

CAPISTRANO BAY DISTRICT
AGENDA REPORT
October 27, 2020

New Business

ITEM 10a

Review of Development Impact Fee Schedule

The Development Impact Fee (DIF) program was created in 2004 and is supported by District Ordinance No. 05-206. This program was created to provide a funding mechanism to help offset the costs associated with roadway maintenance and repairs.

Damage over time to the road surface and subgrade are due, in part, to normal traffic passing over the surface and also due to accelerated damage from heavy vehicles on the road for the purpose of servicing residential construction projects.

Homeowners choosing to remodel or rebuild add to a more rapid demise of the road surface with all the material deliveries and workers' vehicles. It is only fair that the District be compensated for this damage beyond that of normal use, hence the DIF program was created.

The matrix that is used to calculate fees is based primarily on the valuation that is assigned to a project when the building permit is processed with the City. Projects that the District does not assess a DIF fee on are mostly smaller works such as replacement of hot water heaters, minor window replacements and anything that is assigned a zero-valuation at the City.

In most cases, the valuation and subsequent DIF fees assessed on a project are appropriate and since 2004 there have been few complaints. One area of home improvement that appears to get an inconsistent valuation from the City, and thus is a red flag for the District, is with re-roofing (see chart below). The roofs on homes on Beach Road are fairly similar in size (approx. 2300-2600 sq ft) yet the City's valuation of reroofing projects is all over the map when the work involved is not significantly different from home to home:

Sample Comparison Chart of Reroof Projects

35093	reroof	valuation: \$ 8000	city permit: \$322
35175	reroof	valuation: 8000	city permit: 226
35405	reroof	valuation: 9500	city permit: 254
35127	reroof	valuation: 2500	city permit: 627
35777	reroof	valuation: 12000	city permit: 609
35312	reroof	valuation: 12895	city permit: 815

The purpose of this report is to demonstrate what appears to be a minor flaw in the DIF program that suggests a need to set standard fees for certain types of improvement work. Staff will provide additional recommendations next month after further study of the issue.