CITYGATE ASSOCIATES, LLC

FOLSOM (SACRAMENTO) MANAGEMENT CONSULTANTS

ANALYSIS OF THE IMPACTS OF DEVELOPMENT ON FIRE, POLICE, CORPORATION YARD, AND CITY HALL FACILITIES FOR

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CITYGATE ASSOCIATES, LLC

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EXECUTIVE SUMMARY

The City of West Sacramento engaged Citygate Associates, LLC to prepare this study to analyze the impacts of development on certain capital facilities, and to calculate development impact fees based on that analysis. This report documents the data, methodology, and analysis supporting those calculations. The methods used to calculate impact fees in this study are intended to satisfy all legal requirements governing such fees, including provisions of the U.S. Constitution, the California Constitution, and the California Mitigation Fee Act (Government Code Sections 66000, *et seq.*).

A. ORGANIZATION OF THE REPORT

Chapter 1 of this report provides an overview of impact fees. It discusses legal requirements for establishing and imposing such fees, as well as methods used in this study to calculate impact fees. Chapter 2 contains information on existing development in the City, as well as projections of future development. Chapter 2 also discusses the units used to measure service demand in this study. Chapters 3, 4, 5 and 6, contain the impact fee analysis and calculations for individual facility types as follows:

- Chapter 3. Fire Protection Facilities and Equipment
- Chapter 4. Police Facilities and Equipment
- Chapter 5. Corporation Yard Facilities
- Chapter 6. City Hall Facilities.

Chapter 7 discusses implementation of the impact fee program, including findings, procedures and legal requirements for establishing and imposing impact fees under the Mitigation Fee Act.

B. DEVELOPMENT DATA

Data on existing population and employment used in this study is for 2004. Future population and employment is based on SACOG projections for 2025. The study area for this report is the area within the existing City. As shown in Chapter 2, population is projected to grow by 103 percent between 2004 and 2025, while employment is projected to increase by 120 percent. As a result, the demand for services addressed in this report will more than double during the planning period.

C. FIRE PROTECTION IMPACT FEES

The impact fee analysis for fire protection facilities and equipment in Chapter 3 emphasizes that all of the City's fire protection resources are part of an integrated system. For that reason, the impact fees are calculated on a citywide basis. The analysis encompasses both existing assets and those planned for the future to serve the needs of the City in 2025. Service demand is measured by a service population consisting of both residents and employees, weighted equally. The total cost of all existing and future assets is allocated proportionately to existing and future development in the City, based on service population, so that the costs are shared equitably between the existing and future users. The impact fees cover only that portion of facility and

equipment costs attributable to future development. The new fire protection facilities identified in this study include two new fire stations, three relocated fire stations, and one renovated fire station. The impact fee analysis assumes that all new facilities will be financed with bonds, so interest on long-term debt is included in the cost basis for the impact fees. Fees calculated in this report are summarized in Table ES.1, below.

D. *Police Facilities Impact Fees*

The impact fee analysis for police facilities in Chapter 4 assumes that the existing police building will be expanded and another police facility will be constructed in the south part of the City to serve the needs of the City to 2025. The analysis encompasses both existing assets and those planned for the future. Service demand is measured by a service population consisting of both residents and employees, weighted by differences in incident reports for residential and non-residential development. The total space in the existing and planned police facilities is allocated proportionately to existing and future development in the City, based on service population, so that the costs are shared equitably between the existing and future users. The impact fees cover only that portion of facility and equipment costs attributable to future development. The impact fee analysis assumes that all new facilities will be financed with bonds, so interest on long-term debt is included in the cost basis for the impact fees. Fees calculated in this report are summarized in Table ES.1, below.

E. *Corporation Yard Impact Fees*

The impact fee analysis for corporation yard facilities in Chapter 5 is based on planned construction of an entirely new corporation yard to serve the needs of the entire City to 2025. For that reason, the impact fees are calculated on a citywide basis. Service demand is measured by a service population consisting of both residents and employees, weighted equally. The estimated cost of the new corporation yard is allocated proportionately to existing and future development in the City, based on service population, so that the costs are shared equitably between the existing and future users. The impact fees cover only that portion of facility costs attributable to future development. The impact fee analysis assumes that the new facility will be financed entirely with bonds, so interest on long-term debt is included in the cost basis for the impact fees. Fees calculated in this report are summarized in Table ES.1, below.

F. *City Hall Impact Fees*

The impact fee analysis for City Hall facilities in Chapter 6 is based on a planned addition to City Hall. Because City Hall serves the needs of the entire City, the impact fees are calculated on a citywide basis. Service demand is measured by a service population consisting of both residents and employees, weighted equally. The estimated cost of the City Hall addition is allocated to future development based on service population. The City Hall addition is needed only to serve future development, so impact fees are intended to cover the entire cost of the project. The impact fee analysis assumes that the new facility will be financed entirely with bonds, so discounted interest on long-term debt is included in the cost basis for the impact fees. Fees calculated in this report are summarized in Table ES.1, below.

G. *Impact Fee Summary*

The impact fees calculated in this report are shown in **Table ES.1**. The fees calculated in this report are intended to represent the maximum amounts justified by the data and analysis presented in the following chapters. Of course, the City Council may adopt impact fees at any level up to the amounts shown in Table ES.1

Table ES.1
Summary of Calculated 2005 Impact Fees per Unit of Development

Development Type	Dev Units [1]	Fire Impact Fees [2]	Police Impact Fees [3]	Corp Yard Impact Fees [4]	City Hall Impact Fees [5]	Total
Residential > 2500 Sq. Ft.	DU	$ 941.77	$ 924.38	$ 701.89	$ 513.16	$ 3,081.21
Residential, 1100-2500 Sq. Ft.	DU	$ 863.29	$ 847.35	$ 643.40	$ 470.40	$ 2,824.44
Residential < 1100 Sq. Ft.	DU	$ 680.17	$ 667.61	$ 506.92	$ 370.62	$ 2,225.32
Retail/Service Commercial	KSF	$ 523.21	$ 513.55	$ 389.94	$ 285.09	$ 1,711.78
Office/Business Park	KSF	$ 871.14	$ 855.05	$ 649.25	$ 474.68	$ 2,850.12
Industrial	KSF	$ 348.80	$ 342.36	$ 259.96	$ 190.06	$ 1,141.19

[1] DU = dwelling unit; KSF = 1,000 gross square feet of building area
[2] See Table 3.6, Chapter 3
[3] See Table 4.6, Chapter 4
[4] See Table 5.3, Chapter 5
[5] See Table 6.3, Chapter 6

H. *Recovery of Study Cost*

It is reasonable for the City to recover the cost of this study through the impact fee program. Once the City Council determines what impact fees to impose, it is a relatively simple matter to calculate an adjustment to cover the cost of the study, and the increase is normally very small. Assuming the City will update this impact fee study every five years, the cost of this study can be divided by the amount of revenue projected over the next five years to determine the percentage by which fees should be increased to cover the cost of the study.

Assuming the City chooses to adopt the fees shown in Table ES.1, the adjustment needed to recover the cost of the study would result in the fees shown in **Table ES.2** on the next page. The revenue projections provided in Chapters 3, 4, 5 and 6, show that the first five years of projected revenue from all of the impact fees calculated in this report is $15, 821,402. The estimated cost of this study is approximately $72,000.00. The percentage increase required to incorporate the cost of the study into the impact fees is 0.46 percent (72,000 / 15,821,402 = 0.0046), or $4.60 per $1,000. If smaller fees are adopted, the percentage adjustment would increase somewhat.

Table ES.2
Summary of 2005 Impact Fees per Unit of Development Incorporating Study Cost

Development Type	Dev Units [1]	Fire Impact Fees [2]	Police Impact Fees [2]	Corp Yard Impact Fees [2]	City Hall Impact Fees [5]	Total
Residential > 2500 Sq. Ft.	DU	$ 946.06	$ 928.59	$ 705.08	$ 515.50	$ 3,095.23
Residential, 1100-2500 Sq. Ft.	DU	$ 867.22	$ 851.21	$ 646.33	$ 472.54	$ 2,837.30
Residential < 1100 Sq. Ft.	DU	$ 683.26	$ 670.65	$ 509.23	$ 372.30	$ 2,235.44
Retail/Service Commercial	KSF	$ 525.59	$ 515.88	$ 391.71	$ 286.39	$ 1,719.57
Office/Business Park	KSF	$ 875.10	$ 858.95	$ 652.20	$ 476.84	$ 2,863.09
Industrial	KSF	$ 350.39	$ 343.92	$ 261.14	$ 190.93	$ 1,146.38

[1] DU = dwelling unit; KSF = 1,000 gross square feet of building area

[2] All fees increased by 0.46% to incorporate the cost of the impact fee study

1. INTRODUCTION

The City of West Sacramento has retained Citygate Associates and Colgan Consulting Corporation to prepare this study to analyze the impacts of development on the City's capital facilities needs and to calculate development impact fees based on that analysis. The methods used to calculate impact fees in this study are intended to satisfy all legal requirements governing such fees, including provisions of the U. S. Constitution, the California Constitution, and the California Mitigation Fee Act (Government Code Sections 66000 *et seq.*).

A. LEGAL FRAMEWORK

U. S. Constitution

Like all land use regulations, development exactions, including impact fees, are subject to the Fifth Amendment prohibition on taking of private property for public use without just compensation. Both state and federal courts have recognized the imposition of impact fees on development as a legitimate form of land use regulation, provided the fees meet standards intended to protect against "regulatory takings." A regulatory taking occurs when regulations unreasonably deprive landowners of property rights protected by the Constitution. To comply with the Fifth Amendment, development regulations must be shown to substantially advance a legitimate governmental interest, and must not deprive the owner of all economically viable use of the property.

In the case of impact fees, the government's interest is in protecting public health, safety, and welfare by ensuring that development does not impair the quality and availability of essential public services provided to the community at large.

Legislatively enacted impact fees applicable to all development within the jurisdiction of a city or county are accorded considerable deference by the courts. An ad hoc fee or exaction applied to an individual development project as a condition of approval faces heightened scrutiny, in particular if it requires the dedication of land or an interest in land. In *Nollan v. California Coastal Commission (*1987), the U. S. Supreme Court found that a government agency imposing such an exaction on development must demonstrate an "essential nexus" between the exaction and the interest being protected. Later in *Dolan v. City of Tigard* (1994), the Court ruled that an agency imposing such exactions must also demonstrate that it is "roughly proportional" to the burden created by development. Neither *Nollan* nor *Dolan* specifically addressed impact fees, but the broad principles underlying those decisions should be respected in calculating and imposing impact fees.

California Constitution

The California Constitution grants broad police power to local governments, including the authority to regulate land use and development. That police power is the source of authority for imposing impact fees on development to pay for infrastructure and capital facilities. Some impact fees have been challenged on grounds that they are special taxes imposed without voter approval in violation of Article XIIIA. However, that objection is valid only if the fees exceed the cost of providing capital facilities needed to serve new development. If that were the case, then the fees would also run afoul of the U. S. Constitution and the Mitigation Fee Act. Articles

XIIIC and XIIID, added by Proposition 218 in 1996, require voter approval for some "property-related fees," but exempt "the imposition of fees or charges as a condition of property development."

The Mitigation Fee Act

California's impact fee statute originated in Assembly Bill 1600 during the 1987 session of the Legislature, and took effect in January 1989. AB 1600 added several sections to the Government Code, beginning with Section 66000. Since that time the impact fee statute has been amended from time to time, and in 1997 was officially titled the "Mitigation Fee Act." Unless otherwise noted, code sections referenced in this report are from the Government Code.

The Act does not limit the types of capital improvements for which impact fees may be charged. It defines public facilities very broadly to include "public improvements, public services and community amenities." Although the issue is not specifically addressed in the Mitigation Fee Act, other provisions of the Government Code (see Section 65913.8) prohibit the use of impact fees for maintenance or operating costs. Consequently, the fees calculated in this report are based on capital costs only.

The Mitigation Fee Act does not use the term "mitigation fee" except in its official title. Nor does it use the more common term "impact fee." The Act simply uses the word "fee," which is defined as "a monetary exaction, other than a tax or special assessment,...that is charged by a local agency to the applicant in connection with approval of a development project for the purpose of defraying all or a portion of the cost of public facilities related to the development project ...." To avoid confusion with other types of fees, this report uses the widely accepted term "impact fee," which should be understood to mean "fee" as defined in the Mitigation Fee Act.

The Mitigation Fee Act contains requirements for establishing, increasing and imposing impact fees. They are summarized below. It also contains provisions that govern the collection and expenditure of fees and require annual reports and periodic re-evaluation of impact fee programs. Those administrative requirements are discussed in the Implementation Chapter of this report.

Required Findings

Section 66001 requires that an agency establishing, increasing or imposing impact fees, must make findings to:

1. Identify the purpose of the fee;
2. Identify the use of the fee; and,
3. Determine that there is a reasonable relationship between:
    a. The use of the fee and the development type on which it is imposed;
    b. The need for the facility and the type of development on which the fee is imposed; and
    c. The amount of the fee and the facility cost attributable to the development project. (Applies only when fees are imposed on a specific project.)

Each of those requirements is discussed in more detail below.

Identifying the Purpose of the Fees

The broad purpose of impact fees is to protect the public health, safety and general welfare by providing for adequate public facilities. The specific purpose of the fees calculated in this study is to fund the construction of certain capital improvements identified in this report. Those improvements will be needed to mitigate the impacts of anticipated development on City facilities, and thereby prevent the degradation of public services as a result of new development. Findings with respect to the purpose of a fee should state the purpose as providing funding for public facilities needed to serve additional development.

Identifying the Use of the Fees

According to Section 66001, if a fee is used to finance public facilities, those facilities must be identified. A capital improvement plan may be used for that purpose, but is not mandatory if the facilities are identified in a General Plan, a Specific Plan, or in other public documents. In this case, we recommend that this report be used as the document that identifies the facilities to be funded by the fees.

Reasonable Relationship Requirement

As discussed above, Section 66001 requires that, for fees subject to its provisions, a "reasonable relationship" must be demonstrated between:

1. the use of the fee and the type of development on which it is imposed;
2. the need for a public facility and the type of development on which a fee is imposed; and,
3. the amount of the fee and the facility cost attributable to the development on which the fee is imposed.

These three reasonable relationship requirements as defined in the statute mirror the "nexus" requirements enunciated by various courts. Although the term "dual rational nexus" is often used to characterize the standard used by courts in evaluating exactions and impact fees under the U. S. Constitution, we prefer a formulation that recognizes three elements: "need (impact)" "benefit," and "proportionality." The dual rational nexus test explicitly addresses only the first two, although proportionality is reasonably implied, and was specifically addressed by the U.S. Supreme Court in the *Dolan* case.

Demonstrating an Impact

All new development in a community creates additional demands on some, or all, public facilities provided by local government. If the supply of facilities is not increased to satisfy the additional demand, the quality or availability of public services for the entire community will deteriorate. Impact fees may be used to recover the cost of development-related facilities, but only to the extent that the need for facilities is a consequence of the development project subject to the fees. The *Nollan* decision reinforced the principle that development exactions may be used only to mitigate conditions created by the developments upon which they are imposed. That principle clearly applies to impact fees. In this study, the impact of development on facility needs is analyzed in terms of quantifiable relationships between various types of development

and the demand for public facilities, based on applicable level-of-service standards. This report contains all of the information needed to demonstrate this element of the nexus.

Demonstrating a Benefit

A sufficient benefit relationship requires that impact fee revenues be segregated from other funds and expended only on the facilities for which the fees were charged. Fees must be expended in a timely manner and the facilities funded by the fees must be available to serve the development projects paying the fees. Nothing in the U.S. Constitution or California law requires that facilities paid for with impact fee revenues be available *exclusively* to developments paying the fees. Procedures for earmarking and expenditure of fee revenues are mandated by the Mitigation Fee Act, as are procedures to ensure that the fees are expended expeditiously or refunded. All of those requirements are intended to ensure that developments benefit from the impact fees they are required to pay. Thus, an adequate showing of benefit must address procedural as well as substantive issues.

Demonstrating Proportionality

Proportionality in impact fees is established through the procedures used to identify development-related facility costs and the methods used to calculate impact fees for various types of facilities and categories of development. In calculating impact fees, costs for development-related facilities are allocated in proportion to the service needs created by different types and quantities of development. The section on impact fee methodology, below, describes methods used to allocate facility costs and calculate impact fees that meet the proportionality standard.

Impact Fees for Existing Facilities

It is important to note that impact fees may be used to pay for existing facilities, provided that those facilities are needed to serve additional development and have the capacity to do so, given relevant level-of-service standards. In other words, it must be possible to show that the fees meet the need and benefit elements of the nexus.

B. IMPACT FEE CALCULATION METHODOLOGY

Any one of several legitimate methods may be used to calculate impact fees. The choice of a particular method depends primarily on the service characteristics and planning requirements for the facility type being addressed. Each method has advantages and disadvantages in a particular situation, and to some extent, they are interchangeable, because they all allocate facility costs in proportion to the needs created by development.

Reduced to its simplest terms, the process of calculating impact fees involves only two steps: determining the cost of development-related capital improvements, and allocating those costs equitably to various types of development. In practice, though, the calculation of impact fees can become quite complicated because of the many variables involved in defining the relationship between development and the need for facilities. The following paragraphs discuss three methods for calculating impact fees and how those methods can be applied.

Plan-based Impact Fee Calculation

The plan-based method allocates costs for a specified set of improvements to a specified increment of development. The improvements are typically identified by a facility plan, while the development is identified by a land use plan. Facility costs are allocated to various categories of development in proportion to the amount of development and the relative intensity of demand created by each category. Demand is represented by an appropriate, quantifiable indicator or demand variable.

Under this method, the total cost of eligible facilities is divided by the total units of demand to calculate a cost per unit of demand. Then, the cost per unit of demand is multiplied by the units of demand per unit of development (e.g. dwelling units or square feet of building area) in each category to arrive at a cost per unit of development. This method is relatively inflexible in the sense that it is based on the relationship between a particular facility plan and a particular land use plan. If either plan changes significantly, the fees may have to be recalculated.

Capacity-based Impact Fee Calculation

This method can be used where the capacity of a facility or system is known and the amount of capacity used by a particular type and quantity of development can be measured or estimated. This method calculates a cost per unit of capacity based on the relationship between total cost and total capacity. It can be applied to any type of development, provided the capacity demand for that increment of development can be estimated and the facility has adequate capacity available to serve the development. Since the fee calculation does not depend on the type or quantity of development to be served, this method is flexible with respect to changing development plans. Under this method, the cost of unused capacity is not allocated to development, so unused capacity would not be covered by impact fees if it is not absorbed by development. Capacity-based fees are most commonly used for water and wastewater systems. To produce a schedule of impact fees based on standardized units of development (e.g. dwelling units or square feet of non-residential building area), the cost per unit of capacity is multiplied by the amount of capacity required to serve a typical unit of development in each of several land use categories.

Standard-based Impact Fee Calculation

Standard-based fees are calculated using a specified relationship or standard that determines the number of demand units to be provided for each unit of development. The standard can be established as a matter of policy or it can be based on the level of service being provided to existing development in the study area.

The standard-based method is related to the capacity-based approach in the sense that it is based on a rate, or cost per unit of service. The difference is that with this method, costs are defined from the outset on a generic unit-cost basis and then applied to development according to a standard that sets the amount of service or capacity to be provided for each unit of development. The standard-based method is useful where facility needs are defined directly by a service standard, and where unit costs can be determined without reference to the total size or capacity of a facility or system. Parks fit that description. It is common for cities or counties to establish a service standard for parks in terms of acres per thousand residents. In addition, the cost per

acre for, say, neighborhood parks can usually be estimated without knowing the size of a particular park or the total acreage of parks in the system.

This approach is also useful for facilities such as libraries, where it is possible to estimate a generic cost per square foot before a building is actually designed. One advantage of the standard-based method is that a fee can be established without committing to a particular size of facility, and facility size can be adjusted based on the amount of development that actually occurs.

C. FACILITIES ADDRESSED IN THIS STUDY

Impact fees for the following types of facilities will be addressed in this report:

- Fire protection facilities, vehicles, and equipment
- Police facilities, vehicles, and equipment
- Corporation yard facilities.

The impact fee analysis for each facility type is presented in a separate chapter of this report, beginning with Chapter 3. Chapter 2 discusses development and service demand in the study area.

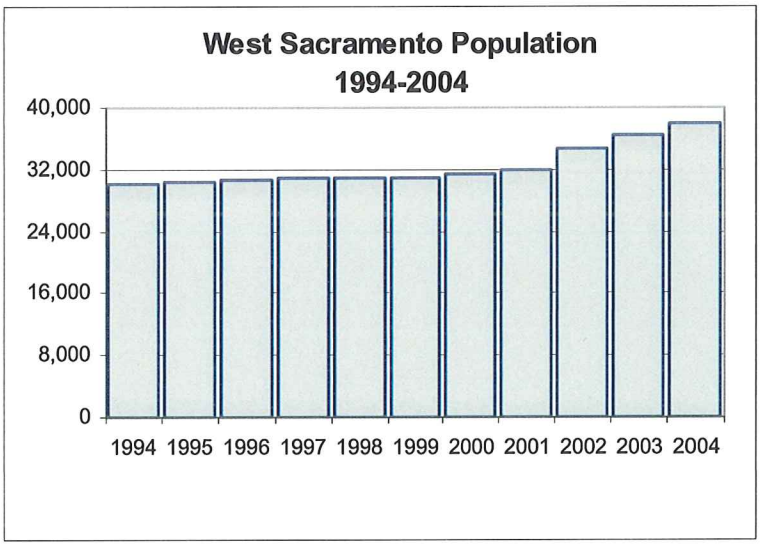
2. DEVELOPMENT AND DEMAND DATA

Both existing and planned development must be addressed as part of the nexus analysis required to support the establishment of impact fees. This chapter of the report organizes and correlates information on existing and planned development to provide a framework for the impact fee analysis contained in subsequent chapters of the report. The information in this chapter forms a basis for establishing levels of service, analyzing facility needs, and allocating the cost of capital facilities between existing and future development and among various types of new development.

Some data on land use and development employed in this study are based on the West Sacramento General Plan and were provided by the West Sacramento Community Development Department. Demographic and employment data are from the U.S. Census Bureau, the California Department of Finance Demographic Research Unit, and the California Employment Development Department. Data on existing and planned development used in this study represent the best available estimate of existing and planned development as of January 1, 2004.

A. POPULATION GROWTH

The City of West Sacramento was incorporated in 1987, and is located in Yolo County just across the Sacramento River west of Sacramento.



The chart at right depicts the City's estimated January 1 population year-by-year from 1994 through 2004, as estimated by the California Department of Finance. The 2004 estimate is 38,000. As indicated in the chart, population growth in West Sacramento from 1994 to 2001 occurred at a rather slow rate, averaging less than 1 percent per year. Since 2001, the City has experienced rapid population growth, averaging over 6 percent per year.

B. STUDY AREA AND TIME FRAME

The study area for the impact fee analysis is the area within the existing boundaries of the City.

The timeframe for this study extends from the present to buildout of all land designated for development within the study area. The term "buildout" is used to describe a hypothetical condition in which all currently undeveloped land in the study area has been developed as indicated in the Land Use Element of the General Plan. For purposes of this study, buildout is projected to occur in 2025.

C. UNITS OF DEVELOPMENT

For purposes of impact fee analysis, quantities of existing and planned development may be measured in terms of certain units of development. Some those units are discussed below.

Acreage

Land area is a fundamental attribute of all types of development. Gross acreage represents the entire acreage of a parcel before any land is dedicated to the City for street right-of-way or other public uses. Net acreage represents the remaining acreage of a development site after such dedications.

Dwelling Units

The dwelling unit (DU) is the most commonly used measure of residential development, but different types of dwelling units (e.g., single-family or multi-family) may be used in a study.

Building Area

For non-residential development, building area in square feet may be used to represent development in some situations. When building area is used in this study, the units of development are thousands of square feet (KSF).

D. CONVERSION FACTORS

In some cases, it is useful to convert one type of development unit to another. Some factors used in those conversions are discussed below.

Residential Density

The relationship between dwelling units and acreage is referred to as "density," and is defined by the average number of dwelling units per acre for a particular type of residential development. The inverse of density is acres per dwelling unit. For example, single-family residential development might have a density of 3.0 dwelling units per acre, which equates to 0.33 acres per dwelling unit.

Floor Area Ratio

Floor area ratio (FAR) is a factor that represents the relationship between building area and site area for non-residential development. For example, a FAR of 0.25 : 1 (or more commonly just 0.25) indicates that building area is 25 percent of site area. Translated into square feet, for a floor area ratio of 0.25, each acre (43,560 square feet) of site area would convert to 10,890 (43,560 x 0.25) square feet or 10.89 KSF of building area.

E. DEMAND VARIABLES

In calculating impact fees, the relationship between facility needs and urban development must be quantified in a cost allocation formula. Some measurable attributes of development (e.g., population) are used in the formula to reflect the impact of different types and amounts of

development on the need for facilities. Those attributes are referred to in this study as *"demand variables."* Demand variables are selected either because they directly measure the service demand created by various types of development, or because they are reasonably correlated with that demand.

To calculate impact fees, a demand variable must take on a specific value for each type of development considered in the analysis. Those values may be referred to as *demand factors*. For example, if resident population is selected as a demand variable in calculating impact fees for a particular type of facility, a demand factor (population per unit of development) must be specified for each type of development. The factor for single-family residential development normally will be different than the factor for multi-family residential development. When resident population is used as a demand variable, the demand factors for non-residential development types will be zero, since resident population is associated with residential development. Specific demand variables are discussed below. The values of demand factors used in this study are shown in Table 2.1 on the next page.

Resident Population per Unit of Development

Resident population per unit of development can be used as a demand variable to calculate impact fees for facilities that are needed largely to serve residents of the service area. Because resident population is tied to residential development, the value of this variable is zero for all non-residential land uses. Where the term "population" is used by itself in this report, it refers to resident population.

Service Population per Unit of Development

Service population (sometimes called "functional population") is a composite variable consisting of residents and employees. Unlike resident population, service population can represent demand from both residential and non-residential development. While residents are used to represent residential development, employees and visitors are used to represent commercial, industrial, and other types of non-residential development. Where appropriate, various components of the service population can be weighted to reflect differences in the intensity of demand they represent. It is important to emphasize that in the formulation of a service population, the number of employees is used as a proxy for all demand created by businesses, not only the demand created by the employees themselves. In this study, two versions of service population are used. In the unweighted version, used to calculate impact fees for fire protection facilities and equipment and the corporation yard, residents and employees are weighted equally. In the weighted version, used to calculate impact fees for police facilities and equipment, residents and employees are weighted differently, based on the frequency of incidents logged for residential and non-residential development (see Chapter 4 for more detail).

Table 2.1 on the next page shows the values of demand variables used in this study for various types of development.

Table 2.1
Demand Factors by Development Type

Development Type	Dev Units [1]	Population per Unit [2]	Employees per Unit [3]	Service Pop per Unit [4]
Residential > 2500 Sq. Ft.	DU	3.60		3.60
Residential, 1100-2500 Sq. Ft.	DU	3.30		3.30
Residential < 1100 Sq. Ft.	DU	2.60		2.60
Retail/Service Commercial	KSF		2.00	2.00
Office/Business Park	KSF		3.33	3.33
Industrial	KSF		1.33	1.33

[1] DU = dwelling unit; KSF = 1,000 gross square feet of building area
[2] Population per unit of development based on analysis of 2000 Census data by Colgan Consulting
[3] Employees per unit of development based on employment density factors from Table II-5 of the City of West Sacramento General Plan EIR
[4] Service population per unit for residential development = population per unit
Service population per unit for non-res. development = employees per unit

F. *DEVELOPMENT DATA*

Table 2.2 shows data on existing and future population, dwelling units, and employment in West Sacramento. Estimates of existing population and dwelling units are from the California Department of Finance. The estimate of existing employment is adjusted from 1999 data provided by the Sacramento Area Council of Governments (SACOG). Projections of future population, dwelling units, and employment are from SACOG.

Table 2.2
Population and Employment - 2004 and 2025

	2004 Estimate [1]	2025 Projections [2]	2004-2025 Increase	2004-2025 % Incr	Avg Annual Increase
Resident Population	38,015	77,100	39,085	102.8%	1,861
Dwelling Units	14,590	30,591	16,001	109.7%	762
Employment	34,198	75,298	41,100	120.2%	1,957
Service Population [3]	72,213	152,398	80,185	111.0%	3,818

[1] January 2004 Population and dwelling unit estimates from California Department of Finance, Demographic Research Unit. Employment estimate based on California Employment Development Department 1999 estimate, increased by 12% to 2004
[2] 2025 projections from Sacramento Area Council of Governments (SACOG).
[3] Service population = resident population + employment

3. FIRE PROTECTION IMPACT FEES

This chapter of the report addresses fire protection facilities needed to serve future development in West Sacramento. Information on fire protection facilities and equipment used in this analysis was provided by the West Sacramento Fire Department or taken from the 2004 Citygate Associates report "Abbreviated Deployment Analysis to Determine Fire Station Coverage for the West Sacramento Fire Department."

A. SERVICE AREA

The service area for this impact fee analysis is the entire area within the existing boundaries of West Sacramento. As part of this analysis, the Consultant evaluated the feasibility of calculating impact fees for multiple service areas. That evaluation included the possibility of allocating costs for the Proposed Station 45 separately to development in the Southport area. Although it is technically feasible to calculate such fees, given the necessary data on development in each area, the operational realities of fire protection coverage as discussed in the Citygate Associates deployment analysis make that approach less defensible than a citywide allocation. Furthermore, a citywide impact fee structure allows all fire impact fee revenue from the entire City to be expended for the highest priority projects before other projects are funded.

The deployment plan on which this analysis is based does not include coverage for potential future annexations to the north and south of the existing City. Consequently, adequate fire protection for those areas, if annexed to the City, may require additional fire stations not covered by the impact fees calculated in this report.

B. METHODOLOGY

This chapter calculates impact fees using the plan-based method discussed in Chapter 1. Plan-based fees are calculated by allocating costs for a defined set of improvements to a defined set of land uses that will be served by the improvements. In this case, the analysis allocates the cost of both existing and future facilities to both existing and future development. That approach is used because development anywhere in the City depends on a whole system of protection resources, and this study seeks to allocate the cost of those resources proportionately to all development in the City.

Although each fire station is responsible for the initial response to a designated "first due" area, and one engine may be adequate for most medical aid calls, a single fire station cannot provide all of the resources needed to handle many fire calls. According to the Citygate Associates deployment analysis, an adequate response to a one-room fire in a residence would include four suppression units and 14-15 firefighters to simultaneously conduct fire suppression, rescue, and ventilation operations, while meeting OSHA safety requirements. That is equivalent to the entire on-duty force of the West Sacramento Fire Department at current staffing levels. A serious fire in a one-story commercial building would require additional engine and truck companies and a minimum of 15-25 personnel, triggering a need for mutual aid support from other fire departments.

This analysis will treat protection facilities serving West Sacramento as an integrated system, and will allocate facility costs citywide. The cost of the system will be defined to include both

existing and future facilities, and the costs will be allocated to both existing and future development so that all development in the City is allocated its proportionate share of the overall system cost. The mechanics of that allocation will be explained in the section showing the impact fee calculations later in this chapter.

C. *Demand Variable*

The demand variable used to allocate costs for fire protection facilities and equipment is service population. As discussed in Chapter 2, service population is a composite demand variable consisting of residents and employees, with residents representing residential development and employees representing non-residential (commercial and industrial) development.

D. *Level of Service*

Level of service for fire protection facilities is typically defined in terms of response times for the first due fire engine. That standard, applied to the geography of the City, largely determines the number of fire stations needed to serve the City. The City's standard for arrival of the first due unit at the scene of an emergency call is 5 minutes, 95 percent of the time. To meet that standard, the fire station locations recommended in the Citygate Associates deployment analysis are based on a 4-minute travel time standard.

E. *Facility Needs and Costs*

At present, the West Sacramento Fire Department has four fire stations. As a result of physical obsolescence or locations that will no longer provide efficient coverage as additional development occurs, the City plans to renovate one existing station and relocate the three existing stations. Two additional fire stations and a fire training facility are also planned. The coverage pattern used to determine fire station requirements, in terms of number and location, is based on the Citygate Associates deployment analysis. **Table 3.1** lists the fire protection facilities that will be in place in 2025. Those facilities include a new fire training facility, and five new fire stations—three of which replace existing stations. That table also shows current dollar costs for each facility.

Table 3.1
Existing and Planned Fire Department Facilities

Fire Facilities	Location	Sched Compl	Construction Cost [1]	Land Cost [2]	Total Cost [3]
Station 43 (Relocate)	1561 Harbor Blvd.	2010	$ 3,640,000	$ 525,000	$ 4,165,000
Station 41 (Renovate)	132 15th Street	2005	$ 2,000,000	$ -	$ 2,000,000
Station 45 (New)	Washington Blvd.	2006	$ 6,800,000	$ 400,000	$ 7,200,000
Training Facility (New)	New Corporation Yard	2007	$ 300,000	$ -	$ 300,000
Station 42 (Relocate)	3585 Jefferson Blvd.	2009	$ 3,900,000	$ 500,000	$ 4,400,000
Station 46 (New)	Undetermined	2012	$ 4,500,000	$ 500,000	$ 5,000,000
Station 44 (Relocate)	905 Fremont Street	2015	$ 3,900,000	$ 300,000	$ 4,200,000
Total			$25,040,000	$ 2,225,000	$ 27,265,000

[1] Construction cost estimate at current price levels; includes design and other soft costs

[2] Estimated cost of new site

[3] Total cost = construction cost plus land cost.

Table 3.2 lists additional Fire Department vehicles and firefighting apparatus that will be required in the future to equip new fire stations. Costs shown in that table are estimated at current price levels.

Table 3.2
Additional Fire Dept Vehicles and Apparatus

Additional Vehicles/Apparatus	Estimated Cost [1]
Type I Engine (Station 45)	$ 450,000
Truck (Station 45)	$ 800,000
Type I Engine (Station 46)	$ 450,000
Type III Brush Engine (Station 46)	$ 350,000
Special Services Vehicle (Station 41)	$ 300,000
Utility Pickup (Station 46)	$ 30,000
Total	$ 2,380,000

[1] Estimated cost in current dollars

Table 3.3 on the next page lists the Fire Department's existing vehicles and apparatus with their replacement cost and depreciated value.

Table 3.3
Existing Fire Department Vehicles and Apparatus

Existing Vehicles/Apparatus	Replacement Cost [1]	Purchase Year	Useful Life [2]	Depreciated Value [3]
Fire Apparatus				
Engine 41	$ 450,000	2003	15	$ 420,000
Engine 42	$ 450,000	2001	15	$ 360,000
Engine 43	$ 450,000	1999	15	$ 300,000
Engine 44	$ 450,000	1993	15	$ 120,000
Engine 241 (Reserve)	$ 450,000	1991	15	$ 90,000
Engine 243 (Reserve)	$ 450,000	1968	15	$ 90,000
Truck 41	$ 800,000	1993	15	$ 213,333
Squad 41	$ 200,000	1992	10	$ 40,000
Grass Engine 42	$ 280,000	1995	15	$ 112,000
Grass Engine 44	$ 280,000	2001	15	$ 224,000
Grass Engine 243 (Reserve)	$ 280,000	1983	15	$ 56,000
Water Tender	$ 200,000	1995	15	$ 80,000
Command Vehicles				
Duty Chief 4101	$ 35,000	2003	5	$ 28,000
Duty Chief (Reserve)	$ 35,000	1997	5	$ 7,000
Support Vehicles				
Utility 43 (4WD Pickup)	$ 30,000	2001	5	$ 12,000
Light Duty Blazer	$ 32,000	1989	5	$ 6,400
Staff Vehicles				
Chief 4100 (Crown Victoria)	$ 25,000	2000	5	$ 5,000
Chief 4102 (Crown Victoria)	$ 25,000	1999	5	$ 5,000
Chief 4103 (Crown Victoria)	$ 25,000	2000	5	$ 5,000
Chief 4104 (Crown Victoria)	$ 25,000	1999	5	$ 5,000
Chief 4105 (Crown Victoria)	$ 25,000	2004	5	$ 25,000
Chief 4106 (Crown Victoria)	$ 25,000	1996	5	$ 5,000
Hazmat 1 (Crown Victoria)	$ 25,000	2000	5	$ 5,000
Hazmat 2 (Ford)	$ 25,000	1989	5	$ 5,000
Total	$ 5,072,000			$2,218,733

[1] Current replacement cost of similar equipment

[2] Years of service before scheduled replacement

[3] Depreciated value based on straightline depreciation over useful life. Minimum depreciated value = 20% of replacement value

Table 3.4 on the next page summarizes the cost of all facilities and equipment shown in Tables 3.1, 3.2, and 3.3. Table 3.4 also shows costs for future facilities and equipment adjusted to include interest. The City anticipates that virtually all of the future fire protection facilities and equipment identified in this study will be financed with bonds. The interest on those bonds is a real cost of developing those facilities, and is eligible to be recovered through impact fees. The approach used to adjust for interest cost in this study is described on the next page.

Table 3.4
Summary of Facility and Equipment Cost Components

Cost Component	Cost Basis	Intr Adj Factor [4]	Cost Incl Interest [5]
Planned Future Facilities [1]	$ 27,265,000	1.27	$ 34,626,550
Future Vehicles/Apparatus [2]	$ 2,380,000	1.27	$ 3,022,600
Existing Vehicles/Apparatus [3]	$ 2,218,733	1.00	$ 2,218,733
Total	$ 31,863,733		$ 39,867,883

[1] See Table 3.1
[2] See Table 3.2
[3] See Table 3.3
[4] Interest adjustment factor for new facilities and equipment = 1.27; see discussion in text
[5] Cost for facilities and equipment including interest cost adjustment

The adjustment for interest cost, as shown in Table 3.4 is based on certain assumptions about bonds issued to finance those assets. The bonds are assumed to be issued for a 25-year term at a 4.75 percent annual interest rate with repayment based on level amortization.[1] Given those assumptions, total interest cost over the term of the bonds equals 73 percent of the principal amount in nominal dollars. When the stream of debt service payments is discounted for inflation at an assumed rate of 2.5 percent per year, the real dollar interest cost amounts to 27 percent of the principal amount. That is the basis for the interest adjustment factor (1.27) shown in Table 3.4, and is reflected in the costs used to calculate impact fees for the current year. However, to ensure that fees paid in future years are equivalent to the current fees in real dollars, those fees should be adjusted annually for actual inflation.

F. AVERAGE COST PER CAPITA

Table 3.4, above, summarized the cost of all capital facilities and equipment that will be needed to provide fire protection to the City of West Sacramento at projected buildout in 2025. Those assets will serve development that currently exists in the City as well as the development that occurs between now and 2025. Consequently, the total cost from Table 3.4 is allocated to both existing and future development in the City.

As discussed earlier in this chapter, the demand variable used to represent development in this analysis is service population. Table 2.2 in Chapter 2 shows the projected total service population in 2025. In **Table 3.5** on the next page, the total cost (including the interest adjustment) from Table 3.4 is divided by the total service population in 2025 to arrive at an average cost per capita of service population for fire protection facilities.

[1] The bonds are assumed to be issued at the same time the City begins collecting fees. However, bonds could be issued later without significantly affecting the fee calculations, because the escalation of construction costs prior to bond issuance is likely to approximate discounted interest on the bonds for time periods up to two years. In any event, the fee calculations should be revisited periodically so they can be adjusted to actual costs.

Table 3.5
Per Capita Cost - Fire Protection Facilities and Equipment

Total Cost Facilities/Equipment [1]	Total 2025 Service Population [2]	2005 Cost per Capita [3]
$39,867,883	152,398	$261.60

[1] Total cost of Fire Department facilities and equipment, including interest adjustment; see Table 3.4
[2] Projected 2025 service population. See Table 2.2
[3] 2005 cost per capita = total cost / service population

G. *Impact Fees per Unit of Development*

To calculate impact fees per unit of development by development type, the per-capita cost from Table 3.5 is multiplied by the service population per unit of development for each type of development. **Table 3.6** shows the resulting impact fees for the categories of development defined in this study.

Table 3.6
Impact Fees per Unit of Development - Fire Protection Facilities

Development Type	Dev Units [1]	Service Pop per Unit [2]	Cost per Capita [3]	Impact Fee per Unit [4]
Residential > 2500 Sq. Ft.	DU	3.60	$261.60	$941.77
Residential, 1100-2500 Sq. Ft.	DU	3.30	$261.60	$863.29
Residential < 1100 Sq. Ft.	DU	2.60	$261.60	$680.17
Retail/Service Commercial	KSF	2.00	$261.60	$523.21
Office/Business Park	KSF	3.33	$261.60	$871.14
Industrial	KSF	1.33	$261.60	$348.80

[1] DU = dwelling unit; KSF = 1,000 gross square feet of building area
[2] See Table 2.1
[3] See Table 3.5
[4] Impact fee per unit = service population per unit X cost per capita

H. *Projected Revenue*

Finally, the impact fees from Table 3.6 can be applied to future development to project future impact fee revenue out to 2025, assuming future development occurs as projected in Chapter 2 of this study. **Table 3.7** on the next page shows both annual and cumulative revenue projections year-by-year to 2025, assuming equal increments of development each year. That table projects that the fire impact fees would produce total revenue of approximately $20.9 million in current dollars, which is equivalent to 52.6 percent of the total cost from Table 3.4. That is the cost share attributable to new development, because future service population represents 52.6 percent of the total projected 2025 service population shown in Table 3.5. The balance of the cost of fire protection facilities and equipment is the share allocated to the existing community in this analysis. Those costs would have to be funded from other sources of revenue.

Table 3.7
Projected Annual Revenue to 2025 - Fire Impact Fees

Year	Added Service Pop [1]	Impact Fee per Capita [2]	Annual Revenue [3]	Cumulative Revenue
2005	3,818.33	$261.60	$ 998,889	$ 998,889
2006	3,818.33	$261.60	$ 998,889	$ 1,997,778
2007	3,818.33	$261.60	$ 998,889	$ 2,996,668
2008	3,818.33	$261.60	$ 998,889	$ 3,995,557
2009	3,818.33	$261.60	$ 998,889	$ 4,994,446
2010	3,818.33	$261.60	$ 998,889	$ 5,993,335
2011	3,818.33	$261.60	$ 998,889	$ 6,992,224
2012	3,818.33	$261.60	$ 998,889	$ 7,991,114
2013	3,818.33	$261.60	$ 998,889	$ 8,990,003
2014	3,818.33	$261.60	$ 998,889	$ 9,988,892
2015	3,818.33	$261.60	$ 998,889	$ 10,987,781
2016	3,818.33	$261.60	$ 998,889	$ 11,986,670
2017	3,818.33	$261.60	$ 998,889	$ 12,985,560
2018	3,818.33	$261.60	$ 998,889	$ 13,984,449
2019	3,818.33	$261.60	$ 998,889	$ 14,983,338
2020	3,818.33	$261.60	$ 998,889	$ 15,982,227
2021	3,818.33	$261.60	$ 998,889	$ 16,981,116
2022	3,818.33	$261.60	$ 998,889	$ 17,980,006
2023	3,818.33	$261.60	$ 998,889	$ 18,978,895
2024	3,818.33	$261.60	$ 998,889	$ 19,977,784
2025	3,818.33	$261.60	$ 998,889	$ 20,976,673
Total	80,184.92			

[1] Projected straight-line increase in service population: 80,185 / 21 = 3,818.33 (See future service population, Table 2.2)
[2] Impact fee per capita from Table 3.5
[3] Annual revenue = added service population X impact fee per capita

Future debt service payments used in calculating the fire impact fees are discounted for anticipated inflation over the term of the bonds that will be issued to pay for facilities. Consequently, the impact fees calculated in this chapter should be adjusted annually to account for inflation. If the consumer price index increases 2.5 percent per year, the fees should be increased by that amount to offset the declining value of dollars used to pay fees in the future. See the Implementation chapter for general information on indexing of fees.

4. POLICE FACILITIES IMPACT FEES

This chapter of the report addresses police facilities and equipment needed to serve future development in West Sacramento. The City's existing police building includes 22,000 square feet of floor area. Preliminary studies by the Police Department project a need for approximately 48,000 square feet of additional space to serve all development projected by 2025. Because of the City's configuration, it is likely that much of the additional space will be constructed in a separate location. However, the existing building will probably be expanded to some extent.

A. SERVICE AREA

The service area for this impact fee analysis is the entire area within the existing boundaries of West Sacramento. Although the City may construct more than one police building, law enforcement operations are mobile and all resources of the Police Department can be deployed as needed. Consequently, the entire City is treated as a single service area for purposes of this analysis.

B. METHODOLOGY

This chapter calculates impact fees using the plan-based method discussed in Chapter 1. Plan-based fees are calculated by allocating costs for a defined set of improvements to a defined set of land uses that will be served by the improvements. In this analysis, impact fees for police facilities are based on the cost of facilities attributed to future development, and those costs are allocated to various types of development based on demand for police services. The mechanics of the cost allocation are explained later in this chapter.

C. DEMAND VARIABLE

The demand variable used to allocate costs for police facilities is "weighted service population," As discussed in Chapter 2, service population is a composite variable including both residents and employees, with residents representing residential development and employees representing non-residential (e.g., commercial and industrial) development. The residential and non-residential components of the service population used in calculating impact fees for police facilities and equipment are weighted to reflect their relative demand for police services. The weighting factors are based on an analysis of a random sample of West Sacramento Police Department incidents reported from January 1 to October 31, 2004. Of the incidents recorded for that period, a random sample of 485 incidents[1] was selected and each call was classified by development type. **Table 4.1** on the next page summarizes the analysis of the incident sample and shows the relative weights to be used for residential and non-residential development in the impact fee calculations.

1 This sample size results in a margin of error of 4.5 percent at a 95 percent confidence level.

Table 4.1
Incidents per Capita of Service Population

Development Category	Sample Incidents [1]	% of Sample	All 2004 Incidents [2]	2004 Service Population [3]	Incidents per Capita [4]	Relative Weight [5]
Residential	283	58.4%	45,359	38,015	1.19	1.000
Non-Residential	202	41.6%	32,376	34,198	0.95	0.793
Total	485	100.0%	77,735	72,213		

[1] Incidents from random sample of all incidents between 1/1/04 and 9/30/04
[2] Percentage of total 2004 incidents based on sample distribution
[3] 2004 service population: residential service population = residents; non-residential service population = employees. See Table 2.2
[4] Incidents per capita = 2004 incidents / 2004 service population
[5] Relative weight of incidents per capita with residential development set equal to 1.0. Non-residential weight = non-residential incidents per capita / residential incidents per capita.

Table 4.2 applies the relative weights from Table 4.1 to existing and future population data to arrive at weighted service populations, broken down by residential and non-residential components of existing and future development.

Table 4.2
Weighted Service Population - Police Facilities and Equipment

Service Pop Component [1]	Relative Weight [2]	2004 Wtd Svc Pop [3]	2004-2025 Wtd Svc Pop [4]	2025 Wtd Svc Pop [5]
Residential (Population)	1.000	38,015	39,085	77,100
Non-residential (Employees)	0.793	27,134	32,611	59,745
Total Service Population		65,149	71,696	136,845
Percentage		47.6%	52.4%	100.0%

[1] The residential component of service population consists of residents; the non-residential component of service population consists of employees
[2] Relative weight of residents and employees based on incidents; see Table 4.1
[3] 2004 weighted service population = 2004 population/employment from Table 2.2 X relative weight
[4] 2004-2025 weighted service population = (difference between 2004 population/ employment and 2025 population/employment) X relative weight
[5] 2025 weighted service population = sum of 2004 and 2004-2025 weighted service population

Table 4.3 on the next page shows the allocation of police building floor area between existing and future development, based on their shares of weighted service population from Table 4.2. The total building area shown in Table 4.3 includes both the existing police facility and the area of future police building space planned by the City. The amount of building space planned to serve the entire 2025 service population represents an increase in average space per capita over the existing ratio. Consequently, a portion of future building area, in addition to the space in the existing police facility, is attributed to existing development in the City. Only the cost of new facility space attributed to future development is used in the impact fee calculations.

Table 4.3
Added Building Area - New Development Share

Demand Component	% of Weighted Service Pop [1]	Space Need (Sq. Ft.) [2]	Existing Space [3]	Future Space Need [4]	% of Future Need
Existing Development	47.6%	33,326	22,000	11,326	23.6%
Future Development	52.4%	36,674	-	36,674	76.4%
Total	100.0%	70,000		48,000	100.0%

[1] Percentage of weighted service population from Table 4.2
[2] Total 2025 space need of 70,000 square feet allocated to existing and future development based on percentages of existing and future weighted service population
[3] Square footage of existing police facility
[4] Difference between existing space and total allocated space

D. *Level of Service*

Level of service for police operations can be defined in a number of ways, including emergency response time and the ratio of sworn officers to population. For purposes of this study, the relevant level of service is the relationship between service demand and the cost of facilities and equipment. Service demand is represented by service population, as discussed above. Facility and equipment needs are discussed in the next section.

E. *Facility Needs and Costs*

At present, the West Sacramento Police Department is housed in a building that is not large enough to accommodate the department's future space needs. Preliminary planning calls for a total of 70,000 square feet of building area to serve the Department's space needs in 2025. The existing building will probably be expanded, and a new facility constructed in the southern part of the City. In calculating impact fees for police facilities, this study uses the estimated cost of that portion of future building area attributed to the needs of future development, as shown in Table 4.2. **Table 4.4** on the next page shows that cost, along with additional costs for vehicles, equipment, and bond interest that represent the needs of future development and form the cost basis for the impact fee calculations to follow.

Table 4.4 summarizes the cost of police facilities and equipment needed to serve future development in the City. Table 4.4 also shows costs for future facilities and equipment adjusted to include interest. The City anticipates that the future police facilities identified in this study will be financed with bonds. The interest on those bonds is a real cost of developing those facilities, and is eligible to be recovered through impact fees. The approach used to adjust for interest cost in this study is described on the next page.

Table 4.4
Future Development Police Facility and Equipment Costs

Cost Component	Units	Cost per Unit [1]	No. of Units [2]	Cost Basis [3]	Intr Adj Factor [4]	Cost Incl Interest [5]
Building Construction	Sq. Ft	$ 350.00	36,674	$ 12,836,003	1.27	$ 16,301,723
Land Cost	Acres	$ 200,000	3.82	$ 764,000	1.27	$ 970,280
Vehicles/Equipment	Each	$ 30,000	30.00	$ 900,000	1.00	$ 900,000
Radios	Each	$ 2,500	95.00	$ 237,500	1.00	$ 237,500
Total				$ 14,737,503		$ 18,409,503

[1] Building construction cost includes design, engineering, project administration, and furniture, fixtures and equipment

[2] See Table 4.3 for building square footage; land attributed to future development based on new development's share of a 5.0 acre site; need for vehicles, equipment, and radios was estimated by the Police Department

[3] Cost basis = cost per unit X number of units;

[4] Interest adjustment factor for building construction and land = 1.27; see discussion in text

[5] Cost for facilities and equipment, including interest adjustment

The adjustment for interest cost, as shown in Table 4.4, is based on certain assumptions about bonds issued to finance those assets. The bonds are assumed to be issued for a 25-year term at a 4.75 percent annual interest rate with repayment based on level amortization.[2] Given those assumptions, total interest cost over the term of the bonds equals 73 percent of the principal amount in nominal dollars. When the stream of debt service payments is discounted for inflation at an assumed rate of 2.5 percent per year, the real dollar interest cost amounts to 27 percent of the principal amount. That is the basis for the interest adjustment factor (1.27) shown in Table 4.4, and is reflected in the costs used to calculate impact fees for the current year. However, to ensure that fees paid in future years are equivalent to the current fees in real dollars, those fees should be adjusted annually for actual inflation.

F. *AVERAGE COST PER CAPITA*

Table 4.5 shows the average cost of new police facilities and equipment per capita of weighted service population using the costs from Table 4.4 and the total weighted service population from Table 4.2.

[2] The bonds are assumed to be issued at the same time the City begins collecting fees. However, bonds could be issued later without significantly affecting the fee calculations, because the escalation of construction costs prior to bond issuance is likely to approximate discounted interest on the bonds for time periods up to two years. In any event, the fee calculations should be revisited periodically so they can be adjusted to actual costs.

Table 4.5
Per Capita Cost - New Police Facilities and Equipment

New Facility/ Equipment Cost [1]	2004-2025 Weighted Service Pop Incr [2]	Cost per Capita [3]
$18,409,503	71,696	$256.77

[1] Cost of future facilities and equipment needed by future development; See Table 4.4
[2] 2004-2025 increase in weighted service population. See Table 4.2
[3] Cost per capita = facility and equipment cost / increase in weighted service population

G. *Impact Fees per Unit of Development*

To calculate impact fees per unit of development by development type, the cost per capita from Table 4.5 is multiplied by weighted service population per unit of development for each type of development. **Table 4.6** shows the resulting impact fees for the categories of development defined in this study.

Table 4.6
Impact Fees per Unit of Development - Police Facility

Development Type	Dev Units [1]	Svc Pop per Unit [2]	Relative Weight [3]	Weighted Svc Pop per Unit [4]	Cost per Capita [5]	Impact Fee per Unit [6]
Residential > 2500 Sq. Ft.	DU	3.60	1.000	3.60	$256.77	$924.38
Residential, 1100-2500 Sq.	DU	3.30	1.000	3.30	$256.77	$847.35
Residential < 1100 Sq. Ft.	DU	2.60	1.000	2.60	$256.77	$667.61
Retail/Service Commercial	KSF	2.00	0.793	1.59	$256.77	$513.55
Office/Business Park	KSF	3.33	0.793	2.64	$256.77	$855.05
Industrial	KSF	1.33	0.793	1.06	$256.77	$342.36

[1] DU = dwelling unit; KSF = 1,000 gross square feet of building area
[2] See Table 2.1
[3] See Table 4.1
[4] Weighted service population per unit = service population per unit X relative weight
[5] See Table 4.5
[6] Impact fee per unit = weighted service population per unit X cost per capita

H. *Projected Revenue*

Finally, the impact fees from Table 4.6 can be applied to future development to project future impact fee revenue out to 2025, assuming future development occurs as projected in Chapter 2 of this study.

Table 4.7 on the next page shows both annual and cumulative revenue projections year-by-year to 2025, assuming equal increments of development each year. That table projects that the fire impact fees would produce total revenue of approximately $18.4 million in current dollars,

which is the cost of police facilities and equipment needed to serve future development, as shown in Table 4.5.

Table 4.7
Projected Annual Revenue to 2025 - Police Impact Fees

Year	Added Wtd Service Pop [1]	Impact Fee per Capita [2]	Annual Revenue [3]	Cumulative Revenue
2005	3,414.1	$256.77	$ 876,649	$ 876,649
2006	3,414.1	$256.77	$ 876,649	$ 1,753,298
2007	3,414.1	$256.77	$ 876,649	$ 2,629,946
2008	3,414.1	$256.77	$ 876,649	$ 3,506,595
2009	3,414.1	$256.77	$ 876,649	$ 4,383,244
2010	3,414.1	$256.77	$ 876,649	$ 5,259,893
2011	3,414.1	$256.77	$ 876,649	$ 6,136,541
2012	3,414.1	$256.77	$ 876,649	$ 7,013,190
2013	3,414.1	$256.77	$ 876,649	$ 7,889,839
2014	3,414.1	$256.77	$ 876,649	$ 8,766,488
2015	3,414.1	$256.77	$ 876,649	$ 9,643,136
2016	3,414.1	$256.77	$ 876,649	$ 10,519,785
2017	3,414.1	$256.77	$ 876,649	$ 11,396,434
2018	3,414.1	$256.77	$ 876,649	$ 12,273,083
2019	3,414.1	$256.77	$ 876,649	$ 13,149,732
2020	3,414.1	$256.77	$ 876,649	$ 14,026,380
2021	3,414.1	$256.77	$ 876,649	$ 14,903,029
2022	3,414.1	$256.77	$ 876,649	$ 15,779,678
2023	3,414.1	$256.77	$ 876,649	$ 16,656,327
2024	3,414.1	$256.77	$ 876,649	$ 17,532,975
2025	3,414.1	$256.77	$ 876,649	$ 18,409,624
Total	71,696.1			

[1] Projected straight-line increase in service population: 71,696 / 21 = 3,414.1 (See weighted service population, Table 4.2)
[2] Impact fee per capita from Table 4.5
[3] Annual revenue = added service population X impact fee per capita

Future debt service payments used in calculating the fire impact fees are discounted for anticipated inflation over the term of the bonds that will be issued to pay for facilities. Consequently, the impact fees calculated in this chapter should be adjusted annually to account for inflation. If the consumer price index increases 2.5 percent per year, the fees should be increased by that amount to offset the declining value of dollars used to pay fees in the future. See the Implementation chapter for general information on indexing of fees.

5. CORPORATION YARD IMPACT FEES

This chapter of the report addresses corporation yard facilities needed to serve future development in West Sacramento. The City's existing corporation yard is inadequate in size, and the City plans to acquire a larger site and develop an entirely new facility. The existing site, which is shared with the City's wastewater treatment plant, will be developed as a riverfront park. That site will be vacated once the planned Northwest Interceptor sewer is constructed to transport wastewater to a regional facility, and the existing treatment plant is decommissioned. Information on planned corporation yard facilities used in this analysis was provided by the West Sacramento City Architect.

A. SERVICE AREA

The corporation yard is a one-of-a-kind facility serving the entire City. Consequently, the service area for this impact fee analysis is the entire area within the existing boundaries of West Sacramento.

B. METHODOLOGY

This chapter calculates impact fees using the plan-based method discussed in Chapter 1. Plan-based fees are calculated by allocating costs for a defined set of improvements to a defined set of land uses that will be served by the improvements. In this case, the analysis allocates the cost of the new corporation yard to both existing and future development using the demand variable discussed in the next section. That approach is used because the new corporation yard will replace the existing facility and will serve all development in the City out to 2025, and this fee calculation method allocates costs proportionately to both existing and future development. The impact fees will recover only the share of cost attributable to future development. The mechanics of the cost allocation are explained later in this chapter.

C. DEMAND VARIABLE

The demand variable used to allocate costs for the corporation yard is service population. As discussed in Chapter 2, service population is a composite demand variable consisting of residents and employees, with residents representing residential development and employees representing non-residential (commercial and industrial) development. The service population used to calculate impact fees for the corporation yard weights residents and employees equally.

D. LEVEL OF SERVICE

Corporation yard facilities are designed to meet the space needs of multiple operational units, and generally do not lend themselves to level-of-service standards. For purposes of this study, facility needs are defined in terms of total cost as discussed in the next section. The relevant level of service is the implied relationship between facility cost and service demand, as measured by service population.

E. FACILITY NEEDS AND COSTS

The City has identified a 22-acre site for a new corporation yard, and has done preliminary programming for the facility itself. **Table 5.1** lists the components of that facility, with the size and estimated cost of each component at current price levels. Table 5.1 also shows costs for corporation yard facilities adjusted to include interest. The City anticipates that the facilities identified in this study will be financed with bonds. The interest on those bonds is a real cost of developing those facilities, and is eligible to be recovered through impact fees. The approach used to adjust for interest cost in this study is described below.

Table 5.1
Corporation Yard Facility Cost by Component

Component	Units	No of Units [1]	Unit Cost [2]	Total Cost [3]	Intr Adj Factor [4]	Cost Incl Interest [5]
Administration Building	Sq. Ft.	25,805	$200.00	$ 5,161,000	1.27	$ 6,554,470
Shop Building	Sq. Ft.	4,900	$150.00	$ 735,000	1.27	$ 933,450
Vehicle Maintenance Building	Sq. Ft.	30,000	$150.00	$ 4,500,000	1.27	$ 5,715,000
Warehouse/Storage Building	Sq. Ft.	21,800	$150.00	$ 3,270,000	1.27	$ 4,152,900
Maint/Operations/Parks/Grounds	Sq. Ft.	10,600	$150.00	$ 1,590,000	1.27	$ 2,019,300
Printing/Mailroom/Delivery	Sq. Ft.	4,000	$150.00	$ 600,000	1.27	$ 762,000
Outdoor Storage and Parking	Sq. Ft.	295,000	$12.00	$ 3,540,000	1.27	$ 4,495,800
Land	Acres	22	$181,818	$ 4,000,000	1.27	$ 5,080,000
Total				$ 23,396,000		$ 29,712,920

[1] Space needs estimate by West Sacramento City Architect

[2] Unit cost estimate by West Sacramento City Architect includes construction, design, engineering, project administration, and furniture, fixtures and equipment.

[3] Total cost = number of units X unit cost

[4] Interest adjustment factor for building construction and land = 1.27; see discussion in text

[5] Cost for facilities and equipment, including interest adjustment

The adjustment for interest cost, as shown in Table 5.1 is based on certain assumptions about bonds issued to finance those assets. The bonds are assumed to be issued for a 25-year term at a 4.75 percent annual interest rate with repayment based on level amortization.[1] Given those assumptions, total interest cost over the term of the bonds equals 73 percent of the principal amount in nominal dollars. When the stream of debt service payments is discounted for inflation at an assumed rate of 2.5 percent per year, the real dollar interest cost amounts to 27 percent of the principal amount. That is the basis for the interest adjustment factor (1.27) shown in Table 5.1, and is reflected in the costs used to calculate impact fees for the current year. However, to ensure that fees paid in future years are equivalent to the current fees in real dollars, those fees should be adjusted annually for actual inflation.

[1] The bonds are assumed to be issued at the same time the City begins collecting fees. However, bonds could be issued later without significantly affecting the fee calculations, because the escalation of construction costs prior to bond issuance is likely to approximate discounted interest on the bonds for time periods up to two years. In any event, the fee calculations should be revisited periodically so they can be adjusted to actual costs.

F. AVERAGE COST PER CAPITA

The proposed new corporation yard will serve development that currently exists in the City as well as the development that occurs between now and 2025. Consequently, the total cost from Table 5.1 is allocated to both existing and future development in the City. Only the share of cost attributed to future development will be recovered through impact fees.

As discussed earlier in this chapter, the demand variable used to represent development in this analysis is service population. Table 2.2 in Chapter 2 shows the projected total service population in 2025. **Table 5.2** shows the total cost from Table 5.1 divided by the total service population in 2025 to arrive at an average cost per capita of service population for the corporation yard.

Table 5.2
Per Capita Cost - Corporation Yard

Total Facility Cost [1]	Total 2025 Service Population [2]	2005 Cost per Capita [3]
$29,712,920	152,398	$194.97

[1] Total cost of corporation yard facilities, including interest; see Table 5.1
[2] Projected 2025 service population. See Table 2.2
[3] 2005 cost per capita = total facility cost / 2025 service population

G. IMPACT FEES PER UNIT OF DEVELOPMENT

To calculate impact fees per unit of development by development type, the per-capita cost from Table 5.2 is multiplied by the service population per unit of development for each type of development. **Table 5.3** shows the resulting impact fees for the categories of development defined in this study.

Table 5.3
Impact Fees per Unit of Development - Corporation Yard

Development Type	Dev Units [1]	Service Pop per Unit [2]	Cost per Capita [3]	Impact Fee per Unit [4]
Residential > 2500 Sq. Ft.	DU	3.60	$194.97	$ 701.89
Residential, 1100-2500 Sq. Ft.	DU	3.30	$194.97	$ 643.40
Residential < 1100 Sq. Ft.	DU	2.60	$194.97	$ 506.92
Retail/Service Commercial	KSF	2.00	$194.97	$ 389.94
Office/Business Park	KSF	3.33	$194.97	$ 649.25
Industrial	KSF	1.33	$194.97	$ 259.96

[1] DU = dwelling unit; KSF = 1,000 gross square feet of building area
[2] See Table 2.1
[3] See Table 5.2
[4] Impact fee per unit = service population per unit X cost per capita

H. PROJECTED REVENUE

Finally, the impact fees from Table 5.3 can be applied to future development to project future impact fee revenue out to 2025, assuming future development occurs as projected in Chapter 2 of this study.

Table 5.4 shows both annual and cumulative revenue projections year-by-year to 2025, assuming equal increments of development each year. That table projects that the corporation yard impact fees would produce total revenue of approximately $15.6 million in current dollars, which is equivalent to 52.6 percent of the total cost from Table 5.1. That is the cost share attributable to new development, because future service population represents 52.6 percent of the total projected 2025 service population shown in Table 5.2. The balance of the cost of corporation yard facilities and equipment is the share allocated to the existing community in this analysis. Those costs would have to be funded from other sources of revenue.

Table 5.4
Projected Annual Revenue to 2025 - Corporation Yard Impact Fees

Year	Added Service Pop [1]	Impact Fee per Capita [2]	Annual Revenue [3]	Cumulative Revenue
2005	3,818.33	$194.97	$ 744,457	$ 744,457
2006	3,818.33	$194.97	$ 744,457	$ 1,488,913
2007	3,818.33	$194.97	$ 744,457	$ 2,233,370
2008	3,818.33	$194.97	$ 744,457	$ 2,977,827
2009	3,818.33	$194.97	$ 744,457	$ 3,722,284
2010	3,818.33	$194.97	$ 744,457	$ 4,466,740
2011	3,818.33	$194.97	$ 744,457	$ 5,211,197
2012	3,818.33	$194.97	$ 744,457	$ 5,955,654
2013	3,818.33	$194.97	$ 744,457	$ 6,700,111
2014	3,818.33	$194.97	$ 744,457	$ 7,444,567
2015	3,818.33	$194.97	$ 744,457	$ 8,189,024
2016	3,818.33	$194.97	$ 744,457	$ 8,933,481
2017	3,818.33	$194.97	$ 744,457	$ 9,677,938
2018	3,818.33	$194.97	$ 744,457	$ 10,422,394
2019	3,818.33	$194.97	$ 744,457	$ 11,166,851
2020	3,818.33	$194.97	$ 744,457	$ 11,911,308
2021	3,818.33	$194.97	$ 744,457	$ 12,655,765
2022	3,818.33	$194.97	$ 744,457	$ 13,400,221
2023	3,818.33	$194.97	$ 744,457	$ 14,144,678
2024	3,818.33	$194.97	$ 744,457	$ 14,889,135
2025	3,818.33	$194.97	$ 744,457	$ 15,633,592
Total	80,184.92			

[1] Projected straight-line increase in service population: 80,185 / 21 = 3,818.33 (See future service population, Table 2.2)
[2] Impact fee per capita from Table 5.2
[3] Annual revenue = added service population X impact fee per capita

Future debt service payments used in calculating the corporation yard impact fees are discounted for anticipated inflation over the term of the bonds that will be issued to pay for facilities. Consequently, the impact fees calculated in this chapter should be adjusted annually to account

for inflation. If the consumer price index increases 2.5 percent per year, the fees should be increased by that amount to offset the declining value of dollars used to pay fees in the future. See the Implementation chapter for general information on indexing of fees.

6. CITY HALL IMPACT FEES

This chapter of the report addresses a planned City Hall addition that will be needed to serve future development in West Sacramento. West Sacramento's existing City Hall building was completed in November 2000. To provide additional space that will be needed to serve future development, the City plans an addition to the existing building. Information on the planned City Hall expansion used in this analysis was provided by the West Sacramento City Architect.

A. SERVICE AREA

City Hall is a one-of-a-kind facility serving the entire City. Consequently, the service area for this impact fee analysis is the entire area within the existing boundaries of West Sacramento.

B. METHODOLOGY

This chapter calculates impact fees using the plan-based method discussed in Chapter 1. Plan-based fees are calculated by allocating costs for a defined set of improvements to a defined set of land uses that will be served by the improvements. In this case, the analysis allocates the cost of the City Hall expansion to future development using the demand variable discussed in the next section. That approach is used because the expansion is needed only to serve future development in the City out to 2025. The impact fees calculated in this chapter are intended to recover the entire cost of the expansion through impact fees on new development. The mechanics of the cost allocation are explained later in this chapter.

C. DEMAND VARIABLE

The demand variable used to allocate costs for the City Hall addition is service population. As discussed in Chapter 2, service population is a composite demand variable consisting of residents and employees, with residents representing residential development and employees representing non-residential (commercial and industrial) development. The service population used to calculate impact fees for the City Hall addition weights residents and employees equally.

D. LEVEL OF SERVICE

City Hall facilities are designed to meet the space needs of numerous departments, and generally do not lend themselves to pre-defined level-of-service standards. For purposes of this study, facility needs are defined in terms of the planned addition to City Hall. The relevant level of service is the implied relationship between that facility and service demand related to future development.

E. FACILITY NEEDS AND COSTS

The facility addressed in the impact fee analysis is a 24,000 square foot addition to the existing 64,000 square foot City Hall building. The City already owns land for that addition and has done preliminary programming for the facility itself. As shown in Chapter 2, the service population to be added by future development is approximately equal to the City's current service population, so it would not be unreasonable to charge future development for half of the entire cost of the existing City Hall plus the addition. However, the impact fees calculated in this chapter cover

only the cost of the planned addition, which represents about 27 percent of the combined square footage of the existing City Hall and the addition. Some common facilities (e.g., the City Council Chambers) and some office space needed to serve future development are already provided in the existing City Hall, so the costs attributed to new development in this analysis represent significantly less than the full cost of City Hall facilities that will serve new development.

Table 6.1 shows the estimated cost of the City Hall addition, with an adjustment to include interest on debt financing. The City anticipates that the City Hall addition will be financed with bonds. The interest on those bonds is a real cost of developing the facility and is eligible to be recovered through impact fees. The approach used to adjust for interest cost in this study is described below.

Table 6.1
City Hall Addition - Estimated Cost

Building Area Square Feet [1]	Cost per Square Foot [2]	Project Cost [3]	Interest Factor [4]	Total Cost [5]
24,000	$375.00	$ 9,000,000	1.27	$ 11,430,000

[1] Space needs estimate by West Sacramento City Architect

[2] Cost estimate by West Sacramento City Architect includes construction, design, engineering, project administration, and furniture, fixtures and equipment.

[3] Project cost = square feet X cost per square foot

[4] Interest adjustment factor = 1.27; see discussion in text

[5] Total cost including interest cost adjustment = project cost X interest factor

The adjustment for interest cost, as shown in Table 6.1, is based on certain assumptions about bonds issued to finance those assets. The bonds are assumed to be issued for a 25-year term at a 4.75 percent annual interest rate with repayment based on level amortization.[1] Given those assumptions, total interest cost over the term of the bonds equals 73 percent of the principal amount in nominal dollars. When the stream of debt service payments is discounted for inflation at an assumed rate of 2.5 percent per year, the real dollar interest cost amounts to 27 percent of the principal amount. That is the basis for the interest adjustment factor (1.27) shown in Table 6.1, and is reflected in the costs used to calculate impact fees for the current year. To ensure that fees paid in future years are equivalent to the current fees in real dollars, those fees should be adjusted annually for actual inflation.

F. AVERAGE COST PER CAPITA

The proposed City Hall addition is needed to serve development that occurs between now and 2025. Consequently, the total cost from Table 6.1 is allocated only to future development in the City, meaning that the entire cost of the project could be recovered through impact fees.

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[1] The bonds are assumed to be issued at the same time the City begins collecting fees. However, bonds could be issued later without significantly affecting the fee calculations, because the escalation of construction costs prior to bond issuance is likely to approximate discounted interest on the bonds for time periods up to two years. In any event, the fee calculations should be revisited periodically so they can be adjusted to actual costs.

As discussed earlier in this chapter, the demand variable used to represent development in this analysis is service population. Table 2.2 in Chapter 2 shows the added service population associated with projected future development between 2005 and 2025. **Table 6.2** shows the total cost from Table 6.1 divided by the added service population to arrive at an average cost per capita for the City Hall addition.

Table 6.2
Per Capita Cost - City Hall Addition

Total Facility Cost [1]	Added Service Population [2]	2005 Cost per Capita [3]
$11,430,000	80,185	$142.55

[1] Total cost of City Hall addition including interest; see Table 6.1
[2] Added service population, 2005 to 2025. See Table 2.2
[3] 2005 cost per capita = total facility cost / added service population

G. *Impact Fees per Unit of Development*

To calculate impact fees per unit of development by development type, the per-capita cost from Table 6.2 is multiplied by the service population per unit of development for each type of development. **Table 6.3** shows the resulting impact fees for the categories of development defined in this study.

Table 6.3
Impact Fees per Unit of Development - City Hall Addition

Development Type	Dev Units [1]	Service Pop per Unit [2]	Cost per Capita [3]	Impact Fee per Unit [4]
Residential > 2500 Sq. Ft.	DU	3.60	$142.55	$ 513.16
Residential, 1100-2500 Sq. Ft.	DU	3.30	$142.55	$ 470.40
Residential < 1100 Sq. Ft.	DU	2.60	$142.55	$ 370.62
Retail/Service Commercial	KSF	2.00	$142.55	$ 285.09
Office/Business Park	KSF	3.33	$142.55	$ 474.68
Industrial	KSF	1.33	$142.55	$ 190.06

[1] DU = dwelling unit; KSF = 1,000 gross square feet of building area
[2] See Table 2.1
[3] See Table 6.2
[4] Impact fee per unit = service population per unit X cost per capita

H. *Projected Revenue*

Finally, the impact fees from Table 6.3 can be applied to future development to project future impact fee revenue out to 2025, assuming future development occurs as projected in Chapter 2 of this study.

Table 6.4 shows both annual and cumulative revenue projections year-by-year to 2025, assuming equal increments of development each year. That table projects that the City Hall impact fees would produce total revenue of approximately $11.43 million in current dollars, which is equal to the cost shown in Table 5.1.

Table 6.4
Projected Annual Revenue to 2025 - City Hall Impact Fees

Year	Added Service Pop [1]	Impact Fee per Capita [2]	Annual Revenue [3]	Cumulative Revenue
2005	3,818.33	$142.55	$ 544,286	$ 544,286
2006	3,818.33	$142.55	$ 544,286	$ 1,088,571
2007	3,818.33	$142.55	$ 544,286	$ 1,632,857
2008	3,818.33	$142.55	$ 544,286	$ 2,177,143
2009	3,818.33	$142.55	$ 544,286	$ 2,721,429
2010	3,818.33	$142.55	$ 544,286	$ 3,265,714
2011	3,818.33	$142.55	$ 544,286	$ 3,810,000
2012	3,818.33	$142.55	$ 544,286	$ 4,354,286
2013	3,818.33	$142.55	$ 544,286	$ 4,898,571
2014	3,818.33	$142.55	$ 544,286	$ 5,442,857
2015	3,818.33	$142.55	$ 544,286	$ 5,987,143
2016	3,818.33	$142.55	$ 544,286	$ 6,531,429
2017	3,818.33	$142.55	$ 544,286	$ 7,075,714
2018	3,818.33	$142.55	$ 544,286	$ 7,620,000
2019	3,818.33	$142.55	$ 544,286	$ 8,164,286
2020	3,818.33	$142.55	$ 544,286	$ 8,708,571
2021	3,818.33	$142.55	$ 544,286	$ 9,252,857
2022	3,818.33	$142.55	$ 544,286	$ 9,797,143
2023	3,818.33	$142.55	$ 544,286	$ 10,341,429
2024	3,818.33	$142.55	$ 544,286	$ 10,885,714
2025	3,818.33	$142.55	$ 544,286	$ 11,430,000
Total	80,184.92			

[1] Projected straight-line increase in service population: 80,185 / 21 = 3,818.33 (See future service population, Table 2.2)
[2] Impact fee per capita from Table 6.2
[3] Annual revenue = added service population X impact fee per capita

These current dollar projections do not reflect inflation adjustments that should be applied to the fees in future years to offset inflation. Because future debt service payments used in calculating the impact fees are discounted for anticipated inflation over the term of the bonds that will be issued to pay for facilities, the impact fees calculated in this chapter should be adjusted annually to account for inflation. If the consumer price index increases 2.5 percent per year, the fees should be increased by that amount to offset the declining value of dollars used to pay fees in the future. See the Implementation chapter for general information on indexing of fees.

7. IMPACT FEE IMPLEMENTATION

This chapter of the report contains recommendations for adoption and administration of a development impact fee program based on this study, and for the interpretation and application of impact fees recommended herein. Statutory requirements for the adoption and administration of fees imposed as a condition of development approval are found in the Mitigation Fee Act (Government Code Sections 66000 et seq.).

A. ADOPTION

The form in which development impact fees are enacted, whether by ordinance or resolution, should be determined by the City Attorney. Ordinarily, it is desirable that specific fee amounts be set by resolution to facilitate periodic adjustments. Procedures for adoption of fees subject to the Mitigation Fee Act, including notice and public hearing requirements, are specified in Government Code Section 66016. By statute, those fees do not become effective until 60 days after final action by the governing body. Actions establishing or increasing fees subject to the Mitigation Act require certain findings, as set forth in Government Code Section 66001 and discussed below and in Chapter 1 of this report.

The findings for impact fees calculated in this study may be stated in the form shown below. The specific language of such findings should be reviewed and approved by the City Attorney.

The City Council finds that the purpose of the impact fees hereby enacted is to prevent new development from reducing the quality and availability of public services provided to residents of the City by requiring new development to contribute to the cost of additional capital assets needed to meet the needs of growth.

The City Council finds that revenue from the impact fees hereby enacted will be used to construct public facilities and infrastructure and pay for other capital expenditures needed to serve new development as identified in the 2005 Impact Fee Study prepared by Citygate Associates.[1]

Based on analysis presented in the 2005 Impact Fee Study prepared by Citygate Associates, the City Council finds that there is a reasonable relationship between:

a. The use of the fees and the types of development projects on which they are imposed; and,

b. The need for facilities and the types of development projects on which the fees are imposed.

B. ADMINISTRATION

The California Mitigation Fee Act (Government Code Sections 66000 et seq.) mandates procedures for administration of impact fee programs, including collection and accounting,

[1] According to Gov't Code §66001, the use of the fee may be specified in a capital improvement plan, the General Plan, or other public documents that identify the public facilities for which the fee is charged. The findings recommended here identify the impact fee study as of that information.

refunds, updates and reporting. References to code sections in the following paragraphs pertain to the California Government Code.

Imposition of Fees

Pursuant to the Mitigation Fee Act, when the City imposes an impact fee upon a specific development project, it must make essentially the same findings adopted upon establishment of the fees to:

1. Identify the purpose of the fee;
2. Identify the use of the fee; and
3. Determine how there is a reasonable relationship between:
    a. The use of the fee and the type of development project on which it is imposed;
    b. The need for the facility and the type of development project on which the fee is imposed; and

Also, at the time when an impact fee is imposed on a specific development project, the City is also required to make a finding to determine how there is a reasonable relationship between:

    c. The amount of the fee and the facility cost attributable to the development project on which it is imposed.

In addition, Section 66006, as amended by SB 1693, provides that a local agency, at the time it imposes a fee for public improvements on a specific development project, "... shall identify the public improvement that the fee will be used to finance." In this case, the fees will be used to finance public facilities, infrastructure, and other development-related capital expenditures identified in the 2005 Impact Fee Study prepared by Colgan Consulting Corporation.

Government Code 66020 requires that the City, at the time it imposes an impact fee, provide a written statement of the amount of the fee and written notice of a 90-day period, during which the imposition of the fee can be protested. Failure to protest imposition of the fee during that period may deprive the fee payer of the right to subsequent legal challenge. Government Code 66022 provides a separate procedure for challenging the establishment of an impact fee. Such challenges must be filed within 120 days of enactment.

Collection of Fees

Section 66007, provides that a local agency shall not require payment of fees by developers of residential projects prior to the date of final inspection, or issuance of a certificate of occupancy, whichever occurs first. However, "utility service fees" (not defined) may be collected upon application for utility service. In a residential development project of more than one dwelling unit, the agency may choose to collect fees either for individual units or for phases upon final inspection, or for the entire project upon final inspection of the first dwelling unit completed.

An important exception allows fees to be collected at an earlier time if they will be used to reimburse the agency for expenditures previously made, or for improvements or facilities for which money has been appropriated. The agency must also have adopted a construction

schedule or plan for the improvement. Statutory restrictions on the time at which fees may be collected do not apply to non-residential development.

In cases where the fees are not collected upon issuance of building permits, Section 66007 provides that the city may require the property owner to execute a contract to pay the fee, and to record that contract as a lien against the property until the fees are paid.

Impact Fee Exemptions, Reductions, and Waivers

In the event that a development project is found to have no impact on facilities for which impact fees are charged, such a project must be exempted from the fees. If a project has characteristics that indicate its impacts on a particular public facility or infrastructure system will be significantly and permanently smaller than the average impact used to calculate impact fees in this study, the fees should be reduced accordingly.

In some cases, the City may desire to voluntarily waive or reduce impact fees that would otherwise apply to a project to promote goals such as affordable housing or economic development. Such a waiver or reduction may not result in increased costs to other development projects, and are allowable only if the City offsets the lost revenue from other fund sources.

Credit for Improvements Provided by Developers

If the City requires a developer, as a condition of project approval, to construct facilities or improvements for which impact fees have been or will be, charged, the impact fee imposed on that development project for that type of facility must be adjusted to reflect a credit for the cost of the facilities or improvements constructed by the developer.

In the event a developer offers to dedicate land, buildings, or other valuable consideration in lieu of paying impact fees, the City has the discretion to accept or reject such offers, and may negotiate the terms under which such an offer would be accepted.

Credit for Existing Development

If a project involves replacement, redevelopment or intensification of previously existing development, impact fees should be applied only to the portion of the project which represents a net increase in demand for relevant City facilities, applying the measure of demand used in this study to calculate that particular impact fee. Since residential service demand is normally estimated on the basis of demand per dwelling unit, an addition to a single family dwelling unit typically would not be subject to an impact fee if it does not increase the number of dwelling units in the structure. In any project that results in a net increase in the number of dwelling units, the added units would normally be subject to impact fees. A similar analysis can be applied to non-residential development, using measure of demand on which the impact fees are based.

Earmarking of Fee Revenue

Section 66006 mandates that fees be deposited "with other fees for the improvement" in a seperate capital facilities account or fund in a manner to avoid any commingling of the fees with other revenues and funds of the local agency, except for temporary investments. Fees must be expended solely for the purpose for which they were collected. Interest earned on the fee revenues must be placed in the capital account and used for the same purpose.

The language of the law is not clear as to whether depositing fees "with other fees for the improvement" refers to a specific capital improvement or a class of improvements (e.g., street improvements). We are not aware of any city that has interpreted that language to mean that funds must be segregated by individual projects. As a practical matter, that approach is unworkable because it would mean that no pay-as-you-go project could be constructed until all benefiting development had paid the fees. Common practice is to maintain separate funds or accounts for impact fee revenues by facility category (i.e., streets, park improvements), but not for individual projects. We recommend that approach.

Reporting

As amended by SB 1693 in 1996, Section 66006 requires that once each year, within 180 days of the close of the fiscal year, the local agency must make available to the public the following information for each separate account established to receive impact fee revenues:

1. The amount of the fee;
2. The beginning and ending balance of the account or fund;
3. The amount of the fees collected and interest earned;
4. Identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the percentage of the cost of the public improvement that was funded with fees;
5. Identification of the approximate date by which the construction of a public improvement will commence, if the City determines sufficient funds have been collected to complete financing of an incomplete public improvement;
6. A description of each inter-fund transfer or loan made from the account or fund, including interest rates, repayment dates, and a description of the improvement on which the transfer or loan will be expended; and
7. The amount of any refunds or allocations made pursuant to Section 66001, paragraphs (e) and (f).

That information must be reviewed by the City Council at its next regularly scheduled public meeting, but not less than 15 days after the statements are made public.

Refunds

Prior to the adoption of Government Code amendments contained in SB 1693, a local agency collecting impact fees was required to expend or commit the fee revenue within five years or make findings to justify a continued need for the money. Otherwise, those funds had to be refunded. SB 1693 changed that requirement in material ways.

Now, Section 66001 requires that, for the fifth fiscal year following the first deposit of any impact fee revenue into an account or fund as required by Section 66006, and every five years thereafter, the local agency shall make all of the following findings for any fee revenue that remains unexpended, whether committed or uncommitted:

1. Identify the purpose to which the fee will be put;

2. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged;
3. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used; and
4. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.

Those findings are to be made in conjunction with the annual reports discussed above. If such findings are not made as required by Section 66001, the local agency could be required to refund the moneys in the account or fund. Once the agency determines that sufficient funds have been collected to complete an incomplete improvement for which impact fee revenue is to be used, it must, within 180 days of that determination, identify an approximate date by which construction of the public improvement will be commenced. If the agency fails to comply with that requirement, it must refund impact fee revenue in the account according to procedures specified in the statute.

Costs of Implementation

The ongoing cost of implementing the impact fee program is not included in the fees themselves. Implementation costs would include the staff time involved in applying the fees to specific projects, accounting for fee revenues and expenditures, preparing required annual reports, updating the fees, and preparing forms and public information handouts. We recommend that those costs be included in user fees charged to applicants for processing development applications.

Annual Update of the Capital Improvement Plan

Section 66002 provides that if a local agency adopts a capital improvement plan to identify the use of impact fees, that plan must be adopted and annually updated by a resolution of the governing body at a noticed public hearing. The alternative is to identify improvements in other public documents. We recommend that this study be identified by the City Council as the public document on which the use of the fees is based.

Indexing of Impact Fee Rates

In cases where impact fees are based on current dollar costs, those fees should be adjusted annually to account for cost escalation. For fees based on construction costs, we recommend the *Engineering News Record* Building Cost Index as the basis for those annual adjustments.

Some of the fees calculated in this report assume that facilities will be financed with bonds, and are based on the discounted present value of future debt service payments. Those fees should be adjusted annually to compensate for inflation. Construction costs for those projects are fixed at the time of construction, but the fees still need to be adjusted for general inflation. We recommend that the Consumer Price Index (All Urban Consumers) be used as the basis for the annual adjustment. We also recommend that the ordinance or resolution establishing the fees include provisions for annual escalation based on the selected index.

C. TRAINING AND PUBLIC INFORMATION

Administering an impact fee program effectively requires considerable preparation and training. It is important that those responsible for applying and collecting the fees, and for explaining them to the public, understand both the details of the fee program and its supporting rationale. Before fees are imposed, a staff training workshop is highly desirable if more than a handful of employees will be involved in collecting or accounting for fees.

It is also useful to pay close attention to handouts that provide information to the public regarding impact fees. Impact fees should be clearly distinguished from other fees, such as user fees for application processing, and the purpose and use of particular impact fees should be made clear.

Finally, anyone who is responsible for accounting, capital budgeting, or project management for projects involving impact fees must be fully aware of the restrictions placed on the expenditure of impact fee revenues. The fees recommended in this report are tied to specific improvements and cost estimates. Fees must be expended accordingly and the City must be able to show that funds have been properly expended.

D. RECOVERY OF STUDY COST

We do not recommend adding an administrative fee to impact fees to cover the costs of administering the impact fee program. Those costs should be included in the processing fees charged to developers and builders. However, it is reasonable for the City to recover the cost of this study through the impact fee program. Once the City Council decides what impact fees to impose, it is a relatively simple matter to calculate an adjustment to cover the cost of the study.

Assuming the City will update this impact fee study every five years, the cost of this study can be divided by the amount of revenue projected over the next five years to determine the percentage by which fees should be increased to cover the cost of the study. That adjustment normally increases the fees by a very small percentage. The necessary calculations should be done before the fees are actually adopted, so they can be reflected in the dollar amount of the adopted fees. The Executive Summary shows the calculation of a cost recovery adjustment for fees calculate in this study.