Appendix U: Development Impact Fee Program Manual -Table of Contents

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1.0 Introduction

This document summarizes the key guiding documents, methodologies, procedures, and policies that were established during the development of the City of San Diego's (City) Development Impact Fee Program (DIF). This document is intended to document the key points and features of the program and be used as a reference when implementing and administering the DIF program.

1.1 Purpose/Need

San Diego Municipal Code §142.0640 provides for the imposition and administration of development impact fees. Development impact fee (DIF) programs are generally established and utilized to provide new or expanded public capital infrastructure that is needed to serve future development. The fees are established based on a methodology and calculation derived from the cost of the public facilities needed and the nature and size of the proposed development, also known as establishing a nexus. A "rational nexus" must be established between the fee and the needs created by future development and the benefits incurred by the development. The nexus identifies a fair share- cost (or unit cost) of the needed capital infrastructure that can be allocated to individual developments based on a standard metric (e.g., project square footage, generated vehicle miles traveled (VMT), population, and/or projected employment). The fees collected through a DIF program cannot be used to improve or mitigate current needs or deficiencies, only those associated with future growth.

1.2 Background

In 2018 the City of San Diego (City) underwent an effort to evaluate their current DIF program in order to determine if the program still met the current standards issued by the state of California as well as was in line with current industry practices. The *Evaluation of Development Impact Fee (DIF) Methodologies Report* (Keyser Marston Associates, Inc., May 2019), included as Exhibit A, summarized the findings of this effort. The study found that City's previous DIF program, when compared to similar programs implemented by peer agencies, needed to be updated to better align with current best practices of the State. Additionally, with the recent adoption of Assembly Bill 602 (AB-602) the City's DIF program was no longer in line with State of California Standards. Therefore, the City of San Diego undertook an effort to completely rebuilding the structure, methodology, and implementation of their DIF program to better align the current standards of practice as well as the meet the evolving needs of their communities.

1.3 Relevant Documents

Several documents were developed and approved during the process of implementing the DIF program. These documents provide the methodologies, assumptions, and detailed calculations used to create the DIF program and establish a legal nexus to impose the fees on new land use development projects. A brief description of the relevant documents is provided below.

Framework Report: February 2021- The Framework report established the guidelines and structure in which this DIF Program was developed and outlines how the City can transition from the previous community based DIF program to this citywide DIF program. The Framework report also set forth the requirements and guidance for all of the subsequent documents that would be developed for the program, including the nexus studies for each asset class, as well as this program report. The Framework report should be referenced whenever a new DIF program document is developed or an existing document is updated, including the development of nexus studies for new asset classes.

City of San Diego DIF Program Residential Scaling Methodology Memo: May 2019 – The Residential Scaling Methodology Memo documents the research, assumptions, and process used to develop a method which estimates the number of residents that would potentially occupy a dwelling unit based on its size (square feet) and type (single family vs multi-family). The residential scaling methodology was developed based on a statistical analysis of the existing dwelling units within the City of San Diego. Based on this data a correlation was established between unit size (based on Assessor's Parcel Records) and the number of people per household (based on US Census data). As discussed in subsequent sections, all DIFs are imposed based on the net new population (residential or service population) that would be associated with a new land development project. Thus, this method is used by the DIF program to estimate the number of residents that would be associated with the housing units within a project.

Citywide Parks Development Impact Fee Nexus Study: May 2021 – The Parks DIF Nexus Study establishes the maximum legal fee that can be imposed on new development to mitigate their impact on the City's Parks system. The Parks DIF Nexus Study was developed based on the Recreational Value standard that was established in the City's *Parks Master Plan – Parks for all of Us, August 2021*. The Parks DIF Nexus Study establishes a legal nexus between the requirement for park facilities within the City, and their associated cost, to the number of residents that will occupy a new development and Recreational Value score they require to meet their City's standards.

Citywide Fire-Rescue Development Impact Fee Nexus Study: - The Fire-Rescue DIF Nexus Study establishes the maximum legal fee that can be imposed on new development to mitigate their impact on the City's Fire-Rescue system. The Fire-Rescue Nexus Study was developed based on the current fire-rescue infrastructure within the City, the cost to maintain the current level of service provided by the City's Fire-Rescue system as growth occurs, and new growths fair-share responsibility in providing additional infrastructure in underserved areas. The Fire-Rescue DIF Nexus Study establishes a legal nexus between the coverage of Fire-Rescue services within the City and the associated cost to implement the required infrastructure to provide that coverage and further expand it in underserved areas.

Citywide Library Development Impact Fee Nexus Study: - The Library DIF Nexus Study establishes the maximum legal fee that can be imposed on new development to mitigate their impact on the City's Library System. The Library DIF is based on the guiding principles that were developed by *the San Diego Public Library Master Plan Framework, November 2021*, as well as key factors that were found to be statistically significant at the City's top five performing library branches. The Library DIF Nexus Study establishes a legal nexus between the need for library facilities and services within the City and the associated cost to implement the infrastructure required to continue to provide those services as growth occurs.

Citywide Mobility Development Impact Fee Nexus Study: -The Mobility DIF Nexus Study establishes the maximum fee that can be imposed on new development to mitigate their non-CEQA related impacts on the City's Mobility Network. The nexus study is based on the City's current and planned mobility needs, as identified through the community planning process, and assess the fair-share cost in which new development would be responsible for in implementing the City's planned infrastructure. The Mobility DIF Nexus Study establishes a legal nexus between the future need for mobility related infrastructure within the City to cost of the infrastructure that is required to meet those needs. It then determines the fair0share cost allocated to future growth based on the anticipated burden the growth will place on the City's Mobility network.

City of San Diego Active Transportation In-Lieu Fee Nexus Study; April 2020 – The Active Transportation In-Lieu Fee (ATILF) Program is a Vehicle Miles Traveled (VMT) mitigation fee program that allows for land use development projects, located within non-VMT efficient areas, to mitigate their VMT related impacts under CEQA. The ATILF Program Nexus Study establishes the maximum fee that can be imposed on new development to mitigate their CEQA related impacts on the City's Mobility Network through the implementation of VMT reducing infrastructure. The ATILF Nexus Study identifies and documents the relationship between the cost and effectiveness of VMT reducing Infrastructure and relates that to the VMT related impacts in which land use development will generate.

City of San Diego Active Transportation In-Lieu Fee Calculator Tool – User Manual; May 2020 – The ATILF Calculator Tool - User Manual documents the assumptions, methodologies, and data sources that are used to calculate and impose the ATILF.

2.0 Fee Program

Figure 2.1 displays a flow chart of the overall structure of the DIF Program. The following sections provide a brief description of the various components of the DIF Program's structure. The program is designed this way to give the City the flexibility to update any component of the program without needing to update the overall program structure as a whole. It should be noted that the ATILF program is considered a mitigation fee and is separate from the DIF program, as it only applied to projects that are identified to have a VMT related impact under CEQA. The DIF programs are applied unilaterally across all land use developments and are not associated with CEQA mitigation.

2.1 Asset Classes

As noted in Figure 2.1 the following asset classes are covered by the DIF program.

- Parks and Recreation
- Fire-Rescue
- Library
- Mobility

New asset classes can be integrated into the DIF program without any major overhauls or updates. If the City decides to incorporate a new asset class into the program, a nexus study will need to be developed based on the standards outlined in Chapter 3 of the Framework Report. The nexus study and a corresponding fee ordinance will need to be adopted by City Council. Finally, the relevant portions of Chapters 3 & 4 of this document will also need to be updated, accordingly.

2.2 Land Uses

The DIF program is imposed based on the number of residents and employees in which a new development is anticipated to service (service population). The total service population associated with a new development is calculated based on the type and quantity of land uses that are included within the development. The following sections outline the land use types that are required to participate in the DIF program.

Exempt Land Uses

The following land uses are exempt from participating in the DIF program:

- Civic Uses
- State and Federal Uses
- Military Uses
- Public Park and Recreation Facilities
- Public Schools
- Open Space and Land Preserves
- Utility facilities
- Permanent supportive housing[1]
- Transitional housing[2]

[1]Permanent supportive housing is rental housing that is affordable for low-income households and includes access to voluntary supportive services.

[2]Transitional housing facilities offer residential accommodations for a specified period of time, mental health support and counseling services, and other support services to prepare families and individuals for independent living. Transitional housing facilities do not include drug or alcohol in-house treatment or rehabilitation facilities, work furlough or probationary residential facilities, or emergency shelters.

