence the impact fee is a change in the projected development pattern of the City. For example, if an area were to be developed as commercial/industrial instead of residential, the apparatus and vehicle needs would be very different. Based on existing land-use patterns

projected in the 2006 General Plan, staff believes the Colgan 2011 DIF Study accurately reflects the needs at build-out based on the existing General Plan.

Libraries

'Libraries' is a stand-alone capital facilities DIF category. The building area and necessary library materials used in the Colgan 2011 DIF Study is based on a 2010-2035 Moreno Valley Public Library Facilities Master Plan. The Library DIF is based on population and, therefore, only residential developments are required to pay the impact fee in this category.

Critical Analysis: The above referenced Library Master Plan has been the benchmark for the City for a number of years. Its proposed buildings and needed materials have been accepted by the community, therefore, there seems to be no need to review the Plan again or to reevaluate the cost component at this time. It may be prudent to reevaluate the cost of constructing library facilities if the City undertakes a revision of its Library Facilities Master Plan sometime in the future.

Park Land and Park Improvements

'Park Land and Park Improvements' are two capital facilities DIF categories, which are similar and therefore, discussed together. The categories include two legislative acts: the Quimby Act and the Mitigation Fee Act. The Quimby Act (MVMC Chapter 3.40) authorizes the acquisition of parkland for park purposes. The Quimby Act requires a developer to dedicate park land if a subdivision, a tentative map or tentative parcel map for a residential subdivision contains fifty-one (51) or more separate lots or parcels, or consists of a condominium project containing fifty-one (51) or more dwelling units. Projects with fewer than fifty (50) lots, parcels or units *may* be permitted to pay an in-lieu fee established by City Council resolution. This dedication or in-lieu fee is to provide park land or open space for recreational purposes or primarily serve the development. The Quimby Act also requires the City to have adopted in its General Plan a ratio of parkland to population, with a minimum ratio being 3-acres of parkland to a maximum of 5-acres of parkland per 1,000 population. The City's General Plan policy on parklands is at the minimum ratio described.

The Mitigation Fee Act (MVMC Chapter 3.38) permits the City to collect a fee from the development community for park improvements. Said fees collected are for constructing park capital facilities and are not to be used for maintenance or operations. If a developer dedicates park land and constructs park improvements, the Park Land and Park Improvements impact fees are either reduced equal to the cost of the dedication and no fee is paid, or, if the improvements exceed the fees paid, a reimbursement agreement may be entered into between the City and developer.

The Colgan 2011 DIF Study has used the minimum ratio of 3-acres per 1,000 population as its basis for both the Quimby Act and Mitigation Fee Act impact fees. The dedication of park land or the collection of an in-lieu fee is based on population and, therefore, only residential developments are required to pay these impact fees.

Critical Analysis: The collection of both ‘Park Land and Park Improvements’ in-lieu fees and DIF for parkland acquisition and capital equipment under both the Quimby Act and the Mitigation Fee Act is permitted by the California Government Code and City ordinances. In the summary of other cities, only the City of Corona includes both the Quimby and the Mitigation Fee Act in its DIF program. Please note that this capital facilities category represents over 40 percent of the total 2011 DIF for the Residential, Single-Family impact fee (\$9,168.63). If not adjusted, the Park Land and Park Improvements category would nearly double.

Community/Recreation Centers

The ‘Community/Recreation Centers’ category includes: community and recreation centers for classes; day-care programs; social functions; gymnasiums for team sports, or just active play.

The Colgan 2011 DIF Study allocates costs for ‘Community/Recreation Centers’ on a per capita basis to building area at build-out. The DIF is also based on the distribution of community centers and gymnasiums strategically placed throughout the community. The collection of the DIF is based on population and, therefore, only residential developments are required to pay the DIF for this category.

Critical Analysis: The impact fee for this capital facility includes several facilities previously constructed (i.e., Senior Center, Towngate Community Center, March Field Park Community Center, and MV Conference & Community Center). As a rule, existing capital improvements are not included with the need for “future” facilities unless the facilities were over-built to accommodate future needs of the City’s residents or are planned for expansion to accommodate future growth. If the existing facilities were in fact not “over-built” and are already constructed, staff believes those facilities should be removed from DIF and not counted in the net building area. Doing this would result in the cost per square foot being approximately 50 percent less. If not adjusted, this category under the Colgan 2011 DIF study would nearly double.

Animal Shelter

‘Animal Shelter’ is a stand-alone capital facility DIF category. The capital facility category is for building area only and is based on the square feet of building area to population. The existing shelter was constructed in 2000 and the need for space already exceeds the shelter’s capacity.

The Colgan 2011 DIF Study allocates the DIF based on the cost to construct future facilities to house the animal population when the City is built-out. The collection of impact fees is based on population and, therefore, only residential developments are required to pay the development impact fee.

Critical Analysis: The future need for ‘Animal Shelter’ facilities is a simple and direct relationship among historical information of animals per household, population and building area to house the animals. The proposed building needs

have been evaluated and accepted by the community. At this time, there seems to be no need to conduct a separate needs assessment and to reevaluate the cost components.

City Hall

'City Hall' is a stand-alone capital facility DIF category. The capital facility category is for building area only and is based on the need for a building to support the needs of the community in general both administratively and directly (i.e., development services, business licenses, City Clerk's Office, etc.) and of the development community. The current City Hall building was purchased as a shell in 1994 and the tenant improvements were completed in 1995 to house most administrative support staff and development services. Over time, additional buildings have been acquired directly south of City Hall to accommodate an increase in staff to serve the community.

The Colgan 2011 DIF Study allocates costs based on the square feet of building area per gross acre of development.

Critical Analysis: The future need for 'City Hall' facilities has changed significantly over the past several years. The City has 'downsized' its workforce significantly and the need for the same building area as stated in the Colgan 2011 DIF Study of an additional 52,300 square feet is seems questionable based on past City Council discussions about contracting for certain services especially growth in Development Services. It seems prudent to reevaluate the needs of the 'City Hall' capital facilities before the 2011 DIF Study is complete. The current DIF analysis calls for adding an additional 46,940 square feet of City Hall facilities. Given the reduced workforce and extra space available at City Hall, maybe the long term space needs for City Hall could be reduced.

Corporate Yard

'Corporate Yard' is a stand-alone capital facility DIF category for building area only related to a facility to support the needs of the community's infrastructure. The existing facilities are antiquated and the need for space is real.

The Colgan 2011 DIF Study allocates costs based on the square feet of building area per gross acre of development.

Critical Analysis: The 'Corporate Yard' capital facility costs have been discussed a number of times and staff has made some strides to establish an effective space plan and begin work on the facility. There seems to be no need to change the proposed capital facility plan again at this time.

Maintenance Equipment

'Maintenance Equipment' is a stand-alone capital facility DIF category. The capital facility category is for equipment only and is based on the need of such equipment to support the community's infrastructure in the future.

The Colgan 2011 DIF Study allocates costs based on the equipment needed per gross acre of development.

