



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), November 2012 (Ordinance #2400), and March 2022 (Ordinance #2537). 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, smart technology, 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 table 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. Discounts are available for certain uses as spelled out on page 2.

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 is scheduled for January 1, 2026.

When do I pay the impact fees?

All residential, commercial, and industrial 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?

Single-family construction must pay the entire fee at the time of occupancy. For non-residential and multi-family 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 Administrative Policy A-32 (Resolution #2022-78). Please ask for a copy if you need one.

Development Impact Fees By Project Category (Effective January 1, 2025)

<i>Per Dwelling</i>		<i>Per Room</i>	<i>Per 1,000 Sq. Ft. of Building Space</i>		
Residential		Commercial			Industrial
Single Family	Multi-Family	Lodging	Retail	Office	Industrial
\$13,102	\$9,564	\$3,698	\$15,646	\$13,942	\$6,061

3.6 % Increase per the Engineering News Record's Construction Cost Index (December 2024).

Does everyone have to pay the impact fees?

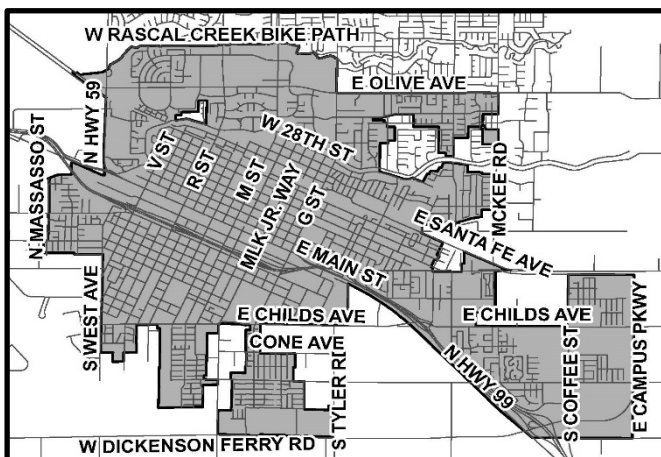
Fees shall not be imposed on:

- 1) Any alteration or addition to a residential structure, except if 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 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/guestrooms are added and a permit for reconstruction is issued within 15 years of the demolition.
- 4) Any replacement or reconstruction (within 15 years) of an existing non-residential structure that has been destroyed or demolished, unless it exceeds the provisions set out in #2 above.

Are there any reduced fees or discounts available?

Discounts are available for the following:

1. ACCESSORY DWELLING UNITS (ADUs): No impact fees shall be imposed on ADUs of less than 750 square feet. For an ADU larger than 750 sq. ft., any impact fee shall be charged proportionately in relation to the square footage of the single-family dwelling on the property.
2. INFILL DEVELOPMENT & OPPORTUNITY ZONES: Within the central area of the City and the Opportunity Zones within the area below (see map below), impact fees shall be reduced by 50 percent.



3. AFFORDABLE HOUSING: Fees for affordable housing projects shall be determined on a case-by-case basis depending on the level of affordability, number of affordable units, etc. The determination shall be made by the Director of Development Services but can be appealed to the City Council.
4. SINGLE-FAMILY HOMES SMALLER THAN THE AVERAGE HOME SIZE IN MERCED: The average single-family home size in Merced is 1,920 square feet. For homes that are at least 20 percent below that average size, a reduced fee shall be charged proportional to the percent below the average single-family home size.

How do I know which project category to use?

The project categories are generally defined as follows, but refer to the Administrative Policy for complete definitions:

“Single Family” = Single-family detached homes on individual lots.

“Multi-Family” = 2 or more attached dwelling units.

“Lodging” = Hotels, motels, and other commercial operations which provide lodging for a fee, with or without cooking facilities, in individual rooms or suites, including extended stay motels.

“Retail” = Retail and service uses, including sales of food, apparel, gas, auto parts, furniture, goods, etc.

“Office” = Professional and commercial offices.

“Industrial” = Manufacturing, fabrication, processing, packaging, treatment, or storage of raw materials or parts.

If a specific use is not addressed in the definitions contained in the Administrative Policy, the fee will be determined on a case by case basis by the Planning Division.

How can I learn more about these fees?

For more information, 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. Information is also available on the City’s website, www.cityofmerced.org