

**STAFF REPORT**  
**COUNCIL MEETING DATE:**  
**May 14, 2012**

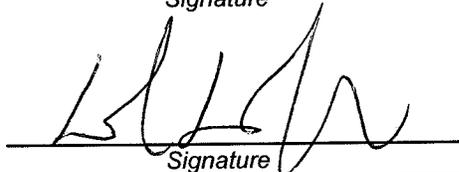
**ITEMS FOR COUNCIL CONSIDERATION:**

**A Resolution that would extend a temporary reduction in the Highway Interchanges and Bridges Development Impact Fee.**

**Report prepared by:** Charles W. Ebeling, Director  
**Department:** Public Works

  
Signature

**Reviewed by  
City Manager:**

  
Signature

**ACTION**  **NON-ACTION**  **STAFF RECOMMENDATION:**

**Recommendation:** That the City Council adopt Resolution No. 5382 extending a temporary reduction in the Highway Interchanges and Bridges Development Impact Fee.

**Sample Motion:** I move to adopt Resolution No. 5382 that extends a temporary reduction in the Highway Interchanges and Bridges Development Impact Fee to November 30, 2013.

**I. BACKGROUND:**

At its regular meeting of March 9, 2009, the City Council adopted Resolution No. 5178 that served to reduce the Highway Interchanges and Bridges Development Impact Fee by half for an 18 month period, beginning with an effective date of the Resolution. The temporary fee reduction was set to sunset on September 9, 2010. On August 9, 2010 at its regular meeting, the City Council extended the temporary reduction for an 18 month period of time through adoption of Resolution No. 5273. This reduction in the Highway Interchanges and Bridges Development Impact Fee applies to all projects subject to this fee, specifically all commercial/industrial projects including resorts and hotels.

## **II. DISCUSSION:**

The purpose of the City's Development Impact Mitigation Fee (DIF) program is to insure that the cost of public infrastructure impacts associated with new development is paid for by new development. The City established the DIF program in 1994 (Municipal Code Chapter 15.80, Development Impact Mitigation Fees) and the program and fees were last updated in December 2007 through Ordinance 627 and associated Resolution 5094.

The City Council may set DIF's at amounts lower than it has established if it determines that this is appropriate for reasons of public policy. The City Council may lower fees temporarily or permanently as a matter of policy pursuant to authority established in Carpinteria Municipal Code Chapter 15.80.100 (D).

As part of the adoption of Resolution Numbers 5178 and 5273 that temporarily reduced the Highway Interchanges and Bridges Development Impact Fee in 2009 and 2010, the City Council determined that due to the affects of the national economic recession, investment in new and expanded commercial and industrial (including Resort/Hotel) development in the County could be hindered, negatively impacting the local economy. The City Council determined that the temporary reduction in the Highway Interchanges and Bridges Development Impact Fee could make the difference whether or not important development projects were able to move forward.

Commercial and Industrial land uses including office uses are not typically thought of in terms of sales tax generation. Often, these types of land uses generate business-to-business sales tax and use tax revenue for the City. The business & industry sales and use tax category makes-up approximately 35% of the City's total annual sales and use tax revenues and is typically not as volatile as other sales tax categories. In addition, commercial and industrial development contribute to building the City's property tax base and local hotel representatives report that business travelers make-up an important part of their off-season business, contributing to the City's Transient Occupancy Tax revenue. There is also the potential for new resort/hotel development projects in the City. Reduction in the DIF may encourage commercial/industrial projects including resorts and hotels to go forward.

A vast majority of information available through news media sources suggest that the country is still going through what will be a slow and prolonged recovery with inevitable bumps along the way. It does not appear to staff that the climate for new development has changed significantly over the past 18 months. Upon approval by the Council, Resolution No. 5382 will extend the temporary reduction in the Highway Interchanges and Bridges Development Impact Fee for commercial and industrial land uses including resorts and hotels to November 30, 2013.

## **III. LEGAL ISSUES:**

The City Attorney has reviewed the attached Resolution No. 5382

## **IV. ACTION OPTIONS:**

1. Adopt Resolution No. 5382, thereby approving an extension of the temporary reduction in the Highway Interchanges and Bridges Development Impact Fee;
2. Direct staff to amend the Resolution as determined appropriate and adopt; or

3. Decline to extend Resolution 5273, allowing the temporary fee reduction to sunset at this time.

**IV. ATTACHMENTS:**

Attachment A – Resolution No. 5382

## ATTACHMENT A

## RESOLUTION NO. 5382

### A RESOLUTION OF THE CITY OF CARPINTERIA CITY COUNCIL EXTENDING A TEMPORARY REDUCTION OF THE CITY'S HIGHWAY INTERCHANGES AND BRIDGES DEVELOPMENT IMPACT FEE TO NOVEMBER 30, 2013

**Whereas**, on January 24, 1994, the City Council adopted Ordinance No. 501, which implemented the City's Development Impact Fee Program, and Resolution No. 4081, which established the level of Development Impact Fees; and

**Whereas**, by Resolution No. 4837, adopted January 12, 2004, the City Council approved the City's 2003 Development Impact Fee Report, entitled "2003 Development Impact Fee Report, City of Carpinteria", dated December 8, 2003, as prepared by MuniFinancial, Inc; and

**Whereas**, by Resolution No. 5094, adopted December 10, 2007, the City Council approved updated in the City's Capital Improvement Plan construction cost estimates and applying a corresponding increase in Development Impact Fees; and

**Whereas**, on February 23, 2009 at their regular meeting, the City Council reviewed recommendations of staff related to the current recession and action the City could take to promote local economic health; and

**Whereas**, at its regular meeting of March 9, 2009, the City Council adopted Resolution No. 5178, which reduced by 50% the Highway Interchanges and Bridges Development Impact Fee for a period of 18 months pursuant authority established in CMC 15.80.100(D); and

**Whereas**, by Resolution 5273, adopted August 9, 2010, the City Council adopted recommendations of staff related to extending measures and action the City could take to continue to promote local economic health; and

**Whereas**, the City Council finds that the current recession continues to create a climate whereby investment in new and expanded commercial and industrial development in the City could be hindered, negatively impacts the local economy; and

**Whereas**, the City has an interest in promoting a local economic climate that encourages investment and productivity in support of local business opportunities; and

**Whereas**, the City Council has found that economic and development conditions exist in Carpinteria at this time that warrant an extension of the provisions of Resolution Nos. 5178 and 5273 for an additional 18 months for non-residential uses.

**NOW, THEREFORE**, it is hereby resolved by the City Council of the City of Carpinteria, California, as follows:

1. The City of Carpinteria Highway Interchanges and Bridges Development Impact Fee, where applicable to non-residential development, shall be calculated pursuant to the City's Development Impact Fee program, as may be amended from time to time and charged at 50% of the fee amount due.
2. This Resolution shall become effective on May 14, 2012, and shall expire approximately 18 months after becoming effective on November 30, 2013.

PASSED, APPROVED AND ADOPTED this 14<sup>th</sup> day of May, 2012, by the following called vote:

AYES:            COUNCILMEMBER:  
NOES:            COUNCILMEMBER  
ABSENT:        COUNCILMEMBER

\_\_\_\_\_  
Mayor, City of Carpinteria

ATTEST:

\_\_\_\_\_  
City Clerk, City of Carpinteria

I hereby certify that the foregoing resolution was duly and regularly introduced and adopted at a regular meeting of the City Council of the City of Carpinteria held the 14<sup>th</sup> day of May, 2012.

\_\_\_\_\_  
City Clerk, City of Carpinteria

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney