

# CITY OF PALM DESERT STAFF REPORT

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MEETING DATE: November 14, 2024

PREPARED BY: Richard D. Cannone, AICP, Development Services Director

SUBJECT: ADDENDUM TO THE TRANSPORTATION UNIFORM MITIGATION FEE (TUMF) 2018 FEE SCHEDULE UPDATE NEXUS REPORT AND ADOPT THE TUMF INFLATION ADJUSTMENT AND REVISED FEE SCHEDULE FOR CALENDAR YEAR 2025

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## **RECOMMENDATION:**

1. Hold a noticed consolidated public hearing and receive public testimony; and
2. Adopt a Resolution entitled, "A RESOLUTION OF THE CITY OF COUNCIL OF THE CITY OF PALM DESERT, CALIFORNIA, ADOPTING AN ADDENDUM TO THE COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS' TRANSPORTATION UNIFORM MITIGATION FEE (TUMF) 2018 FEE SCHEDULE UPDATE NEXUS REPORT AND ADOPTING THE COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS EXECUTIVE COMMITTEE'S TUMF INFLATION ADJUSTMENT AND REVISED FEE SCHEDULE FOR CALENDAR YEAR 2025 APPLICABLE TO ALL DEVELOPMENTS IN THE CITY OF PALM DESERT."

## **BACKGROUND/ANALYSIS:**

The City, as a member of the Coachella Valley Association of Governments ("CVAG"), has collected a transportation uniform mitigation fee ("TUMF") since 1989. Over that time, CVAG has adopted various nexus fee studies to determine the TUMF to be collected by the City related to development projects approved and constructed within Palm Desert. The most recent nexus fee study prepared by CVAG was the Transportation Uniform Mitigation Fee (TUMF) 2018 Fee Schedule Update Nexus Report (the "Study"). Each year, the CVAG Executive Committee reviews the TUMF rates to determine if an annual inflation adjustment to the existing TUMF rates ("Inflation Adjustment") is required. CVAG has proposed an Inflation Adjustment for 2025. The TUMF revenue established by CVAG is collected by the City and distributed to CVAG for funding regional transportation projects within the Coachella Valley.

The imposition of TUMF rates, including adjustments, is governed by the Mitigation Fee Act (Government Code section 66000 et seq.) (the "Act"). Pursuant to the Act, anytime the TUMF rates are proposed to be imposed or increased the City is required to hold a noticed public hearing. Prior to adopting an increase to TUMF the City is required to adopt a nexus impact study meeting certain nexus and proportionality requirements supporting the need for the TUMF increase. Here, CVAG is proposing to impose the Inflation Adjustment. As part of the TUMF increase, CVAG is not proposing to adopt a new nexus study. However, the City is adopting an addendum to the existing Study (the "Addendum") supporting the need for the Inflation Adjustment. Because the Act has been amended since 2018, the year the Study was prepared,

the City is proposing to adopt the Addendum to comply with the current Act requirements out of an abundance of caution to ensure compliance with the Act.

On April 24, 2024, the CVAG Executive Committee approved the Inflation Adjustment to be imposed by each of its member agencies. Additionally, on March 21, 2024, the Desert Valleys Builders Association provided its letter in support of the Inflation Adjustment. The actions proposed are the steps required for the City, acting as a member agency of CVAG, to formally implement the Inflation Adjustment.

The Act requires the City to hold a noticed public hearing in order to adopt increases to the TUMF charged by the City. Additionally, the Act requires the City hold a noticed public hearing in order to adopt an impact fee nexus study, or in this case, the Addendum. The City will hold a consolidated public hearing for the adoption of both the Addendum and the Inflation Adjustment.

To adopt the Addendum, the City is required to post the Addendum and supporting documents on its website and to also make the information publicly available at least thirty (30) days prior to the date of the public hearing. Additionally, notice is required to be published in the newspaper and mailed to any interested party that has requested written notice be mailed to them in relation to the City adopting a Nexus Study.

To adopt the Inflation Adjustment, the City is required to post the 2025 TUMF Fee Schedule and supporting documents on its website and to also make the information publicly available at least fourteen (14) days prior to the date of the public hearing. Additionally, notice is required to be published in the newspaper and mailed to any interested party that has requested written notice be mailed to them in relation to the City adopting new or changes to existing fees.

The City has completed these tasks in compliance with the Act. At this time the City Council shall hold the noticed consolidated public hearing, receive public testimony, and following the public hearing may approve a resolution adopting the Addendum and Inflation Adjustment as recommended.

CVAG proposed the 2025 TUMF fee schedule to be effective January 1, 2025. However, the Act requires that fees shall not be effective sooner than 60 days following their adoption. Therefore, the 2025 TUMF fee schedule will become effective January 13, 2025.

As part of this proceeding, the City Council will authorize future annual Inflation Adjustments, authorized by the CVAG Executive Committee, to be imposed and added to the then current TUMF fee schedule, without future action of the City Council or need for future public hearings, until such time as a new impact fee nexus study and TUMF are adopted, or the authorization is revoked by the City Council.

**Legal Review:**

This report has been reviewed by the City Attorney's Office.

**FINANCIAL IMPACT:**

The proposed Addendum and Inflation Adjustment ensures that the City imposes and collects a developer impact fee that appropriately mitigates the cost of completing improvements to the regional roadway system in the Coachella Valley attributable to new development projects. TUMF is charged and collected by the City but transmitted and paid to CVAG for its administration of the regional system improvements within the Coachella Valley.

**ATTACHMENTS:**

1. Resolution Adopting the Addendum and Inflation Adjustment, including attachments:
  - a. Addendum to 2018 Study, including attachments:
    - i. 2018 Study;
    - ii. CVAG 2024 Staff Report; and
    - iii. CVAG 2025 TUMF Fee Schedule
  - b. CVAG 2025 TUMF Fee Schedule to be effective January 13, 2024