

City of Lemoore, CA

*Development Impact
Fee Study Report*

Draft

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TABLE OF CONTENTS

Executive Summary

Chapter 1 - Introduction

Chapter 2 - Development and Demand Data

Chapter 3 – Fire Protection

Chapter 4 – Police Facilities

Chapter 5 – Park Land and Improvements

Chapter 6 – Community and Recreation Facilities

Chapter 7 – Water System

Chapter 8 – Wastewater System

Chapter 9 – General Municipal Facilities

Chapter 10 – Refuse Vehicles and Containers

Chapter 11 – Stormwater Drainage

Chapter 12 – Streets and Interchanges (To Be Added)

Chapter 13 – Implementation

EXECUTIVE SUMMARY

The City of Lemoore has retained Colgan Consulting Corporation to prepare this study to analyze the impact of development on certain capital facilities and to calculate impact fees based on that analysis. The methods used to calculate impact fees in this study are intended to satisfy all legal requirements of the U. S. Constitution, the California Constitution, the California Mitigation Fee Act (Government Code §§ 66000 *et seq.*) , and where applicable, the Quimby Act (Government Code § 66477) .

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 the fees. Chapter 2 contains information on existing and future development in the study area used for this analysis, and organizes that data in a form that can be used in the impact fee analysis. Projections of future development are based on the General Plan currently in effect.

Chapters 3 through 11 analyze the impacts of development on specific facility types, as follows:

- | | |
|---------------------------------------|-------------------------------------|
| Ch. 3. Fire Protection | Ch. 8. Wastewater System |
| Ch. 4. Police Facilities | Ch. 9. General Municipal Facilities |
| Ch. 5. Park Land and Improvements | Ch. 10. Refuse Vehicles/Containers |
| Ch. 6. Community & Recreation Centers | Ch. 11. Stormwater Drainage |
| Ch. 7. Water System | Ch. 12. Streets and Interchanges |

Each of the chapters listed above identifies facilities eligible for impact fee funding and calculates the maximum impact fees that can be justified by the data used in the study.

Chapter 13 discusses implementation of the impact fee program including legal requirements and procedures for implementing the impact fee program under California law.

FUTURE DEVELOPMENT

Forecasts of future development for this study are intended to represent all additional development potential for undeveloped land in the City under the current General Plan. Data presented in Chapter 2 of this report indicate that the land available for future development in the City represents the potential for an increase

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of 80% in developed acreage, a 59% increase in population, a 241% increase in employment, and a 110% increase in daily traffic. Those figures provide some perspective on the need for future investment by the City in additional capital facilities and infrastructure to support the additional development.

IMPACT FEE ANALYSIS

Each type of facility addressed in this report is analyzed individually. In each case, the relationship between development and the need for facilities is quantified in a way that allows impact of development on facility needs to be measured. Impact fees calculated in this report are based on the cost of facilities needed to mitigate those impacts. Because of differences in the impact of development east and west of Highway 41, the areas east and west of the highway were treated as separate service areas in the impact fee analysis for fire protection and streets and interchanges. Fees for those types of facilities were calculated separately for each service areas.

Impact fees calculated in this study are summarized in Tables ES.1 and ES2 near the end of this summary. The following paragraphs briefly discuss factors considered in the analysis of each facility type.

Fire Protection Facilities. Fire impact fees calculated in this study are based on the capital cost of Fire Department facilities, apparatus, and vehicles. The impact of development on the need for fire protection facilities and equipment is measured by “functional population,” which is a weighted combination of resident population and employees (See Chapter 2 for a discussion of functional population). Because of differences in the impact of development east and west of Highway 41, the areas east and west of the highway were treated as separate service areas in the impact fee analysis, and fees were calculated separately for those areas. The fees for the west side service area are significantly higher than for the east side, because of the need to construct a new fire station in that area. Fire impact fees for the east side service area are based on the cost to new development to buy-in to the existing facilities serving that area.

Costs for both existing and future Fire Department capital assets are allocated to both existing and future development in each service area so that the capital cost of those assets is distributed proportionately between the existing community and future development.

Police Facilities. Impact fees for police facilities are based on the cost of additional building area, vehicles, and officer safety equipment needed to serve future

development. The impact of new development on the need for additional capital assets is measured by the number of calls for service generated by different types of development. Costs used in calculating the police impact fees are based on the cost of maintaining the existing ratio of building area, vehicles, and equipment to calls for service. The police impact fees are intended to apply Citywide.

Park Land and Improvements. At present, the City has only one type of park impact fee. This study calculates separate impact fees for park land acquisition and park improvements. The need for park land and improvements in the City is based on the ratio of park acreage to population. Separate fees are calculated for park land acquisition and park improvements, because park land acquisition from residential subdivisions is governed by the Quimby Act, while impact fees for park improvements are governed by the Mitigation Fee Act. Because population is used as the measure of the need for park land and improvements, the park fees calculated in this study apply only to residential development. These fees are intended to apply Citywide.

Community and Recreation Facilities. This is a new type of impact fee for Lemoore. This fee is intended to fund the cost of adding community and recreation facilities as the City grows. The fees calculated in this study for community and recreation centers are based on the existing ratio of community and recreation facility asset value to population. Because population is used as the measure of facility needs, the fees apply only to residential development. These fees are intended to apply Citywide.

Water System. This study calculates impact fees for three components of the water system: (1) water supply and storage; (2) arsenic treatment; and, (3) distribution system improvements. The fee component for arsenic treatment facilities is based on the assumption that the City will be required to treat the water supply for arsenic in the future, although that has not be definitively determined at this time. The estimated cost of needed improvements is allocated to development on the basis of average water use. The fees for the water supply and storage and arsenic treatment facilities incorporate interest costs by basing the fee calculations on the present value of estimated payments on debt that is expected to be issued to pay for construction of those facilities. That method is intended to result in fees that will be equal in real dollars for all development projects, regardless of when the fees are paid. These fees are intended to apply Citywide.

Wastewater System. This study calculates impact fees for two components of the wastewater system: (1) treatment and disposal; and, (2) the collection system. The

component for treatment and disposal is based on the assumption that the City will be required to construct a new wastewater treatment plant and provide new disposal facilities within 10 years. The estimated cost of needed improvements is allocated to development on the basis of average wastewater flows generated by different types of development. The fees for treatment and disposal facilities incorporate interest costs by basing the fee calculations on the present value of estimated payments on debt that is expected to be issued to pay for construction of those facilities. That method is intended to result in fees that will be equal in real dollars for all development projects, regardless of when the fees are paid. These fees are intended to apply Citywide.

General Municipal Facilities. This fee category includes City buildings not covered by other fees. Costs are allocated using functional population and the fees are calculated so as to maintain the existing investment per-capita for facilities in this category. These fees are intended to apply Citywide.

Refuse Vehicles and Containers. These fees are calculated only for single family residential development. Fees for other types of development must be calculated on a case by case basis because dumpster size and frequency of collection vary for individual projects. These fees are intended to apply Citywide.

Stormwater Drainage. This study does not calculate entirely new fees for stormwater drainage facilities. Instead, it updates the fees calculated in 2000 to account for escalation of construction costs since that time. These fees are intended to apply Citywide

Streets and Interchanges. The chapter on streets and interchanges will be added in the future.

IMPACT FEE SUMMARY

Table ES.1 on the next page summarizes the impact fees calculated in this report for residential development types, and compares them with existing fees. The table includes separate columns for fees east and west of Highway 41. However, with the exception of fire protection and streets and interchanges, the same fee applies to both areas. The fees shown in Table ES.1 are for one dwelling unit.

City of Lemoore
Existing and Proposed Impact Fees - Residential (per Dwelling Unit)

Facility Type	Single Family			Multi-Family		
	City Existing	East Side Proposed	West Side Proposed	City Existing	East Side Proposed	West Side Proposed
Fire	\$ 220	\$ 179	\$ 957	\$ 283	\$ 142	\$ 763
Police	\$ 194	\$ 238	\$ 238	\$ 173	\$ 284	\$ 284
Park Land Acquisition	\$ 1,462	\$ 1,284	\$ 1,284	\$ 1,247	\$ 1,024	\$ 1,024
Park Improvements ¹	N/A	\$ 1,805	\$ 1,805	N/A	\$ 1,440	\$ 1,440
Community/Recr Facilities ¹	N/A	\$ 1,221	\$ 1,221	N/A	\$ 974	\$ 974
Water Supply/Storage	\$ 1,067	\$ 2,441	\$ 2,441	\$ 667	\$ 1,513	\$ 1,513
Water Arsenic Treatment ¹	N/A	\$ 1,286	\$ 1,286	N/A	\$ 798	\$ 798
Water Distribution	\$ 147	\$ 200	\$ 200	\$ 110	\$ 124	\$ 124
Wastewater Treatment/Disposal	\$ 541	\$ 8,346	\$ 8,346	\$ 397	\$ 6,677	\$ 6,677
Wastewater Collection	\$ 243	\$ 466	\$ 466	\$ 179	\$ 373	\$ 373
General Municipal Facilities	\$ 607	\$ 1,727	\$ 1,727	\$ 214	\$ 1,378	\$ 1,378
Refuse Vehicles and Containers	\$ -	\$ 280	\$ 280	Varies	Varies	Varies
Storm Drainage	\$ 718	\$ 805	\$ 805	\$ 464	\$ 457	\$ 457
Streets and Thoroughfares	\$ 991	To Be Added		\$ 649	To Be Added	
Total	\$ 6,190	\$ 20,278	\$ 21,056	\$ 3,270	\$ 15,184	\$ 15,805

¹ New Fee Component

Table ES.2 summarizes the impact fees calculated in this report for non-residential development types and compares them with existing fees. As in the previous table, this table includes separate columns for fees east and west of Highway 41, even though, the fees differ between areas only for fire protection and streets and interchanges. Fees shown in Table ES.2 are per acre of development.

Two points are worth noting about the fees shown in Table ES.2. This study include a separate category for professional office development, which is covered by the commercial category in the existing fee structure. Existing fees shown for that category are the City’s commercial impact fees. Also, water and wastewater fees are not shown for industrial development. Those fees must be determined on a case by case basis because there is so much variation in water and wastewater demand within that category.

City of Lemoore
Existing and Proposed Impact Fees - Non-Residential (per Acre)

Facility Type	Commercial			Professional Office			Industrial		
	City Existing	East Side Proposed	West Side Proposed	City Existing	East Side Proposed	West Side Proposed	City Existing	East Side Proposed	West Side Proposed
Fire	\$ 1,346	\$ 979	\$ 5,247	\$ 1,346	\$ 979	\$ 5,247	\$ 953	\$ 445	\$ 2,385
Police	\$ 681	\$ 4,705	\$ 4,705	\$ 681	\$ 4,705	\$ 4,705	\$ 45	\$ 119	\$ 119
Water Supply/Holding	\$ 1,334	\$ 8,543	\$ 8,543	\$ 1,334	\$ 8,543	\$ 8,543	\$ 6,227	Varies	Varies
Water Arsenic Treatment ¹	N/A	\$ 4,502	\$ 4,502	N/A	\$ 4,502	\$ 4,502	N/A	Varies	Varies
Water Distribution	\$ 296	\$ 700	\$ 700	\$ 296	\$ 700	\$ 700	\$ 2,064	Varies	Varies
Wastewater Treatment/Disposal	\$ 1,730	\$ 29,213	\$ 29,213	\$ 1,730	\$ 29,213	\$ 29,213	\$ 5,994	Varies	Varies
Wastewater Collection	\$ 778	\$ 1,631	\$ 1,631	\$ 778	\$ 1,631	\$ 1,631	\$ 2,724	Varies	Varies
General Municipal Facilities	\$ 1,822	\$ 9,471	\$ 9,471	\$ 1,822	\$ 9,471	\$ 9,471	\$ 1,822	\$ 4,305	\$ 4,305
Storm Drainage	\$ 5,700	\$ 7,461	\$ 7,461	\$ 5,700	\$ 7,461	\$ 7,461	\$ 5,700	\$ 7,461	\$ 7,461
Streets and Thoroughfares	\$ 18,663	To Be Added		\$ 18,663	To Be Added		\$ 3,631	To Be Added	
Total	\$ 7,987	\$ 67,205	\$ 71,473	\$ 7,987	\$ 67,205	\$ 71,473	\$ 19,829	Varies	Varies

¹ New Fee Component

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RECOVERY OF STUDY COST

If the City chooses to incorporate the cost of the study into the proposed impact fees, the following procedure is recommended. Since impact fee studies are typically updated approximately every five years, the cost of this study can be divided by estimated impact fee revenue over the next five years to determine the percentage of total revenue represented by the study cost. Then the fees can be increased by that percentage to cover the cost of the study.

Any revenue projections are somewhat speculative, because the rate of future development is unknown and some impact fees must be determined on a case-by-case basis. However, using conservative estimates of revenue over the next five years, the study cost amounts to only about 0.2% of that amount. Consequently, the fees would have to be increased by only 0.2%, or \$2.00 for each \$1,000.00 in impact fees, to cover the cost of this study. That amounts to approximately \$42 per single family dwelling unit if the fees are adopted as shown in the tables above.

CHAPTER 1 INTRODUCTION

The City of Lemoore has retained 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, the Mitigation Fee Act (Govt. Code §§ 66000 *et seq.*) and, if applicable, the Quimby Act (Govt. Code § 66477).

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 is not detrimental to the quality and availability of essential public services provided to the community at large. Legislatively enacted impact fees are not subject to the same level of judicial scrutiny as exactions involving the dedication of land or an interest in land, or fees imposed as a condition of approval on a single development project. In those cases, heightened scrutiny applies, and a higher standard must be met. The U. S. Supreme Court has found that a government agency must demonstrate an "essential nexus" between such exactions and the interest being protected (See *Nollan v. California Coastal Commission*, 1987). The agency must also demonstrate that the exaction imposed is "roughly proportional" to the burden created by development. (See *Dolan v. City of Tigard*, 1994).

Local legislative bodies are accorded considerable discretion by the courts when enacting impact fees that apply to all development projects in a jurisdiction. However, even where heightened scrutiny does not apply, an agency enacting impact

fees should take care to demonstrate a nexus and ensure proportionality in the calculation of its fees.

California Constitution. Article I, Section 19 of the California Constitution contains language similar to the Fifth Amendment “taking” clause. However, the California Constitution also 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 XIII A. 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 XIII C and XIII D, 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. Neither 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 the City grows. 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 and proportionality requirements widely considered the standard for defensible impact fees. The term “dual rational nexus” is often used to characterize the standard used by courts in evaluating the legitimacy of impact fees. The “duality” of the nexus refers to (1) an *impact* or need created by a development project subject to impact fees, and (2) a *benefit* to the project from the expenditure of the fees. Although proportionality is reasonably implied in the dual rational nexus formulation it was explicitly required by the Supreme Court in the *Dolan* case, and we prefer to list it as the third element of a complete nexus.

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 occasioned by the development project subject to the fees. The *Nollan* decision reinforced the principle that development exactions may be used only to mitigate impacts created by the development projects upon which they are imposed. 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 depends on properly identifying development-related facility costs and the calculating the fees in such a way that the impact of development is reflected in the fees. In calculating impact fees, costs for development-related facilities must be allocated in proportion to the facility 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.

