



Program Management Impact Fee

City of Tracy

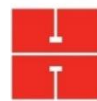
Master Plan Area

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Table of Contents

Executive Summary and Introductory Sections	3
Introduction.....	3
Nexus Study	5
Nexus Requirement Summary	6
Assembly Bill 602.....	7
Fee Program Area	8
Section 1 Program Management Fee	11
Background	11
Nexus Requirement Summary	13
Section 2 Implementation and Administration.....	15
Implementation	15
Fee Program Administrative Requirements.....	15
Programming Revenues with the CIP.....	16
Fee Adjustment Procedures	17
Timing of Fee Payment.....	17
Designated Residential Projects Deferred Fee Payments	17
Credits and Reimbursement Policies	18
Fee Reporting.....	18
Accessory Dwelling Units	19
Specialized Development Projects.....	19

Tables

Table ES-1: Summary of Proposed Program Management Impact Fee	6
Figure 1: City of Tracy Fee Program Areas.....	9
Table 1-1: Program Management Fee.....	12
Table 1-2: Historic Program Management Fund Revenue & Expenditure.....	13

Figures

Figure 1: City of Tracy Fee Program Areas.....	9
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EXECUTIVE SUMMARY AND INTRODUCTORY SECTIONS

INTRODUCTION

The City of Tracy (City) is located in the Central Valley and is the second most populated city in San Joaquin County (County). The City spans an area of about 26 miles within a triangle formed by Interstate 205 to the north, Interstate 580 to the southwest, and Interstate 5 to the east. The City is located near both fertile and infertile agricultural lands, due to a region of hills west of Tracy. The City is a railroad town that came from the mid-19th century construction.

The City was founded in 1878 and incorporated as a city in 1910. The City of Tracy grew rapidly and prospered as the center of an agricultural area, even when larger railroad operations began to decline in the 1950s. Competition with trucking and automobiles resulted in widespread railroad restructuring. The City has its origins associated with the Central Pacific Railroad, which ran from Sacramento through Stockton to the San Francisco Bay area. The City's ties to the agriculture industry allowed for steady growth in early to mid-20th century but growth accelerated starting in the 1980's as the City served as an extended bedroom community to the San Francisco, Oakland, and Silicon Valley metropolitan areas.

The City is part of the San Jose-San Francisco-Oakland, California Combined Statistical Area, an extension of the Bay Area. At the time of the 2020 U.S. Census, the City population was 93,000. The California Department of Finance estimates that as of January 1, 2023, the City population is 95,615, incorporating the 2020 Census benchmark.

As the resident population and non-resident employment in the City increase, there exists a correlating rise in the demand for public infrastructure and services to support the increased demand on the City. California's Assembly Bill 1600 (AB 1600) adopted in 1987 and codified as California Government Code Section 66000 et. seq., allows the City to impose Development Impact Fees on new development within the City. Development Impact Fees (DIFs) are one-time charges on new development that is collected and used by the City to cover the cost of capital facilities, vehicles, and equipment that are required to serve new growth.

The goal of the City is to develop a fee program that achieves the funding objectives required to fund facilities identified in the master plans, balances fee levels with desired economic growth, and complies with the legal requirements of Assembly Bill 1600 (AB 1600) and Assembly Bill 602 (AB 602).

In 2012, the City of Tracy adopted the master plans that form the basis of the City's current Master Plan Fee Program. Following the adoption of these master plans, impact fee nexus studies were adopted to form the following fees that make up the Fee Program: Traffic, Water, Recycled Water, Wastewater, Parks, Public Safety, Public Facilities, and Storm Drainage. Each of these adopted

fees included a 5% program management component. The Public Safety Fee was updated in August 2019 to reflect revised cost estimates and service coverage areas as well as split the Public Safety Fee into four separate fee components: Fire, Police, Communication Facilities, and Program Administration. In the years since, the City has applied an annual Engineering News Record (ENR) Construction Cost Index (CCI) increases to the fees but has not completed a comprehensive update.