Critical Analysis: The need for a 'Maintenance Equipment' capital facility category is necessary to preserve the City's future infrastructure. There seems to be no need to review the proposed capital facility's list of equipment at this time.

Arterial Streets

'Arterial Streets' is a stand-alone capital facility DIF category but the term 'Arterial Streets' means many things. The City has six (6) arterial street classifications. The classifications range from a Minor Arterial with a 64-foot, right-of-way, improved with two (2) travel lanes in each direction, a striped median, and a parking lane on both sides of the street to an Expressway/Divided Major Arterial that is 142 feet wide, with three (3) travel lanes in each direction, a raised median, and a safety lane on each side of the street. Each classification has been assigned to a particular roadway as called for in the Circulation Element of the City's General Plan. The costs of the various street classifications, based on location, are allocated to future development based on vehicle trips generated and trip length associated with various types of development. The Colgan 2011 DIF Study used a very complex formula to establish an impact fee.

The formula is further complicated in that many of the City's arterial streets are included in the Western Riverside Council of Government (WRCOG) Traffic Uniform Mitigation Fee (TUMF) network and eligible for TUMF funds. Arterial roadways that are included in the County's TUMF program are excluded from the costs used to calculate impact fees for this capital facility category.

Critical Analysis: Calculating the appropriate DIF for 'Arterial Streets' can be complicated, especially when a developer request credits before a project begins or reimbursements after improvements are completed. As part of the consideration for a credit or reimbursement, City staff evaluates the street segment to be or that was constructed to establish the appropriate impact fee attributed to improvement. The negotiation between City staff and a developer as to the appropriate DIF to be paid and/or reimbursed is often difficult. An alternative to the DIF program concerning 'Arterial Streets' including the DIF Credit/Reimbursement Policy should be explored.

The 'Arterial Street' impact fee is based on the qualifying improvements associated with the construction of the arterial streets along and/or serving the project. City staff could reevaluate the limits of the necessary improvements and include the new or modified improvement cost calculations in the DIF program. Another alternative that could be considered is standardizing the typical street section representing the 'Arterial Streets'. By standardizing the 'Arterial Street' segment, a developer's request for credits/reimbursements should be simplified. A reduced or standardized arterial street section may result in a reduction in the

impact fee for 'Arterial Street' improvements. Recognizing the difference between an arterial street and a normal city street, staff suggests considering only the construction cost for the outside lanes and curb & gutter as part of the DIF program. Public Works staff is in agreement with this method.

Traffic Control

'Traffic Control' is a stand-alone capital facility DIF category that includes both signals and related traffic control improvements to serve the future development of Moreno Valley. Traffic signals and controls are directly related to the City's street classifications and locations as outlined in the Circulation Element of the City's General Plan.

The Colgan 2011 DIF Study uses a weighted trip factor (i.e., length of trip and trip type), akin to the 'Arterial Street' DIF category, to establish the appropriate impact fee with traffic signals and controls spaced on a grid of one-quarter ($\frac{1}{4}$) mile intervals. Also influencing the impact fee is the Level of Service or LOS of intersections. The City's General Plan standard generally is LOS C, while LOS D is specific to intersections and arterial streets that directly connect to freeway interchanges and major employment centers.

Critical Analysis: The 'Traffic Control' impact fee is based on a very conservative and costly traffic signal grid of one-quarter ($\frac{1}{4}$) mile intervals. If this were to be increased, there may a reduction in the impact fees for 'Traffic Control' capital facilities. It seems prudent to reevaluate the spacing of certain traffic controls (to $\frac{1}{2}$ -mile intervals) prior to finalizing the 2011 DIF Study.

Interchange Improvements

'Interchange Improvements' is a stand-alone capital facility DIF category but is one of the more complicated capital facilities to attribute an impact fee to in that the City does not totally control the design of the improvements. Three other agencies have input into improvement plans and/or funding for interchanges: California Department of Transportation (CalTrans), Federal Highway Administration and WRCOG.

Interchanges serve a greater area than just the City of Moreno Valley. Therefore, defining the trips generated to interchange improvements can be challenging.

The Colgan 2011 DIF Study allocates the costs of the improvements to future developments and the vehicles trips generated by the types of development.

Critical Analysis: City staff works diligently with WRCOG and CalTrans to identify the needs for interchange improvements and the associated design. The PSR or Project Study Report analyzing the geometrics and capacity of an interchange often takes years to finalize. Because of the differing designs and funding sources, this category appears to be appropriate at this time. The interchange component should also recognize funding sources such as WRCOG's TUMF program.

Electrical Distribution (MVU only)

'Electrical Distribution' is a new stand-alone capital facility DIF category cost calculation being contemplated for the 2011 DIF Study. The City created its own electric utility in 2004 (MVU) to provide electricity to future or "greenfield" development. The City does not anticipate providing electricity to the areas served by Southern California Edison Company (SCE).

MVU constructed its only substation in 2008 to accept electricity it purchases through a number of sources. MVU has also constructed or had constructed by developers, other infrastructure to support its projects and other improvements as needed for future growth. The Colgan 2011 DIF Study allocates costs for future development based on peak demand by type of development and service panel size and type.

Critical Analysis: MVU recently worked with a consultant to evaluate its service rates and to conduct a detailed review of its infrastructure needs to serve new development. As well as study the City's infrastructure costs of future backbone distribution systems, substations, switchyards, and the like, in the MVU service area. It seems appropriate to not implement the 'Electrical Distribution' capital facility for the DIF Study and have it as a separate cost recovery plan managed through MVU.

RECOMMENDATIONS

Staff is seeking City Council direction on a number of suggested changes in methodology for the DIF program:

Capital Facility(ies) Categories.

Further discussion on the following Capital facilities categories should be undertaken:

1. **Police Capital Facilities:** Adjust the methodology in the DIF Study so that it is based upon the City continuing to contract for police services with the County rather than use a formula based upon an assumption that these services will be provided in-house in the future. Seek to reduce the overall per square foot cost for police facilities from \$802 to \$450 per square foot. Work with the Police Department to revise the Building Plan for police facilities.
2. **Park Land and Improvements Capital Facilities:** Remove the Quimby Act in-lieu fee calculation from the DIF program. Developers shall still be assessed a Quimby fee outside the DIF.
3. **Community and Recreation Centers Capital Facilities:** Remove already constructed centers and recreation facilities (i.e., Senior Center, Towngate

Community Center, March Field Park Community Center, and MV Conference & Community Center) from this category.

4. *City Hall Capital Facilities:* Acknowledge a reduced City workforce and the future use of contract services. Consider revising the additional needed space for City Hall by 50%.
5. *Arterial Streets Capital Facility:* Develop a more user friendly and cost-effective “typical” design standard for DIF qualifying streets that represents the difference between an arterial street and a normal street section. This methodology is becoming more common for other cities and WRCOG.
6. *Traffic Control Capital Facilities:* Increase spacing of traffic signals for City build out from one-quarter ($\frac{1}{4}$) mile to one-half ($\frac{1}{2}$) mile intervals.
7. *Electrical Distribution (MVU area only) Capital Facilities:* Do not create a new DIF category for electrical distribution, but rather allow for new infrastructure to be conditioned as part of the future development projects.

