



CITY COUNCIL AGENDA REPORT
REPORTS
AGENDA ITEM NO. K.2

DATE: July 7, 2020
TO: City Council
FROM: Jeffrey Lambert, Community Development Director, (805) 385-7882, jeffrey.lambert@oxnard.org
SUBJECT: Adoption of Resolution Amending Implementation Date of Specific New and Increased Development Impact Fees For Projects Meeting Specific Criteria. (10/10/10)

RECOMMENDATION

That the City Council adopt a resolution amending the implementation date of specific new and increased Development Impact Fees for projects meeting specific criteria.

BACKGROUND

Development Impact Fees (DIF) are one-time fees paid by new development to fund the cost of providing municipal facilities to serve that development. This authorization exists through the enactment of California Government Code sections 66001 through 66025 (also known as the "Mitigation Fee Act" and sometimes referred to as "AB1600"). The Mitigation Fee Act is premised on the concept that new development pays its own way, or, put another way, new development has to mitigate its own impacts on the system. This process includes making a determination that there is a reasonable relationship between the purpose of the fee, the fee's use and the type of development project on which the fee is imposed. In order for DIF to be legally enforceable, a community must conduct an analysis that identifies anticipated growth that is related to infrastructure costs and apportion those costs to project development. This is distributed by type of development, square foot, dwelling unit, or per trip basis - with the intent that this impact fee type of distribution equitably mitigates the impact of development on City resources, amenities and infrastructure.

On May 19, 2020, the City Council considered and approved Resolution No. 15,329 after conducting a duly noticed public hearing regarding the adoption of updated DIFs. The Council's action provided relief to pending and future developments by phasing in the implementation of the fees. The Council agreed to implement those DIFs increasing by up to 50% immediately, then delaying implementation of those fees increasing by more than 50% as follows: apply 50% of the additional increase immediately, 25% of the additional increase in July 2021, and the final 25% of the additional increase in July 2022.

ANALYSIS/DISCUSSION

The May 19, 2020, staff report provided the following option in terms of the applicability date of the various DIFs for development project that has:

1. Obtained an approved planning entitlement shall be permitted to apply the current fees; and
2. Obtains a building permit within 12 months of the effective date of the new DIFs.

During City Council deliberations, statements were made regarding providing relief by allowing pending development projects that met a certain criteria to pay the existing DIF fees. City Council consensus was not specifically included in

the motion introduced and passed by a majority of the City Council. The purpose of this agenda item is to provide an updated resolution amending the effective date of new and increased DIFs for pending projects meeting specific criteria.

It is often difficult for developers to adjust budget assumptions too far into the development process, especially since other development cost factors such as land price, labor and supplies are not flexible. Therefore, to allow for the developments that have passed the significant milestone of obtaining an entitlement that allows for development, it is desirable to allow those projects to pay the DIF fees in effect at the time they obtained their entitlement.

The attached amended resolution allows those projects that have obtained planning entitlement approvals (such as Use Permits, Development Design Review Permits, Major Modifications, etc.) to continue to pay previous DIFs provided these projects progress toward the construction phase and obtain a building permit within 12 months of the effective date of the new DIFs (July 18, 2020). Some examples of development projects that may benefit from this provision are: Northshore at Mandalay Bay, Saviers Road Housing, 2161 East Etting Road, F Street Condos, Shoe City Plaza, Clinicas on Statham, Elevar Distribution Warehouse, and Rio Urbana. For a full list of projects as of April 2020, please see Attachment 1. Those projects listed as “approved” or “in plan check” may be subject to the old DIFs.

STRATEGIC PRIORITIES

This agenda item supports the Economic Development strategy. The purpose of the Economic Development strategy is to develop and enhance Oxnard’s business climate, promote the City’s fiscal health, and support economic growth in a manner consistent with the City’s unique character. This item supports the following goals and objectives:

Goal 1. Create vibrant and economically sustainable commercial, industrial and retail industries throughout the City.

Objective 2a. Develop a strong citywide economy which attracts investment, increases the tax base, creates employment opportunities, and generates public revenue.

This agenda item supports the Infrastructure and Natural Resources strategy. The purpose of the Infrastructure and Natural Resources strategy is to establish, preserve and improve our infrastructure and natural resources through effective planning, prioritization, and efficient use of available funding. This item supports the following goals and objectives:

Goal 1. Ensure Master plans for all City infrastructure are current, synchronized and consistent with the General Plan.

Objective 1a. Complete the Public Works Integrated Master Plan.

Objective 1b. Develop master plans for other City facilities and vehicles.

Goal 3. Ensure Funding is adequate to meet the goals of the master plans.

Objective 3a. Maximize funding sources.

Objective 3b. Set rates and fees to fully recover cost.

Goal 4. Ensure proper construction and maintenance of infrastructure to provide maximum benefit with lowest life cycle cost following CIP plans.

Objective 4a. Implement CIP plans.

Objective 4b. Catch up on deferred maintenance for City facilities.

FINANCIAL IMPACT

DIFs are intended to ensure developments pay their fair share of City infrastructure and service needs. By adopting the proposed amendment to provide relief to pending development projects as described, the City may receive less DIF revenue compared to what staff presented to Council on May 19, 2020, however the developments would still be subject to the previously adopted fees to mitigate their impacts on the City's infrastructure and services.

COMMITTEE OUTCOME

The recommended action amends the resolution previously approved by the full City Council on May 19, 2020, and did not originate in Committee.

Prepared by: Jeffrey Lambert, Community Development Director

ATTACHMENTS

1. Project List - April 2020
2. Amendment to Development Impact Fee Resolution
3. Presentation