The City hired consultants to prepare updates to the City's various Master Plans. The following Master Plans were adopted on April 16, 2024: Water Master Plan, Public Safety Master Plan, and Public Facilities Master Plan. The Parks Master Plan was adopted in August 2022. Along with these adopted Master Plans, the City intends to update the associated development impact fees soon after to reflect the updated Master Plans. As part of the fee update, the City is removing the Program Management portion from the individual fee components and creating a standalone Program Management Fee. The Transportation, Wastewater, and Storm Drain Master Plan impact fees will be updated shortly thereafter.

The City, with assistance from consultants, oversees the implementation and administration of the Master Plan Fee Program to be consistent with the requirements of the Mitigation Fee Act. For all Master Plan fees, a program management fee component is included to fund the costs for the City's management and ongoing fee program administration, collection, updates, and reporting. This includes costs associated with City staff and consultant time to support the program. Industry standard ranges from three to six percent (3-6%) for the administrative component of a development fee program. The City has historically collected a five percent (5%) administrative charge on each fee, included as a soft cost mark-up within the total fee. Administratively, the five percent (5%) charge per fee has been onerous to account for throughout the numerous fee components within the Master Plan Fee Program. Thus, the purpose of this Nexus Study is to extract the program management fee portion from each of the Master Plan Fees and create a separate Program Management Fee that will be collected as a single standalone fee and deposited into a separate fund for ease of administration. The administrative functions of the Program Management Fund include, but are not limited to, the following:

- Annual fee adjustments
- Annual fee reporting
- Additional fee reporting every five years
- Application and tracking of fee credits and reimbursements
- Posting of nexus studies and fee schedules on the City's website
- Periodic nexus study updates
- Staff and consultant time related to fee preparation, collection, tracking, and administration

NEXUS STUDY

Purpose

The fees within the Master Plan Fee Program Area are as follows:

- Traffic
- Water
- Recycled Water
- Parks
- Public Safety
- Public Facilities
- Wastewater
- Storm Drainage

The City has worked with numerous consultants to update the Master Plan Fee Program by updating master plans and nexus studies. The following Master Plans were adopted on April 16, 2024: Water Master Plan, Public Safety Master Plan, and Public Facilities Master Plan. The Parks Master Plan was adopted in August 2022. The Transportation Master Plan, Wastewater Master Plan, and Storm Drainage Master Plan are currently being updated and will be adopted following their completion.

All fees within the Master Plan Fee Program Area are subject to a program management fee. The program management fee component is currently being collected as a part of each individual fee. Programmatically, this has been difficult to administer. This Nexus Study establishes a separate standalone Program Management Fee calculated as 5% of the total fees.

Due to the timing of Master Plan impact fee updates, the new standalone Program Management Fee will only apply to the Master Plan Fees that were updated to reflect the extraction of the 5% program Management Fee. In time, all Master Plan Fees will be updated to reflect the separation of the Program Management component of the fee.

This report is designed to satisfy AB 1600 Nexus requirements, AB 602 guidance, and provide the necessary technical analysis to support the adoption of the fee. The Program Management Fee will be effective 60 days after the City's final action establishing and authorizing collection.

Updated Fee

Table ES-1 displays the proposed Program Management Impact Fee percentage for each land use.

Table ES-1: Summary of Proposed Program Management Impact Fee

Land Use	Program Management Fee
Residential (per SF)	
Single Family Residential	5% of Master Plan Fees
Multi-Family Residential (Attached 2-4)	5% of Master Plan Fees
High Density Residential (Attached 4+)	5% of Master Plan Fees
Non-Residential (per 1,000 Bldg SF)	
Office	5% of Master Plan Fees
Commercial	5% of Master Plan Fees
Industrial	5% of Master Plan Fees

Proposed Fee Comparison with Existing Fee

The City currently collects a 5% Program Management Fee and is proposing to continue to collect the same 5%. The only change is that instead of collecting the fee as part of each of the individual fees, the City will collect a separate Program Management Fee so that fee collection is less onerous. The Program Management Fee changes in proportion to the other fees since it is calculated as a percentage of the Master Plan fees.

