

**City of San Marcos**

**Development Impact Fee Update Study**  
**Stakeholder Workshop**

October 23, 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  $\approx$  Need for facilities
  - **Benefit:** Development  $\approx$  Use of revenue
  - **Rough proportionality:** Fee amount  $\approx$  development's share of facility costs
- Other findings
  - Purpose of fee
  - Use of fee revenue

## AB 602

- Requires local jurisdictions to make certain information available on website:
  - Current impact fee schedule
  - Nexus studies
  - Annual AB1600 reports
  - Five-Year AB1600 reports
- Changes to impact fee adoption process:
  - Prior to adoption of development fees, an impact fee nexus study needs to be adopted with 30 days notice
- Technical changes:
  - Residential fees should be charged per square foot, unless findings are supported that justify another metric
  - Large jurisdictions shall adopt a capital improvement plan as a part of the nexus study
  - Nexus study should identify level of service
  - If fees are increasing, review the assumptions of the original nexus study and evaluate the amount of fees collected under the original fee

# 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

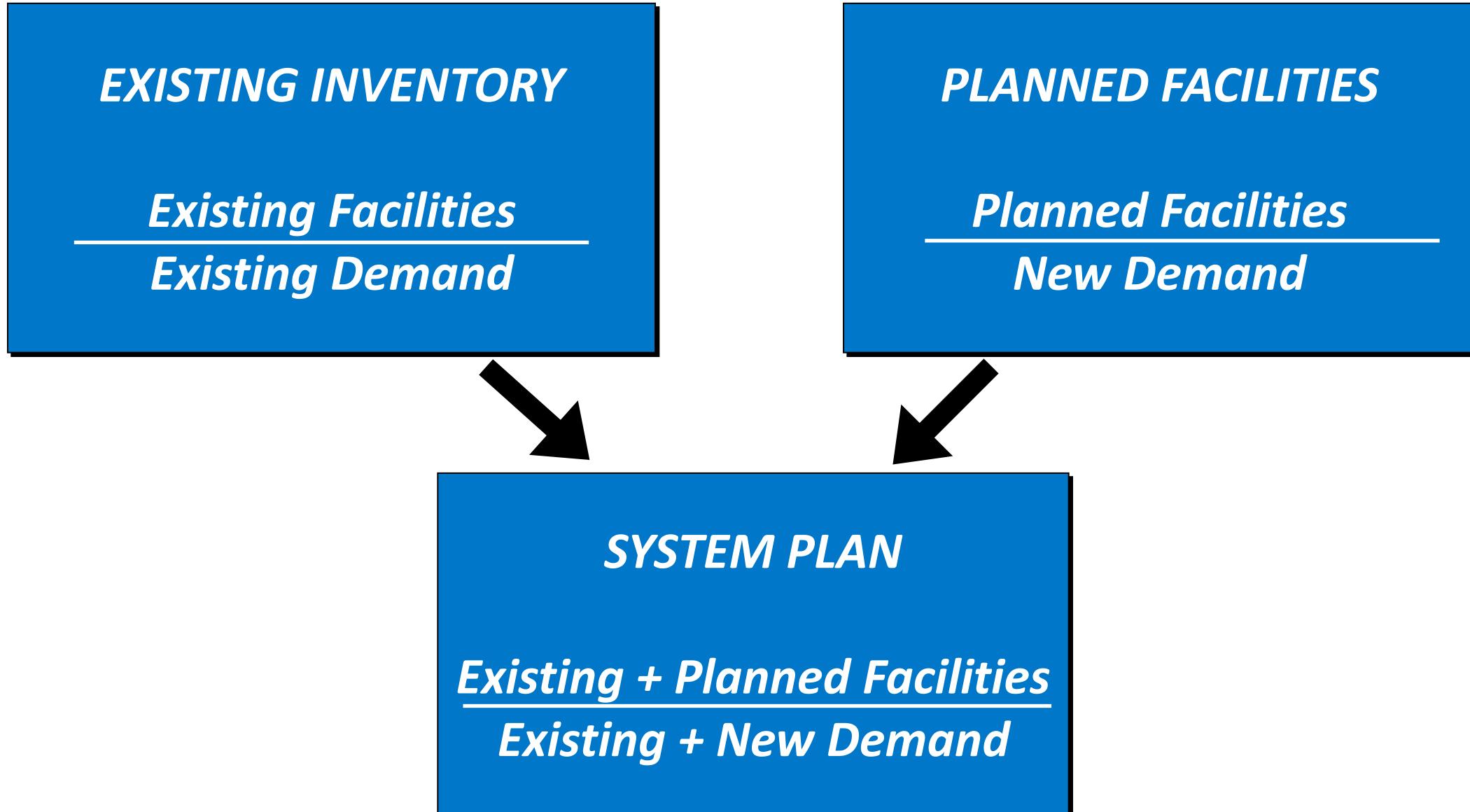