ALTERNATIVES

1. Instruct Staff to revise the 2011 DIF Study as suggested above and bring the DIF program revisions back to City Council for review and discussion. *Staff recommends this action because it allows for an update with current costs, and better reflects more relevant policies and keeps Moreno Valley’s DIF rates competitive. (It should be noted that the City would continue to collect impact fees in place based on the 2005 DIF Study.)*
2. Instruct Staff to proceed with the adoption of the Colgan 2011 DIF Study as currently prepared and bring the DIF program revisions back to City Council for review and discussion. *Staff does not recommend this action because it will substantially increase DIF rates and hinder new development opportunities in Moreno Valley.*

ADDITIONAL REVIEW

As part of the new calculations for the DIF program, both the Economic Development and Finance Subcommittees, as well as the Building Industry Association (BIA) will be afforded the opportunity to review the revised DIF prior to the program coming back to Council for full consideration.

FISCAL IMPACT

The proposed recommendations appear warranted and represent a cost effective way to update the DIF program with current constructive costs, while keeping Moreno Valley's development environment competitive with other local communities. A complete fiscal analysis will be prepared as part of the consideration of a revised DIF Study.

SUMMARY

The City Council requested Staff to review and update its 2005 DIF Study. The Colgan 2011 DIF Study demonstrates a need to adjust the impact fees to be current with actual costs of land and improvements. However, the capital facilities baseline assumptions for a number of DIF categories included in the Colgan 2011 DIF Study may not accurately reflect the present needs of the City, as well as be cost effective for the development community. Staff is recommending that several of the categories be re-evaluated and re-positioned prior to finalizing the 2011 DIF Study. The City Council will be reviewing and discussing the DIF Program in full again when staff has made the requested revisions.

CITY COUNCIL GOALS

REVENUE DIVERSIFICATION AND PRESERVATION: Develop a variety of City revenue sources and policies to create a stable revenue base and fiscal policies to support essential City services, regardless of economic climate.

PUBLIC FACILITIES AND CAPITAL PROJECTS: Ensure that needed public facilities, roadway improvements, and other infrastructure improvements are constructed and maintained.

ATTACHMENTS/EXHIBITS

Exhibit "A" – Development Impact Fee Program

Prepared By:
Mark W. Sambito
Engineering Division Manager

Department Head Approval:
Barry Foster
Community & Economic Development Director

Reviewed By:
Ahmad R. Ansari
Public Works Director/City Engineer

Council Action	
Approved as requested:	Referred to:
Approved as amended:	For:
Denied:	Continued until:
Other:	Hearing set for:

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DEVELOPMENT IMPACT FEE (DIF) PROGRAM

**Challenges
Considerations,
&
Suggested Alternatives**

Table 1 – 2005 DIF Nexus Study

Impact Fee Type	Residential Single-Family	Residential Multi-Family	Commercial General	Commercial Regional	Industrial General	Office
Development Units >>	DU ¹	DU ¹	KSF ¹	KSF ¹	KSF ¹	KSF ¹
Police Facilities	\$ 447.38	\$ 355.37	\$ 723.43	\$ 453.73	\$ 130.09	\$ 352.20
Fire Protection	\$ 626.51	\$ 250.61	\$ 230.12	\$ 230.12	\$ 164.37	\$ 191.77
Libraries	\$ 782.64	\$ 685.62	\$ -	\$ -	\$ -	\$ -
Park Land	\$ 1,796.85	\$ 1,574.10	\$ -	\$ -	\$ -	\$ -
Park Improvements	\$ 2,994.75	\$ 2,623.50	\$ -	\$ -	\$ -	\$ -
Community/Rec Centers	\$ 185.68	\$ 162.67	\$ -	\$ -	\$ -	\$ -
City Hall	\$ 510.29	\$ 204.12	\$ 187.44	\$ 187.44	\$ 133.88	\$ 156.20
Animal Shelter	\$ 146.35	\$ 128.21	\$ -	\$ -	\$ -	\$ -
Corporate Yard	\$ 286.75	\$ 114.70	\$ 105.33	\$ 105.33	\$ 75.23	\$ 87.77
Maintenance Equipment	\$ 48.34	\$ 19.34	\$ 17.76	\$ 17.76	\$ 12.68	\$ 14.80
Arterial Streets	\$ 4,364.63	\$ 3,055.24	\$ 12,220.96	\$ 9,165.72	\$ 3,491.70	\$ 5,237.55
Traffic Signals	\$ 545.89	\$ 382.12	\$ 1,528.49	\$ 1,146.37	\$ 436.71	\$ 655.07
Interchange Improvements	\$ 505.11	\$ 353.58	\$ 1,414.30	\$ 1,060.73	\$ 404.09	\$ 606.13
Total	\$ 13,241.17	\$ 9,909.18	\$ 16,427.83	\$ 12,367.20	\$ 4,848.75	\$ 7,301.49

Table 2 – Current DIF Fee Schedule

Impact Fee Type	Residential Single-Family	Residential Multi-Family	Residential Mobile/Senior	Commercial General	Commercial Regional	Industrial General	Industrial High-Cube	Office
Development Units >>	DU ¹	DU ¹	DU ¹	KSF ¹	KSF ¹	KSF ¹	KSF ¹	KSF ¹
Police Facilities	\$ 464.00	\$ 368.00		\$ 232.00	\$ 64.00	\$ 42.00		\$ 114.00
Fire Protection	\$ 650.00	\$ 261.00		\$ 80.00	\$ 36.00	\$ 58.00		\$ 67.00
Libraries	\$ 813.00	\$ 712.00		No Fee	No Fee	No Fee		No Fee
Park Land	\$ 1,865.00	\$ 1,634.00		No Fee	No Fee	No Fee		No Fee
Park Improvements	\$ 3,109.00	\$ 2,723.00	New	No Fee	No Fee	No Fee	New	No Fee
Community/Rec Centers	\$ 193.00	\$ 169.00	Category	No Fee	No Fee	No Fee	Category	No Fee
Animal Shelter	\$ 152.00	\$ 133.00	in 2011	No Fee	No Fee	No Fee	in 2011	No Fee
City Hall	\$ 529.00	\$ 212.00		\$ 74.00	\$ 42.00	\$ 52.00		\$ 62.00
Corporate Yard	\$ 298.00	\$ 119.00		\$ 53.00	\$ 41.00	\$ 37.00		\$ 43.00
Maintenance Equipment	\$ 50.00	\$ 20.00		\$ 4.00	\$ -	\$ 3.00		\$ 4.00
Arterial Streets	\$ 4,531.00	\$ 3,171.00		\$ 4,482.00	\$ 2,231.00	\$ 1,281.00		\$1,921.00
Traffic Signals	\$ 567.00	\$ 397.00		\$ 678.00	\$ 443.00	\$ 194.00		\$ 290.00
Interchange Improvements	\$ 524.00	\$ 367.00		\$ 684.00	\$ -	\$ 195.00		\$ 293.00
Electrical Dist. (MVU Only)	No Fee	No Fee		No Fee	No Fee	No Fee		
Total	\$ 13,745.00	\$ 10,286.00	\$ -	\$ 6,287.00	\$ 2,857.00	\$ 1,862.00	\$ -	\$2,794.00