NEXUS REQUIREMENT SUMMARY

AB 1600 was enacted by the State of California in 1987 creating the Mitigation Fee Act - Section 66000 et seq. of the Government Code. The Mitigation Fee Act requires that all public agencies satisfy the following requirements when establishing, increasing, or imposing a fee as a condition of approval of a development project:

1. Identify the purpose of the fee.
2. Identify the use to which the fee is to be put. If the use is financing public facilities, the facilities shall be identified.
3. Determine how there is a reasonable relationship between the fees use and the type of development project on which the fee is imposed.
4. Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed.
5. Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

The purpose of this report is to demonstrate that the Program Management Fee complies with the Mitigation Fee Act.

ASSEMBLY BILL 602

Assembly Bill (AB) 602, enacted by the State of California in 2021, amended Sections 65940.1 and 66019 of, and added Section 66016.5 to the Government Code. AB 602 requires that if a local agency conducts and adopts an impact fee nexus study after January 1, 2022, the local agency shall follow all of the following standards and practices:

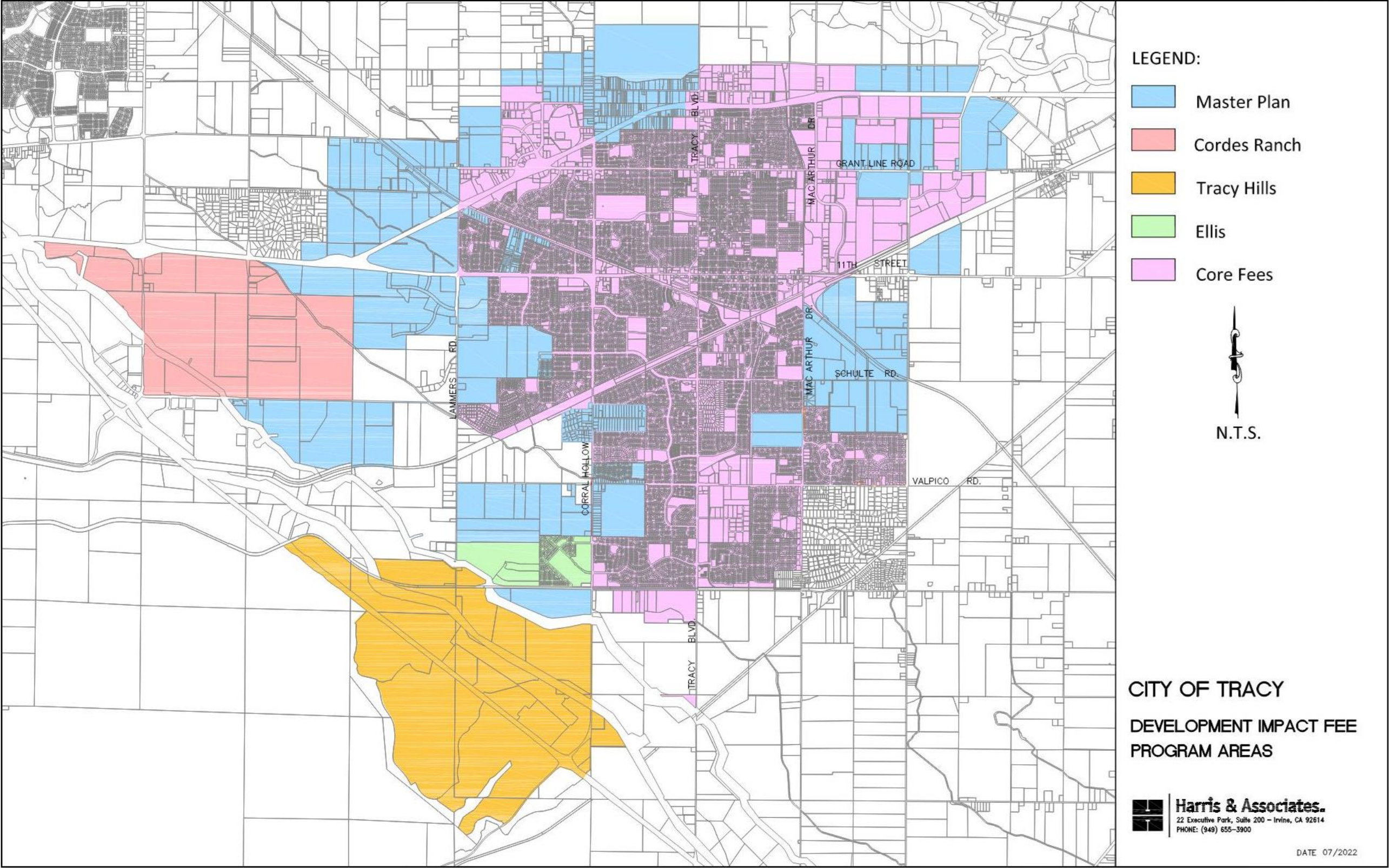
1. Before the adoption of an associated development fee, an impact fee nexus study shall be adopted.
2. When applicable, the nexus study shall identify the existing level of service for each public facility, identify the proposed new level of service, and include an explanation of why the new level of service is appropriate.
3. A nexus study shall include information that supports the local agency's actions, as required by subdivision (a) of Section 66001 of the Government Code.
4. If a nexus study supports the increase of an existing fee, the local agency shall review the assumptions of the nexus study supporting the original fee and evaluate the amount of fees collected under the original fee.
5. A nexus study adopted after July 1, 2022, shall calculate a fee imposed on a housing development project proportionately to the square footage of proposed units of the development. A local agency that imposes a fee proportionately to the square footage of the proposed units of the development shall be deemed to have used a valid method to establish a reasonable relationship between the fee charged and the burden posed by the development. A nexus study is not required to comply with the requirements to calculate a fee imposed on a housing development project proportionally to the square footage of the proposed units if the local agency makes the following findings:
 - An explanation as to why square footage is not appropriate metric to calculate fees imposed on housing development project.
 - An explanation that an alternative basis of calculating the fee bears a reasonable relationship between the fee charged and the burden posed by the development.
 - That other policies in the fee structure support smaller developments or otherwise ensure that smaller developments are not charged disproportionate fees.
6. Large jurisdictions shall adopt a capital improvement plan as a part of the nexus study.
7. All studies shall be adopted at a public hearing with at least 30 days' notice, and the local agency shall notify any member of the public that requests notice of intent to begin an impact fee nexus study of the date of the hearing.
8. Studies shall be updated at least every eight years, beginning on January 1, 2022.
9. The local agency may use the impact fee nexus study template developed by the Department of Housing and Community Development pursuant to Section 50466.5 of the Health and Safety Code.

This report demonstrates that the Program Management Fee complies with AB 602.

FEE PROGRAM AREA

Figure 1 shows the Master Plan Fee program area. Cordes Ranch and Tracy Hills are depicted in separate colors to differentiate that while they are generally subject to the Master Plan fees, they have agreements in place with the City that details their specific fees. The Core Fees program area has their own set of fees as outlined in the “Core Fees Development Impact Fee Study” adopted August 2021 and the Ellis program area has their own set of fees as outlined in the “Ellis Program Area Finance and Implementation Plan” adopted August 2013.

Figure 1: City of Tracy Fee Program Areas



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Section 1 PROGRAM MANAGEMENT FEE

BACKGROUND

The City, with assistance from consultants, oversees the implementation and administration of the Master Plan Fee Program, consistent with the requirements of the Mitigation Fee Act. AB 602, which came into effect on January 1, 2022, adds additional nexus study requirements. Furthermore, AB 1483, which became effective January 1, 2020, requires that public agencies make certain information available on their website, increasing the administrative responsibilities of the City.

