



Agenda Item No: 1.e

PLACENTIA CITY COUNCIL AGENDA REPORT

Meeting Date: May 5, 2026

Submitted by: Joe Lambert

From: Development Services

Subject:

SECOND READING AND ADOPTION OF ORDINANCE NO. O-2026-05, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PLACENTIA, CALIFORNIA, AMENDING TITLE 5 OF THE PLACENTIA MUNICIPAL CODE (SCHEDULE OF FEES) TO ADD SECTION 5.02.105 "GENERAL GOVERNMENT FACILITIES FEES" ESTABLISHING A CITY FACILITIES IMPACT FEES AS PART OF THE CITY'S DEVELOPMENT IMPACT FEE PROGRAM, AND ADOPTING NECESSARY FINDINGS FOR THE ESTABLISHMENT OF THE CITY FACILITIES IMPACT FEES; AND, SECOND READING AND ADOPTION OF ORDINANCE NO. O-2026-08, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PLACENTIA, CALIFORNIA, AMENDING TITLE 5 OF THE PLACENTIA MUNICIPAL CODE (SCHEDULE OF FEES) BY AMENDING CHAPTERS 5.01 (FEES SET BY RESOLUTION), 5.03 (TRANSIT ORIENTED DEVELOPMENT (TOD) DEVELOPMENT IMPACT FEES), 5.12 (FIRE DEPARTMENT) AND 5.24 (PUBLIC WORKS DEPARTMENT) AS PART OF THE CITY'S DEVELOPMENT IMPACT FEE PROGRAM

Financial Impact:

The adoption of revised Development Impact Fees and Residential Affordable Housing Impact Fees will not have an immediate impact on revenues to the City as they are effective 60 days subsequent to adoption. These Development Impact Fees are established for cost recovery or statutory purposes only.

Summary:

The City's Development Impact Fees program ("DIF") was first established in the early 1970's when much of the City was undeveloped. The City's costs for infrastructure have significantly increased over that period of time; however, the City's DIFs were not updated regularly to adequately cover said infrastructure costs, thus requiring the General Fund to subsidize infrastructure improvements or, in some cases, the improvements that are not conducted by a developer. First Reading of Ordinance Nos. O-2026-05 and O-2026-08, occurred on April 21, 2026.

Ordinance No. O-2026-05 will create a new General Government Facilities Fee pursuant to the Development Impact Fee Justification Study (Nexus Study) considered by City Council on April 21, 2026. This fee would be in place concurrent with the effective dates of Ordinance No. O-2026-05 and Resolution No. R-2026-22.

Ordinance No. O-2026-08 will amend Title 5 (Schedule of Fees) of the City of Placentia Municipal Code to delete selections that no longer apply, revise the Fire Department to remove references to Orange County Fire, and provide clarification as to fees applicable to Transit Oriented Development.

Recommended Action:

It is recommended that the City Council:

1. Find that the recommended actions are exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15061(b)(3) of the Public Resources Code, and the City of Placentia Local Guidelines for implementing CEQA; and
2. Waive full reading, by title only, and adopt Ordinance No. O-2026-05, an Ordinance of the City Council of the City of Placentia, California, amending Title 5 of the Placentia Municipal Code (schedule of fees) to add Section 5.02.105 "General Government Facilities Fees" establishing a City Facilities Impact Fees as part of the City's Development Impact Fee Program, and adopting necessary findings for the Establishment of the City Facilities Impact Fees; and,
3. Waive full reading, by title only, and adopt Ordinance No. O-2026-08, an Ordinance of the City Council of the City of Placentia, California, amending Title 5 of the Placentia Municipal Code (Schedule Of Fees) by amending Chapters 5.01 (Fees Set by Resolution), 5.03 (Transit Oriented Development (TOD) Development Impact Fees), 5.12 (Fire Department) and 5.24 (Public Works Department) as part of the City's Development Impact Fee Program.

Strategic Plan Statement:

This item is consistent with Strategic Goal No. 1 (Fiscal Sustainability), Goal No. 2 (Public Safety) and Goal No. 3 (Infrastructure, Facilities & Public Spaces) as this item will update Development Impact Fees to facilitate cost recovery by requiring new development to pay a fair share of costs for City facilities, including Public Safety centers, parks and recreation centers. These funds can also be utilized for capital improvement projects including street paving and repair, sewer system and storm drain system upgrades. By doing so, the fiscal sustainability of the City will benefit in that the burden on the City's reserves will be lessened.