Mitigation Fee Act Exceptions. The requirements of the Mitigation Fee Act do not apply to fees collected under development agreements (see Govt. Code § 66000) or reimbursement agreements (see Govt. Code § 66003). The same is true of fees in lieu of park land dedication imposed under the Quimby Act (see Govt. Code § 66477).

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 factors involved in defining the relationship between development and the need for facilities.

Allocating facility costs to various types and amounts of development is central to all methods of impact fee calculation. Costs are allocated by means of formulas that quantify the relationship between development and the need for facilities. In a cost allocation formula, the impact of development is measured by a “demand variable,” which is an attribute of development that represents the service demand created by different types and amounts of development. Different variables are used in analyzing different types of facilities. Specific demand variables used in this study are discussed in more detail in subsequent chapters.

The following paragraphs discuss two general approaches to calculating impact fees and how they can be applied.

Closed-Ended or Plan-Based Approach. Closed-ended impact fee calculations are based on the relationship between a specified set of improvements and a specified increment of development. The improvements are typically identified by a facility plan, while the development is identified by a land use plan that identifies potential development by type and quantity. 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. To calculate impact fees using this approach, it is necessary to define an end point or “buildout” condition for development, and to determine what facilities will be needed to serve the additional development that occurs from the time of the analysis to buildout. Buildout is a hypothetical condition in which all undeveloped land within the study area has been developed to its expected intensity.

Under this approach, the total cost of eligible facilities is divided by the total units of additional demand (based on the demand variable) 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 inflexible in 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.

Open-Ended Approach. This approach can be used where the relationship between facility needs and development can be defined without reference to a particular land use plan or defined buildout condition. This general approach covers

two methods of impact fee calculation. Capacity-based fees are based on the unit cost of system capacity needed by development. Standard-based fees are based on a level of service standard, where the unit cost of maintaining that standard can be determined. Those two methods are discussed in more detail below.

Capacity-based Method. This method calculates a cost per unit of capacity based on the relationship between total cost and total capacity of a system. It can be applied to any type of development, provided the capacity demand for each 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, where the cost of a system component is divided by the capacity of that component to derive a unit cost. 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 Method. 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.

Using the standard-based method, costs are defined 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.

Incorporating Interest Costs in Impact Fee Calculations. When an agency must borrow capital to construct facilities being funded by impact fees, interest on the debt and debt issuance expenses increase the total cost of those facilities. This situation often arises in the case of water and wastewater facilities, which must be in place before development can proceed. Once financing costs enter the picture, impact fee calculations become much more complex. Debt issued to pay for capital facilities is typically repaid over 20 to 30 years, so the “time-value” of money becomes much more important. In addition, when debt is issued to pay for water and wastewater facilities, service charges for existing customers often must increase to cover debt service, even if the additional facilities are not needed to serve those existing customers.

The general approach used in this study to incorporate interest costs into impact fee calculations is intended to minimize the excess costs imposed on existing customers to pay for facilities serving future customers, and to equalize the per-unit fees paid by new development over time in real (inflation-adjusted) dollars. The method used in this study to incorporate interest and financing cost into the calculations is as follows: (1) estimated 2006 project costs are escalated at 3% per year to the year in which construction is expected to occur; (2) that escalated cost is increased by 5% to cover debt issuance costs and related expenses—the result is the principal amount to be borrowed; (3) estimated annual debt service payments are calculated based on level amortization for a 20-year term at 5% interest, with repayment beginning the year after construction begins; (4) the schedule of future debt service payments is discounted back to 2006 at 3%¹ per year to establish the present value (PV) of those payments; (5) the present value calculated in step (4) is used as the cost basis for the remaining impact fee calculations.

The ratio of that present value to the estimated 2006 cost of a capital improvement depends on assumptions regarding the term of the bonds (or certificates of participation), the interest rate on the debt, the amount of issuance costs, the year in which debt service payments will begin, and the discount rate used to compute the present value. Wherever such calculations are used in this report, the assumptions are discussed. Because future debt service payments are discounted back to 2006, impact fees based on these calculations should be escalated at 3% per year to maintain constant in real (inflation-adjusted) dollars

¹ Future payments are discounted to correct for expected future inflation; 3% is assumed to be the inflation component of the 5% interest rate on the bonds

FACILITIES ADDRESSED IN THIS STUDY

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

- Fire Protection Facilities
- Police Facilities
- Park Land and Improvements
- Community and Recreation Facilities
- Water Supply and Treatment
- Water Distribution and Storage
- Wastewater Collection
- Wastewater Treatment and Disposal
- Street and Interchange improvements
- Storm Drainage Facilities
- Municipal Facilities
- Solid Waste Vehicles and Containers

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.

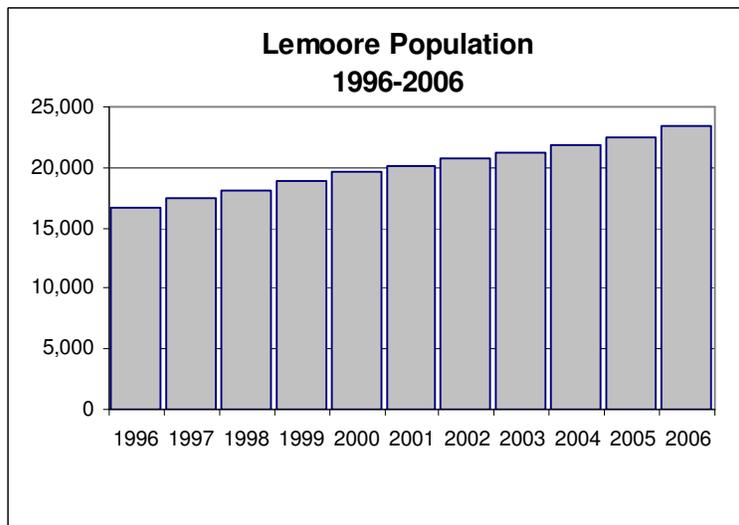
CHAPTER 2

DEVELOPMENT AND DEMAND DATA

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.

POPULATION GROWTH IN LEMOORE

The chart at right depicts Lemoore’s estimated January 1 population year-by-year from 1996 through 2006, as estimated by the California Department of Finance (DOF). The 2006 estimate is 23,388. As indicated on the chart, official DOF population estimates show steady growth over the entire period. The average growth rate over the period shown in the chart is approximately 3.5%. Annual increases range from 2% in 2002 to 4.8% in 1996. The buildout population projected in this study is approximately 41,300.



STUDY AREA AND TIME FRAME

The study area for the impact fee analysis is the entire area covered by the City of Lemoore General Plan. The study area is broken down into two service areas—one east of Highway 41, and the other west of Highway 41.

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 for the uses designated in the Land Use Element of the

General Plan. The time required for buildout depends on the rate at which development occurs, but is expected to be 20-25 years.

DEVELOPMENT TYPES

Fees are calculated in this study for several broad land use categories, referred to as “development types” in the report. Exhibit 2A lists those development types and their correlation to the land use designations defined in the land use element of the General Plan.

With respect to residential development types, single-family residential development generally refers to detached dwelling units, while multi-family residential generally refers to attached dwelling units.

Exhibit 2A
Development Types and Land Use Designations

Development Type ¹	Land Use Designations ²
Residential, Single-Family	RA-40 RA-20 R-1-10 R-1-7
Residential, Multi-Family	RM-2.0 RM-2.5 RM-3.0
Commercial	Commercial-Central Commercial-Service Commercial-Highway
Office	Professional Office
Industrial	M-Light M-Heavy M-Planned
Public/Institutional Parks/Open Space	RSC

UNITS OF DEVELOPMENT AND CONVERSION FACTORS

In this study, quantities of existing and planned development are measured in terms of certain units of development. Units that may be used in this study are discussed below.

Acreage. Land area is a fundamental attribute of all types of development. Gross acreage, representing the acreage of a development site before street right-of-way is dedicated, is used in this study as the standard unit of development for certain development types.

Dwelling Units. The dwelling unit (DU) is the most commonly used measure of residential development, and is the standard unit for residential development in this study.

Building Area. For private non-residential development and public facilities, gross building area in thousands of square feet (KSF) is used as the standard unit of development. In some instances, impact fees for non-residential development are converted from fees per KSF to fees per square foot. Building area is used as a demand variable for both residential and non-residential development in the calculation of certain impact fees.

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In some cases, it is useful to convert one type of development unit to another. Some types of 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 4.0 dwelling units per acre, which equates to 0.25 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 floor area equals 25% 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 floor area.

DEMAND VARIABLES

In calculating impact fees, the relationship between facility needs and development must be quantified in cost allocation formulas. Certain measurable attributes of development (e.g., population, vehicle trip generation) are used in those formulas to reflect the impact of different types and amounts of development on the demand for specific public services and the facilities that support those services. Those attributes are referred to in this study as “*demand variables.*” Demand variables are selected either because they directly measure service demand created by various types of development, or because they are reasonably correlated with that demand.

For example, the service standard for parks in a community is typically defined as a ratio of park acreage to population. As population grows, more park acreage is needed to maintain the desired standard. Logically, then, population is an appropriate yardstick or demand variable for measuring the impacts of development on a City’s park system. Similarly, the need for capacity in a street system depends on the volume of traffic the system must handle. Thus the number of vehicle trips generated by development is an appropriate demand variable to represent the impact of development on the street system.

Each demand variable has a specific value per unit of development for each type of development. Those values may be referred to as *demand factors.* For example, traffic studies indicate that, on average, one single-family detached dwelling unit generates 9.55 vehicle trip ends per day during the week (see discussion of trip

ends below). Consequently, the traffic impact factor for single-family residential development in this study is 9.55 trip ends per day per dwelling unit. The trip factors for other land use categories would have different. Some of the impact factors used in this study are based on widely-accepted standards (e.g., the trip generation rates), while others are based on local conditions (e.g., population per dwelling unit).

Specific demand variables used in this study are discussed below. The values of demand factors for each land use category are shown in Table 2.1 later in this chapter.

Resident Population. Resident population is used as a demand variable to calculate impact fees for certain types of facilities, such as parks and recreation facilities in this study. Resident population is tied to residential development only, so when this variable is used to calculate impact fees, the resulting fees apply to residential development only. The demand factors for this variable are based on persons-per-dwelling unit, and are based on an analysis of data from the 2000 Census

Functional Population. Functional population (sometimes called “service population”) is a composite variable consisting of residents and employees. Unlike resident population, functional population represents demand from both residential and non-residential development, with residents used to represent residential development and employees used to represent commercial, industrial, and other types of non-residential development. If necessary, various components of the functional population can be weighted to reflect differences in the intensity of demand for the particular types of development they represent. It should be noted that in the formulation of a functional population, the number of employees is used as a proxy for all demand created by businesses, not just the demand created directly by the employees.

Vehicle Trip Ends. Vehicle trip generation in terms of peak hour trip ends per day is used in this study to measure the impact of development on the City’s street and highway system. When studies are done to determine the number of trips generated by various land use types, traffic counts done at study sites register departures and arrivals or trip ends. Each one-way trip has two trip ends. Technically, the trip generation rates used to calculate circulation impact fees in this study reflect trip ends, but for purposes of this study may be referred to as trips. The rates used in this study are mainly from the Kings County Association of Governments (KCAG) travel demand model, with additional information from the Institute of Transportation Engineers publication, *Trip Generation*.

Table 2.1 presents demand factors used in this study.

Table 2.1
Demand and Conversion Factors

Development Type	Dev Units ¹	FI Area Ratio ²	Units per Acre ³	Pop per Unit ⁴	Empl per Acre ⁵	ADT per Unit/Acre ⁶	Acres per Unit ⁷
Residential, Single-Family	DU		3.50	3.21		9.55	0.286
Residential, Multi-Family	DU		11.30	2.56		6.23	0.088
Commercial	KSF	0.32	13.80		22.00	400.00	1.000
Professional Office	KSF	0.23	10.00		22.00	50.00	1.000
Industrial	KSF	0.18	8.00		10.00	20.00	1.000
Public/Insitutional	Acre	N/A	1.00		10.00	40.00	1.000
Parks/Open Space	Acre	N/A	1.00		-	5.00	1.000

¹ Units of Development: DU = dwelling unit; KSF = 1,000 gross square feet of building area

² Typical floor area ratio (square feet of building area / square feet of site area)

³ Average units of development per gross acre of site area from 2006 KCAG travel demand model; Commercial units per acre represents weighted average of CC and CH categories in the model.

⁴ Population per occupied dwelling unit, based on 2000 Census data

⁵ Employees per unit of development, from 2006 KCAG travel demand model (converted from square footage basis to acreage basis) Professional office category set equal to commercial.

⁶ Average daily trips per unit of development based on KCAG 2006 travel demand model, except the Public/Institutional and Parks/Open Space categories which are based on the Institute of Transportation Engineers (ITE) manual "Trip Generation." KCAG data converted from square footage basis to acreage basis. Residential ADT shown per DU; non-residential ADT shown per acre

⁷ Gross acres per unit of development = 1/ units per acre

DEVELOPMENT DATA

For purposes of this study, the City is broken down into two service areas: east of Highway 41 and west of Highway 41. Tables 2.2, 2.3 and 2.4 on the following pages show existing development for the two service areas and for the City as a whole. Tables 2.5, 2.6 and 2.7 provide projections of future development for the two service areas and for the City as a whole. The final table in this series, Table 2.8 shows projected total development in the City at buildout.

Table 2.2, on the next page shows existing development in the area east of Highway 41, which contains most of the existing development in Lemoore.

Table 2.2
Existing Development (January 2006) - East of Highway 41

Development Type	Dev Units ¹	No. of Units ²	Dev Acres ³	Population ⁴	Empl ⁵	Trips (ADT) ⁶
Residential, Single-Family	DU	5,226	1,222.28	16,775	0	49,908
Residential, Multi-Family	DU	2,633	251.93	6,740	0	16,404
Subtotal Residential	DU	7,859	1,474.21	23,515	0	66,312
Commercial	KSF	1,877.2	136.03	0	1,468	54,412
Professional Office	KSF	106.7	10.67	0	1,018	534
Industrial	KSF	2,520.7	315.09	0	948	6,302
Subtotal Comm/Ofc/Ind	KSF	4,504.6	461.79	0	3,434	61,248
Public/Institutional	Acres	182.6	182.57	0	617	7,304
Parks/Open Space	Acres	214.8	214.80	0		1,074
Subtotal Public/Open Sp	Acres	397.4	397.37	0	617	8,378
Total			2,333.37	23,515	4,051	135,938

¹ Units of Development: DU = dwelling unit; KSF = 1,000 gross square feet of building area

² Estimated existing units of development from KCAG travel demand model

³ Estimated developed acres from City of Lemoore Planning Department

⁴ Estimated population at full occupancy = no. of units X population per DU (from Table 2.1)

⁵ Estimated employees from 2006 KCAG travel demand model

⁶ Estimated average daily vehicle trips = no. of units X trips per unit (from Table 2.1)

Table 2.3 shows existing development in the area west of Highway 41, which is mostly undeveloped at this time, but which includes the Lemoore campus of West Hills Community College and some existing industrial development.