Table 3 – April 2012 (Draft) DIF Nexus Study

Impact Fee Type	Residential Single-Family	Residential Multi-Family	Residential Mobile/Senior	Commercial General	Commercial Regional	Industrial General	Industrial High-Cube	Office
Development Units >>	DU ¹	DU ¹	DU ¹	KSF ¹	KSF ¹	KSF ¹	KSF ¹	KSF ¹
Police Facilities	\$ 879.76	\$ 341.70	\$ 224.31	\$ 1,151.92	\$ 986.03	\$ 206.33	\$ 206.33	\$ 439.73
Fire Protection	\$ 980.93	\$ 261.58	\$ 392.37	\$ 360.31	\$ 360.31	\$ 257.36	\$ 257.36	\$ 300.25
Libraries	\$ 890.27	\$ 761.04	\$ 348.52	No Fee	No Fee	No Fee	No Fee	No Fee
Park Land	\$ 3,827.77	\$ 3,272.12	\$ 1,498.50	No Fee	No Fee	No Fee	No Fee	No Fee
Park Improvements	\$ 6,000.29	\$ 5,129.28	\$ 2,349.00	No Fee	No Fee	No Fee	No Fee	No Fee
Community / Recr Centers	\$ 830.37	\$ 709.83	\$ 325.08	No Fee	No Fee	No Fee	No Fee	No Fee
Animal Shelter	\$ 196.74	\$ 168.18	\$ 77.02	No Fee	No Fee	No Fee	No Fee	No Fee
City Hall	\$ 652.77	\$ 174.07	\$ 261.11	\$ 239.77	\$ 239.77	\$ 171.26	\$ 171.26	\$ 199.81
Corporate Yard	\$ 543.24	\$ 144.86	\$ 217.30	\$ 199.54	\$ 199.54	\$ 142.53	\$ 142.53	\$ 166.28
Maintenance Equipment	\$ 152.41	\$ 40.64	\$ 60.97	\$ 55.98	\$ 55.98	\$ 39.99	\$ 39.99	\$ 46.65
Arterial Streets	\$ 4,442.04	\$ 3,109.43	\$ 1,998.92	\$ 7,855.40	\$ 6,137.03	\$ 3,117.22	\$ 779.31	\$4,675.84
Traffic Signals	\$ 693.16	\$ 485.21	\$ 311.92	\$ 1,225.80	\$ 957.66	\$ 486.43	\$ 121.61	\$ 729.64
Interchange Improvements	\$ 1,508.29	\$ 1,055.80	\$ 678.73	\$ 4,223.22	\$ 3,167.41	\$ 1,206.63	\$ 301.66	\$1,809.95
Electrical Distr (MVU Only)	\$ 1,532.95	\$ 766.47	\$ 1,532.95	Varies	Varies	Varies	Varies	Varies
Total	\$ 23,130.99	\$ 16,420.21	\$ 10,276.70	\$ 15,311.94	\$ 12,103.73	\$ 5,627.75	\$ 2,020.05	\$ 8,368.15

Table 4 – August 2012 (Suggested Alternatives) DIF Nexus Study

Impact Fee Type	Residential Single-Family	Residential Multi-Family	Residential Mobile/Senior	Commercial General	Commercial Regional	Industrial General	Industrial High-Cube	Office
Development Units >>	DU ¹	DU ¹	DU ¹	KSF ¹	KSF ¹	KSF ¹	KSF ¹	KSF ¹
Police Facilities	\$ 493.63	\$ 191.73	\$ 125.86	\$ 646.34	\$ 553.26	\$ 115.77	\$ 115.77	\$ 246.73
Fire Protection	\$ 980.93	\$ 261.58	\$ 392.37	\$ 360.31	\$ 360.31	\$ 257.36	\$ 257.36	\$ 300.25
Libraries	\$ 327.07	\$ 279.59	\$ 128.04	No Fee	No Fee	No Fee	No Fee	No Fee
Park Land	-	-	-	No Fee	No Fee	No Fee	No Fee	No Fee
Park Improvements	\$ 2,728.51	\$ 2,332.44	\$ 1,068.16	No Fee	No Fee	No Fee	No Fee	No Fee
Community / Recr Centers	\$ 694.29	\$ 593.50	\$ 271.80	No Fee	No Fee	No Fee	No Fee	No Fee
Animal Shelter	\$ 196.74	\$ 168.18	\$ 77.02	No Fee	No Fee	No Fee	No Fee	No Fee
City Hall	\$ 180.49	\$ 48.13	\$ 72.20	\$ 66.30	\$ 66.30	\$ 47.35	\$ 47.35	\$ 55.25
Corporate Yard	\$ 543.24	\$ 144.86	\$ 217.30	\$ 199.54	\$ 199.54	\$ 142.53	\$ 142.53	\$ 166.28
Maintenance Equipment	\$ 152.41	\$ 40.64	\$ 60.97	\$ 55.98	\$ 55.98	\$ 39.99	\$ 39.99	\$ 46.65
Arterial Streets	\$ 1,125.17	\$ 787.62	\$ 506.33	\$ 1,479.77	\$ 1,297.79	\$ 729.66	\$ 170.48	\$1,022.89
Traffic Signals	\$ 779.33	\$ 545.53	\$ 350.70	\$ 1,024.94	\$ 898.89	\$ 505.39	\$ 118.08	\$ 708.48
Interchange Improvements	\$ 700.84	\$ 490.59	\$ 315.38	\$ 921.71	\$ 808.36	\$ 454.48	\$ 106.19	\$ 637.13
Electrical Distr (MVU Only)	-	-	-	-	-	-	-	-
Total	\$ 8,902.65	\$ 5,884.39	\$ 3,586.13	\$ 4,754.89	\$ 4,240.43	\$ 2,292.53	\$ 997.75	\$ 3,183.66