Discussion:

BACKGROUND:

DIFs are a commonly used method of collecting a proportional share of funds from new development for infrastructure improvements and/or other public facilities capital improvements that would be needed as a result of the new development. Pursuant to the Mitigation Fee Act ("Act"), California Government Code Section 66000, et seq. (also known as AB 1600), adoption of impact fees requires documentation of the "nexus" between the fees being charged, the impacts of new development, the benefit of the facilities needed to mitigate such impacts, and the proportional cost allocation among different fee categories. Impact fee programs must be adopted by the City Council via an ordinance, however, once the program is adopted, the fees can be automatically updated via City Council resolution. Impact fees are imposed either jurisdiction-wide or in a relatively large area anticipating significant amounts of new development, such as a specific plan area or community plan area. In Placentia, we have both citywide (includes affordable housing) impact fees and TOD District specific impact fees.

In 2017, the City prepared development impact fee nexus studies for the purpose of updating DIFs pursuant to California Government Code Section 66000. Three different nexus studies were completed in 2017 and were utilized respectively to adopt the current citywide DIFs, the

housing impact fee, and the TOD DIFs. The DIF program that is currently in place was adopted by City Council in October 2017.

In April 2023, two specific fees were updated commensurate with actual costs. The fees that were specifically updated beyond Construction Cost Index (CCI) are the Public Safety Impact Fee (now known as Fire, Police, Animal Shelter fees) and TOD Sewer Impact Fee. Those specific fees were updated beyond CCI because the City performed the “City of Placentia Development Impact Fee Nexus Study” dated April 2023. The balance of all Development Impact Fees were adjusted by CCI .23% as measured from April 2022 to April 2023. An annual DIF update pursuant to CCI also occurred on April 16, 2024.

One of the City Council directions from the April 16, 2024 annual DIF update was to prepare a new Development Impact Fee Nexus Study Report to update both Citywide Development Impact Fees and TOD Impact Fees. The Studies were utilized to prepare the recommended revised Development Impact Fee schedule for all citywide and TOD Impact fees.

DISCUSSION:

The existing DIFs include the following updated fees:

- Citywide Public Safety Fees: Fire, Police and Animal Shelter
- Citywide Park Fee
- Citywide Quimby Fee
- Citywide Sewer Impact Fee
- Citywide Traffic Impact Fee Program (recommended to be renamed Transportation)
- Storm Drainage Impact Fee Program
- TOD Traffic Impact Fee (recommended to be omitted)
- TOD Sewer Impact Fee
- TOD Streetscape Infrastructure Impact Fee
- Affordable Housing Impact Fee

Proposed new DIF:

- General Government Facilities Fee

The Development Impact Fee Nexus Studies considered by City Council on April 21, 2026 contemplate a new General Government Facilities fee. Ordinance No. O-2026-05 will create a new General Government Facilities Fee pursuant to the Development Impact Fee Nexus Studies. This fee would be in place concurrent with the effective dates of Ordinance No. O-2026-05 and Resolution R-2026-22. Staff is recommending adoption of Ordinance No. O-2026-05.

In addition, Staff recommends adoption of Ordinance No. O-2026-08. This Ordinance would clean up Title 5 (Schedule of Fees) of the City of Placentia Municipal Code to delete selections that no longer apply, revise the Fire Department to remove references to Orange County Fire, and provide clarification as to fees applicable to Transit Oriented Development.

Financial Summary:

DIFs are a commonly used cost recovery method of collecting a proportional share of funds from new development for infrastructure improvements and/or other public facilities capital improvements that would be needed as a result of the new development. These fees are seen as paying for necessary infrastructure costs as opposed to the General Fund and are therefore seen as cost recovery in nature. The adoption of revised Development Impact Fees

and Residential Affordable Housing Impact Fees will not have an immediate impact on revenues to the City until effective 60 days subsequent to adoption.

Attachments

1. [Ordinance No. O-2026-05 - General Government Facilities Fee.docx](#)
2. [Ordinance No. O-2026-08 - Title 5 Amendments.pdf](#)