The five percent (5%) Program Management Fee funds the costs of the City's management and ongoing fee program administration, collection, updates, and reporting. This includes costs associated with City staff and consultant time to support the program. City staff time includes one full time fee program administrator and half time of a management analyst in the finance department. Industry standard ranges from three to six percent (3-6%) for the administrative component of a development fee program. The City has historically collected program management as an additional soft cost mark-up equal to five percent (5%) of the construction cost of projects and then transferred this money to a separate fund account. This practice has been onerous to administer and therefore, the City desires to migrate to a separate five percent (5%) Program Management Fee.

The five percent (5%) administration component of the Master Plan Fee Program includes, but is not limited to, the following activities:

- Posting of nexus studies and fee schedules on City's Websites
- Annual fee adjustments
- Annual fee reporting
- Five-year fee reporting
- Application and tracking of fee credits/reimbursements.
- Periodic nexus study updates
- Staff and consultant time related to fee preparation, collection, tracking and administration.

For projects that are subject to only certain Master Plan fees, the Program Management Fee will be five percent (5%) of the Master Plan fees that are assessed on the project. For example, if an area is subject to the Water Fee but not the other Master Plan fees, the project will be charged a Program Management Fee equal to five percent (5%) of the Water Fee. The City will calculate the applicable Program Management Fee on case-by-case basis for such projects.

Table 1-1 shows the proposed Program Management Fee as five percent (5%) of the total Master Plan fees charged on each project.

Table 1-1: Program Management Fee	
Land Use	Program Management Fee
Residential (per SF)	
Single Family Residential	5% of Master Plan Fees
Multi-Family Residential (Attached 2-4)	5% of Master Plan Fees
High Density Residential (Attached 4+)	5% of Master Plan Fees
Non-Residential (per 1,000 Bldg SF)	
Office	5% of Master Plan Fees
Commercial	5% of Master Plan Fees
Industrial	5% of Master Plan Fees

Table 1-2 below shows the past five fiscal years' (FY) program management fee revenue and program management expenditures, not including any interest or investment earnings. The Master Plan program management revenue has been collected at five percent (5%) of the Master Plan fees since program inception. The total revenue collected over the past five fiscal years is just slightly higher than the total expenses due to a higher-than-average amount of revenue collected in FY 21-22. The annual expenditures are higher than revenue for FY19-20, FY20-21, and FY22-23 due to increased activity related to the City's updates to existing Master Plans and fee programs. It should be noted that the program management revenue and expenditures are from all fee sources, not just the master plan fee program as the City collects all program management fees into the same account. Based on this analysis, continuing to collect a five percent (5%) Program Management Fee is justifiable to cover the annual administrative expenditures of the impact fee program. It is anticipated that administrative costs will continue to increase due to the additional requirements of the state legislation. It is also anticipated that revenue and expenditures will vary year to year due to the cyclical nature of five-year reporting requirements, nexus study updates, and the housing market.

Table 1-2: Historic Program Management Fund Revenue & Expenditure

Historic Program Management Fund		
Fiscal Year	Revenue	Expenditure
FY 19-20 Program Management	\$770,465	\$797,252
FY 20-21 Program Management	\$1,256,709	\$1,410,209
FY 21-22 Program Management	\$1,998,884	\$1,172,557
FY 22-23 Program Management	\$853,906	\$1,171,138
FY 23-24 Program Management	\$1,197,094	\$1,014,635
Total	\$6,077,058	\$5,565,791

NEXUS REQUIREMENT SUMMARY

AB 1600 requires that public agencies satisfy five requirements when establishing, increasing, or imposing a fee as a condition of approval of a development project. The required findings are as follows.

Requirement 1: Identify the purpose of the fee.