## Impact Fee Categories

- Transportation Facilities
- Parks, Trails and Recreation Facilities Fee
- Fire and EMS Facilities
- Advanced Planning
- Habitat Conservation
- Storm Drains

## Growth Projections

	2024	2040	Increase
Residents	93,730	113,540	19,810
Employment	33,160	45,358	12,198

# Cost Allocation Methods: **WHAT Facilities Serve WHO**



# Fee Program Methodologies

## Existing Standard

Parks, Trails and Recreation Facilities

Roadway Component of Transportation

## Planned Facilities Standard

Storm Drain Facilities  
Bicycle and Pedestrian Facilities Component of Transportation

## System Plan

Fire and EMS Facilities  
Habitat Conservation  
Advanced Planning

## Projected Impact Fee Revenue

Fee Category	Total Project Cost	Development Fee Revenue	Additional Funding Required
Transportation Facilities <sup>1</sup>	\$ 73,516,773	\$ 73,516,773	\$ -
Parks <sup>1</sup>	58,743,526	58,743,526	-
Fire Protection	21,341,000	13,751,000	7,590,000
Advanced Planning	7,640,000	1,415,000	6,225,000
Habitat Conservation	10,292,750	3,468,000	6,824,750
Storm Drain	<u>25,135,303</u>	<u>4,851,113</u>	<u>20,284,190</u>
Total	\$196,669,352	\$155,745,413	\$ 40,923,940

<sup>1</sup> City staff is recommending that fees be implemented at 50% of maximum justified amount.