Table 5 – Difference between Existing and Suggested DIF Fees

Impact Fee Type	Residential Single-Family	Residential Multi-Family	Residential Mobile/Senior	Commercial General	Commercial Regional	Industrial General	Industrial High-Cube	Office
Development Units >>	DU ¹	DU ¹	DU ¹	KSF ¹	KSF ¹	KSF ¹	KSF ¹	KSF ¹
Police Facilities	\$ 29.63	\$ (176.27)		\$ 414.34	\$ 489.26	\$ 73.77		\$ 132.73
Fire Protection	\$ 330.93	\$ 0.58		\$ 280.31	\$ 324.31	\$ 199.36		\$ 233.25
Libraries	\$ (485.93)	\$ (432.41)		No Fee	No Fee	No Fee		No Fee
Park Land	\$ (1,865.00)	\$ (1,634.00)		No Fee	No Fee	No Fee		No Fee
Park Improvements	\$ (380.49)	\$ (390.56)	New	No Fee	No Fee	No Fee	New	No Fee
Community/Rec Centers	\$ 501.29	\$ 424.50	Category	No Fee	No Fee	No Fee	Category	No Fee
Animal Shelter	\$ 44.74	\$ 35.18	in 2011	No Fee	No Fee	No Fee	in 2011	No Fee
City Hall	\$ (348.51)	\$ (163.87)		\$ (7.70)	\$ 24.30	\$ (4.65)		\$ (6.75)
Corporate Yard	\$ 245.24	\$ 25.86		\$ 146.54	\$ 158.54	\$ 105.53		\$ 123.28
Maintenance Equipment	\$ 102.41	\$ 20.64		\$ 51.98	\$ 55.98	\$ 36.99		\$ 42.65
Arterial Streets	\$ (3,405.83)	\$ (2,383.38)		\$ (3,002.23)	\$ (933.21)	\$ (551.34)		\$ (898.11)
Traffic Signals	\$ 212.33	\$ 148.53		\$ 346.94	\$ 455.89	\$ 311.39		\$ 418.48
Interchange Improvements	\$ 176.84	\$ 123.59		\$ 237.71	\$ 808.36	\$ 259.48		\$ 344.13
Electrical Dist. (MVU Only)	\$ -	\$ -		\$ -	\$ -	\$ -		\$ -
Total	\$ (4,842.35)	\$ (4,401.61)	\$ -	\$ (1,532.11)	\$ 1,383.43	\$ 430.53	\$ -	\$ 389.66

DEVELOPMENT IMPACT FEE COMPARISON

Development Impact Fee Comparison					
City	Residential Impact Fees		Non-Residential		
	Residential Single Family (Per Unit)	Residential Multi-Family (Per Unit)	Commercial General (Per Sq. Ft.)	Industrial General (Per Sq.Ft.)	Office (Per Sq. Ft.)
Corona	\$ 24,428.40	\$ 8,454.60	\$ 1.75	\$ 0.72	\$ 1.13
Hemet	\$ 9,708.04	\$ 6,874.04	\$ 3.58	\$ 1.08	\$ 5.86
Moreno Valley	\$ 13,745.00	\$ 10,286.00	\$ 6.29	\$ 1.86	\$ 2.79
Murrieta	\$ 10,297.21	\$ 6,527.37	\$ 11.09	\$ 1.93	\$ 4.15
Ontario	\$ 24,596.00	\$ 15,575.00	\$ 12.66	\$ 2.97	\$ 5.94
Perris	\$ 9,645.00	\$ 8,734.00	\$ 0.61	\$ 0.61	
Redlands	\$ 11,392.00	\$ 7,861.00	\$ 2.17	\$ 1.10	\$ 3.06
Riverside - N/A					
Temecula	\$ 5,891.35	\$ 8,228.80	\$ 8.95	\$ 3.23	\$ 5.19

DEVELOPMENT IMPACT FEE EXAMPLES

Development Impact Fee Examples

City	Residential Impact Fees		Non-Residential		
	Residential Single Family (30 Units)	Residential Multi-Family (70 Units)	Commercial General (500,000 Sq. Ft.)	Industrial General (750,000 Sq.Ft.)	Office (50,000 Sq. Ft.)
Corona	\$ 732,852	\$ 591,822	\$ 875,000	\$ 540,000	\$ 56,500
Hemet	\$ 291,241	\$ 481,183	\$ 1,790,000	\$ 810,000	\$ 293,000
Moreno Valley	\$ 412,350	\$ 720,020	\$ 3,143,500	\$ 1,396,500	\$ 139,500
Murrieta	\$ 308,916	\$ 456,916	\$ 5,545,000	\$ 1,447,500	\$ 207,500
Ontario	\$ 737,880	\$ 1,090,250	\$ 6,330,000	\$ 2,229,000	\$ 296,950
Perris	\$ 410,100	\$ 808,570	\$ 2,920,000	\$ 4,380,000	
Redlands	\$ 341,760	\$ 550,270	\$ 1,085,000	\$ 825,000	\$ 153,000
Riverside - N/A					
Temecula	\$ 176,741	\$ 576,030	\$ 4,475,000	\$ 2,422,500	\$ 259,500

Examples of Fees if DIF Increased per April 2012 Draft Report

INDUSTRIAL GENERAL (Assuming 750,000 sq.ft. Building)

Existing DIF \$1,396,500

Possible 4,220,820

Difference \$2,824,720 Increase

INDUSTRIAL HIGH-CUBE (Assuming 750,000 sq.ft. Building)

Existing DIF \$1,396,500

Possible 1,515,030

Difference \$ 118,530 Increase

COMMERCIAL - REGIONAL (Assuming 500,000 sq.ft. Project)

Existing DIF \$1,428,500

Possible 6,051,860

Difference \$4,623,360 Increase

SINGLE FAMILY RESIDENTIAL (Assuming 30 Lots)

Existing DIF \$ 412,350

Possible 693,930

Difference \$ 281,580 Increase

MULTI-FAMILY RESIDENTIAL (Assuming 70 Units)

Existing DIF \$ 720,020

Possible 1,149,416

Difference \$ 429,396 Increase

Police Facilities

Considerations:

- The City currently has a contract for law enforcement services with the Riverside County Sheriff's Department.
- In 2006, the City developed a Police Department Building Plan, which includes a full-service facility to support an independent Moreno Valley Police Department.
- The assumption is that the City is moving forward to form its own City police department.
- The City's estimated cost per square foot for the future police facilities is approximately 80% higher than the survey average.
- The updated DIF for this category would increase by nearly 100%.

Discussion: Will the City have its own police department? Should the per square foot cost for police facilities be reduced to better match the survey average of \$450 sq. ft. versus \$802 sq.ft.? 75,000 sq.ft. expansion project for Riverside County Sheriff in Palm Desert was \$453 per sq.ft.

Suggested Alternatives:

- Reduce overall per square foot cost to \$450.
- Work with Police Chief towards revising Moreno Valley's Police Department Building Plan.

Park Land and Park Improvements

Considerations:

- The categories can include two legislative acts: the Quimby Act and the Mitigation Fee Act, to be used for the acquisition of parkland.
- State law provides for the Quimby Act and ability to assess developers for park land.
- The Mitigation Fee Act (MVMC Chapter 3.38) permits the City to collect a fee from developers for park land and related improvements.
- The Colgan 2012 DIF Study has used the minimum ratio of 3-acres per 1,000 population as its basis for both the Quimby Act and Mitigation Fee Act.
- Only residential developments are required to pay this DIF category.
- This one capital facilities category represents over 40 percent of the total 2012 DIF for the Residential, Single-Family impact fee.
- Without a service level adjustment, this category will more than double.

Discussion: The DIF for the two categories is high. It may be prudent to separate the Quimby Act portion from DIF.

Suggested Alternatives:

- Remove the Quimby Act in-lieu fee from the DIF program and collect the fee through a condition of approval.