The purpose of the Program Management Fee is to provide the funding necessary to administer and update the Master Plan Fees. This includes consultant and City staff time related to services such as providing fee quotes, updating the fee program, tracking revenue and expenditures, updating the City's website, and preparing annual and five-year reports.

Requirement 2: Identify the use of the fee.

The Program Management Fee will be used to fund the management and administration of the Master Plan Fees. This includes consultant and City staff time related to services such as posting of nexus studies and fee schedules on the City's website, annual fee adjustments, annual fee reporting, additional fee reporting every five years, application and tracking of fee credits/reimbursements, periodic nexus study updates, staff and consultant time related to fee preparation, collection, tracking and administration.

Requirement 3: Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed.

New residents and workers that result from new development increases the demand for new infrastructure and facilities. These new infrastructure and facility projects will be funded through the Master Plan Fees program, which requires City and consultant staff time to manage and administer. The Program Management Fee is a five percent (5%) mark-up of the Master Plan Fees.

Requirement 4: Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed.

Each new development adds residents or workers to the City and in order to maintain the City's desired level of service, new general government, recreational facilities, public safety, traffic infrastructure, water, wastewater, and storm drainage facilities must be built. These facilities are funded through the Master Plan Fees. To ensure these fees for new development are administered according to state law, regular updates, tracking, and reporting are required. In addition, City staff must provide fee quotes for new development. To collect the funding for these resulting activities, the Program Management Fee is based on a five percent (5%) mark-up of the Master Plan Fees as summarized in

Table 1-1. Using a percentage of the Master Plan Program Area fees, ensures that each new development is charged their fair share. A five percent (5%) fee is in alignment with the industry standard range of three to six percent (3-6%). In addition, **Table 1-2** analyzes the data for the last five audited years showing that the revenue and expenditures are in alignment.

Requirement 5: Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

The Program Management Fee provides the funding to administer the Master Plan Fees. The City has adopted a policy of collecting a five percent (5%) mark-up on the other fees to administer their fee programs effectively. Since this fee is calculated as a mark-up of the other Master Plan Fees as summarized in **Table 1-1**, each land use pays for their fair share of the management costs based on their impact on the City's infrastructure.

Section 2 IMPLEMENTATION AND ADMINISTRATION

IMPLEMENTATION

According to the California Government Code, prior to levying a new fee or increasing an existing fee, an agency must hold at least one open and public meeting with at least 30 days' notice. In addition, notice of the time and place of the meeting, including a general explanation of the matter to be considered, and a statement that the data required by this section is available, shall be mailed at least 14 days prior to the meeting to any interested party who files a written request with the local agency for mailed notice of the meeting on new or increased fees or service charges. Any written request for mailed notices shall be valid for one year from the date on which it is filed unless a renewal request is filed. At least ten days prior to this meeting, the agency must make data on infrastructure costs and funding sources available to the public. Notice of the time and place of the meeting and a general explanation of the matter are to be published in accordance with Section 6062a of the Government Code, which states that publication of notice shall occur for ten days in a newspaper regularly published once a week or more. Two publications, with at least five days intervening between the dates of first and last publication not counting such publication dates, are sufficient. The period of notice commences upon the first day of publication and terminates at the end of the tenth day, including therein the first day. The new or increased fees shall be effective no earlier than 60 days following the final action on the adoption or increase of the fees. Following adoption of the fees, the fees and supporting information must be placed on the City's website.

FEE PROGRAM ADMINISTRATIVE REQUIREMENTS

The Government Code requires the City to report every year and every fifth-year certain financial information regarding the fees. The City must make available within 180 days after the last day of each fiscal year the following information from the prior fiscal year:

1. A brief description of the type of fee in the account or fund.
2. The amount of the fee.
3. The beginning and ending balance in the account or fund.
4. The amount of the fee collected and the interest earned.
5. An identification of each public improvement for which fees were expended and the amount of expenditures.
6. An identification of an approximate date by which time construction on the improvement will commence if it is determined that sufficient funds exist to complete the project.
7. An identification of each improvement identified pursuant to requirement #6 listed on a previous report and whether construction began on the approximate date noted within that report. If construction did not commence by the approximate date provided in the previous report, identify the reason for the delay and a revised approximate commencement date.