Table 2.3
Existing Development (January 2006) - West of Highway 41

Development Type	Dev Units ¹	No. of Units ²	Dev Acres ³	Population ⁴	Empl ⁵	Trips (ADT) ⁶
Residential, Single-Family	DU	104	17.52	334	0	993
Residential, Multi-Family	DU	0	-	0	0	0
Subtotal Residential	DU	104	17.52	334	0	993
Commercial	KSF	0	-	0	0	0
Professional Office	KSF	0	-	0	0	0
Industrial	KSF	486.0	60.75	0	300	1,215
Subtotal Comm/Ofc/Ind	KSF	486.0	60.75	0	300	1,215
Public/Institutional	Acres	44.5	44.45	0	228	1,780
Parks/Open Space	Acres	-	-	0	0	0
Subtotal Public/Open Sp	Acres	44.5	44.45	0	228	1,780
Total			122.72	334	528	3,988

Note: See footnotes at Table 2.2

Table 2.4 summarizes all existing development in the City of Lemoore. Figures in this table represent the sums of the figures from the previous two tables.

Table 2.4
Existing Development (January 2006) - City of Lemoore

Development Type	Dev Units ¹	No. of Units ²	Dev Acres ³	Population ⁴	Empl ⁵	Trips (ADT) ⁶
Residential, Single-Family	DU	5,330	1,239.8	17,109	0	50,901
Residential, Multi-Family	DU	2,633	251.9	6,740	0	16,404
Subtotal Residential	DU	7,963	1,491.7	23,849	0	67,305
Commercial	KSF	1,877.2	136.0	0	1,468	54,412
Professional Office	KSF	106.7	10.7	0	1,018	534
Industrial	KSF	3,006.7	375.8	0	1,248	7,517
Subtotal Comm/Ofc/Ind	KSF	4,990.6	522.5	0	3,734	62,463
Public/Institutional	Acres	227.1	227.0	0	845	9,084
Parks/Open Space	Acres	214.8	214.8	0	0	1,074
Subtotal Public/Open Sp	Acres	441.9	441.8	0	845	10,158
Total			2,456.0	23,849	4,579	139,926

Note: See footnotes at Table 2.2

Table 2.5 shows potential future development in the area east of Highway 41.

Table 2.5
Future Development to Buildout - East of Highway 41

Development Type	Dev Units ¹	No. of Units ²	Available Acres ³	Population ⁴	Empl ⁵	Trips (ADT) ⁶
Residential, Single-Family	DU	1,486	424.54	4,770	0	14,191
Residential, Multi-Family	DU	516	45.66	1,321	0	3,215
Subtotal Residential	DU	2,002	470.20	6,091	0	17,406
Commercial	KSF	1,544.2	111.90	0	2,462	44,760
Professional Office	KSF	73	7.28	0	160	364
Industrial	KSF	2,712.2	339.02	0	3,390	6,780
Subtotal Comm/Ofc/Ind	KSF	4,329.4	458.20	0	6,012	51,904
Public/Institutional	Acre	3.3	3.28	0	33	132
Parks/Open Space	Acre	0	-	0	0	0
Subtotal Public/Open Sp	Acre	3.3	3.28	0	33	132
Total			931.68	6,091	6,045	69,442

¹ Units of Development: DU = dwelling unit; KSF = 1,000 gross square feet of building area

² Estimated future units of development = undeveloped acres X units per acre

³ Estimated available acres from City of Lemoore Planning Department

⁴ Estimated population at full occupancy = no. of units X population per unit (from Table 2.1)

⁵ Estimated employees = available acres X employees per acre (from Table 2.1)

⁶ Estimated average daily vehicle trips = available acres X trips per acre (from Table 2.1)

Table 2.6 shows future development in the area west of Highway 41.

Table 2.6
Future Development to Buildout - West of Highway 41

Development Type	Dev Units ¹	No. of Units ²	Available Acres ³	Popu-lation ⁴	Empl ⁵	Trips (ADT) ⁶
Residential, Single-Family	DU	1,512	431.93	4,854	0	14,440
Residential, Multi-Family	DU	1,243	109.96	3,182	0	7,744
Subtotal Residential	DU	2,755	541.89	8,036	0	22,184
Commercial	KSF	1,856.8	134.55	0	2,960	53,820
Professional Office	KSF	0.0	0.00	0	0	0
Industrial	KSF	1,475.4	184.42	0	1,844	3,688
Subtotal Comm/Ofc/Ind	KSF	3,332.2	318.97	0	4,804	57,508
Public/Institutional	Acre	110.3	110.32	0	1,103	4,412
Parks/Open Space	Acre	73.4	73.40	0	0	367
Subtotal Public/Open Sp	Acre	183.7	183.72	0	1,103	4,779
Total			1,044.58	8,036	5,907	84,471

Note: See footnotes at Table 2.5

Table 2.7 summarizes all potential future development in the study area, i.e., the area covered by the City’s General Plan. Figures in this table represent the sums of the figures from the previous two tables.

Table 2.7
Future Development to Buildout - City of Lemoore

Development Type	Dev Units ¹	No. of Units ²	Available Acres ³	Popu-lation ⁴	Empl ⁵	Trips (ADT) ⁶
Residential, Single-Family	DU	2,998	856.47	9,624	0	28,631
Residential, Multi-Family	DU	1,759	155.62	4,503	0	10,959
Subtotal Residential	DU	4,757	1,012.09	14,127	0	39,590
Commercial	KSF	3,401.0	246.45	0	5,422	98,580
Professional Office	KSF	73.0	7.28	0	160	364
Industrial	KSF	4,187.6	523.44	0	5,234	10,468
Subtotal Comm/Ofc/Ind	KSF	7,661.6	777.17	0	10,816	109,412
Public/Institutional	Acre	113.6	113.60	0	1,136	4,544
Parks/Open Space	Acre	73.4	73.40	0	0	367
Subtotal Public/Open Sp	Acre	187.0	187.00	0	1,136	4,911
Total			1,976.26	14,127	11,952	153,913

Note: See footnotes at Table 2.5

Finally, Table 2.8 on the next page summarizes all existing and future development in the entire study area, and represents total development at buildout.

REVISED DRAFT

Table 2.8
Total Development at Buildout - City of Lemoore

Development Type	Dev Units ¹	No. of Units ²	Developed Acres ³	Population ⁴	Empl ⁵	Trips (ADT) ⁶
Residential, Single-Family	DU	8,328	2,096.3	26,733	0	79,532
Residential, Multi-Family	DU	4,392	407.5	11,243	0	27,363
Subtotal Residential	DU	12,720	2,503.80	37,976	0	106,895
Commercial	KSF	5,278.2	382.5	0	6,890	152,992
Professional Office	KSF	179.7	18.0	0	1,178	898
Industrial	KSF	7,194.3	899.2	0	6,482	17,985
Subtotal Comm/Ofc/Ind	KSF	12,652.2	1,299.7	0	14,550	171,875
Public/Institutional	Acre	340.7	340.6	0	1,981	13,628
Parks/Open Space	Acre	288.2	288.2	0	0	1,441
Subtotal Public/Open Sp	Acre	628.9	628.8	0	1,981	15,069
Total			4,432.3	37,976	16,531	293,839

GROWTH POTENTIAL

The growth potential reflected in the foregoing tables can be summarized by calculating the percentage increases in certain components of development between 2006 and ultimate buildout of the study area, as follows:

- 80% increase in developed acreage
- 59% increase in population
- 261% increase in employment
- 110% increase in vehicle trips

CHAPTER 3

FIRE PROTECTION IMPACT FEES

This chapter addresses fire protection facilities and equipment needed to serve future development in Lemoore. The Lemoore Fire Department is an entirely volunteer force with only one part-time paid office staff person. For fiscal year 2006-07 the Lemoore Fire Department has 35 volunteers.

SERVICE AREA

The overall service area for the Lemoore Fire Department is the entire City. However, for purposes of calculating impact fees in this study, the City is divided into two benefit areas: one east and one west of Highway 41. Although fire protection for the entire City is provided by an integrated system of facilities, equipment and personnel, the City has two existing fire stations east of Highway 41, and no additional stations will be needed to serve that area as the City grows. The area west of the highway will require a new fire station because of the distance from the existing fire stations, and because Highway 41 creates a barrier that limits emergency access to that area from the existing fire stations. Consequently, the two areas will be treated separately for purposes of calculating impact fees.

METHODOLOGY

This chapter calculates impact fees for fire protection facilities and equipment using a version of the plan-based method discussed in Chapter 1. Plan-based fees are calculated by allocating the cost of a specified set of facilities to a specified increment of development. Both of the benefit areas described above contain existing development and will experience additional development in the future. The method use in the fee calculations will apportion facility costs so that new development pays for only its proportionate share of the cost of facilities. In the area east of Highway 41, most of the facilities needed to serve future development are already in place, so fees in that area are calculated using a “buy-in” approach where new development buys-in to the existing fire protection assets serving the area. The specifics of the fee calculations are discussed later in this chapter.

DEMAND VARIABLE

The demand variable used to allocate costs in this analysis is functional population. Functional population is a composite variable consisting of resident population and employees. Population is used to represent residential development, and employees are used to represent non-residential development. With respect to fire protec-

tion, a high percentage of calls for service are for medical aid, so using a population-based variable as a measure of demand makes intuitive sense. Employees who are not residents are likely to spend less time in the City than residents, so the employees themselves create less demand for fire protection services. On the other hand, the non-residential component of fire protection service demand also includes commercial and industrial buildings which can generate calls at any time. Other factors could also be considered. It is not possible to compute precisely the appropriate weight to be applied to employees in calculating impact fees for fire protection facilities. However, in the Consultant's opinion, a weight of 0.8 is a reasonable weight for employees, compared to a base weight of 1.0 for residents. In terms of cost sharing, that relative weighting between residents and employees results in approximately two-thirds of all capital costs being allocated to residential development. That share varies somewhat with the mix of development. The specific allocation of costs among different types of development that results from the weighing of functional population in this analysis is shown later in this chapter in Tables 3.6 and 3.7.

FACILITY NEEDS AND COSTS

Lemoore's has two existing fire stations: one downtown and one in the northern portion of the City. Both existing stations are in the benefit area east of Highway 41. As the benefit area west of Highway 41 develops, the City will need to construct a third fire station to serve that area, and acquire additional fire apparatus and equipment for that station.

Table 3.1 shows the costs to be used in this analysis for the existing and proposed fire stations. Costs for the existing stations are based on current insurance appraisals, while the cost for the new station is the estimated construction cost.

Table 3.1
Fire Department Facilities

Cost Component	Cost Basis ¹
<i>East of Highway 41</i>	
Fire Station #1	\$ 903,000
Fire Station #2	\$ 425,000
Subtotal (East of Highway 41)	\$ 1,328,000
<i>West of Highway 41</i>	
Fire Station #3	\$ 3,500,000
Subtotal (West of Highway 41)	\$ 3,500,000
Total	\$ 4,828,000

¹ Cost basis = 2006 insurance appraisal for existing facilities and estimated current dollar cost for future facilities; costs include land, construction, design, engineering, project administration, etc.

Table 3.2 shows replacement costs and depreciated values for existing firefighting and rescue apparatus, as well as the cost for one additional fire engine and a rescue unit that will be needed when the third fire station is constructed.

Table 3.2
Fire Department Apparatus/Vehicles

Apparatus/ Vehicles	Replacement Cost ¹	Model Year	Useful Life ²	Depreciated Value ³
<i>East of Highway 41</i>				
Engine F8	\$ 250,000	1997	25	\$ 160,000
Ladder Truck F6	\$ 350,000	1987	25	\$ 84,000
Engine F4	\$ 250,000	1981	25	\$ 37,500
Rescue Unit F9	\$ 120,000	2005	15	\$ 112,000
New Engine	\$ 250,000	2006	25	\$ 250,000
Miscellaneous Equipment	\$ 125,000	Varies	N/A	\$ 125,000
Subtotal East of Hwy 41	\$ 1,345,000			\$ 768,500
<i>West of Highway 41</i>				
New Ladder Truck	\$ 350,000	Unknown	25	\$ 350,000
New Rescue Unit	\$ 120,000	Unknown	15	\$ 120,000
Miscellaneous Equipment	\$ 60,000	Unknown	N/A	\$ 60,000
Subtotal West of Hwy 41	\$ 530,000			\$ 530,000
Total	\$ 1,875,000			\$ 1,298,500

¹ Current replacement cost of similar equipment (costs for engines and truck include equipment)

² Years of service before scheduled replacement

³ Depreciated value based on straightline depreciation over useful life. Minimum depreciated value = 15% of replacement value

AVERAGE COST PER CAPITA

Table 3.3 calculates the average cost per capita, by benefit area, for the Fire Department capital assets identified in Tables 3.1 and 3.2. As discussed in the Methodology section above, the fire protection facilities and equipment listed in Tables 3.1 and 3.2 are intended to serve both existing and future development, so costs for those facilities are divided by the total weighted functional population in each benefit area at buildout to arrive at an average cost per capita. (Functional population weighting is discussed above in the Demand Variable section.) This approach results in impact fees that will recover only future development’s share of costs.

Table 3.3
Average Cost per Capita - Fire Protection Facilities/Apparatus/Vehicles

Benefit Area	Cost Basis ¹	Benefit Area Resident Pop ²	Benefit Area Wtd Empl ³	Weighted Func Pop ⁴	Average Cost per Capita ⁵
East of Highway 41	\$2,096,500	31,240	8,077	39,317	\$ 53.32
West of Highway 41	\$4,030,000	10,032	5,148	15,180	\$ 265.48

¹ Cost of fire stations and equipment by benefit area (see Tables 3.1 and 3.2)

² Resident population by benefit area; see Tables 2.2 and 2.5 (East of Hwy 41) and Tables 2.3 and 2.6 (West of Hwy 41). Resident population is assigned a weight of 1.0

³ Employees by benefit area; see Tables 2.2 and 2.5 (East of Hwy 41) and Tables 2.3 and 2.6 (West of Hwy 41). Employees weighted using a factor of 0.8; see text for explanation

⁴ Weighted functional population is the sum of resident population and weighted employees

⁵ Average cost per capita = cost basis / weighted functional population of benefit area at buildout

IMPACT FEES PER UNIT OF DEVELOPMENT

To calculate impact fees per unit of development by development type, the average cost per capita from Table 3.3 is multiplied by population or weighted employees per unit of development for each type of development. Table 3.4 shows the resulting impact fees for the benefit area east of Highway 41. It should be noted that impact fees will not actually be collected from the Public/Institutional category or the Parks/Open Space category. The Public/Institutional category is included here so that cost of serving it is accounted for in the analysis. The Parks/Open Space category is not included because there is no functional population and virtually no demand associated with that category.