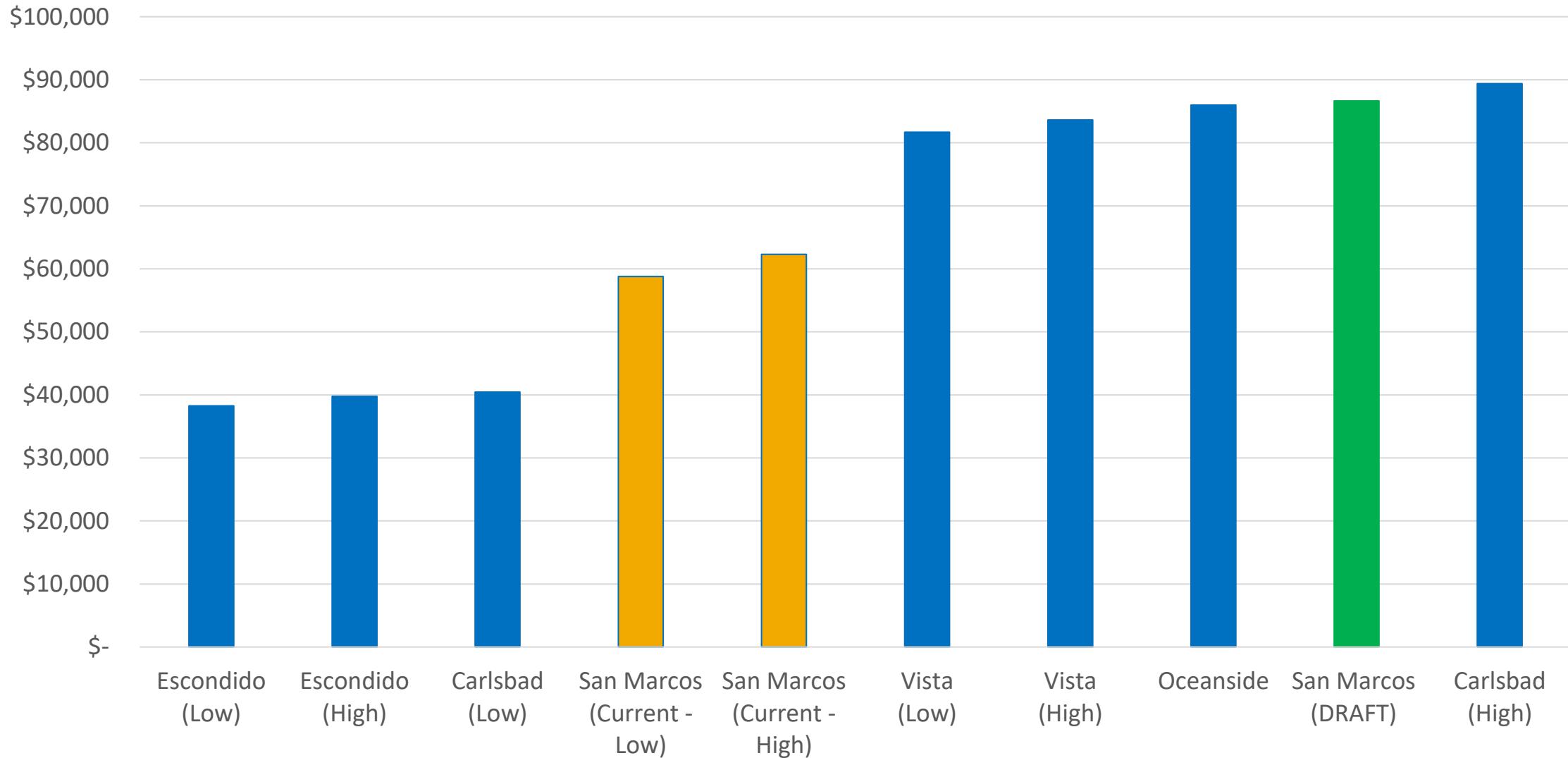
# Recommended Impact Fee Schedule

Land Use	Transportation Facilities <sup>1</sup>	Parks <sup>1</sup>	Fire Protection	Advanced Planning	Habitat Conservation	Storm Drain	Total
<u>Residential - per Sq. Ft.</u>							
Single Family	\$ 2.24	\$ 3.51	\$ 0.52	\$ 0.07	\$ 0.17	\$ 0.19	\$ 6.70
Multifamily	2.09	4.38	0.65	0.09	0.22	0.21	7.64
<u>Nonresidential - per Sq. Ft.</u>							
Commercial	\$ 9.25	\$ -	\$ 1.17	\$ 0.04	\$ 0.10	\$ 0.37	\$ 10.93
Office	8.21	-	1.70	0.06	0.15	0.40	10.52
Industrial	5.62	-	0.64	0.02	0.05	0.40	6.73

