

ORDINANCE NO. 2620
(CODIFIED)

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHICO AMENDING
SECTIONS 3.85.320, 3.85.420, 3.85.520, AND 3.85.620 OF THE CHICO MUNICIPAL
CODE RELATING TO ANNUAL ADJUSTMENTS OF DEVELOPMENT IMPACT FEES
TO ALLOW FOR FEE DECREASES WHEN APPLICABLE CONSTRUCTION COST
INDICES DECLINE**

WHEREAS, Chapter 3.85 of the Chico Municipal Code establishes development impact fees for transportation facilities, storm drainage facilities, park facilities, and building and equipment; and

WHEREAS, sections 3.85.320, 3.85.420, 3.85.520, and 3.85.620 of the Chico Municipal Code currently provide for annual administrative adjustments to development impact fees based on recognized construction cost indices; and

WHEREAS, the current Municipal Code provisions provide that fees shall be increased in proportion to cost increases indicated by the applicable indices, but do not provide for corresponding decreases when the indices decline; and

WHEREAS, at its meeting on July 8, 2025, the City Council referred this matter to the Finance Committee for review and recommendation; and

WHEREAS, the Finance Committee reviewed this matter at its meeting on September 17, 2025, and recommended that the City Council consider amending the Municipal Code to allow development impact fees to decrease when the applicable construction cost indices decline; and

WHEREAS, at its meeting on October 21, 2025, the City Council directed staff to revise the applicable Municipal Code sections to provide that development impact fees shall decrease when the applicable indices decline; and

WHEREAS, the City Council finds that allowing development impact fees to decrease when construction cost indices decline will ensure that fees collected from new development continue to accurately reflect actual construction costs and maintain fairness to developers and the community.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CHICO DOES
ORDAIN AS FOLLOWS:**

Section 1. Section 3.85.320 of the Chico Municipal Code is hereby amended to read as follows:

1 ***3.85.320 Annual adjustment to transportation facility fees.***

2 If, on July first following the city council's adoption of a resolution establishing the amount
3 of the transportation facility fees to be assessed and levied pursuant to the provisions of this chapter
4 or on July first of any year thereafter, there has been a change in building construction costs within
5 the city, the city manager, without any further action by the city council, shall adjust that portion
6 of the transportation facility fees and, where appropriate, that portion of the transportation facility
7 fee credits hereinafter provided for by this chapter which is allocable to the costs of constructing
8 and installing street facility improvements and bikeway improvements in an amount proportional
9 to the change in such costs.

10 The determination of whether there has been a change in the costs of constructing and
11 installing street facility improvements and bikeway improvements and the amount of the
12 adjustment in the transportation facility fees and transportation facility fee credits which is
13 proportional to the change in such costs shall be made by the city manager and shall be based
14 exclusively on the net percentage change during the preceding year, as published in the Caltrans
15 Highway Construction cost index. The index used shall be a rolling three (3) year average, or prior
16 twelve (12) quarters index average.

17 Similarly, if, on July first following the city council's adoption of a resolution establishing
18 the amount of the transportation facility fees to be assessed and levied pursuant to the provisions
19 of this chapter or on July first of any year thereafter, there has been a change in the cost of acquiring
20 street maintenance equipment, the city manager, without any further action by the city council,
21 shall adjust that portion of the transportation facility fees and, where appropriate, that portion of
22 the transportation facility fee credits which is allocable to the acquisition of such street maintenance
23 equipment in an amount proportional to the change in such costs. However, the determination of
24 whether there has been a change in the cost of acquiring street maintenance equipment and the
25 amount of the adjustment in the transportation facility fees or transportation facility fee credits
26 which is proportional to the change in such costs shall be made by the city manager and shall be
27 based exclusively on the net percentage change during the preceding year in the Consumer Price
28 Index published by the Federal Bureau of Labor Statistics for all Urban Consumers - U.S. Cities
Average (all items) or any other measure employed by the Federal Bureau of Labor Statistics in
lieu of such Consumer Price Index that measures the cost of living in U.S. cities.

1 ***3.85.420 Annual adjustment to storm drainage facility fees.***

2 If, on July first following the city council's adoption of a resolution establishing the amount
3 of the storm drainage facility fee to be assessed and levied pursuant to the provisions of this chapter,
4 or on July first of any year thereafter, there has been a change in the cost of constructing and
5 installing storm drainage facilities within the city, the city manager, without any further action by
6 the city council, shall adjust the storm drainage facility fee and, where appropriate, the storm
7 drainage facility fee credits hereinafter provided for in this chapter in an amount proportional to the
8 change in such costs. The determination of whether there has been a change in the cost of
9 constructing and installing storm drainage facilities and the amount of the adjustment in the storm
10 drainage facility fee and storm drainage facility fee credits which is proportional to the change in
11 such costs shall be made by the city manager and shall be based exclusively on the net percentage
12 change during the preceding year, as published in the Caltrans Highway Construction cost index.
The index used shall be a rolling three (3) year average, or prior twelve (12) quarters index average.

13 ***3.85.520 Annual adjustment to park facility fees.***

14 **A. Adjustment to Basic Park Facility Fee.** If, on July first following the city council's
15 adoption of a resolution establishing the amount of the basic park facility fee to be assessed and
16 levied pursuant to the provisions of this chapter, or on July first of any year thereafter, there has
17 been a change in the cost of acquiring and/or developing community park facilities, linear park and
18 greenway facilities, and/or neighborhood park facilities within the city, the city manager, without
19 any further action by the city council, shall adjust the basic park facility fee, and where appropriate,
20 the park facility fee credits hereinafter provided for by this chapter in an amount proportional to
the change in such costs.

21 The determination of whether there has been change in the cost of acquiring and/or
22 developing community park facilities, linear park and greenway facilities, and/or neighborhood
23 park facilities within the city and the amount of the adjustment in the park facility fee or park
24 facility fee credits which is proportional to the change in such costs shall be made by the city
25 manager and shall be based exclusively on the following:

26 **1.** The determination of whether there has been a change in the cost of acquiring and
27 developing park facilities other than the cost of acquiring parkland and the amount of the
28 adjustment in the basic park facility fee or basic park facility fee credits which is proportional to

1 the change in such cost, shall be based on the net percentage change during the preceding year in
2 the Engineering News Record Construction Cost Index for San Francisco (based on 1913 U.S.
3 average = 100) as published in the Engineering News Record/McGraw Hill Construction Weekly.

4 **2.** The determination of whether there has been a change in the cost of acquiring parkland
5 and the amount of the basic park facility fee or basic park facility fee credits which is proportional
6 to such changed cost, shall be based on the best available data pertaining to changes in the price of
7 land in the city during the previous year.

8 **B. Adjustment to Bidwell Park Land Acquisition Fee.** There shall be no annual
9 adjustment in this fee due to fee calculation only including debt service payments from prior
10 acquisition(s). Fees reflect collection of funds to pay off this debt service only.

11 ***3.85.620 Annual adjustment to building and equipment fees.***

12 If, on July first following the city council's adoption of a resolution establishing the amount
13 of the building and equipment fees to be assessed and levied pursuant to the provisions of this
14 chapter or on July first of any year thereafter, there has been a change in building construction costs
15 within the city, the city manager, without any further action by the city council, shall adjust that
16 portion of the building and equipment fees, and, where appropriate, that portion of the building and
17 equipment fee credits hereinafter provided for by this chapter which is allocable to building
18 construction costs in an amount proportional to the change in such costs. The determination of
19 whether there has been a change in building construction costs and the amount of the adjustment in
20 the building and equipment fees and building and equipment fee credits which is proportional to
21 the change in such costs shall be made by the city manager and shall be based exclusively on the
22 net percentage change during the preceding year in the Engineering News Record Construction
23 Cost Index for San Francisco (based on 1913 U.S. average = 100) as published in the Engineering
24 News Record/McGraw Hill Construction Weekly.

25 Similarly, if, on July first following the city council's adoption of a resolution establishing
26 the amount of the building and equipment fees to be assessed and levied pursuant to the provisions
27 of this chapter or on July first of any year thereafter, there has been a change in the cost of acquiring
28 fire and police protection equipment, the city manager, without any further action by the city
council, shall adjust that portion of the building and equipment fees and, where appropriate, that
portion of the building and equipment fee credits which is allocable to the acquisition of such

1 equipment in an amount proportional to the change in such costs. The determination of whether
2 there has been a change in the cost of acquiring fire and police protection equipment and the amount
3 of the adjustment in the building and equipment fees or building and equipment fee credits which
4 is proportional to the change in such costs shall be made by the city manager and shall be based
5 exclusively on the net percentage change during the preceding year in the Consumer Price Index
6 published by the Federal Bureau of Labor Statistics for all Urban Consumers - U.S. Cities Average
7 (all items) or any other measure employed by the Federal Bureau of Labor Statistics in lieu of such
8 Consumer Price Index that measures the cost of living in U.S. cities.

9 **Section 5. CEQA.** The City Council hereby finds that this ordinance is not a project within
10 the meaning of Section 15378 of the State CEQA Guidelines because it has no potential for
11 resulting in either a direct physical change in the environment or a reasonably foreseeable indirect
12 physical change in the environment. This ordinance simply allows existing development impact
13 fees to be adjusted downward as well as upward to reflect changes in construction cost indices. No
14 new development rights are created and no physical environmental effects will result from this
15 ordinance.

16 **Section 6. Severability.** If any section, subsection, sentence, clause, phrase, or portion of
17 this ordinance is for any reason held to be invalid or unconstitutional by the decision of any court
18 of competent jurisdiction, such decision shall not affect the validity of the remaining portions of
19 this ordinance.

20 **Section 7. Effective Date.** This ordinance shall be effective thirty (30) days after the second
21 reading and adoption.

22 **Section 8. Publication.** The City Clerk is directed to publish this ordinance or a summary
23 thereof in a newspaper of general circulation published and circulated in the City within fifteen (15)
24 days after its passage.

25 INTRODUCED at a regular meeting of the City Council held on the 17th day of February,
26 2026.

27 THE FOREGOING ORDINANCE WAS ADOPTED by the City Council of the City of
28 Chico at its meeting held on March 3, 2026, 2026, by the following vote:


AYES: **Goldstein, Hawley, O'Brien, van Overbeek, Winslow, Bennett, Reynolds**
NOES: **None**

1 ABSENT: **None**


2 ABSTAINED: **None**

3 DISQUALIFIED: **None**

4 **ATTEST:**

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7 Deborah R. Presson, City Clerk

APPROVED AS TO FORM:

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Ryan R. Jones (Feb 19, 2026 12:40:31 PST)
Ryan R. Jones, City Attorney*
*Pursuant to The Charter of the City of
Chico, Section 906(E)