Community/Recreation Centers

Considerations:

- Included in this DIF category are: community centers and gymnasiums.
- The Colgan 2012 DIF Study allocates costs for 'Community/Recreation Centers' on a per capita basis to building area at build-out.
- The Colgan 2012 DIF Study incorporates costs for a number of already constructed facilities.
- Only residential developments are required to pay this DIF category.
- Without a service level adjustment, this category will almost double.

Discussion: The DIF for this capital facility includes several facilities previously constructed (i.e., Senior Center, TownGate Community Center, March Field Park Community Center, and MV Conference & Community Center). Existing capital improvements should not be included in the need for "future" facilities. If the existing facilities are removed, the cost per square foot would be approximately 50 percent less.

Suggested Alternatives:

- Remove already constructed centers from cost calculation.

City Hall

Considerations:

- The 'City Hall' capital facility category is for building area only and is based on the need for a building sized to support administration and development services.
- The current City Hall building was purchased as a shell in 1994 and the tenant improvements were completed in 1995.
- Over time, additional buildings have been acquired to accommodate an increase in staff to serve the community.

Discussion: The future need for 'City Hall' facilities has changed significantly over the past few years. The City has 'downsized' its workforce and the need for additional building area is diminished based on past City Council direction about contracting for certain services as the economy improves.

Suggested Alternatives:

- Reduce the size of additional City Hall facilities space by 50%.
- Utilize some of the undeveloped land at the Civic Center for surface parking use with the expansion of Police facilities.

Arterial Streets

Considerations:

- The 'Arterial Streets' DIF category is based on six (6) different arterial street classifications.
- The costs of the various street classifications, based on location, are allocated to future development based on vehicle trips generated and trip length associated with various types of development.
- The current DIF uses a very complex formula to establish an impact fee.
- The formula is further complicated in that many of the City's arterial streets are included in the WRCOG Traffic Uniform Mitigation Fee (TUMF) network and eligible for TUMF funds.

Discussion: One standard street design for the DIF program for 'Arterial Streets' should be considered. By standardizing the 'Arterial Street' segment, a developer's request for credits/reimbursements should be simplified. A simplified arterial street section would result in a reduction in the impact fee for 'Arterial Street' improvements.

Suggested Alternatives:

- Utilize one standard street design for the DIF program (but realizing that the traffic impacts of the project might still require additional street improvements per conditions of approval).
- Have the DIF program be responsible for the cost to construct the two outside lanes and curb/gutter.

Traffic Control

Considerations:

- 'Traffic Control' is a DIF category that includes both signals and related traffic control improvements.
- Traffic signals and controls are directly related to the Circulation Element of the City's General Plan.
- The Colgan 2012 DIF Study uses a weighted trip factor (i.e., length of trip and trip type), akin to the 'Arterial Street' DIF category, to establish the appropriate impact fee with traffic signals and controls spaced on a grid of one-quarter ($\frac{1}{4}$) mile intervals.

Discussion: The 'Traffic Control' impact fee is based on a very conservative traffic signal grid at one-quarter ($\frac{1}{4}$) mile intervals. The City should consider increasing the signal spacing to $\frac{1}{2}$ -mile intervals.

Suggested Alternatives:

- Adopt a standard of $\frac{1}{2}$ mile spacing for new traffic signals DIF program.
- Adding additional traffic signals is still possible as part of the project-specific conditions of approval.

Interchange Improvements

Considerations:

- The DIF Study allocates the costs of the interchange improvements to future developments and the vehicles trips generated by the types of development.
- Many future interchange projects include WRCOG TUMF funding.

Discussion: Adjust the costs of interchange improvements in accordance with any revisions to the trip generation rates or the weighted trip average. Review the interchange costs to account for future funding from TUMF.

Suggested Alternatives:

- Revise future interchange projects to reflect adjusted construction values, but also incorporate future funding from TUMF.

Electrical Distribution (MVU only)

Considerations:

- ‘Electrical Distribution’ had been considered as a new category in the 2012 DIF Study.
- The City created its own electric utility in 2004 (MVU).
- MVU constructed its only substation in 2008 to accept electricity it purchases through a number of funding sources.
- MVU has constructed or had constructed by developers, other infrastructure to support its projects and other improvements as needed for future growth.

Discussion: MVU has been working with a consultant to evaluate its service rates and to conduct a detailed review of its infrastructure needs to effectively serve new development. MVU staff recommends not creating a new DIF category for Electrical Distribution.

Suggested Alternatives:

- Do not create a DIF category for Electrical Distribution.

Industrial High-Cube Development

Considerations:

- Current development for large-scale industrial buildings is focused on High-Cube logistics users.
- High-Cube logistics development generates less traffic impacts and DIF program demands.
- A number of DIF programs in other cities are looking to create new DIF type for Industrial High-Cube users. TUMF program also has adopted Industrial High-Cube category.

Discussion: Recognize less impact for High-Cube industrial versus general industrial development. WRCOG has adopted a High-Cube category for the TUMF program. The consultant has recommended adopting a High-Cube category.

Suggested Alternatives:

- Adopt a new DIF type for Industrial High-Cube development.

SUMMARY OF SUGGESTED ALTERNATIVES

Further discussion on the following Capital facilities categories should be undertaken:

1. Police Capital Facilities: Adjust the City's policy direction to acknowledge the contracting for police services. Reduce the overall per square foot cost for police facilities to \$450.
2. Park Land and Improvements Capital Facilities: Remove the Quimby Act in-lieu fee calculation from DIF program.
3. Community and Recreation Centers Capital Facilities: Remove already constructed centers and recreation facilities (i.e., Senior Center, TownGate Community Center, March Field Park Community Center, and MV Conference & Community Center) from this cost calculation.
4. City Hall Capital Facilities: Acknowledge a reduced City workforce and the future use of contract services, by reducing the size of future City Hall requirements by 50%.
5. Arterial Streets Capital Facility: Develop a more user friendly and cost-effective "typical" design standard for DIF qualifying streets. DIF program will use one standard and cost out for adding a new outside lane along with curb and gutter.
6. Traffic Control Capital Facilities: Increase spacing of traffic signals for City build out from one-quarter (¼) mile to one-half (½) mile intervals.
7. Interchange Improvements: Revise interchange project costs to reflect current construction costs and future funding from TUMF program.
8. Electrical Distribution (MVU area only) Capital Facilities: Do not create a new DIF category for electrical distribution.
9. Industrial High-Cube: Create a new DIF type for Industrial High-Cube development.

