City of Merced
Public Facilities Impact Fees
Fact Sheet

What are Public Facilities Impact Fees and what will they be used for?

In May 1998, the Merced City Council adopted the *Public Facilities Financing Plan* along with Public Facilities Impact Fees (Ordinance #1989—Merced Municipal Code 17.62). The Plan and fees were comprehensively updated in July 2003 (Ordinance #2130), May 2006 (Ordinance #2232), August 2009 (Ordinance #2340) and November 2012 (Ordinance #2400). These impact fees will fund needed capital facilities and infrastructure generated by new development over the next 20 years. Capital projects included in the fee calculations are arterial streets, traffic signals, bridges, railroad crossings, fire stations, police facilities, community parks, bikeways, and other public facilities. (A complete list of projects is available from the City's Planning Division.) By state law, these fees can only be spent on capital facilities and cannot be used for operations and/or maintenance.

How much are the fees and how are the fees calculated?

The impact fees are spelled out in the tables below. The fees are based on new development's "fair share" of the construction costs of new public facilities needed to maintain the existing level-of-service.

When will the fees be increased again?

The fees shall be adjusted annually each January 1st in accordance with the Engineering Construction Cost Index as published by the Engineering News Record. The next annual update shall be January 1, 2015.

When do I pay the impact fees?

All commercial and industrial projects pay the impact fees at the time of building permit issuance. All residential projects pay the impact fees at the time of issuance of the certificate of occupancy.

Do I have to pay the fees all at once?

All residential construction must pay the entire fee at the time of occupancy. For non-residential projects whose impact fees exceed $50,000, the property owner may enter into a Deferred Payment Agreement with the City to pay 25% of those fees at the building permit stage and the remaining 75% to be paid in equal installments over the next 5 years.

Can I receive fee credit or reimbursement for public facilities I construct?

Yes, if the public facilities/infrastructure projects are included in the fee program. Details on credits and reimbursements are spelled out in the Administrative Policy. Please ask for a copy if you need one.

Development Impact Fees By Project Category (Effective January 1, 2014)

Per Dwelling		***Per 1,000 Sq. Ft. of Building Space***				
Residential		**Commercial**				**Industrial**
Single Family	**Multi-Family**	**Institutional**	**Retail Less Than 50,000 SF**	**Retail Greater Than 50,000 SF**	**Office/ Commercial**	**Industrial**
$4,615	**$3,190**	**$3,171**	**$9,270**	**$6,994**	**$6,071**	**$1,735**

Per the Engineering News Record's Construction Cost Index, a 3.3% Increase is reflected above since the 2012 adoption of the fees.

Does everyone have to pay the impact fees?

Fees shall not be imposed on:

1) Any alteration or addition to a residential structure, except to the extent that additional units or guestrooms are created.
2) Any alteration or addition to a non-residential structure if the square footage of the structure is increased less than 10 percent, unless the addition changes the use of the structure to a higher intensity land use category, or results in the generation of additional peak hour trips.
3) Any replacement or reconstruction of an existing residential structure that has been destroyed or demolished as long as no new units or guestrooms are added and a permit for reconstruction is issued within five years of the demolition.
4) Any replacement or reconstruction (within five years) of an existing non-residential structure that has been destroyed or demolished, unless it exceeds the provisions set out in #2 above.

How do I know which project category to use?

The project categories are defined as follows:

"Residential/Single Family" = single-family detached homes on individual lots.

"Residential/Multiple Family" = two- and multiple-family dwelling units, including apartments, condominiums, and mobile homes in mobile home parks.

"Institutional" = religious institutions, libraries, private schools/colleges, nonprofit cultural/community centers, hospitals, charitable organizations, government-owned or –operated structures used for public purposes. (Federal, state, and county-owned facilities are exempt from the City's impact fees.)

"Retail/Commercial" = retail and service uses, including but not limited to, supermarkets, drugstores, department stores, specialty retail stores, general merchandise, discount stores, hardware/paint stores, garden centers/nurseries, wholesale markets, apparel stores, furniture stores, video arcades, gas stations, car sales, restaurants, banks, and auto-oriented uses.

"Commercial/Less Than 50,000 Square Feet" = "commercial" uses defined above in a freestanding building or shopping center with less than 50,000 square feet of floor area.

"Commercial/Greater Than 50,000 Square Feet" = "commercial" uses defined above in a freestanding building or shopping center with more than 50,000 square feet of floor area.

"Office/Commercial" = professional offices, business parks, business or administrative offices, insurance sales, research centers, medical or dental services, and other health-related services (excluding hospitals).

"Industrial" = facilities in which the primary activity is the production of finished items through manufacture, fabrication, processing, packaging, or treatment of raw materials or parts. Such uses include but are not limited to electronics assembly, paper products, bottling plant, cabinet/machine shop, wholesale business, printing plant, warehouse, corporation yard, moving and storage service, lumberyards, canneries, and food processing.

If a specific use is not addressed in the fee schedule or the definitions contained in the "Administrative Policy" (Resolution #2012-82), the fee will be determined by the Development Services Department on a case by case basis.

How can I learn more about these fees?

For more information about the City's Public Facilities Impact Fees, Financing Plan, or Administrative Policy, please contact the City of Merced Planning and Permitting Division at (209) 385-6858 or come to our offices on the second floor of the Merced Civic Center at 678 West 18th Street.