8. A description of each interfund transfer or loan made from the account and when it will be repaid.
9. Identification of any refunds made and the number of persons or entities identified to receive those refunds once it is determined that sufficient monies have been collected to fund all fee related projects.

On October 11, 2023, California Governor Gavin Newsom signed into law AB 516 which amended certain portions of the Mitigation Fee Act related to the annual and five-year reporting requirements. Under AB 516, Requirements 6 and 8 have been expanded to include the following:

- 6a. Identification of each public improvement identified in the previous report and whether construction began on the approximate date noted.
- 6b. For previously identified projects that did not start construction on the approximate date in the previous report, the reason for the delay and a revised approximate date that the local agency will commence construction, if applicable.
- 6c. For any refunds made, the number of persons or entities identified to receive those refunds.

The City must make this information available for public review and must also present it at the next regularly scheduled public meeting not less than 15 days after this information is made available to the public.

For the fifth fiscal year following the first deposit into the account or fund, and every five years thereafter, the City must make the following findings with respect to any remaining funds in the fee account, regardless of whether those funds are committed or uncommitted:

1. Identify the purpose to which the fee is to be put.
2. Demonstrate a reasonable relationship between the fee and the purpose for which it is charged.
3. Identify all sources and amounts of funding anticipated to complete financing any incomplete improvements.
4. Designate the approximate dates on which funding in item (3) above is expected to be deposited into the fee account.

As with the annual disclosure, the five-year report must be made public within 180 days after the end of the City's fiscal year and must be reviewed at the next regularly scheduled public meeting.

PROGRAMMING REVENUES WITH THE CIP

The City should maintain its Capital Improvement Program (CIP) to adequately plan for future infrastructure needs. The CIP should commit all projected fee revenues and fund balances to

specific projects that are necessary to serve growth. The CIP provides documentation necessary for the City to hold funds in a project account for longer than five years if necessary to collect sufficient funds to complete a project. In addition, the CIP is required per AB 602. Due to the nature of program management, no physical infrastructure projects are included in a CIP list for the Program Management Fee. Programming of the fee revenue collected from the Program Management Fee will continue to be used on the administrative tasks listed in this Nexus Study.

FEE ADJUSTMENT PROCEDURES

The Master Plan fees may be adjusted periodically to reflect revised facility requirements, receipt of funding from alternative sources (i.e., state or federal grants), revised facilities or costs, changes in demographics, changes in the average unit square footage, or changes in the land use plan. The Program Management Fee will remain at 5% of the total Master Plan Fees assessed on a project until a revised nexus study updates the percent.

TIMING OF FEE PAYMENT

Fees will be collected at the time the building permit for the project is issued.

DESIGNATED RESIDENTIAL PROJECTS DEFERRED FEE PAYMENTS

California Senate Bill 937 (SB 937), which became effective on January 1, 2025, significantly delays the collection of fees for residential projects defined as “Designated Residential Development Projects.” Specifically, SB 937 states that public agencies may not impose development impact fees on Designated Residential Development Projects until the project receives a Certificate of Occupancy or Temporary Certificate of Occupancy. Furthermore, local agencies may not charge interest on the delayed fee payments for such projects; rather, the fees must reflect the fee amount in place at the time the project’s building permits are issued. In addition, the bill extends housing entitlements by 24 months for projects with entitlements issued prior to January 1, 2024, and set to expire on or before December 21, 2025.