Examples of Fees if DIF Adjusted per August 2012 Suggested Alternatives

INDUSTRIAL HIGH-CUBE (Assuming 750,000 sq.ft. Building)

Existing DIF \$1,396,500

Suggested 712,800

Difference \$ 683,700 Decrease

COMMERCIAL - REGIONAL (Assuming 500,000 sq.ft. Project)

Existing DIF \$1,428,500

Suggested 2,087,055

Difference \$ 658,555 Decrease

SINGLE FAMILY RESIDENTIAL (Assuming 30 Lots)

Existing DIF \$ 412,350

Suggested 261,665

Difference \$ 151,685 Decrease

MULTI-FAMILY RESIDENTIAL (Assuming 70 Units)

Existing DIF \$ 720,020

Suggested 408,539

Difference \$ 311,481 Decrease



Building Industry Association of Southern California
Riverside County Chapter

**The Real Burden of Fees and Regulation
on the Housing Market in Riverside
County**

August 21, 2012

Facts About Homebuilding in Moreno Valley

- Building is Still Taking Place, but slow
 - 23 Residential Construction Units (*New Homes*) in Moreno Valley in 2011 (3,614 units in 2004)
- Moreno Valley is Not Built Out
 - Many residential lots currently entitled throughout Moreno Valley
- High Costs Come From Many Factors
 - Jurisdictions charge as much as \$75,000 per unit in various building fees

Why...

The High Cost of Housing

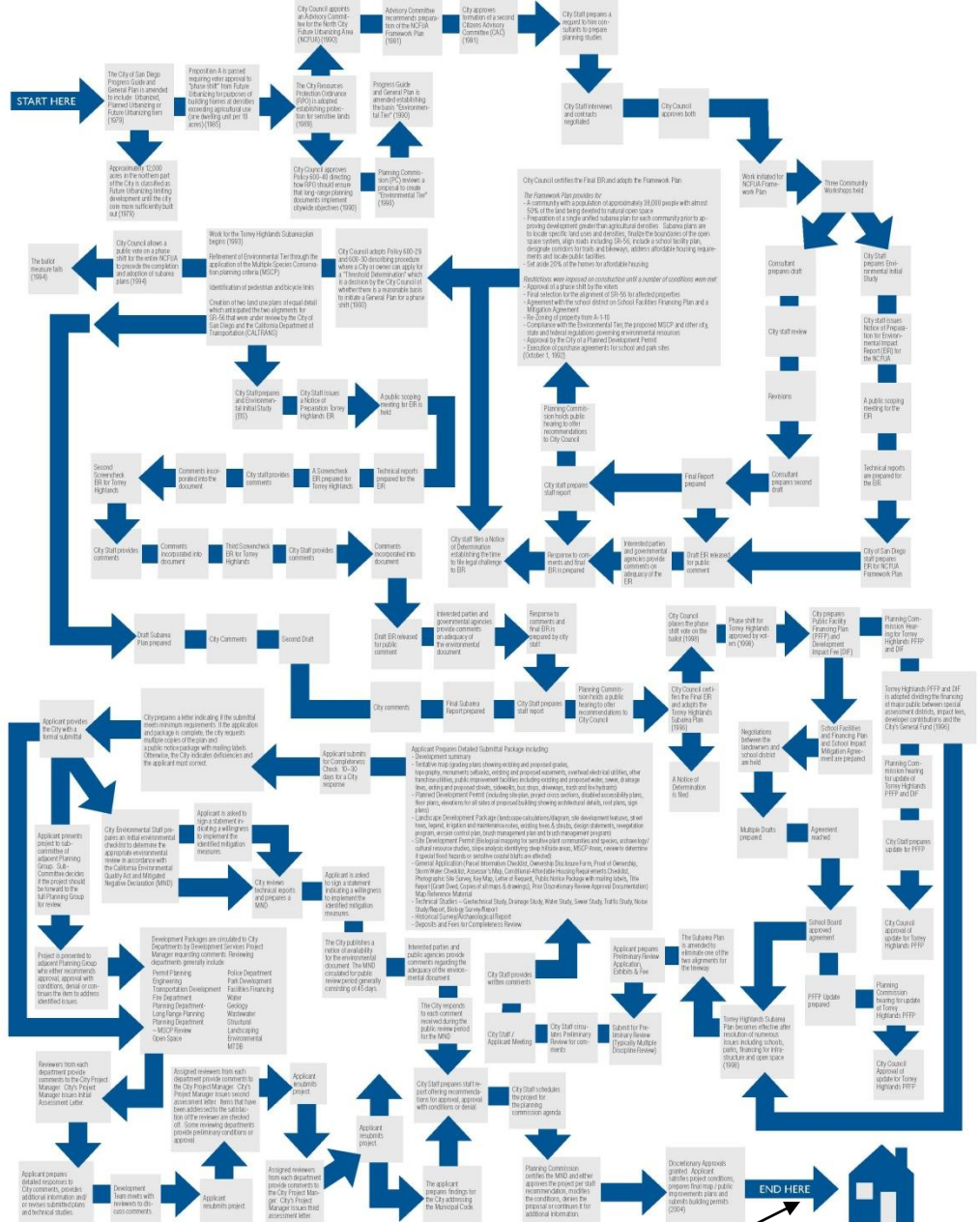
- The Time it Takes to Build New Homes
- Government Regulations
- Fees
- Anti-housing Activists

CASE STUDY: WHY BUILDING A HOME CAN TAKE 25 YEARS

A Review of the City of San Diego Planning/Development Review Process for Torrey Highlands

Start

A PARTIAL LIST OF MILESTONES



25 Years to Build a House

Finish

Why...

The High Cost of Housing

- The Time it Takes to Build New Homes
- Government Regulations
- Fees
- Anti-housing Activists



California Environmental Protection Agency

STATE WATER RESOURCES CONTROL BOARD

CEQA



1144-

Itc

Why...

The High Cost of Housing

- The Time it Takes to Build New Homes
- Government Regulations
- Fees
- Anti-housing Activists

To build a home in Moreno Valley you must pay 18 individual DIF fees, totaling over \$46,000

Page 2

Impact Fee Summary

Table ES-1: Summary of Impact Fees Calculated in This Study

Impact Fee Type	Residential	Residential	Residential	Commercial	Commercial	Commercial	Commercial	Office
	Single-Family	Multi-Family	Mobile/Service	General	Regional	General	High-Cube	Office
Development Units<>	DU ¹	DU ¹	DU ¹	KSF ¹	KSF ¹	KSF ¹	KSF ¹	KSF ¹
Police Facilities	\$ 879.76	\$ 341.70	\$ 224.31	\$ 1,151.92	\$ 960.00	\$ 206.33	\$ 206.33	\$ 439.73
Fire Protection	\$ 990.93	\$ 393.58	\$ 393.37	\$ 363.31	\$ 363.31	\$ 237.36	\$ 237.36	\$ 309.28
Libraries	\$ 890.27	\$ 761.04	\$ 348.32	No Fee	No Fee	No Fee	No Fee	No Fee
Park Land	\$ 3,827.77	\$ 3,272.12	\$ 1,496.38	No Fee	No Fee	No Fee	No Fee	No Fee
Park Improvements	\$ 6,000.32	\$ 5,129.28	\$ 2,349.00	No Fee	No Fee	No Fee	No Fee	No Fee
Community/Rec Centers	\$ 430.37	\$ 709.83	\$ 325.08	No Fee	No Fee	No Fee	No Fee	No Fee
Animal Shelter	\$ 186.74	\$ 168.18	\$ 77.02	No Fee	No Fee	No Fee	No Fee	No Fee
City Hall	\$ 652.77	\$ 174.07	\$ 261.11	\$ 239.77	\$ 239.77	\$ 171.26	\$ 171.26	\$ 199.81
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Maintenance Equipment	\$ 132.41	\$ 40.64	\$ 60.97	\$ 35.98	\$ 35.98	\$ 39.99	\$ 39.99	\$ 46.65
Arterial Streets	\$ 4,442.04	\$ 3,109.43	\$ 1,998.92	\$ 7,855.40	\$ 6,137.03	\$ 3,117.22	\$ 779.31	\$ 4,675.84
Traffic Signals	\$ 693.16	\$ 485.21	\$ 311.92	\$ 1,225.80	\$ 937.66	\$ 486.43	\$ 121.61	\$ 729.64
Interchange Improvements	\$ 1,508.29	\$ 1,033.00	\$ 679.73	\$ 4,233.22	\$ 3,167.41	\$ 1,286.63	\$ 301.66	\$ 1,809.95
Electrical Distr (MVU Only)	\$ 1,532.95	\$ 766.47	\$ 1,532.95	Varies	Varies	Varies	Varies	Varies
Total	\$ 23,186.99	\$ 16,420.23	\$ 10,276.70	\$ 15,311.83	\$ 12,103.72	\$ 5,827.76	\$ 2,020.04	\$ 6,368.15

