

**RESOLUTION NO.**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL  
SUPERCEDING RESOLUTION 6080 (FEBRUARY 5, 2007) BY ADJUSTING THE TRAFFIC  
DEVELOPMENT IMPACT FEE**

**WHEREAS**, new development within the City of Morgan Hill ("City") will continue to result in additional population and business growth, and such growth will continue to place additional burdens on various City facilities, infrastructure and services, requiring construction of expanded and/or new City facilities and services; and

**WHEREAS**, all development within the City should bear a proportionate financial burden in the construction and improvement of public facilities and services necessary to service the growth engendered by such development; and

**WHEREAS**, the imposition of development impact fees is the preferred method of ensuring that new development bears its proportionate share of the cost of public facilities and service improvements; and

**WHEREAS**, imposition of impact fees to finance public facilities and service improvements required by new development is necessary in order to avoid adversely impacting existing facilities and services; and

**WHEREAS**, consistent with these principles, Chapter 3.56 of the City's Municipal Code establishes Development Impact Mitigation Fees; and

**WHEREAS**, Municipal Code Section 3.56.060 provides for revision of established fees, including increases, by resolution; and

**WHEREAS**, Resolution 6080, as adopted by the City Council on January 17, 2007, set the fee rate for the traffic development impact fee; and

**WHEREAS**, the City Council has received and duly considered the reports authored by Willdan Financial Services ("Willdan") entitled "Traffic Facilities Development Impact Fee Study" dated June 8, 2015 (the "Willdan Report"), and presented to the City Council on June 17, 2015; and

**WHEREAS**, the Willdan Report analyzed the City's existing land use patterns and zoning, existing City traffic facilities, the City's General Plan Circulation Element and future facility needs; and

**WHEREAS**, as the Willdan Report demonstrates, the development impact fees adjusted by this resolution are based upon estimated costs for new public facilities and service improvements that will be required, incrementally, by new development within the City's sphere of influence; and

**WHEREAS**, as the Willdan Report demonstrates, the development impact fees adjusted by this resolution do not exceed the reasonable cost of providing public facilities and service improvements occasioned by development projects within the City; and

**WHEREAS**, the fees recommended by the Willdan Report rationally relate to the reasonable cost of providing public facilities occasioned by the development projects and service improvements within the City's sphere of influence; and

**WHEREAS**, the Willdan Report and all background data referenced in the report were available for public inspection and review at the City Clerk's office of the City of Morgan Hill; and

**WHEREAS**, even though no interested parties have filed a written request for notice pursuant to Government Code Section 66016, City staff emailed information regarding the proposed adoption of and public hearing on the fees and a copy of the Willdan Report to all regular real estate and development firms and individuals who have done business in the City in the recent past; and

**WHEREAS**, on June 4, 2015, Willdan and City staff hosted a special briefing session on the Willdan Report for those firms and individuals to provide them an opportunity to query the consultant and staff on how the development impact fees were calculated; and

**WHEREAS**, a public hearing on adoption of this resolution and the fees shown in E.1 "Maximum Justified Traffic Impact Fee Schedule" on page 3 of the Traffic Facilities Development Impact Fee Study attached hereto and incorporated herein by reference, was noticed pursuant to and in compliance with Government Code section 6062(a), and set as part of a regular City Council meeting held on June 17, 2015, in the Council Chamber located at City Hall, 17555 Peak Avenue; and

**WHEREAS**, the City Council has received and duly considered all written and oral comments provided to it by staff and the public, which comments are hereby incorporated into the record on this matter; and

**WHEREAS**, the City Council deems it necessary that the traffic development impact fees be adjusted to ensure that new development in the City continues to pay its proportionate share of public facilities and service improvements necessary to accommodate such development in order to promote the public health, safety and welfare; and

**WHEREAS**, the City Council hereby incorporates the findings made in Municipal Code Section 3.56.010 and applies them in support of the adoption of this Resolution; and

**WHEREAS**, the Projects approved pursuant hereto are exempt from the California Environmental Quality Act (CEQA) under Section 15273 of Guidelines for CEQA and Public Resources Code Section 21080(b)(8) because they establish, modify and approve rates and charges for the purposes of obtaining funds for capital projects; and

**WHEREAS**, further reasons supporting the adjustment of the traffic a development impact fee described in, and that is the subject of, this Resolution are set forth in detail in that certain City Council Staff Report entitled "Reestablishment of Recreation Center and Adjustment to Traffic Impact Fees" submitted for City Council consideration at its meeting of June 17, 2015, submitted to the City Council by the City Manager (the "Staff Report"), the contents of which Staff Report are incorporated herein by this reference.

**THEREFORE, BE IT RESOLVED** by the City Council of the City of Morgan Hill that:

Section 1. The recitals, findings and determinations set forth above are true and correct and are incorporated by reference herein.

Section 2. The City Council hereby further finds as follows, with respect to the requirements of California Government Code sections 66000 through 66025:

- A. *Purpose of Fee.* The purpose of the fees recommended in the Willdan Report is to provide a funding source from new development for capital improvements to serve that development. The fees advance a legitimate City interest by enabling the City to provide traffic facilities to new development.
- B. *Use of Fee Revenues.* The proposed fees would be used to fund expanded facilities to serve new development. Facilities funded by these fees are designated to be located within the City's sphere of influence. Fees addressed in the Willdan Report are restricted to funding traffic facilities.
- C. *Benefit Relationship.* Use of fee revenue will be restricted to the acquisition of land, construction of facilities and buildings, and purchase of related equipment, furnishings, vehicles, and services used to serve new development. Facilities funded by the fees are expected to provide a City-wide network of facilities accessible to the additional residents and workers and corresponding additional trip demand associated with new development. Fees are not intended to fund planned facilities needed to correct existing deficiencies. Thus, a reasonable relationship can be shown between the use of fee revenue and the new development of residential and non-residential use classifications that will pay the fees.
- D. *Burden Relationship.* Facilities need is based on a facility standard that represents the demand generated by new development for those facilities. For each facility category, demand is measured by a single facility standard that can be applied across land use types to ensure a reasonable relationship to the type of development. For the traffic impact fee, level of service standards are calculated based upon the trip demand from new development. The standards used to identify growth needs are also used to determine if planned facilities will partially serve the existing service population by correcting existing deficiencies. This approach ensures that new development will only be responsible for its fair share of planned facilities, and that the fees will not unfairly burden new development with the cost of facilities associated with serving the existing service population.
- E. *Proportionality.* The reasonable relationship between each facilities fee for a specific new development project and the cost of the facilities attributable to that project is based on the estimated new development growth the project will accommodate. Fees for a specific project are based on increased in the number of dwelling units or nonresidential building square feet. Different land uses generate varying amounts of trips, and the fees reflect these differences in demand, by type of unit. Thus, the fees ensure a reasonable relationship between a specific new development project and the cost of the facilities attributable to that project.

Section 3. The City Council hereby adjusts the traffic development impact fees as stated in Exhibit A, which is attached hereto and incorporated by this reference. Except as modified herein, Resolution No 5592 and its attached fee schedule, along with the corresponding automatic annual adjustments pursuant to Municipal Code Section 3.56.050, shall remain in full force and effect.

Section 4. The City Council hereby orders that all adjustments in the traffic development impact fees be effective 60 days following adoption of this ordinance.

Section 5. The City Council hereby finds the approval of the traffic development impact fees of the City of Morgan Hill to be exempt from CEQA.

Section 6. If any section, subsection, subdivision, sentence, clause, phrase, word, or portion of this resolution is, for any reason, held to be invalid by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this resolution and each section, subsection, subdivision, sentence, clause, phrase, word or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivision, sentences, clauses, phrases, words, or portions thereof be declared invalid.

**PASSED AND ADOPTED** by the City Council of the City of Morgan Hill at its meeting held on this 17th day of June, 2015 by the following vote:

**AYES:**  
**NOES:**  
**ABSTAIN:**  
**ABSENT:**

**COUNCIL MEMBERS:**  
**COUNCIL MEMBERS:**  
**COUNCIL MEMBERS:**  
**COUNCIL MEMBERS:**

**DATE:** \_\_\_\_\_

\_\_\_\_\_  
**Steve Tate, MAYOR**

**∞ CERTIFICATION ∞**

**I, Irma Torrez, City Clerk of the City of Morgan Hill, California,** do hereby certify that the foregoing is a true and correct copy of Resolution No.XXXX , adopted by the City Council at the meeting held on June 17, 2015.

**WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.**

**DATE:** \_\_\_\_\_

\_\_\_\_\_  
**Irma Torrez, CITY CLERK**

# Exhibit A

## TRAFFIC DEVELOPMENT IMPACT FEE ADJUSTMENTS

### TRAFFIC DEVELOPMENT IMPACT FEE

#### Residential

Single Family	\$1,816
Multi-family	\$1,126

#### Nonresidential

R&D	\$1,943
Commercial	\$6,737
Office	\$2,706
Industrial	\$1,762
Warehouse	\$581