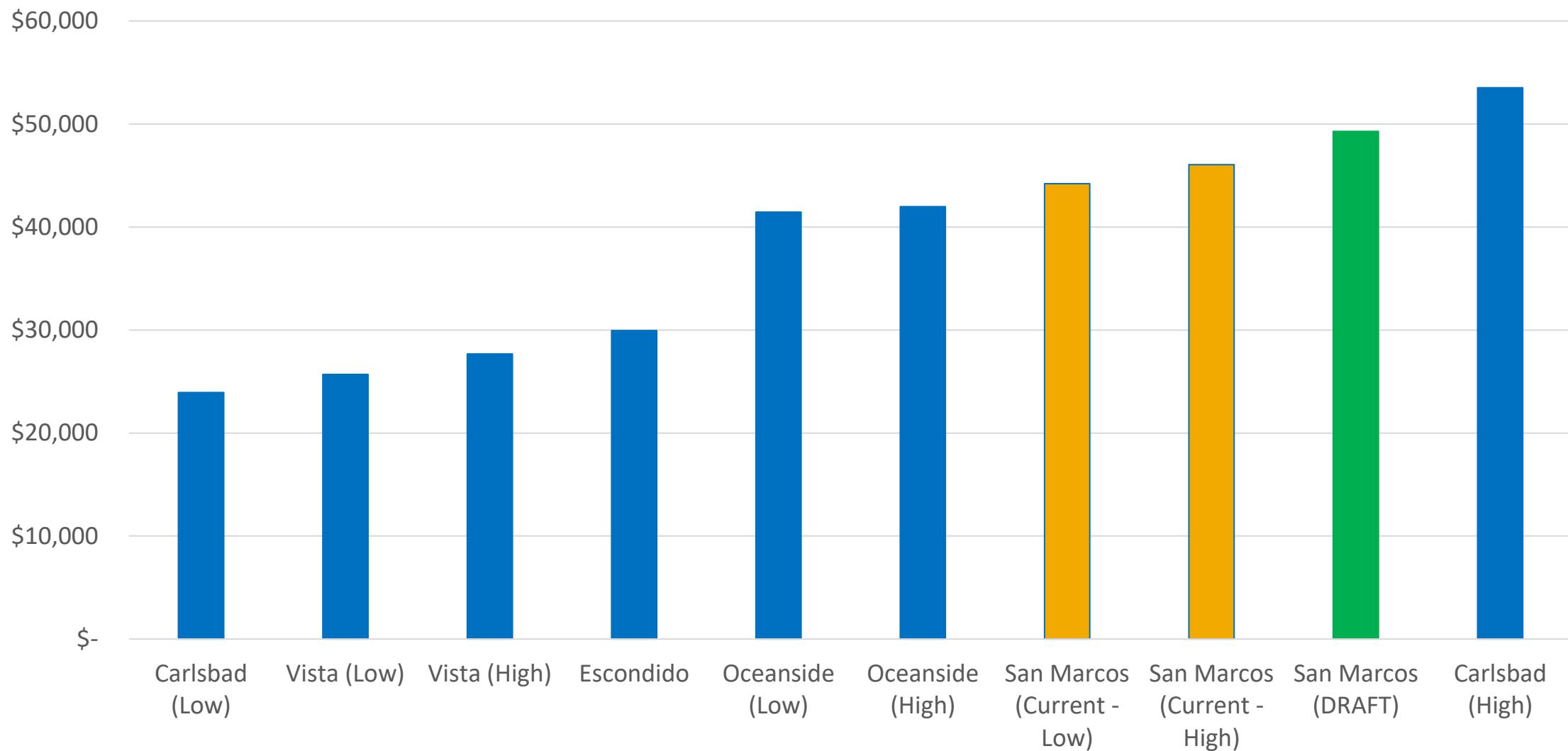
<sup>1</sup> 50% of maximum justified fee shown for these categories, based on staff recommendation.

