

RESOLUTION NO. NS-29,812

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA CRUZ  
IMPLEMENTING THE CHILDCARE IMPACT FEE CHARGES FOR NEW RESIDENTIAL  
AND NONRESIDENTIAL DEVELOPMENT

WHEREAS, Children are part of the social infrastructure for community development and an investment in our collective future; and

WHEREAS, while the education of children has been acknowledged as a public responsibility, the pre-school and after-school care of children traditionally has been seen as the private problem of families, especially women, and not of public concern; and

WHEREAS, consideration for the needs of children is a critical part of community planning; and

WHEREAS, childcare is more than a family matter; it is part of an integrated system that supports human development, labor force participation, and job opportunities; and

WHEREAS, the benefits of early childhood development and care in the community speak to the labor market, business recruitment, and retention; improved school readiness and success; and reduced public cost for remediation, prison, and welfare; and

WHEREAS, the City General Plan calls for accessible, high-quality childcare facilities and services and includes objectives and policies to encourage an adequate and diverse supply of childcare facilities and services citywide and to implement a Childcare Impact Fee on new residential and nonresidential development due to its impacts on childcare needs; and

WHEREAS, the establishment of a childcare system which will adequately provide for childcare needs is an essential public service prerequisite to any increase in either residential or nonresidential development; and

WHEREAS, a developer voluntarily choosing to create new development will place new, additional, and cumulatively overwhelming burdens on the childcare system. As a condition of project approval, new development must mitigate its adverse impact of increased demand for childcare generated by the development;

WHEREAS, Childcare Impact Fees are necessary in order to establish a childcare funding mechanism to improve and augment the childcare system so as to enable developers of new development to pay a fair share of the costs of the system through assessment of fees or exactions reasonably related to the increased use of the childcare system generated by new development; and

WHEREAS, there is a reasonable relationship between the use of the fee and the type of development project upon which the fee is imposed; and between the need for the childcare facility and the type of development project upon which the fee is imposed;

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WHEREAS, the fee shall be imposed upon residential and nonresidential development projects which can reasonably be anticipated to create new or additional need for a quality childcare system due to the greater number of residential or employment opportunities which result from that type of development; and

WHEREAS, the Childcare Impact Fee implemented by this resolution is authorized in the City of Santa Cruz Municipal Code 18.48; and

WHEREAS, to allow developers to plan appropriately for the Childcare Impact Fee, the City finds it reasonable to implement the fee over a three-year graduated period as shown in Exhibit A.

WHEREAS, the Childcare Impact Fee schedule will be adjusted annually to account for cost inflation. It will be automatically adjusted effective January 1 of each year beginning on January 1, 2022. The adjustment will be based on the year-over-year percentage change in the 20-City Construction Cost Index (CCI) as reported in the Engineering News Record (ENR) for the 12-month period ending October the prior year.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Santa Cruz as follows:

In approving this implementing resolution, the City Council is implementing Childcare Impact Fee charges for new nonresidential and residential development to be paid at issuance of building permit as written in Exhibit A and incorporating said fees in the City’s Unified Master Fee Schedule.

The Childcare Impact Fee shall be effective sixty (60) days after passing of this resolution.

PASSED AND ADOPTED this 27<sup>th</sup> day of April, 2021 by the following vote:

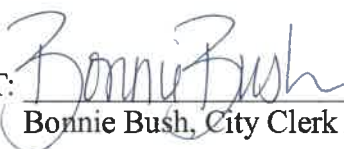
AYES: Councilmembers Watkins, Kalantari-Johnson, Brown, Cummings, Golder; Vice Mayor Brunner; Mayor Meyers.

NOES: None.

ABSENT: None.

DISQUALIFIED: None.

APPROVED:   
Donna Meyers, Mayor

ATTEST:   
Bonnie Bush, City Clerk Administrator

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**EXHIBIT A**

**CITY OF SANTA CRUZ CHILDCARE DEVELOPMENT IMPACT FEE (CCDF)  
THREE-YEAR GRADUATED INCREASE PROPOSAL  
Based on City Demographic Data**

**CITY OF SANTA CRUZ CHILDCARE IMPACT FEE<sup>[1]</sup>**

**RESIDENTIAL USE**

Single-Family

Multi Family<sup>[2]</sup>

Retail

Office

Industrial

Hotel

	<b>FY20/21</b>	<b>FY21/22</b>	<b>FY22/23</b>
	<b>Cost Per Sq. Ft.</b>	<b>Cost Per Sq. Ft.</b>	<b>Cost Per Sq. Ft.</b>
Single-Family	\$ 0.28	\$ 0.42	\$ 0.56
Multi Family <sup>[2]</sup>	\$ 0.21	\$ 0.32	\$ 0.42
	<b>Cost Per Sq. Ft.</b>	<b>Cost Per Sq. Ft.</b>	<b>Cost Per Sq. Ft.</b>
Retail	\$ 0.77	\$ 1.15	\$ 1.53
Office	\$ 0.89	\$ 1.34	\$ 1.78
Industrial	\$ 0.36	\$ 0.53	\$ 0.71
Hotel	\$ 0.27	\$ 0.41	\$ 0.54

[1] Charges include 2% administrative fee.

[2] The multi-family residential charge was set at a rate of 75% of the maximum justified residential fee to encourage multi-family and affordable housing units.

This table outlines recommended three-year graduated increase in CCDF. KMA's analysis supports a maximum child care development fee amount. In order to minimize the impact of the rise in fees, a three-year graduated increase is proposed. Fiscal year 20/21 would increase the fees by 50% of the total recommended fee, fiscal year 21/22 would increase fees by 75% and FY 22/23 would bring the fees to the full recommended amount.