SB 937 was designed to incentivize housing production by mitigating the effects of rising construction costs and interest rates, which hinder the financial feasibility of new housing projects. By deferring fee payments with zero interest, SB 937 can help to incentivize housing developers, who must demonstrate financial feasibility to investors and lending institutions before receiving necessary funding. Additionally, by extending entitlements, the bill allows developers more time to raise funding before constructing the project. By providing these incentives to developers, the bill strives to increase housing production, allowing local jurisdictions to fulfill their housing goals.

Housing projects must meet one of the following conditions to be considered a Designated Residential Development Project:

1. 100% of residential units (excluding the manager's unit) are reserved for low-income households.
2. The project meets the requirements regarding a Low Barrier Navigation Center Developments, per Government Code Section 65662.
3. The project is approved by a local government and meets all site-specific criteria, affordability criteria, and objective development standards pertaining to affordable housing developments located in commercial zones or mixed-income housing developments along commercial corridors, as specified by Article 2 (commencing with Section 65912.110) or Article 3 (commencing with Section 65912.120) of Chapter 4.1 of the Government Code.
4. The project is subject to a streamlined ministerial approval process, per Government Code Section 65913.4.
5. The project meets the criteria specified in the Affordable Housing on Faith and Higher Education Lands Act of 2023 (SB4)
6. The project is entitled to a Density Bonus, per Government Code Section 65915.
7. The project features 10 or fewer units.

Although fees are deferred for Designated Residential Development Projects until the project receives a Certificate of Occupancy or Temporary Certificate of Occupancy, it is important to note that public agencies may still collect utility service fees after receiving an application for utility services. In addition, developers may be required to pay development impact fees prior to the Certificate of Occupancy if construction does not commence within five years of the building permit issue date.

CREDITS AND REIMBURSEMENT POLICIES

Fee credits and reimbursements are not applicable to the Program Management Fee.

FEE REPORTING

Assembly Bill No. 1483, which became effective January 1, 2020, requires that public agencies make the following information available on their website. The following information must be provided:

1. A current schedule of fees, exactions, and affordability requirements imposed by the city, county, or special district, including any dependent special districts, of the city or county applicable to a proposed housing development project, which shall be presented in a manner that clearly identifies the fees, exactions, and affordability requirements that apply to each parcel.
2. All zoning ordinances and development standards, which shall specify the zoning, design, and development standards that apply to each parcel.
3. The list of information required to be compiled pursuant to Section 65940.
4. The current and five previous annual fee reports or the current and five previous annual financial reports, that were required pursuant to AB 1600.

5. An archive of impact fee nexus studies, cost of service studies, or equivalent, conducted by the city, county, or special district on or after January 1, 2018.

Any updates to the above information must be available within 30 days.

ACCESSORY DWELLING UNITS

An accessory dwelling unit (ADU) is a second unit that is attached or detached from a single-family home. In accordance with Assembly Bill No. 881 approved on October 9, 2019, City of Ceres Impact Fees will not be charged for an ADU that is less than 750 square feet. For an ADU that is 750 square feet or larger, the ADU will be charged proportionately in relation to the square footage of the primary dwelling unit. Since the City's residential fees are now being charged on a square footage basis, ADU fees will be calculated by multiplying the City's Single Family Residential fee by the ADU's square footage.

SPECIALIZED DEVELOPMENT PROJECTS

The fees in this report may not apply to specialized development projects such as golf courses, cemeteries, sports stadium, truck lots, or other specialized land uses. For specialized development projects the City will review the development's impacts to determine the applicable fees. The fee rates presented in this Nexus Study may be increased, reduced, exempted, or waived under certain circumstances as determined by the City. Any exemption or reduction in fees will be based on the City's independent analysis and review of the subject property. In addition, specialized land uses may be calculated utilizing the cost per person applied to the number of people the specialized land use generates as determined by the City's independent analysis.

Some developments may include more than one land use type. In these cases, the fee is calculated separately for each land use. The City has the discretion to impose the fees based on the specific aspects of a proposed development regardless of zoning. The fee imposed should be based on the land use type that most closely represents the impacts of the development.

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