¹ DU = dwelling unit; KSF = 1,000 gross square feet of building area

Table ES-2: Summary of Existing Impact Fees

Impact Fee Type	Residential	Residential	Residential	Commercial	Commercial	Commercial	Commercial	Office
	Single-Family	Multi-Family	Mobile/Service	General	Regional	General	High-Cube	Office
Development Units<>	DU ¹	DU ¹	DU ¹	KSF ¹	KSF ¹	KSF ¹	KSF ¹	KSF ¹
Police Facilities	\$ 844.00	\$ 364.00		\$ 232.00	\$ 36.00	\$ 42.00		\$ 114.00
Fire Protection	\$ 400.00	\$ 261.00		\$ 80.00	\$ 36.00	\$ 38.00		\$ 47.00
Libraries	\$ 813.00	\$ 712.00		No Fee	No Fee	No Fee		No Fee
Park Land	\$ 1,868.00	\$ 1,634.00	New	No Fee	No Fee	No Fee	New	No Fee
Park Improvements	\$ 3,109.00	\$ 2,223.00	Category	No Fee	No Fee	No Fee	Category	No Fee
Community/Rec Centers	\$ 700.00	\$ 1,099.00	in 2011	No Fee	No Fee	No Fee	in 2011	No Fee
Animal Shelter	\$ 288.00	\$ 130.00		No Fee	No Fee	No Fee		No Fee
City Hall	\$ 520.00	\$ 212.00		\$ 74.00	\$ 42.00	\$ 52.00		\$ 62.00
Corporate Yard	\$ 288.00	\$ 119.00		\$ 33.00	\$ 11.00	\$ 37.00		\$ 43.00
Maintenance Equipment	\$ 30.00	\$ 20.00		\$ 4.00	\$ 0.00	\$ 3.00		\$ 4.00
Arterial Streets	\$ 4,531.00	\$ 3,171.00		\$ 4,482.00	\$ 2,231.00	\$ 1,281.00		\$ 1,951.00
Traffic Signals	\$ 567.00	\$ 397.00		\$ 678.00	\$ 443.00	\$ 194.00		\$ 280.00
Interchange Improvements	\$ 324.00	\$ 367.00		\$ 684.00	\$ 0.00	\$ 195.00		\$ 293.00
Electrical Distr (MVU Only)	No Fee	No Fee		No Fee	No Fee	No Fee		No Fee
Total	\$ 13,745.00	\$ 10,286.00		\$ 6,287.00	\$ 2,837.00	\$ 1,862.00		\$ 2,794.00

Table ES-3: Difference Between Fees Calculated in This Study and Existing Fees

Impact Fee Type	Residential	Residential	Residential	Commercial	Commercial	Commercial	Commercial	Office
	Single-Family	Multi-Family	Mobile/Service	General	Regional	General	High-Cube	Office
Development Units<>	DU ¹	DU ¹	DU ¹	KSF ¹	KSF ¹	KSF ¹	KSF ¹	KSF ¹
Police Facilities	\$ 415.76	\$ (26.30)		\$ 919.92	\$ 922.03	\$ 164.33		\$ 325.73
Fire Protection	\$ 330.93	\$ 0.58		\$ 293.31	\$ 324.31	\$ 199.36		\$ 232.28
Libraries	\$ 77.27	\$ 49.04		No Fee	No Fee	No Fee		No Fee
Park Land	\$ 1,962.77	\$ 1,638.12	New	No Fee	No Fee	No Fee	New	No Fee
Park Improvements	\$ 2,891.29	\$ 2,408.28	Category	No Fee	No Fee	No Fee	Category	No Fee
Community/Rec Centers	\$ 637.37	\$ 340.83	in 2011	No Fee	No Fee	No Fee	in 2011	No Fee
Animal Shelter	\$ 41.74	\$ 33.18		No Fee	No Fee	No Fee		No Fee
City Hall	\$ 123.77	\$ (37.93)		\$ 165.77	\$ 197.77	\$ 119.26		\$ 137.81
Corporate Yard	\$ 242.24	\$ 25.86		\$ 146.54	\$ 158.54	\$ 105.53		\$ 123.28
Maintenance Equipment	\$ 102.41	\$ 20.64		\$ 31.98	\$ 35.98	\$ 42.65		\$ 51.65
Arterial Streets	\$ 88.96	\$ (61.57)		\$ 3,373.40	\$ 3,506.03	\$ 1,836.22		\$ 2,754.84
Traffic Signals	\$ 126.16	\$ 88.21		\$ 547.80	\$ 514.66	\$ 292.43		\$ 439.64
Interchange Improvements	\$ 84.29	\$ 488.80		\$ 3,539.22	\$ 3,167.41	\$ 1,011.63		\$ 1,316.95
Electrical Distr (MVU Only)	\$ 1,532.95	\$ 766.47		Varies	Varies	Varies		Varies
Total	\$ 9,388.99	\$ 6,134.23		\$ 9,654.93	\$ 9,246.72	\$ 3,763.76		\$ 5,876.15

¹ DU = dwelling unit; KSF = 1,000 gross square feet of building area

\$160,000
Median Home Price

Types of Fees

- Building and Processing Fees
 - Cost Recovery, Overhead and Time & Materials
- Development Impact Fees (Mitigation Fees)
 - Park Fees
 - Traffic and Road Fees
 - Fire Facilities Fees
 - School Facilities Fees
 - Sewer & Water Impact Fees
 - TUMF
 - MSHCP

Why...

The High Cost of Housing

- The Time it Takes to Build New Homes
- Government Regulations
- Fees
- Anti-housing Activists

Legislative & Regulatory Threats

- State Legislation
 - AB 32
 - SB 375
 - Fire Sprinkler Mandate
 - Building Codes
 - Green Building



Thank You!



BIA/RC's mission is to champion housing as a core component of viable communities.