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Table 3.4
Impact Fees per Unit of Development - Fire Protection (East of Hwy 41)

Development Type	Units ¹	Pop/Empl per Unit ²	Func Pop per Unit ³	Cost per Capita ⁴	Cost per Unit ⁵
Residential, Single-Family	DU	3.21	3.21	\$ 55.64	\$ 178.60
Residential, Multi-Family	DU	2.56	2.56	\$ 55.64	\$ 142.44
Commercial	Acre	22.00	17.60	\$ 55.64	\$ 979.26
Professional Office	Acre	22.00	17.60	\$ 55.64	\$ 979.26
Industrial	Acre	10.00	8.00	\$ 55.64	\$ 445.12
Public/Insitutional	Acre	10.00	8.00	\$ 55.64	\$ 445.12

¹ Units of Development: DU = dwelling unit

² Population per unit (residential) and employees per unit (non-residential); see Table 2.1

³ Weighted functional population per unit = population X 1.0 (residential) or employees X 0.8 (non-residential)

⁴ See Table 3.3

⁵ Cost per unit = functional population per unit X cost per capita

Table 3.5 shows the impact fees for the benefit area west of Highway 41.

Table 3.5
Impact Fees per Unit of Development - Fire Protection (West of Hwy 41)

Development Type	Units ¹	Pop/Empl per Unit ²	Func Pop per Unit ³	Cost per Capita ⁴	Cost per Unit ⁵
Residential, Single-Family	DU	3.21	3.21	\$ 298.12	\$ 956.97
Residential, Multi-Family	DU	2.56	2.56	\$ 298.12	\$ 763.19
Commercial	Acre	22.00	17.60	\$ 298.12	\$ 5,246.91
Professional Office	Acre	22.00	17.60	\$ 298.12	\$ 5,246.91
Industrial	Acre	10.00	8.00	\$ 298.12	\$ 2,384.96
Public/Insitutional	Acre	10.00	8.00	\$ 298.12	\$ 2,384.96

¹ Units of Development: DU = dwelling unit

² Population per unit (residential) and employees per unit (non-residential); see Table 2.1

³ Weighted functional population per unit = population X 1.0 (residential) or employees X 0.8 (non-residential)

⁴ See Table 3.3

⁵ Cost per unit = functional population per unit X cost per capita

PROJECTED REVENUE

To project revenue from the impact fees calculated in this chapter, the impact fees per unit from Tables 3.4 and 3.5 are multiplied by the number of future units projected within the respective service areas. The revenue projections are shown in Tables 3.6 and 3.7.

Table 3.6
Projected Revenue - Fire Impact Fees (East of Hwy 41)

Development Type	Units ¹	Future Units ²	Impact Fee per Unit ³	Projected Revenue ⁴	% Cost Share ⁵
Residential, Single-Family	DU	1,995.0	\$ 171.16	\$ 341,464	51.1%
Residential, Multi-Family	DU	516.0	\$ 136.50	\$ 70,434	10.5%
Commercial	Acre	111.9	\$ 938.43	\$ 105,010	15.7%
Professional Office	Acre	7.3	\$ 938.43	\$ 6,851	1.0%
Industrial	Acre	339.0	\$ 426.56	\$ 144,604	21.6%
Total				\$ 668,363	100.0%

¹ Units of Development: DU = dwelling unit

² Added future units of development; see Table 2.5

³ Impact fee per unit in current dollars; see Table 3.4

⁴ Projected revenue in current dollars = future units X impact fee per unit

⁵ Percentage of total cost to be collected from each development type

Table 3.7
Projected Revenue - Fire Impact Fees (West of Hwy 41)

Development Type	Units ¹	Future Units ²	Impact Fee per Unit ³	Projected Revenue ⁴	% Cost Share ⁵
Residential, Single-Family	DU	2,030	\$ 852.19	\$ 1,729,946	48.1%
Residential, Multi-Family	DU	1,243	\$ 679.63	\$ 844,780	23.5%
Commercial	Acre	134.6	\$ 4,672.45	\$ 628,912	17.5%
Professional Office	Acre	0.0	\$ 4,672.45	\$ -	0.0%
Industrial	Acre	184.4	\$ 2,123.84	\$ 391,636	10.9%
Total				\$ 3,595,274	100.0%

¹ Units of Development: DU = dwelling unit

² Added future units of development; see Table 2.6

³ Impact fee per unit in current dollars; see Table 3.5

⁴ Projected revenue in current dollars = future units X impact fee per unit

⁵ Percentage of total cost to be collected from each development type

The revenue collected in the two benefit areas should be segregated. Impact fees collected in the area west of Highway 41 must be spent for fire protection assets in that area. Impact fees collected in the benefit area east of Highway 41 is the cost to new development of buying into existing fire protection assets in that area. Money collected in that area may be used to reimburse the City for a portion of the cost of existing facilities serving that area, or to pay for additional assets needed to serve that area. Such assets might include additional apparatus, or the addition of living quarters in the existing fire stations should the City decide in the future to employ full-time paid staff in the Fire Department.

REVISED DRAFT

The costs, fees, and revenue projections shown in this report are in current dollars. These fees should be indexed for cost escalation or reviewed annually to determine whether inflation adjustments are needed. See the Implementation Chapter for more on indexing.

CHAPTER 4 POLICE IMPACT FEES

This chapter addresses police facilities and equipment needed to serve future development in Lemoore. The Lemoore Police Department is currently housed in a building that was constructed in 2000 and expanded in 2005. For fiscal year 2006-07 the Lemoore Police Department has 29 sworn officers and 6 non-sworn employees. The department also benefits from the services of 26 volunteers.

SERVICE AREA

Unlike fire department resources which are tied to fixed locations, police department resources are mobile and their deployment does not depend heavily on the location of fixed facilities. Consequently, the service area used in this analysis is the entire study area, and the fees calculated in this chapter are intended to apply to all development in the City.

METHODOLOGY

This chapter calculates impact fees for police facilities using the standard-based method discussed in Chapter 1. Standard-based fees are based on the cost of meeting a certain level-of-service standard. In this analysis, the standard for police facilities and equipment is defined as the existing ratio of asset replacement cost to calls for service. The intent of this approach is to set impact fees at a level that allows the City to maintain its current level of service for facilities, vehicles, and equipment as the City grows. The specifics of the fee calculations are discussed later in this chapter.

DEMAND VARIABLE

The demand variable used to allocate costs in this analysis is police calls for service. Table 4.1 on the next page shows the distribution of calls for service by type of development for 2005. That distribution is based on a random sample of 779 calls out of a total of 29,911 calls logged during that year.¹ The sample was provided by the police department, and sample calls were classified as to development type by other City staff.

¹ The size of the random sample results in a 95% confidence level that the actual values are within 3.5% of the sample values.

Table 4.1
Police Calls for Service by Development Type

Development Type	Sample Calls ¹	% of Sample ²	2005 Calls ³	Existing Units ⁴	Dev Units ⁵	Calls per Unit ⁶
Residential, Single-Family	342	43.90%	13,131	5,330.0	DU	2.46
Residential, Multi-Family	201	25.80%	7,717	2,633.0	DU	2.93
Commercial	172	22.08%	6,604	136.0	Acre	48.56
Professional Office	9	1.16%	347	10.7	Acre	32.43
Industrial	12	1.54%	461	375.8	Acre	1.23
Public/Insitutional	43	5.52%	1,651	227.0	Acre	7.27
Parks/Open Space	0	0.00%	0	214.8	Acre	0.00
Total	779	100.00%	29,911			

¹ Random sample of 2005 police calls for service classified by development type

² Percentage of total sample represented by calls for each development type

³ Distribution of all 2005 calls by development type, based on sample percentages

⁴ Existing units of development by development type

⁵ Development units used for each development type: DU = dwelling unit

⁶ Existing calls per unit = 2005 calls / existing units

FACILITY AND EQUIPMENT NEEDS AND COSTS

Lemoore's existing police headquarters building was constructed in 2000. It is adequate to meet current needs, but is near capacity at this time. Additional space will be needed to accommodate the expansion of the department as the City grows. Space is available on the site of the existing police building for future expansion, and the Department plans to construct a substation west of Highway 41 as that area develops. This study assumes that the need for police vehicles and personal equipment for police officers will increase in proportion to service demand, as measured by calls for service. The impact fees calculated in this chapter are based on the cost of maintaining existing ratios of facilities, vehicles, and officer equipment² to calls for service. Impact fee funding for vehicles and equipment is for additional assets needed as a result of growth, and does not include any replacement costs for existing equipment.

AVERAGE COST PER CALL FOR SERVICE

Table 4.2 on the next page calculates the average cost per call for facilities, vehicles, and equipment, based on existing ratios. The total cost per call for all assets is used in the next section to calculate impact fees per unit of development.

² Officer equipment includes radios, weapons, protective clothing, etc.

Table 4.2
Existing Ratios of Police Department Assets to Calls for Service

Development Type	Units	Existing Units	Cost per Unit ¹	Existing Repl Cost ²	2005 Calls ³	Cost per Call ⁴
Facilities	Buildings	1	\$ 1,718,000	\$ 1,718,000	29,911	\$ 57.44
Police Vehicles	Vehicles	35	\$ 30,000	\$ 1,050,000	29,911	\$ 35.10
Officer Safety Equipment	Officers	29	\$ 4,500	\$ 130,500	29,911	\$ 4.36
Total				\$ 2,898,500	29,911	\$ 96.90

¹ Estimated replacement cost per unit of existing assets

² Total replacement cost of existing assets

³ 2005 calls for service; see Table 4.1

⁴ Cost per call = existing replacement cost / 2005 calls for service

IMPACT FEES PER UNIT OF DEVELOPMENT

To calculate impact fees per unit of development by development type, the total cost per call from Table 4.2 is multiplied by the number of calls per unit of development for each development type, as shown in Table 4.1. Table 4.3 shows the resulting impact fees for the categories of development defined in this study. Impact fees will not actually be collected from the Public and Institutional or Parks and Open Space categories. The parks and open space category is not shown in Table 4.3 because the random call sample showed no calls for that category. The Public and Institutional category is included here so that costs of serving it are accounted for. However, in the next section on projected revenue, neither of those categories will be shown because they will produce no revenue.

Table 4.3
Impact Fees per Unit of Development - Police Facilities & Equipment

Development Type	Units ¹	Calls per Unit ²	Total Cost per Call ³	Cost per Unit ⁴
Residential, Single-Family	DU	2.46	\$ 96.90	\$ 238.37
Residential, Multi-Family	DU	2.93	\$ 96.90	\$ 283.92
Commercial	Acre	48.56	\$ 96.90	\$ 4,705.46
Professional Office	Acre	32.43	\$ 96.90	\$ 3,142.47
Industrial	Acre	1.23	\$ 96.90	\$ 119.19
Public/Institutional	Acre	7.27	\$ 96.90	\$ 704.46

¹ Units of Development: DU = dwelling unit

² Calls for service per unit; see Table 4.1

³ Total cost per call; see table 4.2

⁴ Cost per unit of development = calls per unit X total cost per call

PROJECTED REVENUE

To project revenue from the impact fees calculated in this chapter, the impact fees per unit from Table 4.3 are multiplied by the number of future units projected to buildout, as shown in Table 2.7. The projected revenue is shown in Table 4.4.

Table 4.4
 Projected Revenue - Police Facilities & Equipment Impact Fees

Development Type	Units ¹	Future Units ²	Future Calls ³	Impact Fee per Unit ⁴	Projected Revenue ⁵
Residential, Single-Family	DU	4,025.0	9,902	\$ 238.37	\$ 959,439
Residential, Multi-Family	DU	1,759.0	5,154	\$ 283.92	\$ 499,415
Commercial	Acre	246.5	11,970	\$ 4,705.46	\$ 1,159,896
Professional Office	Acre	7.3	237	\$ 3,142.47	\$ 22,940
Industrial	Acre	523.4	644	\$ 119.19	\$ 62,384
Total			27,907		\$ 2,704,074

¹ Units of Development: DU = dwelling unit

² Added future units of development; see Table 2.7

³ Projected future calls for service = future units X calls per unit from Table 4.1

⁴ Impact fee per unit; see Table 4.3

⁵ Projected revenue = future units X impact fee per unit

The projection of future calls for service in Table 4.4 indicates that future development, as shown in this study, will increase demand for police services by approximately 93% through buildout. Assuming development occurs as anticipated in this study, the City would have to nearly double its investment in Police Department capital assets, in constant dollars, between now and buildout

Police impact fees are calculated in this study based on a certain mix of costs for facilities, vehicles, and equipment. Revenue from those impact fees should be expended in proportion to the costs on which the fees are based, which means the City should track the revenue accordingly. The percentages related to various cost components are as follows:

- Facilities – 59.3%
- Vehicles – 36.2%
- Equipment – 4.5%

The costs, fees, and revenue projections shown in this report are in current dollars. Future facilities and equipment needed to serve future development are subject to cost escalation. Consequently, fees for those facilities should be indexed or adjusted annually to account for future cost escalation.

REVISED DRAFT

CHAPTER 5

FEES IN LIEU OF PARK LAND DEDICATION & PARK IMPROVEMENT IMPACT FEES

This chapter addresses two types of fees: (1) fees in lieu of park land dedication and (2) impact fees for park improvements. The in-lieu fees for park land are imposed under the authority of the Quimby Act (Govt. Code §66477). Impact fees for park improvements, like other impact fees calculated in this report are governed by the Mitigation Fee Act (Govt. Code §§66000 et seq.) As detailed below, the in-lieu (“Quimby”) fees are subject to somewhat different requirements and limitations than the impact fees for park improvements. Recreation facilities are covered in a separate chapter.

Fees In Lieu of Park Land Dedication. Under the Quimby Act, the City may, by ordinance, “require the dedication of land or impose a requirement of the payment of fees in lieu thereof, or a combination of both, for park or recreational purposes as a condition of approval of a tentative map or parcel map...” This provision of the statute applies only to residential subdivisions. An ordinance imposing dedication and fee requirements under the Quimby Act must contain “definite standards for determining the proportion of a subdivision to be dedicated and the amount of any fee to be paid in lieu thereof.” Before imposing these requirements, the City must have adopted a general plan or specific plan containing policies and standards for parks and recreation facilities. The dedicated land and/or in-lieu fees “are to be used only for the purpose of developing new or rehabilitating existing neighborhood or community park or recreational facilities to serve the subdivision (paying the fees).” The Quimby Act provides that only in-lieu fees, not land dedication requirements, may be applied to subdivision of less than 50 parcels. Otherwise, the City may choose to require either land dedication or payment of in-lieu fees. Specific limitations on the manner in which dedication or in-lieu fee requirements are determined will be discussed later in this chapter.

Park Land Impact Fees for Non-Subdivision Projects. Because the provisions of the Quimby Act apply only to subdivisions, residential development projects that do not involve a subdivision of land are exempt from dedication and fee requirements authorized by the Act. This study recommends that a park land acquisition fee, equal to the in-lieu fee, be imposed on such projects as an impact fee under the Mitigation Fee Act.

Park Improvement Impact Fees. Park land dedication and in-lieu fee requirements authorized by the Quimby Act are intended to provide land for parks. But while the Act stipulates that in-lieu fees may be spent for either park land or improvements, those fees are based only on the cost of land. They do not provide adequate funds to meet the need for both land acquisition and park improvements. A separate impact fee for park improvements is needed as a complement to the Quimby Act in-lieu fee to pay for park improvements. Park improvement impact fees calculated in this chapter are governed by the Mitigation Fee Act, and are intended to apply to all residential development in the City, whether or not a subdivision is involved.