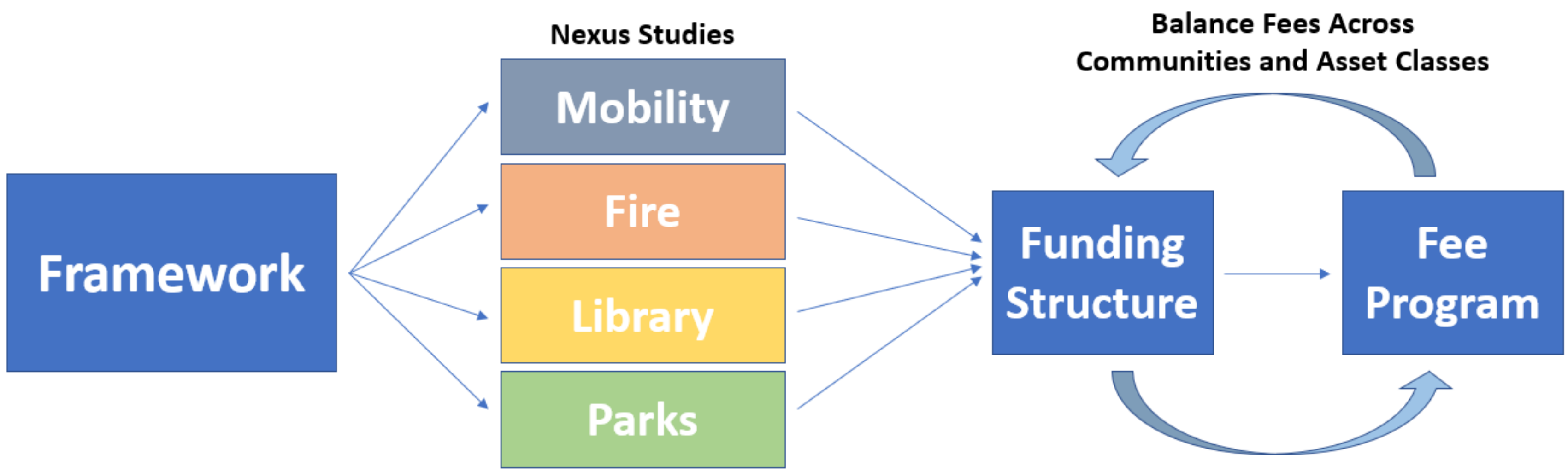

Figure 2.1 DIF Program Structure

DIF Land Use Categories

Table 2.1 summarizes the land use categories that are required to participate in the DIF program. The table also identifies the metric used to impose the DIF, as well as examples of the specific uses that fall under the land use category. It should be noted that the example land uses outlined in the table do not cover all the specific land use types that could fall under the land use category. Uses that are not covered within the table and/or that are not outlined in Exhibit B, will need to work with the City to develop or provide substantial evidence to identify the number of residents and/or employees that would be associated with the use.

Table 2.1 Land Uses Subject to the DIF Program

Land Use	How Fee is Calculated	Example Uses	Notes
Residential	Number of residents	Single Family Multi-Family Senior Housing Group Quarters	DIF is imposed based on number of residents. The number of residents is calculated based on the methods outlined in the *City of San Diego DIF Program Residential Scaling Methodology Memo; May 2019.* Senior housing assumes a maximum two people per household. Group quarters assumes on person per bed.
Other Residential	Number of employees	Dormitory Congregate Care Facility Single Room Occupancy Hotels	These uses are classified by the City of San Diego as commercial uses. Therefore, DIF is imposed based on number of employees. The number of employees is calculated based on the gross building square footage and specific land use type.
Educational	Number of employees	Private High School Private Middle School Private Elementary School School District Office	The number of employees is calculated based on the gross building square footage and specific land use type.
Industrial	Number of employees	Heavy Industry Industrial Park Light Industry – General Warehousing Public Storage Scientific Research & Development	The number of employees is calculated based on the gross building square footage and specific land use type.
Institutional	Number of employees	Religious Facility	The number of employees is calculated based on the gross building square footage and specific land use type.

Table 2.1 Land Uses Subject to the DIF Program

Land Use	How Fee is Calculated	Example Uses	Notes
Lodging	Number of employees	Low-Rise Hotel/Motel High-Rise Hotel Resort Hotel Extended Stay Hotel	DIF is imposed based on total number of employees. Number of employees is calculated based on the average number of employees per room. Number of employees varies based on hotel type (see Appendix B).
Medical	Number of employees	Hospital – General Other Health Care Convalescent/Nursing Facility Clinic	The number of employees is calculated based on the gross building square footage and specific land use type.
Office	Number of employees	General Office Government Office/Civic Center Corporate Headquarters/Single Tenant Office Medical Office	The number of employees is calculated based on the gross building square footage and specific land use type.
Parking	Number of employees	Parking Structure / Parking Lots	DIF is only assessed to standalone commercial parking facilities.
Recreation	Number of employees	Golf Course Clubhouse Movie Theater Racquetball/Tennis/Health Club	The number of employees is calculated based on the gross building square footage and specific land use type.
Retail	Number of employees	Regional Shopping Center Community Shopping Center Neighborhood Shopping Center Specialty Commercial Arterial Commercial Service Station Fast Food Restaurant High Turnover sit-down Restaurant Quality Restaurant Supermarket Convenience Market Drugstore Discount Store/Discount Club Home Improvement Super Store Furniture Store Nursery Financial Institution Service Station Automobile Parts Sale Automobile Repair Shop Automobile Tire Store Automobile Rental Service Drinking Place/Bar Entertainment Drinking Place/Bar Entertainment Building Material & lumber store Automobile Dealership	The number of employees is calculated based on the gross building square footage and specific land use type.. Definitions for some specific uses are provided in Appendix C of the *San Diego Municipal Code Land Development Code Trip Generation Manual, May 2003*.

2.3 Administrative Costs

The DIF program should be self-sustaining. Therefore, five percent (5%) administrative fee is extracted across all asset classes. All moneys collected for administrative costs are collected, accounted, and allocated in single administration fund (which incorporates all asset classes) that is separate from the other fee accounts. The moneys derived from the administrative should be allocated towards the following:

- Program development / expansion
- Program maintenance
- Program administration
- Subsequent program updates

The administration fund should be reviewed annually by staff. The fund balance should not be greater than 1-years work of typical operating costs. Any excess should be reprogrammed to the DIF program. Such analysis can consist of an evaluation of the current market conditions and priorities affecting the City (i.e. housing crisis) as well as conducting an economic analysis of the financial effects of the fee on development.

2.4 Plan Based vs Standards Based Fee Programs

The DIF program for each asset class was derived based on one of the following two methodologies: (1) a list of specific projects identified and adopted through planning documents, such as community plans, specific plans, or master plans ("plan" based approached), or (2) a range of permissible project types and/or infrastructure improvements that would be needed to meet a defined standard ("standards" based approach). The following sub-sections outline the asset classes that fall under each program type.

Standards Based DIF Programs

The Fire-Rescue, Library, and Parks DIF programs are all based on the infrastructure cost that is required to maintain the City's level or service standards with growth in service population (or residential population for Parks) that is associated with a land development project. Therefore, these programs were developed on a standards basis. Since the "standards" based approach only focuses on the facilities in which a new development will need to implement to achieve the identified standard for the associated asset class, it does not need to take existing needs into account at all. Therefore, existing deficiencies are not anticipated to be an issue, or need to be accounted for under "standards" based approach.

Plan Based Approach

Level of service based standards for Mobility based facilities are very difficult to apply at a program level for individual land use projects. Therefore, the Mobility DIF was developed based on the pending transportation related improvements identified within the City's various community plans, public facilities financing plans (PFFP) / Impact fee studies (IFS), the City's Bicycle Master Plan, the City's Climate Action Plan (CAP), and the City's Traffic Signal Communications Master Plan. Therefore, the Mobility DIF was developed based on a "plan" based approach. The infrastructure, or the portion of the infrastructure, within these plans that was identified to be needed to alleviate existing deficiencies was removed from the program. Thus, land use development will only be responsible for its fair-share of the improvement cost.

3.0 Fee Structure

3.1 Full Cost vs. Partial Cost Recovery

The nexus studies determine the fee rates the City needs to collect to fully develop the capital infrastructure needed to accommodate future growth. This is what is known as a fully cost recoverable program, in which the costs needed to build future infrastructure are fully accounted for by future development. However, the City is not required to collect this full amount and can opt to underfund the infrastructure or fund it through other means.

3.2 Fee Rates – By Asset Class

Table 3.1 summarizes the legal maximum fee rate that can be charged for each asset class, as established by their respective nexus study, as well as the fee rate in which the City elects to charge. It should be noted that the fee rates displayed within the table are their adopted rates in 2022 dollars (2020 dollars for the ATILF). As documented in Section 5.1, an annual fee increase is applied to these rates to account for inflation and the increase in cost of construction materials. Therefore, the rates in the table may not reflect the current rates that are being imposed.

Table 3.1 Adopted Fee Rates

Asset Class	Maximum Fee Rate	Implemented Fee Rate
Parks and Recreation	$8,047.00 per Resident	$5,290.92 per Resident
Fire-Rescue	$356.19 per Resident or Employee $111.62 per Resident or Employee in Underserved Areas	$356.19 per Resident or Employee $111.62 per Resident or Employee in Underserved Areas
Library	$904.65 per Resident or Employee	$904.65 per Resident or Employee
Mobility	$1,754.00 per Resident or Employee	$1,754.00 per Resident or Employee
Active Transportation In-Lieu Fee	$1,400 per vehicle mile needed to be reduced	$1,400 per vehicle mile needed to be reduced

3.3 CIP

With the passage of AB 602, beginning January 1, 2022, large jurisdictions (including the City) are required to adopt a capital improvement plan (CIP) as part of their nexus study (California Government Code §66016.5(a)(6)). Therefore, the City-defined CIP projects must be developed and implemented in a manner consistent with the improvement types, and relative proportions thereof, identified within the nexus study of each asset class.

4.0 Program Implementation

4.1 Fee Calculation

The following sub-sections outline the methods in which the DIF is calculated. It should be noted that these sections do not directly apply to the ATILF program. The methods and details for calculating the ATLIF are provided in Section 2.3 of the *City of San Diego Active Transportation In Lieu Fee Calculator Tool – User Manual, May 2020.*

Metrics in which DIFs are Imposed

The DIF is imposed on all land use development projects anticipated to increase the overall population or service population of the City of San Diego, excluding the land uses outlined in Section 2.2. Table 4.1 identifies the metrics in which the different DIF programs are imposed on.

Table 4.1 Metrics in which DIFs are Imposed (Number of Residents & Employees)

Type	Subject to Fee Program			
	Parks	Fire-Rescue	Library	Mobility
Fees Imposed Per Resident	X	X	X	X
Fees Imposed Per Employee		X	X	X

As outlined in the table, the Parks DIF is only imposed on land development projects that are anticipated to increase in residential population, while the other three DIF programs are imposed based on the anticipated increase in total service population (residents plus employees).

Calculating the Service Population Associated with a Land Development Project

As noted previously, a project's service population is made up of the total number of residents and/or total number of employees that will be served by the project. The DIF program uses the following methods to calculate the service population that would be associated with a land use development project:

Residents – The number of residents associated with a land development project is determined based on the methods outlined in the *City of San Diego DIF Program Residential Scaling Methodology Memo; May 2019*. As noted in Table 2.1, the number of residents within senior housing units is determined based on the multi-family formulas in the Residential Scaling Methodology Memo, but has a cap of two people per unit. One person per bed is assumed for group quarters. For quick calculations, the number of residents assumed per each dwelling unit type, by size of unit, are provided in Exhibit C.

Employees – The number of employees associated with a land development project is determined based on the employee per 1,000 SF standards the City has established, which is included in Exhibit B.

4.2 Fee Collection

All DIFs are collected prior to final inspection and before building occupancy.

Fee Deferral

As noted above, all DIFs are collected prior to final inspection. This is the last point in during the permitting process in which fees can be collected. Therefore; it is not possible to defer the payment of fees any further point in the development process.

RTCIP Fee

The RTCIP is collected as part of the Mobility DIF program. The RTCIP fee of $2,635.5 per dwelling unit (2022 dollars) is extracted from the overall Mobility DIF at the time of collection and allocated into a separate fund.

Projects are subject to DIF at Build Out vs Frame and Foundation

In the case of phased developments that include a building permit for frame and foundation, core and shell and build out, the DIF will be paid prior to final inspection for the build out phase of the project.

4.3 Fee Discounts

The Parks DIF is currently the only program that allows discounts based on project location, type, and construction. Table 4.2 outlined the discounts in which residential development projects are eligible to seek under City Council Resolution# R-313688.

Table 4.2 Eligible Discounts for Parks DIF Program

Criteria	Discount
Located within a Transit Priority Area	25% discount
55 Year covenant-restricted affordable dwelling unit at 80% of the area median income (AMI) of below.[1]	25% discount (only applied to the affordable units, not the project as a whole).
55 Year covenant-restricted affordable dwelling unit at 81% to 120% of the AMI.[1]	20% discount (only applied to the affordable units, not the project as a whole).
Any building that is certified as LEED Platinum or a Living Building Challenge Building.	5% discount
In accordance with San Diego Municipal Code Section 145.4004 (Tier I-Accessible Dwelling Unit) or Section 145.4005 (Tier II-Visitable Unit)	2.5% discount (only applied to the affordable units, not the project as a whole).
Total Discounts	Total combination of discounts cannot exceed 50%

Note:
[1]A Recorded Affordable Housing Agreement is required If the development project is providing on-site covenant restricted affordable housing units.

It should be noted that the reduction in DIF collections associated with the discounts outlined in the table can only be made up through other revenue sources, such as grants and the City's general fund. As outlined within the Mitigation Fee Act, the additional burden in Parks funding associated with the program's discounts cannot be spread to other developments.

Fee Exemptions
As outlined in the *RTCIP Impact Fee Nexus Study, September 5, 2006*, and confirmed in the *City of San Diego Regional Transportation Congestion Improvement Program (RTCIP) Funding Program, July 2022*, affordable housing units are exempt from paying the RTCIP fee. Therefore, the RTCIP Fee amount of $2,635.5 per dwelling unit (2022 dollars) is removed from a projects Mobility DIF for each affordable unit being provided. In order to be exempt from payment of the City RTCIP Fee at the time of final inspection, each unit must meet the definition of affordable housing as defined in Section 7(A) of the RTCIP funding program, and developer must provide a recorded copy of an affordable housing agreement.

Demolition Procedures
Complete demolition of an existing structure may reduce the burden on the City's infrastructure. Therefore, a project is eligible for demolition credit towards the DIF program. Demolition/Removal Permit is required for the complete demolition and/or removal of any structure (see SDMC Section 129.0503 for Demolition/Removal Permit Exemptions). Concurrently, upon the review of the plans, the demolition credit is determined for the existing use by the type (residential or non-residential), square footage, land use, population, and employment of the development for the building permit being issued.

4.4 Changes of Use Procedures
A change in land use for an existing structure may create a new impact to the City's infrastructure. Therefore, building plans submitted for a building permit are required to be reviewed to identify if the potential change would be subject to the DIF. Upon the review of the plans, the DIF rate is determined for the proposed new use based on the anticipated increase in residents (Parks DIF) or service population (all other DIF programs) that would result from the change in uses. If there is a higher development impact and fee determined comparing the new proposed use vs the existing use, the net difference between the two fees is imposed.

5.0 Program Administration

This section provides direction on the administration of the DIF program including how and when the program should be expanded or updated, annual cost increases and program reporting.

5.1 Annual Cost Increases

The DIF rates are to be indexed annually in order to keep up with future increases in the cost of construction. Indexing the DIF rates annually to the published March-to-March change in the "Los Angeles Construction Cost Index" (LACCI), as compiled and reported by Engineering News Record, is reasonable and appropriate for cost escalation purposes. The annual increase for the Mobility DIF should be no less than the annual increase in which SANDAG adopts for the RTCIP fee. New fee rates, on at least the cost index escalation rate, for the following fiscal year should be published on June 1 and implemented on July 1 of each year.

5.2 Program Updates

The DIF Program should be updated if one or more of the following events occur:

- Every eight years (per AB 602)
- It is determined a new asset class should be included in the program
- It is determined an existing asset class should be removed from the program
- One or more of the policies in which the Nexus Studies are based on are changed or removed from the City's General Plan or other citywide policy documents
- Changes or updates to the Mitigation Fee Act
- When the impact criteria have been redefined by statute or other means
- If it is determined that the construction costs assumed in any or all the nexus studies no longer reflect the actual cost to construct the needed facilities (the costs of either exceeded or fallen behind the indexed rates).

Updates or changes to the any of the DIF program nexus studies will require going through the City's approval process, including City Council adoption. Updates to the Framework Report and this Fee Program document can generally be done administratively. However, it is recommended that changes to these documents be presented to the Active Transportation and Infrastructure Committee as an informational item.

5.3 Program Reporting

As per Section 65940.1 of the Government Code, the City must maintain and update the following items on their website.

- A current schedule of fees, exactions, and affordability requirements imposed by the DIF program.
- All zoning ordinances and development standards adopted by the city presenting the information, which shall specify the zoning, design, and development standards that apply to each parcel.
- A list that specifies the information that will be required from any applicant for a development project.
- The current and five previous annual fee reports or the current and five previous annual financial reports[3]

[3] Pursuant to subdivision (b) of Section 66006 of the Government Code and subdivision (d) of Section 66013 of the government code.

- fee nexus studies, cost of service studies, or equivalent, conducted by that city, on or after January 1, 2018.

The City shall update the information listed above within 30 days of any changes.

Exhibit A
Evaluation of Development Impact Fee (DIF) Methodologies Report (see attached)

TECHNICAL ANALYSIS

EVALUATION OF DEVELOPMENT IMPACT FEE (DIF) METHODOLOGIES

Prepared for:

City of San Diego

Prepared by:

Keyser Marston Associates, Inc.
in Association with EFS Engineering, Inc.

May 2019

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APPENDICES

I. INTRODUCTION

A. Objective

Keyser Marston Associates, Inc. (KMA) was retained by the City of San Diego (City) to prepare an evaluation of the City's current Development Impact Fee (DIF) and Facilities Benefit Assessment (FBA) program methodologies and administration processes. EFS Engineering, Inc. (EFS) served as a technical advisor to KMA during the preparation of this report. EFS provides specialty engineering consulting to public agencies throughout California in support of their facilities planning and financing needs. EFS has assisted numerous agencies with capital facilities financing districts and programs, including the preparation of nexus studies and impact fees methodologies.

A key focus of this assignment is to ensure that statutory requirements are being met, and that the impact fees imposed accurately reflect the cost of facilities that need to be funded. The City has been diligently working on updating many of the Community Plans throughout the City. As communities develop, it is important to recognize the impact that new development has on public improvements and facilities. The Mitigation Fee Act (embodied in California Government Code § 66000 et seq.) and the City's Municipal Code (specifically, § 142.0640) allow for the imposition of impact fees on new development to offset future costs of public facilities (e.g., fire stations, libraries, parks, roads, utilities, and other improvements) necessary to accommodate future growth or redevelopment within the City. In addition, the impact fees used to fund capital projects within each Community Plan should be consistent with the policies outlined in the City's General Plan.

Historically, the City has used FBAs in newly urbanizing communities and DIFs in older, more built-out urban communities. There is no distinction between the enabling statutes for the DIFs and FBAs; however, the City Attorney's office and Independent Budget Analyst (IBA) have raised concerns over the differing methodologies used to calculate each of the impact fees. The primary objective of this evaluation is to identify a preferred methodology for applying impact fees that complies with State law, helps implement the General Plan, and reflects each development's fair share contributions to the total cost of the needed capital projects. Specifically, KMA was tasked with conducting an evaluation of current Citywide impact fee methodologies, and recommending one or more methods that may better achieve the intended purpose of the impact fee program consistent with the Mitigation Fee Act (MFA) and the City's Municipal Code.

B. KMA Approach

In completing this evaluation, KMA undertook the following principal work tasks:

- Reviewed a selection of existing Community Plans, Impact Fee Studies (IFSs), and Public Facilities Financing Plans (PFFPs) to better understand the City's existing methodologies.

- Reviewed issues and concerns raised by City staff, the City Attorney's office, and the IBA.

- Surveyed best practices throughout the State, with a focus on selected case study jurisdictions, in order to evaluate existing processes for establishing and updating impact fees.

- Evaluated specific parameters in the City's current impact fee programs relative to the survey of best practices Statewide, the selected case studies, and consistency with the MFA.

- Identified a preferred methodology for updating the impact fee programs in the City's communities.

C. Report Organization

This memorandum report has been organized as follows:

- Section II presents KMA's key findings and recommendations.

- Section III provides an overview of the MFA.

- Section IV profiles the City's DIFs and FBAs, including existing methodologies, and processes for establishing impact fees.

- Section V summarizes concerns raised by City staff, the City Attorney's office, and the IBA.

- Section VI summarizes the case studies surveyed by KMA.

- Section VII reviews the City's park standards, and current practices for determining and funding park needs, in the context of best practices Statewide.

- Section VIII presents limiting conditions pertaining to this assignment.

Additionally, detailed technical information is presented in the Appendices.

II. KEY FINDINGS AND RECOMMENDATIONS

A. Recommended Methodology for Calculating Development Impact Fees

The City seeks to identify a single, standardized methodology for updating their impact fees in the City's communities. KMA reviewed the City's existing methodologies – in both DIF and FBA communities – and compared these approaches with best practices Statewide. The KMA survey of select case study jurisdictions included an in-depth evaluation of the types of DIFs and the methodologies used to adopt and update the DIFs. The jurisdictions were selected based upon one or more geographical, land use, or demographic similarity to San Diego such as large territorial jurisdiction, larger population, diversified communities and development patterns, and/or mix of urbanized and greenfield communities. Additionally, KMA reviewed the City's methodologies in the context of the provisions of the MFA.

Based on the KMA surveys, the principal methodology used to calculate impact fees appears to be based on the "new by new" formula, also called the "incremental approach." Specifically, the cost of new facilities and improvements required to serve new development is first isolated from the cost of providing facilities to serve the existing service population -- a critical component of the analysis -- and then the cost apportioned to new development is divided by new service population that is appropriate for the type of public facility, such as population or a combination of population and employment. The amount and type of new facilities and improvements required to serve new development can be estimated either on a "standard" basis or a "plan" basis (identification of specific projects planned to serve a community).

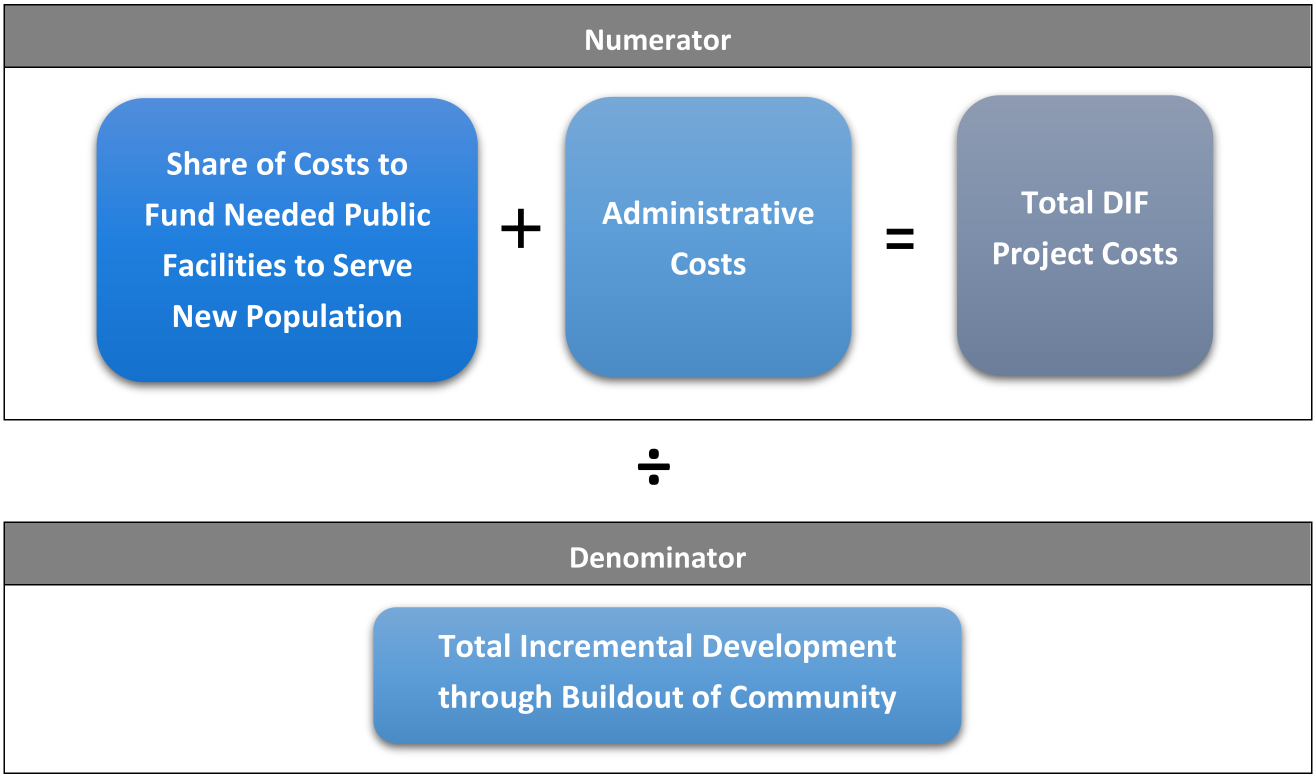
Based on the findings contained within this Report, KMA has outlined the following series of recommendations that the City should consider as it contemplates restructuring its impact fee methodologies.

Recommendation #1: Develop a standardized nexus study.

FBA and DIF fee methodologies function very differently and, therefore, have different PFFP and IFS report formats. As the new methodology is formulated, the City should develop a standardized nexus study template that provides clear and concise information on the fee methodology including the maximum justifiable fee and improvements proposed to be funded. The nexus study should comply with MFA requirements, as discussed in Section III of this Report. Additionally, decision-makers may choose to enact impact fees lower than the levels supported by the nexus study, recognizing that the agency will need to identify other funding sources to fully fund the required public facilities and improvements.

Recommendation #2: Calculate DIFs using inputs that are "new" over "new".

The inputs used to calculate the impact fees should be "new" over "new", which would exclude and accounts for existing improvements that serve the existing population. The impact fee methodology should conform with the graphic illustration on the following page.



Using the "new over new" or "incremental" approach, the resultant impact fees supported by the nexus analysis may exceed the fee levels that are deemed to be financially feasible for new development to absorb, indicating that the outcome of the methodology will provide the maximum fee that can be charged in accordance with the MFA.

Recommendation #3: Apply key metrics consistently.

Two key metrics within the FBA and DIF programs are inconsistent: administrative fees and annual inflators. It is recommended that an administrative fee ranging between 5% and 8% of project costs should be applied. To account for increases in project costs, an annual inflator tied to the Los Angeles Construction Cost Index (LACCI) should be applied.

Recommendation #4: Separate impact fees by asset type.

Restructuring impact fees by asset type will enable City staff to condense the amount of impact fee studies and reduce the number of fee schedules. This also provides an opportunity to account for regional, local, and sub-area impacts to be combined into a single impact fee for a given asset type.

Recommendation #5: Implement a scaled residential fee.

Implementation of a scaled fee structure for residential uses will establish a range of fee amounts based upon unit size and product type. Impact fees based upon unit size, and its proportionate household size, will more accurately reflect the proportional burden that each housing unit places on different asset classes.

B. Key Features of DIF Programs in Surveyed Cities

City staff raised a number of other issues and questions related to the City's existing DIF program as compared to best practices throughout the State of California (State). Table II-1 lists each of these issues/questions and the KMA key findings with respect to each. The following provides a summary discussion of the principal program parameters identified in the KMA surveys.

1. Smaller cities tend to assess impact fees on a citywide basis, although many larger-sized cities also establish fees at the sub-area level. KMA did not identify any cities that have differentiated impact fee schedules for as many sub-areas as the City, which has a total of 52 Community Plan Areas (CPAs).

2. Most cities establish separate impact fees for each type of public facility, such as parks and recreation facilities, public safety facilities, libraries, transportation, and sewer, etc. However, a number of cities have a general "public facilities" impact fee, which includes a variety of public facilities, such as community centers, libraries, performing arts centers, etc.

3. The list of public facilities that cities include in their impact fee calculations varies greatly. In some cases, these include asset types not currently covered by the City's impact fee programs. KMA found examples of impact fees for other types of public facilities such as child care facilities, drainage/flood control, and pedestrian bridges included in impact fee calculations in selected jurisdictions. Public art/cultural facilities fees are also a common fee among more urban jurisdictions; however, these fees are not typically formed under the MFA.

4. Each of the surveyed agencies appears to use a single DIF calculation methodology throughout the entire jurisdiction. However, standard approaches may vary by community within the city.

5. Most cities prepare a nexus analysis or similar study to provide the legal justification for the determination of the impact fee. These studies typically adhere to the requirements of the MFA. KMA did not identify an instance where a city uses the nexus study as an ongoing capital facilities financing plan for a community, like the City does with its PFFPs.

6. Of the surveyed jurisdictions, KMA did not identify another agency that incorporates a cash flow projection in its nexus analysis, as the City does with its PFFPs.

7. KMA identified a limited number of cities that have established a sliding scale for residential impact fees, either by square footage or number of bedrooms.

8. KMA identified three jurisdictions that have established, or are in the process of establishing, transportation impact fees based on Vehicle Miles Traveled (VMT), rather than the traditional Average Daily Trip (ADT) metric.

9. Impact fee programs in some cities provide exemptions, reductions, and/or rebates for uses such as affordable housing, student housing, and workforce housing. These provisions are not addressed in nexus studies, but rather in program implementation and administration.

10. Impact fee programs in some cities provide exemptions or reductions for accessory dwelling units (ADUs). These provisions are not addressed in nexus studies, but rather in program implementation and administration.

11. KMA only identified one jurisdiction in the State that has established an impact fee to offset greenhouse gas (GHG) emissions.

12. Some cities have adopted parks impact fees based on standards that vary by sub-area. In general, these cities use a lower standard (acreage per population) in denser, urban communities.

13. Most jurisdictions include an automatic construction cost escalator in their impact fee programs.

14. KMA did not identify any cities that consistently update their impact fee programs on a standard timeline (i.e., specified time intervals).

TABLE II-1

SUMMARY OF FINDINGS: SURVEY OF OTHER JURISDICTIONS
EVALUATION OF DIF METHODOLOGIES
CITY OF SAN DIEGO

QUESTION	SURVEY FINDINGS [1]	POTENTIAL APPLICABILITY TO SAN DIEGO
Q1: Practice/Frequency of Update *How often do cities update their impact fee methodology?*	• KMA did not identify any cities that update their DIFs on a standard timeline, e.g., specified time intervals • Rather, most nexus studies state that future updates should be conducted when major changes occur such as a shift in General Plan land use designations or build-out of a community	• The calculation of fees (not necessarily the underlying methodology) should be updated as needed to maintain a reasonable nexus • For example, as Community Plan amendments and/or significant changes to the defined CIP (in terms of projects or costs) are implemented, impact fees should also be adjusted
Q2: Impact Fees by Subarea *Do other large cities have fees that vary by subarea, similar San Diego?*	• Large jurisdictions like the Cities of Chula Vista and San Francisco and County of San Diego were found to impose impact fees that differ between subareas • However, no jurisdiction has as many subareas as the City of San Diego -- other cities tend to separate fees by their most dense area (i.e., downtown) or by fast growing greenfields (i.e., east Chula Vista) • Smaller cities tend to assess fees on a citywide basis, although many cities establish fees at the subarea level	• Due to the City's large land area and differing neighborhood conditions, the City should continue to impose impact fees on a subarea level; however, there may be opportunities to consolidate some of the areas
Q3: Citywide Impact Fees *Could the City adopt a Citywide fee?*	• Many large jurisdictions have Citywide impact fees with varying rates for select subareas (e.g., higher density areas of a city or areas with sprawling growth)	• The City could adopt a Citywide impact fee program; however, it will be difficult to form a blanket Citywide fee that complies with the MFA nexus requirements
Q4: Relationship to CIP *How do other cities form a relationship between impact fees and Capital Improvements Plans?* *Do other cities use DIF studies as financing/implementation tool?*	• Other jurisdictions use CIPs as the basis for determining which facilities will be constructed • The CIP, which is based upon other planning documents like a General Plan, Specific Plan, or Master Plan, is used as a tool to project the need for facilities to fund new growth • KMA did not identify any cities that update their DIFs with the same frequency as their CIP updates • None of the surveyed jurisdictions use the nexus analysis as an ongoing financing/implementation tool for capital facilities	• Impact fees are designed to be comprehensive and serve a long-term goal and the inputs used in the preferred methodology should be maintained throughout the term of the plan in order to ensure that future growth continues to pay its fair share of the improvements • CIPs define on a short-term basis the facilities and associated costs, the latter of which is central to the determination of fees • Therefore, the impact fee plan should not serve as an implementation tool to the CIP

TABLE II-1

SUMMARY OF FINDINGS: SURVEY OF OTHER JURISDICTIONS
EVALUATION OF DIF METHODOLOGIES
CITY OF SAN DIEGO

QUESTION	SURVEY FINDINGS [1]	POTENTIAL APPLICABILITY TO SAN DIEGO
Q5: Use of Cash Flow in Nexus Studies *Do other cities use a cash flow in their nexus studies?*	• KMA was unable to identify any jurisdictions that use a cash flow to calculate impact fees	• The cash flow is useful in terms of projecting the amount of anticipated reveue over the course of the impact fee plan
Q6: DIFs by Asset Type *Do other cities separate impact fees by asset type?*	• The majority of impact fees are separated by asset type • Oftentimes, fees are established and administered by different departments within an agency (parks & recreation department oversees park impact fee or transportation department oversees transportation/traffic impact fees)	• It is important to separate facilities into their respective asset types (i.e., parks, water, sewer, stormdrain, transportation, etc.) to demonstrate a reasonable means of cost apportionment and to support the requisite nexus findings
Q7: All-Asset vs. Single-Asset Nexus Studies *Do other cities prepare all-asset or single-asset type studies?*	• Most cities calculate fees for individual asset types -- such as parks and recreation, transportation, and sewer, etc. -- and assess corresponding fees by asset type • However, a number of cities include a general asset category that groups a variety of other public facilities	• Administration and updating of diverse asset type programs can prove to be complex and sometimes erosive of the nexus findings (when dissimilar assets types are lumped together) • The City should evaluate whether adopting a fee methodology that includes all asset types is administratively practical
Q8: Other Assets Funded by DIFs *What other types of assets are other jurisdictions funding that the City of San Diego is not?*	• Child care • Civic uses • Drainage/flood control • Police facilities and equipment • Public works facilities • Pedestrian bridges • Airport-related improvements • Other government facilities • General public facilities (multiple asset types)	• The City could evaluate the potential to include additional assets in its fee program; however, additional fees may impact development feasibility

TABLE II-1

SUMMARY OF FINDINGS: SURVEY OF OTHER JURISDICTIONS
EVALUATION OF DIF METHODOLOGIES
CITY OF SAN DIEGO

QUESTION	SURVEY FINDINGS [1]	POTENTIAL APPLICABILITY TO SAN DIEGO
Q9: Standard vs. Plan Approach *Do surveyed cities use a standard or plan approach for most assets?*	• The majority of facilities financed by impact fees in the surveyed cities are based upon an approved list of projects identified in a plan • Parks are the exception; park fees consistently utilize the "standard" approach of applying a park acreage per population factor	• The City's current approach is similar to the practice identified in the surveyed cities
Q10: Mixed-Use Development and Ancillary Uses *How should the City treat mixed-use development?*	• For mixed-use projects and ancillary uses, the fee is commonly charged to all applicable uses in the project • KMA did not identify any jurisdictions that provide full exemptions to mixed-use development or ancillary uses • Mixed-use projects and ancillary uses in the City of Sacramento's transportation and park impact fees are charged at the same rate as the primary use	• Mixed use projects may be eligible for special treatment in other ways (i.e., smart growth incentives, affordable housing initiatives, transit-oriented development, etc.) • The City can establish a policy to provide a reduction and/or exemption for mixed-use development and ancillary uses
Q11: Accessory Dwelling Units *Do other cities provide an exemption and/or reduction in impact fees for accessory/secondary dwelling units?*	• Yes, to the extent that such exemptions are reasonable and defensible • Los Angeles' park impact fee provides an exemption for ADUs located in single-family zones • The City of Glendale recently approved an ordinance enforcing a flat rate for ADUs; a reduction of approx. 300% from the standard fee	• The City Council's Smart Growth and Land Use Committee recently recommended amendments to lessen restrictions and reduce fees for ADUs • The City should monitor the impact that these amendments have on development of ADUs and corresponding infrastructure needs
Q12: Residential DIFs by Unit Size *Do other cities charge residential impact fees by bedroom or by square foot?*	• For the most part, impact fees are charged to residential uses on a "per unit" basis - with varying rates for single-family vs. multi-family • Sacramento recently adopted new park and transportation impact fee structures that charge impact fees on a per-SF basis • The City of Fremont updated its general public facilities impact fee structure in 2014 to calculate fees based upon number of bedrooms	• Evidence to support the proposition that larger homes create greater impacts (for the applicable asset type) is adequate; however, data available to document a consistent persons per bedroom ratio is limited • The inclusion of such an equation adds an additional layer of complexity for City staff when calculating impact fees and for developers when estimating impact fees

TABLE II-1

SUMMARY OF FINDINGS: SURVEY OF OTHER JURISDICTIONS
EVALUATION OF DIF METHODOLOGIES
CITY OF SAN DIEGO

QUESTION	SURVEY FINDINGS [1]	POTENTIAL APPLICABILITY TO SAN DIEGO
Q13: Transportation DIFs Based on VMT *Has Vehicle Miles Traveled been used as a metric by cities updating transportation impact fees?*	• Of the surveyed jurisdictions, KMA found that the City of Saramento and County of San Diego utilize VMT as the metric for transporation impact fees • The City of Los Angeles is in the process of revising its transportation impact fee structure to use VMT	• The City should utilize VMT as the default approach, in anticipation of future compliance with SB 743 • In addition, mixed-use development will receive a natural reduction in fees as the VMT method shifts some of the traffic burden to residential
Q14: Park DIF as Standalone Fee for Larger Area *Can a park impact fee be a standalone fee and serve a larger area?*	• All of the surveyed jurisdictions have their park impact fee separate from other asset types • Large jurisdictions tend to have Citywide impact fees with varying rates for select subareas (e.g., higher density areas of a city or areas with sprawling growth)	• Yes, but only to the extent that one could demonstrate that the identified assets serve the larger area • In order for the City to update all of the park impact fees at one time, the City would need to amend/update all of the existing PFFP/IFS documents to exclude the park component
Q15: Update All Parks DIFs Concurrently *Can the City update all of the park impact fees at one time for all of the CPAs?*	• Technically, yes, the City can update all of the park impact fees at one time	• The City would need to remove all park impact fees from each individual IFS/PFFP, which may be administratively challenging
Q16: Use of Parks DIF for Equipment Replacement: *Can a park impact fee be used to replace existing/obsolete park equipment?*	• The MFA specifically states that fee shall not include the costs attributable to existing deficiencies in public facilities, but may include the costs attributable to the increased demand for public facilities reasonably related to the development project in order to (1) refurbish existing facilities to maintain the existing level of service or (2) achieve an adopted level of service that is consistent with the General Plan	• The City should consider this only to the extent that new development could reasonably be considered to necessitate the need for such improvements; if the park equipment is being refurbished, there could be some relative contribution from new development to cover a portion of the added expense • However, the City would need to demonstrate consistency with the MFA and findings regarding level of service

TABLE II-1

SUMMARY OF FINDINGS: SURVEY OF OTHER JURISDICTIONS
EVALUATION OF DIF METHODOLOGIES
CITY OF SAN DIEGO

QUESTION	SURVEY FINDINGS (1)	POTENTIAL APPLICABILITY TO SAN DIEGO
Q17: Use of Parks DIF for Arts & Cultural Facilities *Do other park impact fees fund arts and cultural facilities (such as a museum with passive and active use space)?*	• Arts and cultural facilities were not referenced by any of the park impact fees surveyed • Certain jurisdictions throughout the State have established fees (not subject to MFA requirements) for the sole purpose of funding public art • Jurisdictions often form an Arts and Culture Commission to oversee the implementation of the fee/program like the City of San Francisco that formed a Public Art Fee equal to 1% of the total construction cost; the fees are to be used to fund public art displays throughout the city	• The City should coordinate with the City's existing Commission for Arts and Culture to explore options for the establishment of an arts and culture fee (not formed under the MFA)
Q18: Park Standards: *Do other cities use standard vs. plan for parks?*	• Park impact fees consistently utilize the standard approach of applying a park acreage per population factor	• The City has selected a consultant to prepare a Parks Master Plan; the Plan will determine the appropriate ratio of parkland per capita, which may vary by subarea

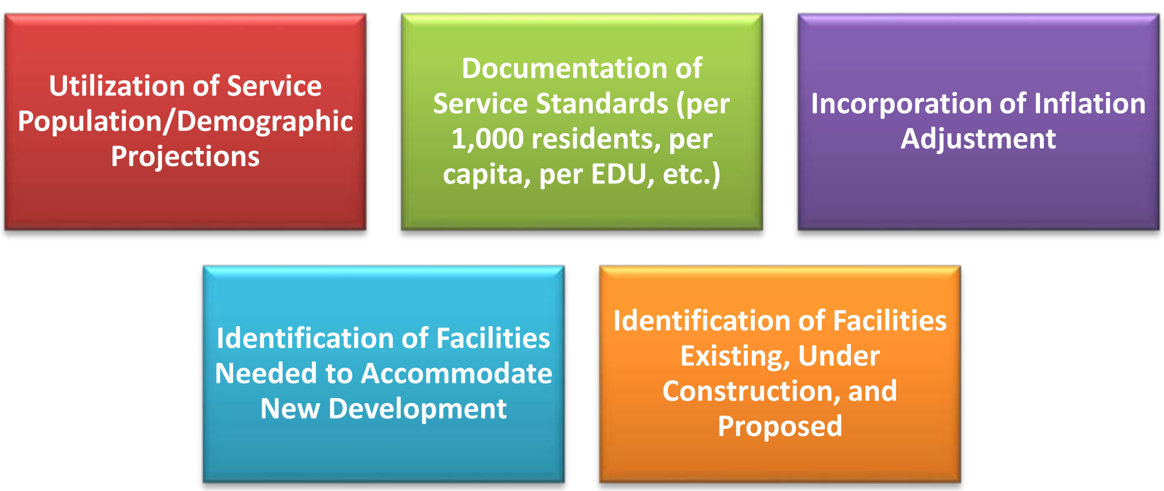
(1) Responses are based upon a Statewide survey of best practices and detailed profiles of DIF programs in six jurisdictions: City of Chula Vista, City of Los Angeles, City of Sacramento, City of San Francisco, City of San Jose, and County of San Diego.

C. Nexus Study Format

As noted above, most cities prepare a nexus analysis or similar study to provide the legal justification for the imposition of impact fees. These studies typically adhere to the requirements of the MFA. The MFA requires that the nexus study address all of the following:

- Identify the purpose of the fee.
- Identify the use to which the fee is to be put. If the use is financing public facilities, the facilities shall be identified.
- Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed.
- Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed.

In the course of this Report, KMA reviewed numerous nexus studies prepared by other jurisdictions. Table II-2 presents an overview of selected nexus studies from other cities in comparison with the fee calculation studies currently used by the City. In particular, KMA analyzed the North Park IFS and the Mira Mesa PFFP. The table provides a checklist highlighting the various components of each document reviewed, with the majority of the studies including the following key categories:



This comparison yields the following key findings regarding items included/excluded in the City's report formats relative to the surveyed nexus studies.

- The City's PFFP and IFS reports generally include the top five components listed above.
- The City's PFFPs include two elements in its fee calculation study not typically found in other cities' nexus studies -- fee deferral program and the use of a cash flow projection.
- The City's studies exclude two items that other cities' nexus studies include in their executive summaries – the overall nexus findings and a maximum and recommended fee schedule.
- About half of the nexus studies reviewed by KMA also demonstrate compliance with each of the MFA findings. The City's studies do not explicitly address MFA findings.

TABLE II-2

SURVEY OF IMPACT FEE NEXUS STUDIES
DEVELOPMENT IMPACT FEE STUDY
CITY OF SAN DIEGO

	City of San Diego		City of San Ramon (KMA)	City of Alameda (Willdan)	City of East Palo Alto (AECOM)	City of Oakland (Urban Economics)	City of Sacramento (New Economics)	City of Chula Vista (City of CV)	Present in How Many of the Surveyed Studies[1]
	Mira Mesa PFFP	North Park IFS							
I. Types of Facilities									
A. Child Care			✓						1
B. Parks and Recreation	✓	✓	✓	✓	✓		✓		4
C. Community Center			✓						1
D. Library	✓	✓	✓						1
E. Public Art			✓						1
F. Transportation	✓	✓		✓	✓	✓		✓	4
G. Streetscape Infrastructure					✓				1
H. Fire	✓	✓							0
I. Water Infrastructure					✓				1
J. Storm Drainage					✓				1
K. General Public Facilities				✓	✓	✓			3
II. Executive Summary									
A. Community Profile/Objectives		✓						✓	1
B. Development impact fee objectives	✓	✓	✓	✓	✓	✓	✓	✓	6
C. Background and legal context	✓	✓	✓	✓	✓	✓	✓		5
D. Facility standards and cost allocation approach		✓	✓	✓			✓		3
E. Maximum and recommended fee schedules			✓	✓		✓	✓		4
F. Nexus findings			✓	✓		✓	✓		4

(1) Excludes the City of San Diego.

Prepared by: Keyser Marston Associates, Inc.

TABLE II-2

SURVEY OF IMPACT FEE NEXUS STUDIES
DEVELOPMENT IMPACT FEE STUDY
CITY OF SAN DIEGO

	City of San Diego		City of San Ramon (KMA)	City of Alameda (Willdan)	City of East Palo Alto (AECOM)	City of Oakland (Urban Economics)	City of Sacramento (New Economics)	City of Chula Vista (City of CV)	Present in How Many of the Surveyed Studies[1]
	Mira Mesa PFFP	North Park IFS							
III. Nexus Analysis									
A. Demand for facilities and supported impact fee amounts	✓	✓	✓	✓		✓			3
B. Service Population/Demographic Projections	✓	✓	✓	✓	✓	✓	✓	✓	6
C. Property Owner's List	✓	✓		✓	✓				2
D. Trip Demand and Growth		✓		✓	✓	✓		✓	4
E. Average household size			✓	✓		✓	✓		4
F. Facility inventory standards		✓	✓	✓		✓			3
G. Land Use Types	✓	✓		✓	✓	✓	✓		4
H. Infrastructure categories		✓		✓	✓				2
I. Existing, under construction, undeveloped, and proposed acres/facilities		✓	✓	✓		✓	✓	✓	5
J. Current service standard (per 1,000 residents, per capita, per EDU)	✓	✓	✓	✓	✓	✓	✓	✓	6
K. Development/infrastructure project costs	✓	✓	✓	✓		✓			3
L. Facilities needed to accommodate new development/development projections	✓	✓	✓	✓	✓	✓	✓		5
M. Needs to serve new residents/projected infrastructure requirements		✓	✓	✓	✓		✓		4
N. Impact fee zones					✓		✓		2
O. Maximum impact fees supported by nexus analysis		✓	✓		✓	✓			3
P. Use of fee revenue		✓	✓	✓					2

(1) Excludes the City of San Diego.

TABLE II-2

SURVEY OF IMPACT FEE NEXUS STUDIES
DEVELOPMENT IMPACT FEE STUDY
CITY OF SAN DIEGO

	City of San Diego		City of San Ramon (KMA)	City of Alameda (Willdan)	City of East Palo Alto (AECOM)	City of Oakland (Urban Economics)	City of Sacramento (New Economics)	City of Chula Vista (City of CV)	Present in How Many of the Surveyed Studies[1]
	Mira Mesa PFFP	North Park IFS							
III. Nexus Analysis (Cont'd.)									
Q. Fee Schedule	✓	✓		✓		✓			2
R. Fee Deferral Program	✓								0
S. Cash Flow Analysis	✓								0
T. Fees in neighboring jurisdictions			✓						1
U. Other existing or potential city impact fees					✓				1
V. Detailed impact fee calculations		✓			✓		✓		2
W. Alternative Funding Sources	✓			✓	✓		✓		3
X. Maximum recommended DIFs	✓	✓				✓	✓		2
IV. Fee Program Implementation and Administration									
A. Program Adoption Process				✓		✓			2
B. Eligible Use of Funds						✓			1
C. Programming Revenues and Projects with the CIP	✓			✓		✓			2
D. Specialized Development Projects					✓				1
E. Ongoing Administration	✓				✓			✓	2
F. Accounting practices						✓	✓		2
G. Credits/reimbursements			✓		✓		✓		3
H. Exemptions			✓						1
I. Inflation adjustment	✓	✓	✓	✓	✓	✓	✓	✓	6
J. Reporting requirements			✓	✓		✓			3

(1) Excludes the City of San Diego.

TABLE II-2

SURVEY OF IMPACT FEE NEXUS STUDIES
DEVELOPMENT IMPACT FEE STUDY
CITY OF SAN DIEGO

	City of San Diego		City of San Ramon (KMA)	City of Alameda (Willdan)	City of East Palo Alto (AECOM)	City of Oakland (Urban Economics)	City of Sacramento (New Economics)	City of Chula Vista (City of CV)	Present in How Many of the Surveyed Studies(1)
	Mira Mesa PFFP	North Park IFS							
IV. Fee Program Implementation and Administration (Cont'd.)									
K. Administrative Costs						✓			1
L. Impact Fee Deferral or Waiver					✓				1
V. Mitigation Fee Act Findings									
A. Purpose of Fee				✓			✓	✓	3
B. Use of Fee Revenues				✓			✓	✓	3
C. Benefit Relationship				✓			✓	✓	3
D. Burden Relationship				✓			✓	✓	3
E. Proportionality				✓			✓	✓	3

(1) Excludes the City of San Diego.

III. OVERVIEW OF THE MITIGATION FEE ACT

Development impact fees are a form of monetary exaction imposed on new development, which are paid as a condition of development approval. Impact fees are collected by local government agencies to pay for infrastructure or capital facilities needed to serve new development. Because impact fees are collected during the development approval process, the fees are typically paid by developers, builders, or other property owners that are seeking to develop property.

An impact fee is not a tax or special assessment. As such, the fees must be reasonably related to the cost of the facility provided by the local agency. If an impact fee does not relate to the impact created by the development, or exceeds the reasonable cost of providing the public facility, then the fee may be declared a special tax and must then be subject to a two-thirds voter approval.

The MFA provides the requirements for impact fee programs in California. The MFA was adopted in 1987 as Assembly Bill 1600 (AB 1600), and the provisions contained within are typically referred to as "AB 1600 requirements." The MFA established a uniform process for formulating, adopting, imposing, collecting, accounting for, and protesting impact fees. The fundamental limitations on impact fees, codified by the MFA, are that: (1) local governments must demonstrate how impact fees are related to the development projects that pay the fees; and (2) the fee paid by a development project must not exceed its reasonable and proportionate share of the cost of the facilities for which the fees pay. California Government Code § 66001 outlines the following nexus requirements that local governments must document and adopt to enact impact fees:

Purpose of the Fee	Use of Fee Revenue	Benefit Relationship	Burden Relationship
• Identify the purpose of the fee	• Identify the specific use of the fee	• Determine the reasonable relationship between the fees' use and the type of development project on which the fee is imposed	• Determine the reasonable relationship between the need for the public facilities and the types of development on which the fees are imposed

Once a local agency has determined areas where growth may occur and the realm of public improvements that will be required to support this growth, an agency typically prepares a fee study and capital improvements plan to establish the necessary impact fees. Establishing an impact fee requires the following:

1. Projection of the future growth from both residential and non-residential land uses
2. Identification of the existing and projected future service levels for each needed public facility
3. Determination of the additional facilities needed in each category to serve the projected future growth at the appropriate level
4. Apportionment of the costs between existing development and future growth in a manner proportionate to their contribution to the need for the facilities

In order to illustrate the nexus between new development, public facilities, and impact fees, local governments typically rely on data that is included in a jurisdictions general plan, capital improvement plan, and/or from other local or regional planning agencies, such as:

- Existing and future land use data
- Current and future population and employment projections
- Levels of service by type of public facility
- Future facilities needed and the cost of those facilities

The MFA does not require that the nexus documentation incorporate an adopted capital improvement plan in order for the local agency to enact impact fees, although this is encouraged in California Government Code § 66002.

