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Memorandum

DATE: June 18, 2024

TO: Arturo Sanchez, Assistant City Manager

FROM: Veronica Child, Management Analyst II

SUBJECT: City of Tracy Core Fees Annual Engineering News Record (ENR) Adjustment

The following information is provided regarding the annual adjustment of the Core Fees, scheduled to take effect on July 1, 2024.

On January 18, 2022, City Council adopted Resolution 2022-008, approving the "Core Fees Development Impact Fee Study" dated August 2021 by Harris & Associates and the development impact fees for the Core Fees area. The Core Fees consolidated the specific plan areas of the I-205 Development Area, Infill Development Area, Industrial Specific Plan - South Area, Northeast Industrial Area - Phase I, Northeast Industrial Area - Phase II, Plan C Development, Presidio Planning Area, and the South MacArthur Planning Area.

The resolution for the adoption of the Core Fees included the following section for the annual adjustment:

"Authorizes the Development Services Director to annually adjust the Core Fees Development Impact Fees each year on July 1st using the June Engineering News Record Construction Cost Index for San Francisco. The first update will occur on July 1, 2022 using the June 2021 index as the base year. This annual adjustment will offset the effects of inflation-related construction cost increases."

The Core Fees were adjusted in 2023 by the June ENR CCI for San Francisco. The ENR Construction Cost Index (CCI) for San Francisco has increased from 15367.26 in June 2023 to 15367.38 in June 2024, resulting in a 0.001% increase. At this time, the adjusted 2024 fees are calculated by applying this increase to the 2023 fees. Due to the low ENR Index percentage increase, most of the fees have remained the same.

A worksheet detailing the 2024 adjusted Core Fees (Attachment A), along with a worksheet that compares the 2024 adjusted Core Fees to the prior fees (Attachment B) is attached. The 2024 adjusted fees will be used for Core Fees collection effective July 1, 2024. This memorandum will

serve as official documentation that you have authorized the Core Fees update for 2024.

Approved By: _____ Date: 06/26/2024

Attachment A – City of Tracy Core Fees Effective July 1, 2024

Attachment B – City of Tracy Core Fees Comparison 2023 to 2024