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To: Lemoore City Council Item # 4
From: JP Prichard, Administrative Analyst
Date: May 14, 2013
Subject: Montrio Capital Partners Application for Impact
Fee Reduction

Discussion:

Resolution 2011-10, which set the current rate of development impact fees for the City (outside of special consideration given to in-fill project), states that:

“Any person subject to a fee required by this Resolution may apply to the City Council for a reduction, adjustment, or waiver of that fee based on the absence of a reasonable relationship between the impact of that person’s commercial, industrial, or residential development project on demands on infrastructure types in the City of Lemoore”

Montrio Capital Partners has a Multi-Family Residential development project located between State Highway 41 and 19 ½ Avenue, immediately north of the railroad tracks running through the City. Attached for Council review is a letter from the developer requesting a fee reduction on various grounds.

Originally, this area was planned to be zoned Highway Commercial. Consequently, it maintained a stronger nexus with West Side properties immediately surrounding the Highway 41/Bush Street Interchange. However, a case can be made that, as a Multi-Family Residential project, it bears a stronger nexus with the infrastructure needs of East Side development. Therefore, it would not be inappropriate to consider charging Montrio Capital Partners the East Side Development Impact Fees instead.

According to the Public Works Director, the storm drainage facilities will require connecting to the City Storm Water System, as there is not sufficient capacity on the site to have an unconnected detention basin. Delaying the collection the fees is ill-advised; it would be difficult to collect fees on a development cleared for occupancy, leaving the City little recourse if there were a failure to pay.

The final request made by Montrio Partners is to waive the Community Recreation Facility Fee. While the developers will be providing a number of amenities for their residents, they will not have the same variety that the City provides, nor are they likely to be open to non-residents. Therefore, it is suggested that this fee be charged for this development.

Budget Impact:

Should the Council agree to allow the use of East Side Fees instead of West Side Fees; the City will collect \$318,000 less revenue from development impact fees. However, it is assumed that there would be a corresponding reduction in the need for City infrastructure from the project.

Waiving the Community Recreation Facility Fee will result in a \$124,000 less revenue without a corresponding reduction in infrastructure needs.

As Montrio Capital Partners is only seeking to delay the payment for Stormwater facilities, it will have no impact on revenue, assuming that it is collected at some point in the future.

Recommendation:

Staff recommends that the Council allow the project to be considered an East Side development for purposes of determining its development impact fees. Staff further recommends that Council not waive the Community Recreation Facility Fee, nor delay the payment of the Stormwater facility fees.