SERVICE AREA

Fees addressed in this chapter are calculated for a single citywide service area encompassing the entire study area defined in Chapter 2. The resulting fees are intended to apply to all development in the study area. However, it is important that revenue from both land acquisition fees and park improvement impact fees be spent for parks that serve the development projects paying the fees. See the discussion in the “Facilities Needs” section of this chapter.

DEMAND VARIABLE

Level-of-service standards for parks are almost universally based on population, and the Quimby Act specifies that park land dedication/in-lieu fee standards be based on the relationship between park acreage and population. Consequently, population is used as the demand variable in calculating park improvement impact fees in this report.

METHODOLOGY

This chapter calculates impact fees using the standard-based method discussed in Chapter 1. Standard-based fees are calculated using a specified relationship or standard that determines the number of service units (e.g., acres of parks) to be provided for each unit of development. Both in-lieu fees for park land acquisition and impact fees for park improvements are based on the relationship between park acreage and population, as discussed in the previous section on level-of-service standards. Because population is used as a demand variable in the fee calculations, and population is related to residential development, the fees calculated in this chapter apply only to residential development.

LEVEL OF SERVICE

Table 5.1 on the next page lists the City’s existing parks, and shows both total acres and improved acres of park land. All of the City’s parks function as either neighborhood or community parks, or a combination of the two. Table 5.1 indicates the primary use of each park, although, for purposes of this study it is not necessary in this study to distinguish between them.

Table 5.1
Existing Parks

Park Name	Park Type	Total Acres	Developed Acres	Comments
19th Avenue Park	Community	22.62	17.00	2 Lighted Softball Fields
Youth Sports Complex	Community	28.00	19.50	Leased to Non-Profit
Little League Fields	Community	8.11	4.50	Leased to Non-Profit
Heritage Park	Community	25.00	12.50	Approx. 50% Developed
Plaza Park	Neighborhood	0.22	0.22	Downtown Urban Park
Lion's Park	Neighborhood	12.00	12.00	Playground, Tot Lot
City Park	Community	4.50	4.50	Playgrounds, Picnic Areas
Bevalaqua Park	Community	10.00	0.0	Minimal Development
Rotary Youth Plaza	Community	2.20	2.20	Skate Park, Fountain
Total Existing Parks		112.65	72.42	

Note: Data provided by the Lemoore Recreation Dept. and Community Development Dept.

Table 5.2 shows the existing ratios of acreage to population for total park land and developed park land.

Table 5.2
Existing Ratios of Acreage to Population

Park Land Category	Existing Acres ¹	Base Population ²	Acres per Capita ³	Acres per 1,000 ⁴
Total Park Acreage	112.65	19,712	0.00571	5.71
Developed Acreage	72.42	23,849	0.00304	3.04

¹ See Table 5.1

² Per the Quimby Act, population as of the 2000 census is used to calculate the population ratio for land acquisition. Existing population as of January 2006 is used to calculate the ratio for developed acreage

³ Acres per capita = existing acres / existing population

⁴ Acres per thousand population = acres per capita X 1,000

Level-of-Service Standard for In-Lieu (Quimby) Fee Calculation. The Quimby Act provides that park land dedication requirements may be based on a ratio of at least 3.0 acres per thousand population, and may increase to a maximum

of 5.0 acres per thousand if the actual ratio (as of the last Census) exceeds 3.0 acres per thousand. In this case as indicated in Table 5.2, the existing ratio is exceeds the allowable maximum of 5.0 acres per thousand. Consequently, the standard used in this study is 5.0 acres per thousand population.

Level-of-Service Standard for Park Improvement Impact Fees. The standard used in calculating impact fees for park improvements is the existing ratio of developed park acreage to population, as shown in Table 5.2.

FACILITY NEEDS

At a ratio of 5.0 acres per thousand population, approximately 87 acres of additional park land will be needed to serve the additional 17,400 residents projected to buildout in Chapter 2 of this report.

In the area west of Highway 41, the City expects that developers will dedicate land and construct parks to serve their residential development projects instead of paying the fees calculated in this chapter. That approach could also be used for some larger residential development in the area east of Highway 41, but at least a portion of the revenue from in-lieu fees and impact fees in the eastern portion of the City will be expended by the City to acquire land and/or construct park improvements in that area.

The City must ensure that revenue from in-lieu fees and impact fees is expended for parks that adequately serve the development projects from which the fees are collected. Care should be exercised so that any parks funded by in-lieu fees or impact fees are located in reasonable proximity to the projects paying the fees.

PER-CAPITA COSTS

Table 5.3 on the next page, shows the per-capita cost for park land acquisition and park improvements, based on estimated per-acre costs and the standards discussed above. The per-capita land acquisition cost will serve as the basis for in-lieu fees. The per-capita park improvement cost will serve as the basis for park improvement impact fees. Estimated per-acre park improvement costs are intended to represent the average cost of constructing park improvements similar to those provided in the City's existing parks.

Table 5.3
Per Capita Cost - Park Land Acquisition and Park Improvements

Cost Component	Cost per Acre ¹	Acres per Capita ²	Cost per Capita ³
Land Acquisition	\$80,000	0.00500	\$400.00
Park Improvements	\$185,000	0.00304	\$562.40

¹ Cost per acre for park land acquisition and park improvements; land cost based on recent appraisal; park improvement cost from 2000 impact fee update, escalated at 3% per year

² Acres per capita for land acquisition using the Quimby Act cap of 5 acres per 1,000 residents; acres per capita for park improvements from Table 5.2.

³ Cost per capita = cost per acre X acres per capita

In the next section, the per-capita costs from Table 5.3 are used to calculate in-lieu fees and impact fees per unit of development by development type.

IN-LIEU/IMPACT FEES PER UNIT OF DEVELOPMENT

Fees in Lieu of Park Land Dedication. Table 5.4 shows the calculation of fees in lieu of park land dedication per unit of development by development type. Those fees are calculated using the per-capita costs from Table 5.3 and the persons per dwelling unit data from Table 2.1. In-lieu fees under the Quimby Act apply only to residential projects that involve a subdivision approval. If the City so chooses, an identical amount could be imposed as an impact fee on non-subdivision projects for park land acquisition.

Table 5.4
Fees per Unit of Development - Park Land In-Lieu (Quimby Act) Fee

Development Type	Dev Units ¹	Pop per Unit ²	Cost per Capita ³	Fee per Unit ⁴
Residential, Single-Family	DU	3.21	\$400.00	\$ 1,284.00
Residential, Multi-Family	DU	2.56	\$400.00	\$ 1,024.00

¹ Units of development. DU = dwelling unit

² Population per unit of development; see Table 2.1

³ Cost per capita; see Table 5.3

⁴ Fee per unit of development = population per unit X cost per capita

Impact Fees for Park Improvements. Table 5.5 shows the calculation of park improvement impact fees per unit of development by development type. Those fees are calculated using the per-capita costs from Table 5.3 and the persons per dwelling unit data from Table 2.1.

Table 5.5
Fees per Unit of Development - Park Improvement Impact Fee

Development Type	Dev Units ¹	Pop per Unit ²	Cost per Capita ³	Fee per Unit ⁴
Residential, Single-Family	DU	3.21	\$562.40	\$ 1,805.30
Residential, Multi-Family	DU	2.56	\$562.40	\$ 1,439.74

¹ Units of development. DU = dwelling unit

² Population per unit of development; see Table 2.1

³ Cost per capita; see Table 5.3

⁴ Fee per unit of development = population per unit X cost per capita

PROJECTED REVENUE

Potential revenue from the park land acquisition fees calculated in this chapter can be projected by applying the fees per unit from Table 5.5 to forecasted future residential units. That projection, shown in Table 5.6, assumes that all future residential subdivisions pay in-lieu fees rather than dedicating land, and that all non-subdivision residential development projects pay an equivalent impact fee for park land acquisition.

Table 5.6
Projected Revenue - Park Land In-Lieu (Quimby Act) Fees

Development Type	Dev Units ¹	Added Units ²	Cost per Unit ³	Projected Revenue ⁴
Residential, Single-Family	DU	4,025	\$ 1,284.00	\$ 5,168,100
Residential, Multi-Family	DU	1,759	\$ 1,024.00	\$ 1,801,216
Total				\$ 6,969,316

¹ Units of development. DU = dwelling unit

² Added units of development; see Table 2.7

³ Fee per Unit; see Table 5.4

⁴ Projected revenue = added units X cost per capita

Potential revenue from the park improvement impact fees calculated in this chapter can be projected by applying the fees per unit from Table 5.5 to forecasted future residential units. That projection, shown in Table 5.7, assumes that all future resi-

dential development projects pay park improvement impact fees rather than actually constructing park improvements.

Table 5.7
 Projected Revenue - Park Improvement Impact Fees

Development Type	Dev Units ¹	Added Units ²	Cost per Unit ³	Projected Revenue ⁴
Residential, Single-Family	DU	4,025	\$ 1,805.30	\$ 7,266,333
Residential, Multi-Family	DU	1,759	\$ 1,439.74	\$ 2,532,503
Total				\$ 9,798,836

¹ Units of development. DU = dwelling unit

² Added units of development; see Table 2.3

³ Fee per Unit; see Table 5.5

⁴ Projected revenue = added units X cost per capita

The costs used in this chapter are in current dollars, and the fees calculated above should be reviewed, or adjusted annually, to keep pace with changes in price levels. See the Implementation Chapter for more on indexing of fees. Because the fees in lieu of park land dedication are based on land cost, and land costs do not necessarily move in tandem with general price levels, the cost basis for those fees should be reviewed and updated separately from fees based on construction costs.

CHAPTER 6

COMMUNITY/RECREATION FACILITY IMPACT FEES

This chapter calculates impact fees for community and recreation facilities needed to serve future development in Lemoore. Park improvements are covered in a separate chapter of this report.

SERVICE AREA

The facilities addressed in this chapter serve the entire population of the City. Fees calculated in this chapter are intended to apply to all future residential development in the study area.

DEMAND VARIABLE

As with parks, the need for community and recreation facilities is based on the size of the population to be served. Consequently, population is used as the demand variable in calculating impact fees for community and recreation facilities in this chapter.

METHODOLOGY

This chapter calculates impact fees using the standard-based method discussed in Chapter 1. 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. Impact fees calculated in this chapter are based on the existing relationship between community and recreation facility costs and population, as discussed in the following section on level-of-service. Because population is used as the basis for the fee calculations, and population is related to residential development, the fees calculated in this chapter apply only to residential development.

LEVEL OF SERVICE

The City has a number of existing community and recreation facilities and more such facilities will be needed to serve a growing population. The facilities planned for the future will not necessarily duplicate existing facilities. It is more likely that future facilities will increase the variety of recreational opportunities available to all residents of the City. For that reason, and because of the variety of different facility types included in this category, the only common attribute is cost. Therefore, level of service is defined here in terms of the ratio of facility cost to population.

Table 6.1 lists the City’s existing community and recreation facilities, and their estimated replacement cost. That table also shows the calculation of the City’s current per capita investment in those facilities.

Table 6.1
Cost per Capita - Community and Recreation Facilities

Facility	Estimated Value ¹	Existing Population ²	Cost per Capita ³
Civic Auditorium	\$ 578,160	23,849	\$ 24.24
Youth Plaza Skate Park	\$ 384,000	23,849	\$ 16.10
Teen Center/Veteran's Hall	\$ 610,000	23,849	\$ 25.58
Train Depot Complex	\$ 1,500,000	23,849	\$ 62.90
Golf Course	\$ 6,000,000	23,849	\$ 251.58
Totals	\$ 9,072,160	23,849	\$ 380.40

¹ Value as shown based on estimated replacement cost of facility; figures shown represent actual construction cost or appraised value; land value is not included except for the golf course

² Existing population (See Table 2.4)

³ Cost per capita = estimated cost / existing population

FACILITY NEEDS

Each of the existing community and recreation facilities listed in Table 6.1 is unique. Those facilities cannot be duplicated in the future. Rather, the City intends to expand the range of recreational choices available in the community by constructing other types of facilities, such as a water park to maintain the existing level of investment per capita as the City grows.

PER-CAPITA COST

Table 6.1, above, shows the per-capita amount of the City’s existing investment in community and recreation facilities. That per-capita cost will serve as the basis for the subsequent impact fee calculations. In the next section, the per-capita costs from Table 6.1 are used to calculate impact fees per unit of development by development type.

IMPACT FEES PER UNIT OF DEVELOPMENT

Table 6.2 shows the calculation of community and recreation facility impact fees per unit of development by development type. Those fees are calculated using the per-capita costs from Table 6.1 and persons-per-dwelling unit data from Table 2.1.

Table 6.2
Fees per Unit of Development - Community and Recreation Facilities

Development Type	Dev Units ¹	Pop per Unit ²	Cost per Capita ³	Fee per Unit ⁴
Residential, Single-Family	DU	3.21	\$ 380.40	\$ 1,221.08
Residential, Multi-Family	DU	2.56	\$ 380.40	\$ 973.82

¹ Units of development. DU = dwelling unit

² Population per unit of development; see Table 2.1

³ Cost per capita; see Table 6.1

⁴ Fee per unit of development = population per unit X cost per capita

PROJECTED REVENUE

Potential revenue from the community and recreation facility impact fees calculated in this chapter can be projected by applying the fees per unit from Table 6.2 to forecasted future residential units, as shown in Table 6.3.

Table 6.3
Projected Revenue - Community and Recreation Center Impact Fees

Development Type	Dev Units ¹	Added Units ²	Cost per Unit ³	Projected Revenue ⁴
Residential, Single-Family	DU	2,998	\$ 1,221.08	\$ 3,660,798
Residential, Multi-Family	DU	1,759	\$ 973.82	\$ 1,712,949
Total				\$ 5,373,747

¹ Units of development. DU = dwelling unit

² Added units of development; see Table 2.7

³ Fee per Unit; see Table 6.2

⁴ Projected revenue = added units X cost per unit

The costs, fees, and revenue projections shown in this report are in current dollars. These fees should indexed for cost escalation or reviewed annually to determine whether inflation adjustments are needed. See the Implementation Chapter for more on indexing.

CHAPTER 7

WATER SYSTEM IMPACT FEES

This chapter calculates impact fees for water system improvements needed to serve future development in Lemoore. The City’s existing water supply is produced entirely from nine groundwater wells located within the City and in a wellfield five miles to the north. All told, those wells are capable of producing approximately 19 million gallons per day (MGD). Wellhead treatment with gaseous chlorine or hypochlorite is provided to disinfect the City’s water supply, even though there is no evidence of sanitary contamination.

Water from all of the City’s wells contains some arsenic, and the three wells in the north wellfield, produce water that exceeds a new U.S. Environmental Protection Agency maximum contaminant level (MCL) for arsenic. The City is studying long-term measures to address that problem, including treating for arsenic and/or drilling replacement wells in the north wellfield to obtain water that meets the EPA standard. The City Engineer anticipates that arsenic treatment will be required in the future for at least some new and existing wells in order to meet water quality standards for the City’s overall water supply.

Water system improvements needed to serve future development in Lemoore include additional wells, wellhead treatment units, additional storage, and distribution facilities including booster pumps and pipelines.

SERVICE AREA

The service area for this analysis is the entire City of Lemoore and the fees calculated in this chapter are intended to apply to all new development in the City. The City is served by a single water system. Additional wells, treatment facilities, and storage tanks needed to serve future development will increase the overall capacity of the City’s water system to serve new development in all parts of the City. Impact fees calculated in this chapter will be based on the cost of additional facilities needed to serve future development.

DEMAND VARIABLE

The basic demand variable used to calculate water impact fees in this chapter is average water use in gallons per day. However, in keeping with past practice in Lemoore, water impact fees will be stated in terms of equivalent dwelling units.

An equivalent dwelling unit (EDU) is the average amount of water per day used by one single family dwelling unit.

LEVEL OF SERVICE

Level-of-service standards determine what water facilities are required to serve development in the City, but they don't enter directly into the calculation of water impact fees. Various components of the water supply and distribution system are designed to meet relevant engineering standards and water quality regulations. Those standards and regulations are reflected in the cost of water system improvements, and need not be addressed explicitly in the fee analysis.

METHODOLOGY

Impact fees are calculated in this chapter using the capacity-based method discussed in Chapter 1. Capacity-based fees are based on the cost of water supply, treatment, storage and distribution capacity required to serve a particular type and amount of development. The impact fees calculated in this chapter will apply to all types of development that are connected to the City's water system.

Impact fees for water (and wastewater) are different from many other types of impact fees in two important respects. One difference is that new development cannot proceed until adequate system capacity is available to serve the added demand. Often, that means the City must sell bonds, issue certificates of participation (COPs) or otherwise finance the construction of those improvements. Interest and other financing costs increase the total cost of facilities funded in that manner and should be accounted for in the calculation of impact fees. The second difference is that water users pay service charges or "rates" for water service. When the City finances construction of system improvements, those service charges typically must be increased in order to cover payments on the debt. That puts existing ratepayers in the position of paying higher service charges to cover the cost of facilities being constructed to serve customers that are not yet connected to the system. Gradually, as new development occurs, new customers begin picking up a share of the debt service for improvements built to serve them. However, in the absence of impact fees, most of the cost of those improvements would ultimately be paid by customers other than those they serve. That outcome is likely to be perceived as unfair by existing ratepayers.

Most other impact fees in this study are calculated on the assumption that facilities will be constructed on a pay-as-you-go basis, without debt financing. However, because water supply, storage and arsenic treatment facilities require debt financ-

ing, impact fees for those facilities include interest costs on future debt that will be incurred to pay for them. Conversely, this analysis assumes that improvements to the water distribution system (oversizing of mains above 8”) can be completed on a pay-as-you-go basis, so no financing costs are included in that component of the impact fees.

The method used to incorporate interest and financing cost into the calculations is discussed in Chapter 1, page 1-8.

FACILITY NEEDS AND COST PER EDU

Table 7.1 lists the water supply and storage improvements needed to serve additional development projected between 2006 and buildout of the City’s current general plan. That table also shows the cost per gallon per day of capacity, and the cost per equivalent dwelling unit (EDU) for those improvements. One EDU is the amount of water demand created by one single family dwelling unit.

Table 7.1
Water Supply and Storage Improvements - Cost per GPD/EDU

Water Supply Improvements	Estimated 2006 Costs ¹	Added Capacity (GPD) ²	Cost per GPD ³	Cost per EDU ⁴
New Wells (7)	\$ 7,812,986	2,472,225	\$3.16	\$ 1,368.28
1MG Storage Tank (2)	\$ 1,340,000	2,472,225	\$0.54	\$ 233.82
Engineer'g/Insp/Bonds (25%)	\$ 2,288,247	2,472,225	\$0.93	\$ 402.69
Water Supply Total	\$ 11,441,233	2,472,225	\$4.63	\$ 2,004.79

¹ New well requirements to match existing capacity per capita; additional storage needs and costs estimates by the City Engineer

² Added capacity in average gallons per day (GPD) based on 175 gallons per capita per day (GPCD) for the added population (see Table 2.7 for added population); GPCD includes water used by commercial and industrial development

³ Average cost per GPD = estimated improvement cost / added capacity in GPD

⁴ Avg cost per EDU = cost per GPD X 433 GPD per single family DU (GPD per SFDU = 3.21 persons per SFDU X 135 gallons per capita per day); see Table 2.2 for persons per SFDU

Water pumped from several wells serving Lemoore contains arsenic. Because of recent regulations issued by the Environmental Protection Agency, the City expects that Lemoore’s water supply will soon have to be treated to meet a more rigorous standard for arsenic levels. Table 7.2 lists the arsenic treatment facilities planned to serve the City if other methods of meeting that standard prove unsuccessful. These facilities will serve both existing and future development, so their cost is being allocated to both existing and future development. That means im-

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Impact fees calculated in this chapter will recover only new development's share of the cost of those facilities. Table 7.2 shows the cost of those facilities divided by the expected capacity of the entire water system at buildout to arrive at a cost per gallon per day (GPD) of capacity. That cost per GPD is converted to a cost per equivalent dwelling unit (EDU).

Table 7.2
Arsenic Treatment Facilities - Cost per GPD/EDU

System Components	Estimated 2006 Costs ¹	Buildout Capacity (GPD) ²	Cost per GPD ³	Cost per EDU ⁴
Treatment Units (6)	\$ 11,160,000	6,645,800	\$1.68	\$ 727.44
Piping and Controls	\$ 1,115,000	6,645,800	\$0.17	\$ 73.61
1 MG Storage Tanks (1)	\$ 670,000	6,645,800	\$0.10	\$ 43.30
Engineer'g/Insp/Bonds (25%)	\$ 3,236,250	6,645,800	\$0.49	\$ 212.17
Water Treatment Total	\$ 16,181,250	6,645,800	\$2.44	\$ 1,056.52

¹ Cost estimates from 9/1/06 Quad Knopf letter; costs in this table discounted from 2016 to 2006 at 3% per year

² Buildout capacity in average gallons per day based on 175 gallons per capita per day (GPCD) for the population at buildout (see Table 2.8 for buildout population); GPCD average includes water used by commercial and industrial development

³ Average cost per GPD = estimated 2006 cost / buildout capacity in GPD

⁴ Avg cost per EDU = cost per GPD X 433 GPD per single family DU (GPD per SFDU = 3.21 persons per SFDU X 135 gallons per capita per day); see Table 2.2 for persons per SFDU

In Table 7.3 on the next page, the costs per gallon per day from Tables 7.1 and 7.2 are adjusted to include financing costs and interest on debt that will be issued to pay for those facilities. Interest costs are incorporated by discounting future debt service payments back to 2006 at 3% per year. After discounting, interest cost adds 9.3% to the cost basis after escalation and issuance costs are included. Table 7.3 also shows the current cost per EDU for water main oversizing. This analysis assumes oversizing will be done on a pay-as-you-go basis, so no financing costs are added to that component of the water impact fees.

Table 7.3
Water System Improvement Costs Adjusted to Include Debt Issuance and Interest Cost

System Components	Construction Date	2006 Cost per EDU ¹	Escalated Cost per EDU ²	Financed Amt per EDU ³	PV of Debt Svc per EDU ⁴
Water Supply/Storage Imprvmts	2008	\$ 2,004.79	\$ 2,126.88	\$ 2,233.22	\$ 2,440.91
Arsenic Treatment Improvements	2008	\$ 1,056.52	\$ 1,120.86	\$ 1,176.90	\$ 1,286.35
Water Main Oversizing (8" to 12")	Varies	\$ 200.00	N/A	N/A	N/A

¹ 2006 Cost per EDU: costs for water supply/storage and arsenic treatment from tables 7.1 and 7.2; costs for water main oversizing estimated by the City Engineer

² 2006 Cost per EDU escalated at 3% per year to 2008 construction date for water supply/storage improvements or arsenic treatment facilities

³ For financed facilities, financed amount per EDU = escalated cost per EDU + 5% for issuance costs

⁴ For financed facilities, 2006 present value (PV) of debt service payments per EDU on the financed amount (see discussion in text); PV based on 3% discount rate.

IMPACT FEES PER UNIT OF DEVELOPMENT

Table 7.4 shows the calculation of impact fees per unit of development for water supply and storage improvements, based on costs shown in Table 7.3. No cost for unit is shown for industrial development in Table 7.4 or in the next two tables because water demand varies significantly within that category, and demand characteristics for industrial development must be determined for specific projects.

Table 7.4
Impact Fees per Unit of Development - Water Supply and Storage Improvements

Development Type	Units ¹	EDU per Unit ²	Cost per EDU ³	Cost per Unit ⁴
Residential, Single-Family	DU	1.00	\$2,440.91	\$ 2,440.91
Residential, Multi-Family	DU	0.62	\$2,440.91	\$ 1,513.36
Commercial	Acre	3.50	\$2,440.91	\$ 8,543.19
Professional Office	Acre	3.50	\$2,440.91	\$ 8,543.19
Industrial	Acre	Varies	\$2,440.91	Varies

¹ Units of Development: DU = dwelling unit

² Equivalent dwelling unit (EDU) = estimated water demand for one single family dwelling unit = 433 GPD' water demand for one multi-family dwelling unit = 269 GPD (0.62 EDU); EDU per acre for commercial uses estimated by the City Engineer

³ See Table 7.3

⁴ Cost per unit = EDU per unit X cost per EDU

Table 7.5 shows the calculation of impact fees per unit of development for arsenic treatment facilities, based on costs shown in Table 7.3.

Table 7.5
Impact Fees per Unit of Development - Arsenic Treatment Improvements

Development Type	Units ¹	EDU per Unit ²	Cost per EDU ³	Cost per Unit ⁴
Residential, Single-Family	DU	1.00	\$1,286.35	\$ 1,286.35
Residential, Multi-Family	DU	0.62	\$1,286.35	\$ 797.54
Commercial	Acre	3.50	\$1,286.35	\$ 4,502.23
Professional Office	Acre	3.50	\$1,286.35	\$ 4,502.23
Industrial	Acre	Varies	\$1,286.35	Varies

¹ Units of Development: DU = dwelling unit

² Equivalent dwelling unit (EDU) = estimated water demand for one single family dwelling unit = 433 GPD; water demand per multi-family dwelling unit = 269 GPD (0.62 EDU); EDU per acre for commercial uses estimated by the City Engineer

³ See Table 7.3

⁴ Cost per unit = EDU per unit X cost per EDU

Table 7.6 shows the calculation of impact fees per unit of development for water main oversizing, based on costs shown in Table 7.3.

Table 7.6
Impact Fees per Unit of Development - Water Main Oversizing

Development Type	Units ¹	EDU per Unit ²	Cost per EDU ³	Cost per Unit ⁴
Residential, Single-Family	DU	1.00	\$200.00	\$ 200.00
Residential, Multi-Family	DU	0.62	\$200.00	\$ 124.00
Commercial	Acre	3.50	\$200.00	\$ 700.00
Professional Office	Acre	3.50	\$200.00	\$ 700.00
Industrial	Acre	Varies	\$200.00	Varies

¹ Units of Development: DU = dwelling unit

² Equivalent dwelling unit (EDU) = estimated water demand for one single family dwelling unit = 433 GPD' water demand for one multi-family dwelling unit = 269 GPD (0.62 EDU); EDU per acre for commercial uses estimated by the City Engineer

³ See Table 7.3

⁴ Cost per unit = EDU per unit X cost per EDU

PROJECTED REVENUE

Potential revenue from water system improvement impact fees calculated in this chapter can be projected by applying the impact fees calculated in this chapter to all future development shown in Chapter 2. The revenue projections are shown in Table 7.7 through 7.9. Those projections assume that development occurs as projected in this study. Revenue from industrial development cannot be projected because no standardized fee per acre can be established for that type of development.

Table 7.7 shows projected revenue to buildout from impact fees for water supply and storage improvements.

Table 7.7
Projected Revenue - Water Supply and Storage Improvements Impact Fees

Development Type	Units ¹	Future Units ²	Impact Fee per Unit ³	Projected Revenue ⁴
Residential, Single-Family	DU	2,998	\$ 2,440.91	\$ 7,317,848
Residential, Multi-Family	DU	1,759	\$ 1,513.36	\$ 2,662,000
Commercial	Acre	246	\$ 8,543.19	\$ 2,101,625
Professional Office	Acre	7	\$ 8,543.19	\$ 59,802
Industrial	Acre	523	Varies	Not Available
Total (Excluding Industrial Development)				\$ 12,141,275

¹ Units of Development: DU = dwelling unit

² Added future units of development; see Table 2.7

³ Impact fee per unit in current dollars; see Table 7.4

⁴ Projected revenue in current dollars = future units X impact fee per unit

Table 7.8 on the next page shows projected revenue to buildout from impact fees for arsenic treatment facilities.

Table 7.8
 Projected Revenue - Arsenic Treatment Improvements Impact Fees

Development Type	Units ¹	Future Units ²	Impact Fee per Unit ³	Projected Revenue ⁴
Residential, Single-Family	DU	2,998	\$ 1,286.35	\$ 3,856,477
Residential, Multi-Family	DU	1,759	\$ 797.54	\$ 1,402,873
Commercial	Acre	246	\$ 4,502.23	\$ 1,107,549
Professional Office	Acre	7	\$ 4,502.23	\$ 31,516
Industrial	Acre	523	Varies	Not Available
Total (Excluding Industrial Development)				\$ 6,398,415

¹ Units of Development: DU = dwelling unit

² Added future units of development; see Table 2.7

³ Impact fee per unit in current dollars; see Table 7.5

⁴ Projected revenue in current dollars = future units X impact fee per unit

Table 7.9 shows projected revenue to buildout from impact fees for water main oversizing.

Table 7.9
 Projected Revenue - Water Main Oversizing Impact Fees

Development Type	Units ¹	Future Units ²	Impact Fee per Unit ³	Projected Revenue ⁴
Residential, Single-Family	DU	2,998	\$ 200.00	\$ 599,600
Residential, Multi-Family	DU	1,759	\$ 124.00	\$ 218,116
Commercial	Acre	246	\$ 700.00	\$ 172,200
Professional Office	Acre	7	\$ 700.00	\$ 4,900
Industrial	Acre	523	Varies	Not Available
Total (Excluding Industrial Development)				\$ 994,816

¹ Units of Development: DU = dwelling unit

² Added future units of development; see Table 2.7

³ Impact fee per unit in current dollars; see Table 7.6

⁴ Projected revenue in current dollars = future units X impact fee per unit

The costs, impact fees, and revenue projections shown in this report are in current dollars. All fees calculated in this chapter should be indexed for inflation. See the Implementation Chapter for more on indexing.

CHAPTER 8

WASTEWATER SYSTEM IMPACT FEES

This chapter calculates impact fees for wastewater system improvements needed to serve future development in Lemoore. The City's existing system includes collection pipelines, lift stations, and a wastewater treatment facility (WWTF) consisting of aerated lagoons. Current treatment capacity is 2.5 million gallons per day (MGD). Effluent from the treatment facility is transported by pipeline to the Westlake Canal and is used by Westlake Farms to supplement irrigation on 50,000 acres of animal feed grains and cotton. Leprino Foods and SK Foods, major contributors to the City's wastewater flow, pre-treat process water, which allows their effluent to bypass the City's treatment facility and be discharged to the outfall pipeline downstream of the WWTF.

Capacity is available in the treatment facility to accommodate the City's growth for the foreseeable future. However, existing disposal facilities are nearing capacity, and it will be necessary in the future for the City to acquire land for a new effluent disposal site and construct an effluent transmission pipeline to the new site. In addition, the City Engineer expects that within the next ten years, the Regional Water Quality Control Board will require Lemoore to construct a wastewater treatment plant to replace the existing treatment lagoons.

All of the new treatment and disposal facilities will serve both new development and the existing community. The impact fees calculated in this chapter for those facilities will be based only on the share of cost related to new development.

For the most part, the City's existing wastewater collection system is adequate to serve existing development. Some existing deficiencies are identified in the Wastewater Master Plan, and the cost of correcting those deficiencies will be funded by sources other than impact fees. The Wastewater Master Plan also identifies improvements needed to serve future development, and the cost of those improvements will be included in the impact fee calculations.

SERVICE AREA

The service area for this analysis is the entire City of Lemoore and the fees calculated in this chapter are intended to apply to all new development in the City. Wastewater treatment and disposal facilities serve the entire City. Collection system improvements needed to serve future development do serve specific geo-

graphic areas. However, preliminary analysis showed that the cost per EDU for those improvements is very similar for the areas east and west of Highway 41. Consequently, impact fees for collection system improvements, as well as treatment and disposal facilities will be calculated for a single Citywide service area.

DEMAND VARIABLE

The demand variable used to calculate wastewater impact fees in this chapter is average wastewater discharge in gallons per day. Although some portions of the system must be sized for peak flows, peaking factors are not available for different land use types, and, in any event, using peak flows instead of average flows to calculate impact fees for some portions of the wastewater system would be unlikely to change the results significantly.

LEVEL OF SERVICE

Level-of-service standards determine what wastewater facilities are required to serve development in the City, but they don't enter directly into the calculation of wastewater impact fees. Various components of the wastewater collection, treatment, and disposal system are designed to meet relevant engineering standards and government regulations. Those standards and regulations are reflected in the cost of providing wastewater system improvements, and need not be addressed directly in the fee analysis.

METHODOLOGY

This chapter calculates impact fees using the capacity-based method discussed in Chapter 1. Capacity-based fees are based on the cost of capacity required to serve a particular type and amount of development. The impact fees calculated in this chapter will apply to all types of development that generate wastewater.

Impact fees for wastewater (water) are different from many other types of impact fees in two important respects. One difference is that new development cannot proceed until adequate system capacity is available to serve the added demand. Often, that means the City must sell bonds, issue certificates of participation (COPs) or otherwise finance the construction of those improvements. Interest and other financing costs increase the total cost of facilities funded in that manner and should be accounted for in the calculation of impact fees. The second difference is that water users pay service charges or "rates" for wastewater service. When the City finances construction of system improvements, those service charges typically must be increased in order to cover payments on the debt. That puts existing rate-payers in the position of paying higher service charges to cover the cost of facili-

ties being constructed to serve customers that are not yet connected to the system. Gradually, as new development occurs, new customers begin picking up a share of the debt service for improvements built to serve them. However, in the absence of impact fees, most of the cost of those improvements would ultimately be paid by customers other than those they serve. That outcome is likely to be perceived as unfair by existing ratepayers.

Most impact fees in this study are calculated on the assumption that facilities will be constructed on a pay-as-you-go basis, without debt financing. However, because wastewater treatment and disposal facilities require debt financing, impact fees for those facilities include interest costs on future debt that will be incurred to pay for them. Conversely, this analysis assumes that improvements to the wastewater collection system can be completed on a pay-as-you-go basis, so no financing costs are included in that component of the impact fees.

The method used to incorporate interest and financing cost into the calculations is discussed in Chapter 1, page 1-8.

FACILITY NEEDS AND COST PER EDU

Table 8.1 on the next page lists the wastewater treatment and disposal facilities that will be required to serve the City in the future, with estimated costs for one million gallons per day (MGD) of capacity. The total amount of capacity that will be required to serve the City at buildout has not been determined. That information is not needed in order to calculate the impact fees for those facilities, because the impact fees are based on a cost per unit of capacity, and the cost per MGD shown in Table 8.1 does not depend on the precise size of the facility that is ultimately constructed. Table 8.1 also shows the cost per gallon per day of capacity, and the cost per equivalent dwelling unit (EDU) for those facilities. One EDU is the average wastewater flow produced by one single family dwelling unit.

Table 8.1
Wastewater Treatment and Disposal Facilities - Cost per GPD/EDU

Wastewater Treatment/ Disposal Facilities	Estimated 2006 Costs ¹	Added Capacity (GPD) ¹	Cost per GPD ²	Cost per EDU ³
Wastewater Treatment Plant	\$ 14,000,000	1,000,000	\$ 14.00	\$ 4,130.00
Disposal Site Development	\$ 1,300,000	1,000,000	\$ 1.30	\$ 383.50
Effluent Transmission Line	\$ 3,000,000	1,000,000	\$ 3.00	\$ 885.00
Engineer'g/Insp/Bonds (25%)	\$ 4,575,000	1,000,000	\$ 4.58	\$ 1,351.10
Subtotal	\$ 22,875,000	1,000,000	\$ 22.88	\$ 6,749.60
Land for Disposal Site	\$ 384,000	1,000,000	\$ 0.38	\$ 112.10
Total Treatment/Disposal	\$ 23,259,000	1,000,000	\$ 23.26	\$ 6,861.70

¹ Costs shown are per 1 million gallons per day (MGD) of capacity; total capacity requirements have not been determined; cost estimates by the City Engineer

² Average cost per GPD = estimated improvement cost / added capacity in GPD

³ EDU = equivalent dwelling unit; cost per EDU = cost per GPD X 295 GPD per single family DU (GPD per SFDU = 3.21 persons per SFDU X 92 gallons per capita); see Table 2.2 for persons per SFDU

Table 8.2 shows the costs for collection system improvements needed to serve new development. It also shows the cost per gallon per day (GPD) and the cost per EDU for those improvements.

Table 8.2
Development-Related Collection System Improvements and Cost per GPD/EDU

Collection System Imprvmt Costs ¹	Added Capacity (GPD) ²	Average Cost per GPD ³	Average Cost per EDU ⁴
\$2,556,199	1,617,100	\$1.58	\$466.10

¹ Cost taken from 2001 Wastewater Master Plan, cost summary, pp. 3-1 and 3-2; costs shown are for the entire City, and are escalated at 3% per year to 2006

² See Wastewater Master Plan, Table 5, p. 4-2 and Table 7, p. 4-3; capacity shown is the increase for the entire City

³ Avg cost per GPD = improvement cost / added capacity in GPD

⁴ Average cost per EDU = average cost per GPD X 295 gallons per day per single family dwelling unit (3.21 persons per single family DU X 92 gallons per capita per day; see Table 2.2 for persons per DU

Table 8.3 on the next page, adjusts the cost of treatment and disposal facilities to include financing costs and interest on debt that will be issued to pay for those facilities. Interest costs are incorporated by discounting future debt service payments back to 2006 at 3% per year.

Table 8.3
Wastewater System Improvement Costs Adjusted to Include Debt Issuance and Interest Cost

System Components	Construction Date	2006 Cost per EDU ¹	Escalated Cost per EDU ²	Financed Amt per EDU ³	PV of Debt Svc per EDU ⁴
Treatment & Disposal Facilities	2016	\$ 6,861.70	\$ 9,221.55	\$ 9,682.63	\$ 8,346.43
Collection System Imprvmts	Varies	\$ 466.10	N/A	N/A	N/A

¹ 2006 Cost per EDU: cost for wastewater treatment and disposal facilities from Tables 8.1; costs for collection system improvements from Table 8.2

² 2006 Cost per EDU escalated at 3% per year to expected construction date for treatment/disposal facilities

³ For financed facilities, financed amount per EDU = escalated cost per EDU + 5% for issuance costs

⁴ For financed facilities, 2006 present value (PV) of debt service payments per EDU on the financed amount (see discussion in text); PV based on 3% discount rate.

Because the expected construction date is ten years in the future, the discounted cost basis (present value of debt service payments) used in the impact fee calculations is actually 13.8% lower than the sum of the escalated cost and the issuance cost. Table 8.3 also shows the current cost per EDU for collection system improvements. This analysis assumes those improvements will be done on a pay-as-you-go basis, so no financing costs are added to that component of the waste-water impact fees.

IMPACT FEES PER UNIT OF DEVELOPMENT

Table 8.4 on the next page shows the calculation of impact fees per unit of development for wastewater treatment and disposal facilities, based on costs shown in Table 8.3. No cost for unit is shown for industrial development in Table 8.4 or in the following table because wastewater flows vary significantly within that category, and demand characteristics for industrial development must be determined for specific projects.

Table 8.4
Impact Fees per Unit of Development - WW Treatment and Disposal Facilities

Development Type	Units ¹	EDU per Unit ²	Cost per EDU ³	Cost per Unit ⁴
Residential, Single-Family	DU	1.00	\$8,346.43	\$ 8,346.43
Residential, Multi-Family	DU	0.80	\$8,346.43	\$ 6,677.14
Commercial	Acre	3.50	\$8,346.43	\$ 29,212.51
Professional Office	Acre	3.50	\$8,346.43	\$ 29,212.51
Industrial	Acre	Varies	\$8,346.43	Varies

¹ Units of Development: DU = dwelling unit

² Equivalent dwelling unit (EDU) = estimated average wastewater flow for one single family dwelling unit = 295 GPD; flow per multi-family dwelling unit = 236 GPD (0.8 EDU); EDU per acre for commercial uses estimated by the City Engineer

³ See Table 8.3

⁴ Cost per unit = EDU per unit X cost per EDU

Table 8.5 shows the calculation of impact fees per unit of development by development type for collection system improvements. Those fees are calculated using the cost per EDU from Table 8.3.

Table 8.5
Impact Fees per Unit of Development - WW Collection System

Development Type	Units ¹	GPD per Unit ²	Cost per GPD ³	Cost per Unit ⁴
Residential, Single-Family	DU	1.00	\$466.10	\$ 466.10
Residential, Multi-Family	DU	0.80	\$466.10	\$ 372.88
Commercial	Acre	3.50	\$466.10	\$ 1,631.35
Professional Office	Acre	3.50	\$466.10	\$ 1,631.35
Industrial	Acre	Varies	\$466.10	Varies

¹ Units of Development: DU = dwelling unit

² Equivalent dwelling unit (EDU) = estimated average wastewater flow for one single family dwelling unit = 295 GPD; flow per multi-family dwelling unit = 236 GPD (0.8 EDU); EDU per acre for commercial uses estimated by the City Engineer

³ See Table 8.3

⁴ Cost per unit = GPD per unit X cost per GPD

PROJECTED REVENUE

Potential revenue from the impact fees calculated in this chapter can be projected by applying the fees per unit from Tables 8.4 and 8.5 to forecasted future development. The revenue projections for treatment and disposal facilities impact fees are shown in Table 8.6.

Table 8.6
 Projected Revenue - WW Treatment/Disposal Facilities Impact Fees

Development Type	Units ¹	Future Units ²	Impact Fee per Unit ³	Projected Revenue ⁴
Residential, Single-Family	DU	2,998	\$ 8,346.43	\$ 25,022,597
Residential, Multi-Family	DU	1,759	\$ 6,677.14	\$ 11,745,089
Commercial	Acre	246	\$ 29,212.51	\$ 7,186,277
Professional Office	Acre	7	\$ 29,212.51	\$ 204,488
Industrial	Acre	523	Varies	Not Available
Total (Excluding Industrial Development)				\$ 44,158,451

- ¹ Units of Development: DU = dwelling unit
- ² Added future units of development; see Table 2.7
- ³ Impact fee per unit in current dollars; see Table 8.4
- ⁴ Projected revenue in current dollars = future units X impact fee per unit

Revenue projections for wastewater collection system impact fees are shown in Table 8.7.

Table 8.7
 Projected Revenue - WW Collection System Impact Fees

Development Type	Units ¹	Future Units ²	Impact Fee per Unit ³	Projected Revenue ⁴
Residential, Single-Family	DU	2,998	\$ 466.10	\$ 1,397,368
Residential, Multi-Family	DU	1,759	\$ 372.88	\$ 655,896
Commercial	KSF	246	\$ 1,631.35	\$ 401,312
Professional Office	KSF	7	\$ 1,631.35	\$ 11,419
Industrial	KSF	523	Varies	Not Available
Total (Excluding Industrial Development)				\$ 2,465,995

- ¹ Units of Development: DU = dwelling unit
- ² Added future units of development; see Table 2.7
- ³ Impact fee per unit in current dollars; see Table 8.5
- ⁴ Projected revenue in current dollars = future units X impact fee per unit

See the Implementation Chapter for more on indexing. The costs, impact fees, and revenue projections shown in this report are in current dollars. All fees calculated in this chapter should be indexed for inflation. See the Implementation Chapter for more on indexing.

CHAPTER 9

MUNICIPAL FACILITIES IMPACT FEES

This chapter calculates impact fees for general municipal facilities needed to serve future development in Lemoore. Those facilities include City Hall, Community Development portion of the downtown Community Development/Fire Building, and the Municipal Complex on Cinnamon Drive.

SERVICE AREA

The facilities addressed in this chapter serve the entire population of the City. Fees calculated in this chapter are intended to apply to all future development in the study area.

DEMAND VARIABLE

The demand variable used to allocate costs in this analysis is functional population. Functional population is a composite variable consisting of resident population and employees. Population is used to represent residential development, and employees are used to represent non-residential development. Even though it is self-evident that additional municipal facilities will be needed to serve the City as it grows, it is virtually impossible to measure the impacts of development on those facilities precisely. That's because the facilities addressed in this chapter support a wide variety of City services, some of which are impacted only indirectly by development. The relative weights assigned to residents (1.0) and employees (0.8) in this analysis are intended to represent a reasonable allocation of costs between residential and non-residential development. In terms of cost sharing, that relative weighting results in approximately 63% of all capital costs being allocated to residential development. The specific allocation of costs among different types of development that results from the specific weighting of functional population components in this analysis is shown later in this chapter in Table 9.4.

METHODOLOGY

This chapter calculates impact fees using the standard-based method discussed in Chapter 1. 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. Impact fees calculated in this chapter are based on the existing relationship between municipal facility costs and functional population, as discussed in the following section on level-of-service.

LEVEL OF SERVICE

The City has a number of existing municipal facilities, and additional facilities will be needed to serve a growing population. The existing level of service for municipal facilities is defined here in terms of facility cost per capita. Basing impact fees on that existing relationship ensures that new development contributes to the cost of such facilities on the same basis as the existing community.

Table 9.1 lists the City’s existing municipal facilities, and their estimated replacement cost.

Table 9.1
Existing Municipal Facilities

Facility	Estimated Value ¹
City Hall	\$ 4,078,000
Community Development Building	\$ 426,500
Municipal Complex	\$ 10,300,000
Totals	\$ 14,804,500

¹ Value as shown on 2006 insurance appraisal

FACILITY NEEDS

The existing municipal complex contains large areas that are currently unfinished and unused. It is likely that most of the City’s future need for additional municipal facilities space will be accommodated by finishing additional space in that building, which currently houses offices, maintenance facilities, and storage.

PER-CAPITA COST

Table 9.2 calculates the average cost per capita for the municipal facilities listed in Table 9.1. As discussed in the Methodology section above, the impact fee calculations in this chapter will be based on the existing relationship between facility cost and functional population, so the existing value of those facilities is divided by the existing functional population to arrive at an average cost per capita. (Functional population weighting is discussed above in the Demand Variable section.) Impact fees base on that per capita cost are designed to recover revenue needed to maintain the City’s existing level of investment per capita.

Table 9.2
Average Cost per Capita - Municipal Facilities

Existing Facility Cost ¹	2006 Resident Population ²	2006 Weighted Employees ³	2006 Weighted Func Pop ⁴	Average Cost per Capita ⁵
\$ 14,804,500	23,849	3,663	27,512	\$ 538.11

¹ See Table 9.1

² Existing resident population; see Tables 2.4

³ Existing employees from Table 2.4 X weighting factor of 0.8

⁴ Weighted functional population = resident population + weighted employees

⁵ Average cost per capita = existing facility cost / 2006 weighted functional population

IMPACT FEES PER UNIT OF DEVELOPMENT

Table 9.3 shows the calculation of municipal facilities impact fees per unit of development by development type. Those fees are calculated using the per-capita costs from Table 9.2 and data from Table 2.1 on persons per dwelling unit and employees per acre. As discussed previously, employees are weighted by a factor of 0.8.

It should be noted that impact fees will not actually be collected from the Public/Institutional category or the Parks/Open Space category. The Public/Institutional category is included here so that cost of serving it is accounted for in the analysis. The Parks/Open Space category is not included because there is no functional population associated with that category

Table 9.3
Impact Fees per Unit of Development - Municipal Facilities

Development Type	Units ¹	Pop/Empl per Unit ²	Func Pop per Unit ³	Cost per Capita ⁴	Cost per Unit ⁵
Residential, Single-Family	DU	3.21	3.21	\$ 538.11	\$ 1,727.33
Residential, Multi-Family	DU	2.56	2.56	\$ 538.11	\$ 1,377.56
Commercial	Acre	22.00	17.60	\$ 538.11	\$ 9,470.74
Professional Office	Acre	22.00	17.60	\$ 538.11	\$ 9,470.74
Industrial	Acre	10.00	8.00	\$ 538.11	\$ 4,304.88
Public/Insitutional	Acre	10.00	8.00	\$ 538.11	\$ 4,304.88

¹ Units of Development: DU = dwelling unit

² Population per unit (residential) and employees per unit (non-residential); see Table 2.1

³ Weighted functional population per unit = population X 1.0 (residential) or employees X 0.8 (non-residential)

⁴ See Table 9.2

⁵ Cost per unit = functional population per unit X cost per capita

PROJECTED REVENUE

Potential revenue from the municipal facilities impact fees calculated in this chapter can be projected by applying the fees per unit from Table 9.3 to forecasted future development. Revenue projections are shown in Table 9.4.

Table 9.4
Projected Revenue Municipal Facilities Impact Fees

Development Type	Dev Units ¹	Added Units ²	Cost per Unit ³	Projected Revenue ⁴	% Cost Share ⁵
Residential, Single-Family	DU	2,998	\$ 1,727.33	\$ 5,178,535	42.3%
Residential, Multi-Family	DU	1,759	\$ 1,377.56	\$ 2,423,128	19.8%
Commercial	Acre	246	\$ 9,470.74	\$ 2,329,802	19.0%
Professional Office	Acre	7	\$ 9,470.74	\$ 66,295	0.5%
Industrial	Acre	523	\$ 4,304.88	\$ 2,251,452	18.4%
Total				\$ 12,249,212	100.0%

¹ Units of development. DU = dwelling unit

² Added units of development; see Table 2.7

³ Fee per Unit; see Table 9.3

⁴ Projected revenue = added units X cost per unit

⁵ Percentage of total cost to be collected from each development type

The costs, fees, and revenue projections shown in this report are in current dollars. These fees should be indexed for cost escalation or reviewed annually to determine whether inflation adjustments are needed. See the Implementation Chapter for more on indexing.

CHAPTER 10

REFUSE VEHICLE AND CONTAINER IMPACT FEES

This chapter calculates impact fees for residential refuse vehicles and refuse containers provided to residents. Those fees will apply to single-family residential development only. Impact fees for multi-family residential, commercial, and industrial users must be determined on a case by case basis because of variations in the size of dumpsters needed by individual customers as well as the frequency of trash collection.

SERVICE AREA

Refuse service is provided to all development in the City. Fees calculated in this chapter are intended to apply to all future single-family residential development in the City.

DEMAND VARIABLE

All single family dwelling units are treated identically with respect to the provision of trash and recycling containers and the frequency of collection. Single-family dwelling units will be used as the demand variable in this analysis.

METHODOLOGY

This chapter calculates impact fees using the standard-based method discussed in Chapter 1. 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 impact fees calculated in this chapter for refuse vehicles is based on the existing relationship between the number of side-loading refuse trucks used for residential trash collection and the number of dwelling units in the City. The impact fee calculated in this chapter for refuse containers is based on the cost of containers provided to each single family dwelling.

LEVEL OF SERVICE

The level of refuse service provided by the City has two components: frequency of collection and the volume of trash each customer is allowed to place at the curb for collection. Frequency and volume determine the number of refuse trucks required to service development. Residential trash volume is limited by the size of the containers provided to users.

EQUIPMENT NEEDS

The fees calculated in this chapter for refuse collection vehicles are intended to provide funds needed to acquire additional vehicles as the number of customers increases. This analysis assumes that the need for additional vehicles will increase in proportion to the number of additional dwelling units. Because the City provides three refuse containers for each new single family dwelling constructed in the City, the need for additional containers increases precisely in proportion to the number of additional dwelling units.

COST PER UNIT

Table 10.1 shows the cost per unit to maintain the current ratio of refuse collection vehicles to single family dwelling units.

Table 10.1
Existing Residential Refuse Collection Vehicles - Cost per SFDU

Existing Vehicles	Repl Cost per Vehicle ¹	Total Cost ²	Existing SFDU ³	Cost per SFDU ⁴
4	228,000	912,000	7,963	\$114.53

- ¹ Current replacement cost per vehicle provided by the City of Lemoore
- ² Total cost = existing vehicles X replacement cost per vehicle
- ² Existing single family dwelling units (See Table 2.4)
- ³ Cost per single family dwelling unit (SFDU) = total cost / existing SFDU

Table 10.2 shows the cost per unit to provide three refuse containers for each new single family dwelling unit.

Table 10.2
Refuse Containers - Cost per SFDU

Containers per SFDU	Cost per Container ¹	Total Cost ²
3	\$55.00	\$165.00

- ¹ Cost per container provided by the City of Lemoore
- ² Cost per single family dwelling unit (SFDU) = containers per SFDU X cost per container

IMPACT FEES PER UNIT OF DEVELOPMENT

Table 10.3 shows the impact fee per single family dwelling unit for refuse collection vehicles and refuse containers. That fee is the sum of the per-unit costs from Tables 10.1 and 10.2.

Table 10.3
Impact Fee per Unit - Refuse Collection Vehicles and Containers

Development Type	Refuse Vehicles Cost per SFDU ¹	Refuse Containers Cost per SFDU ²	Impact Fee per SFDU ³
Residential, Single-Family	\$114.53	\$165.00	\$279.53

¹ See Table 10.1

² See Table 10.2

³ Impact fee per single family dwelling unit (SFDU) = the sum of the cost per unit for refuse collection vehicles and refuse containers

PROJECTED REVENUE

Potential revenue from the impact fees calculated in this chapter can be projected by applying the fees per unit from Table 10.3 to forecasted future single family residential units, as shown in Table 10.4.

Table 10.4
Projected Revenue - Impact Fees for Refuse Vehicles and Containers

Development Type	Dev Units ¹	Added Units ²	Cost per Unit ³	Projected Revenue ⁴
Residential, Single-Family	DU	2,998	\$279.53	\$ 838,031

¹ Units of development. DU = dwelling unit

² Added units of development; see Table 2.7

³ Fee per Unit; see Table 10.3

⁴ Projected revenue = added units X cost per unit

The costs, fees, and revenue projections shown in this report are in current dollars. These fees should indexed for cost escalation or reviewed annually to determine whether inflation adjustments are needed. See the Implementation Chapter for more on indexing.

CHAPTER 11 STORMWATER DRAINAGE IMPACT FEES

This chapter updates the City’s storm drainage impact fees to account for escalation in construction costs since they were last calculated in 2000.

SERVICE AREA

The City’s existing storm drainage impact fees apply to all new development in the City. The updated fees calculated in this chapter will continue to apply Citywide.

METHODOLOGY

This chapter updates the City’s storm drainage impact fees by indexing those fees to reflect changes in construction cost since they were last updated in 2000.

UPDATED IMPACT FEES

Table 11.1 shows the calculation of updated storm drainage impact fees using the Engineering New Record Construction Cost Index (ENR-CCI) as a measure of changes in construction costs since 2000.

Table 11.1
Storm Drainage Impact Fees - Indexing to 2006 Price Level

Development Type	2000 Fee per Acre ¹	2000 ENR CCI ²	2006 ENR CCI ³	2000-2006 % Change ⁴	2006 Fee per Acre ⁵	2006 Fee per DU ⁶
Residential, Single-Family	\$ 2,239.00	6283	7911	25.9%	\$ 2,819.00	\$ 805.43
Residential, Multi-Family	\$ 4,106.00	6283	7911	25.9%	\$ 5,169.00	\$ 457.43
Commercial	\$ 5,926.00	6283	7911	25.9%	\$ 7,461.00	N/A
Industrial	\$ 5,926.00	6283	7911	25.9%	\$ 7,461.00	N/A

¹ Storm drainage fee as calculated in the 2000 impact fee update by Quad Knopf (fees adopted by the City were 4% lower than the calculated fees and have not been increased)

² Engineering News Record December 2000 construction cost index

³ Engineering News Record November 2006 construction cost index

⁴ Percentage change in construction cost index = (2006 CCI - 2000 CCI) / 2000 CCI

⁵ 2006 fee per acre = 2000 fee per acre adjusted by the 2000-2006 percentage change, rounded to the nearest dollar

⁶ 2006 fee per dwelling unit for residential development categories = 2006 fee per acre / units per acre from Table 2.1

It should be noted that the City does not establish separate storm drainage impact fees for professional office development. That type of development is considered commercial for purposes of these fees.

The impact fees for residential development types in Table 11.1 are shown on both a per-acre and a per-dwelling unit basis. The Consultant recommends that per-acre fees be used when applying these fees to development projects. The per-dwelling unit fees are provided here for convenience in comparing fees because other residential impact fees in this study are calculated per dwelling unit.

PROJECTED REVENUE

Potential revenue from the impact fees calculated in this chapter can be projected by applying the fees per unit from Table 11.1 to acres of future development, as shown in Table 11.2.

Table 11.2
Projected Revenue - Storm Drainage Impact Fees

Development Type	Added Acres ¹	Fee per Acre ²	Projected Revenue ³
Residential, Single-Family	856.47	\$ 2,819.00	\$ 2,414,389
Residential, Multi-Family	155.62	\$ 5,169.00	\$ 804,400
Commercial	246.45	\$ 7,461.00	\$ 1,838,763
Professional Office	7.28	\$ 7,461.00	\$ 54,316
Industrial	523.44	\$ 7,461.00	\$ 3,905,386
Total			\$ 9,017,254

¹ Added acres of development; see Table 2.7

² Fee per acre; see Table 11.1

³ Projected revenue = added acres X cost per acre

The costs, fees, and revenue projections shown in this report are in current dollars. These fees should indexed for cost escalation or reviewed annually to determine whether inflation adjustments are needed. See the Implementation Chapter for more on indexing.

CHAPTER 12

STREETS AND INTERCHANGES IMPACT FEES

This Chapter to be Added.

CHAPTER 13 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.*). For implementation of fees in lieu of park land dedication, see the Quimby Act (Government Code Section 66477).

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.

Establishment of Fees. Pursuant to the Mitigation Fee Act, when the City establishes fees to be imposed as a condition of development approval, it must make findings 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

Examples of findings that could be used for impact fees calculated in this study are shown below. The specific language of such findings should be reviewed and approved by the City Attorney.

Finding: Purpose of the Fee. 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 serve additional development.

Finding: Use of the Fee. The City Council finds that revenue from the impact fees hereby enacted will be used to construct public facilities and pay for other capital assets needed to serve new development. Those public facilities and other assets are identified in the 2006 Impact Fee Study prepared by Colgan Consulting Corporation.¹

Finding: Reasonable Relationship: Based on analysis presented in the 2006 Impact Fee Study prepared by Colgan Consulting Corporation, 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.

ADMINISTRATION

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

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 the source of that information.

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

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 2006 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.

The City should develop procedures for imposing fees that satisfy those requirements for findings and notice.

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.

Earmarking and Expenditure of Fee Revenue. Section 66006 mandates that fees be deposited “with other fees for the improvement” in a separate 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. 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.

Fees must be expended solely for the purpose for which they were collected. It is important that fee revenue be expended so as to provide a reasonable benefit to the development projects from which the fees are collected. Some fees in this report were calculated without knowing the specific locations of all facilities to be funded by the fees. The City must exercise caution in the expenditure of those fees to ensure that facilities are located in such a way as to serve the development projects from which the fees were collected.

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 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.

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;
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;
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.

Update of the Impact Fee Study. The Mitigation Fee Act does not include any specific requirement that impact fee calculations be updated on a particular schedule. However, the Act does require findings to reaffirm the validity of the fees whenever they are imposed. Five years is widely considered a good rule-of-thumb for impact fee updates. Fees may remain valid for a longer period if the City's land use plans and facility plans do not change. However, the validity of impact fees may be undermined at any time by significant changes in the land use plans or facility plans underlying the fees.

Indexing of Impact Fee Rates. All impact fees calculated in this report are based on current costs and should be adjusted annually to account for inflation. The logic for those adjustments is somewhat different for pay-as-you-go fees as opposed to fees that include a component to cover interest on bonds. In the pay-as-you-go case, the adjustment is intended to account for future escalation in costs for land and construction, and we recommend the *Engineering News Record* Building Cost Index as the basis for indexing the cost of those projects. In that case, such fees could theoretically be adjusted downward if the relevant index declines during a particular period.

For facilities financed with bonds, land and construction costs are locked in at the time the project is constructed. In this study, fees for facilities that will be financed with bonds are calculated with the intention of equalizing the inflation-adjusted cost to fee payers over time. Fees for those facilities should be adjusted annually so that those who pay the fees in the future do not receive a hidden discount through inflation. The question is, what should the City use as the basis for those adjustments? Market interest rates on bonds reflect some expectation as to inflation over the term of the bonds. In effect, the interest rate consists of two components: a real rate of return and an inflation allowance. We recommend that annual adjustments to those fees be based on an estimate of the inflation allowance built into the bond interest rate. That rate need not change over the term of the bonds.

We recommend that the ordinance or resolution establishing impact fees include provisions for annual adjustments.

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.

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.