## Fee Comparison: Single Family Unit, 2,023 Square Feet

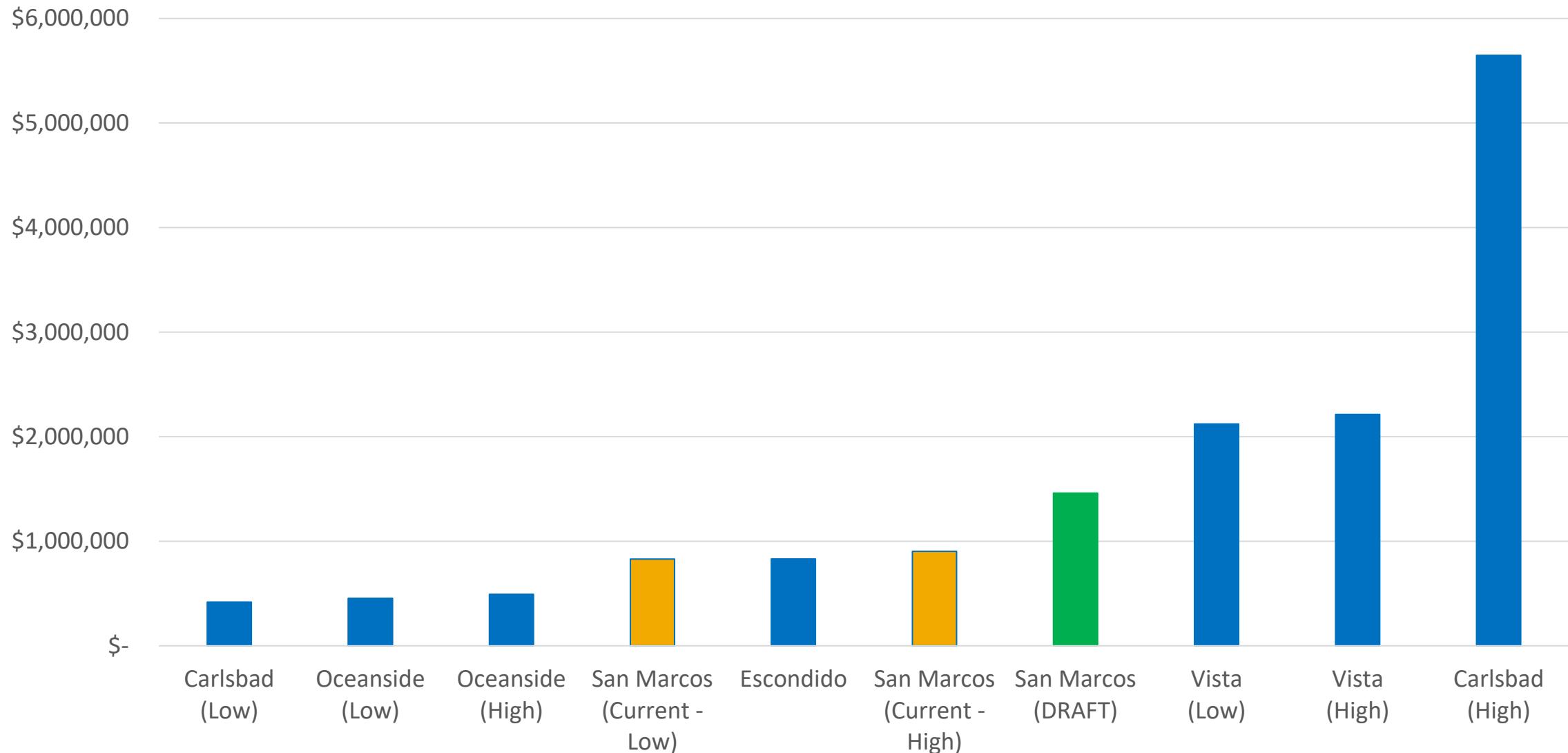
# Fee Comparison: Single Family Unit, 2,500 Square Feet



# Fee Comparison: 1,200 Sq. Ft. Multifamily Unit



# Fee Comparison: Office Park, 100,000 Sq. Ft.



## Policy Options

- Implement less than maximum justified fee amounts
- Phase in fee increases over time
- Exempt or reduce fees for certain land uses, such as affordable housing



# Questions