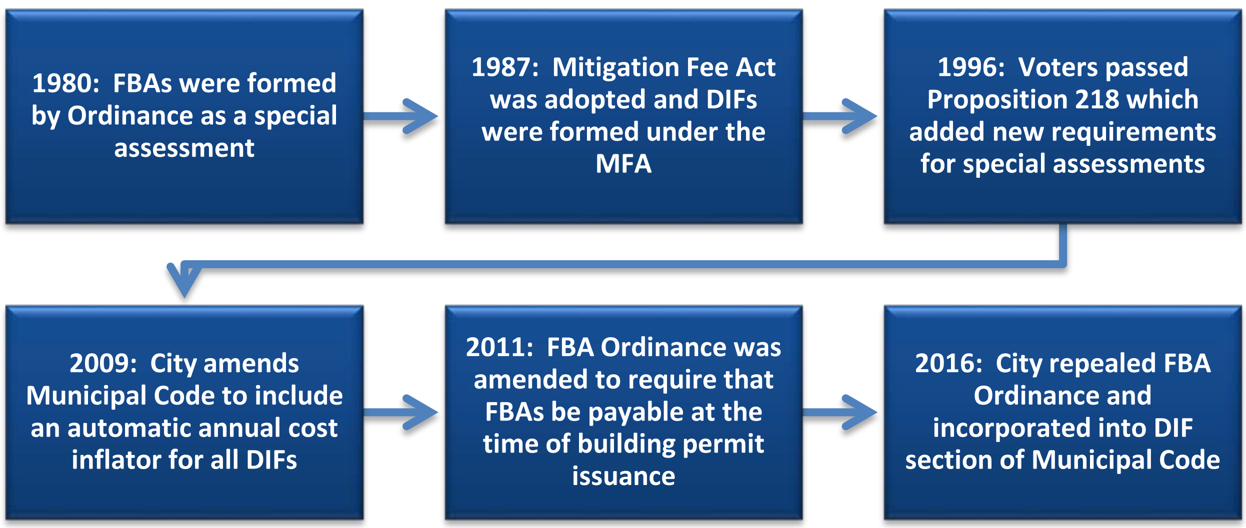
The MFA also prescribes several procedures for administering the fees, including the terms and conditions for challenging the adoption of impact fees and for appealing fees on specific projects. The MFA outlines the criteria and procedures for refunding fees, loaning fee revenues between funds, and spending fee revenues. Requirements for reporting on the collection and spending of fees, both annually and every five years, is also outlined in the MFA.

IV. REVIEW OF THE CITY'S EXISTING DIF PROGRAM

A. Background

The City has a total of 52 Community Plan Areas (CPAs), of which the City collects DIFs or FBAs in 50 CPAs. Fourteen (14) CPAs utilize the FBA methodology and 38 utilize the DIF methodology. Table A-1 in Appendix A presents a summary of the adoption and amendment dates for each Community Plan and corresponding financing plan (i.e., PFFP or IFS).

The following timeline presents an illustration of key events that occurred as the City established and transformed the impact fees in FBA and DIF communities over the past few decades.



The City's FBAs were originally established in 1980 by way of the City Council's adoption of Ordinance O-15318, adding Division 22 (known as the "Procedural Ordinance for Financing of Public Facilities in Planned Urbanizing Communities") to the City's Municipal Code. The ordinance established FBAs to mitigate the impact of new development on various planned urbanizing communities throughout the City.

Following the enactment of the MFA in 1987, the City Council adopted Resolutions R-269019 on August 4, 1987, and R-269274 on September 14, 1987, which called for the establishment of impact fees to mitigate the impact of new development on public facilities in the City's older urban communities.

In 1996, California voters passed Proposition 218 (Prop 218), which changed the way that local governments can create or increase taxes, assessments, and fees. Prop 218 also shifted to the local agency the burden of demonstrating that assessed properties receive special benefit and that the amount of an assessment is proportional to and no greater than the special benefit conferred. The City's FBAs were originally imposed as an assessment secured by a lien on undeveloped property. If the FBAs were to continue to function as "assessments", they would be subject to the special assessment procedural requirements set forth by Prop 218. In 2016, the City repealed the FBA procedural ordinance and further identified FBAs and DIFs, collectively, as "Development Impact Fees" (via City Ordinances O-20626 and O-20627), thereby eliminating any "assessment" ambiguity with the FBAs.

As public scrutiny increased over the City's impact fee methodologies, the City's Affordable Housing Task Force recommended that the Planning Department obtain a consultant to analyze alternative methods to calculate DIFs. In 2004, the City retained the services of Pacific Municipal Consultants (PMC) and Best Best & Krieger, LLP (BBK) to provide a critique of the current impact fee methodologies and to provide alternatives that were equitable and consistent with local and State laws, and with the City's smart growth policies. The PMC/BBK report made several recommendations, including the implementation of an annual inflationary adjustment for all DIFs. In 2009, the City amended the Municipal Code to allow for an automatic annual increase to the DIF schedule based upon the one-year change in the Los Angeles Construction Cost Index (CCI), as published by Engineering News Record.

The City's Planning Department also created the following documents which set forth the procedures for developing financing plans in FBA and DIF communities:

- List of Policies and Procedures #21 – Procedure for Impact Fee Study and DIFs
- List of Policies and Procedures #23 – Development of a Public Facilities Financing Plan and FBA
- The Planning Department Work Program – Development Impact Fee Plan Updates

Table IV-1 presents a general overview of the impact fee methodologies for FBA and DIF communities.

Table IV-1: Overview of Impact Fee Methodologies used by City

	Facilities Benefit Assessment (FBA)	Development Impact Fee (DIF)
Fee Calculation	• Total cost of facilities needed to serve the community through buildout divided by the remaining development anticipated to occur in the community	• Total cost of facilities needed to serve the community through buildout divided by the total existing and new anticipated development in the community
Cash Flow Analysis	• Calculation based upon use of a cash flow projection • Cash flow takes into account an assumed inflation factor, interest rate, land use development rate, and facility costs in order to calculate sufficient funds to develop public facilities through full buildout of the community	• Calculation does not require a cash flow projection
Fee Adjustment	• Fee schedule is automatically increased annually by forecasted cost index (typically 3% to 4%); until Council authorizes the use of different inflation rate	• Annual inflation based upon Los Angeles Construction Cost Index (LACCI)
Administrative Fees	• Flat rate that varies by CPA and can change year to year	• Eight percent (8%) of "DIF Basis", meaning the project costs that can be funded by the DIF, less any other available funding sources
Funding of Projects	• Funds 100% of the public facilities outlined in the community's PFFP • Process for funding public facilities are conducted one of two ways: 1. Developer can construct the facility and enter into reimbursement agreement with the City 2. Funds are accumulated by the City. When sufficient funds are available to finance a public facility, then Facilities Financing staff advises the asset owning department (for example Parks and Recreation department to develop a recreational facility)	• On average, funds approximately 16% of the public facilities outlined in the community's IFS (1) • Process for funding public facilities: 1. Facilities Financing staff receives recommendations for projects eligible to be funded by DIFs from asset owning departments via a call memorandum 2. Facilities Financing staff then holds a "DIF Bowl" to allow asset owning departments to compete for the funds available 3. City Council offices also provide input into which projects are to be funded within their districts • CIP Review and Advisory Committee (CIPRAC) makes a recommendation to the Mayor

(1) Source: City of San Diego

B. Existing Methodology – Facilities Benefit Assessments

FBA fees are calculated by adding up the cost of facilities needed to serve the community (the numerator) divided by the remaining development anticipated to occur in the community (the denominator). This results in approximately 100% of the facility costs being funded by the impact fee. According to the City's Planning Department Work Program, the City has set forth the practice of updating the FBA-based PFFPs every two years so that current construction costs and development activity is accurately monitored.

At the time of building permit issuance, the owner of the parcel being developed is charged the fee depending on the type and size of the development and the FBA fee schedule for the CPA. Since the public facilities are directly related to the growth rate of the community, PFFP schedules of fees are contingent upon actual development within a community.

One of the key differences between the FBA and DIF methodologies is the use of cash flow projections in the FBA methodology during the impact fee updating process. The cash flow incorporates an inflation factor, interest earned, facilities costs, and absorption of development through buildout of the community. The cash flow provides a projection of anticipated expenditures based upon the estimated schedule of development and assists in ensuring that funding requirements are achieved through the community plan time period. Since the public facilities are directly related to the community's growth rate, scheduling of facility development is contingent upon actual development within the community. Slowdown of development requires an adjustment to the projected schedule of funding public facilities. When changes in the development rate occur, the City's practice is to modify the schedule of public facilities accordingly and update the cash flow analysis.

Table A-2 in the Appendix provides an overview of the Fiscal Year 2019 FBAs by CPA. The following graphic illustrates the methodology used to calculate FBA fees.

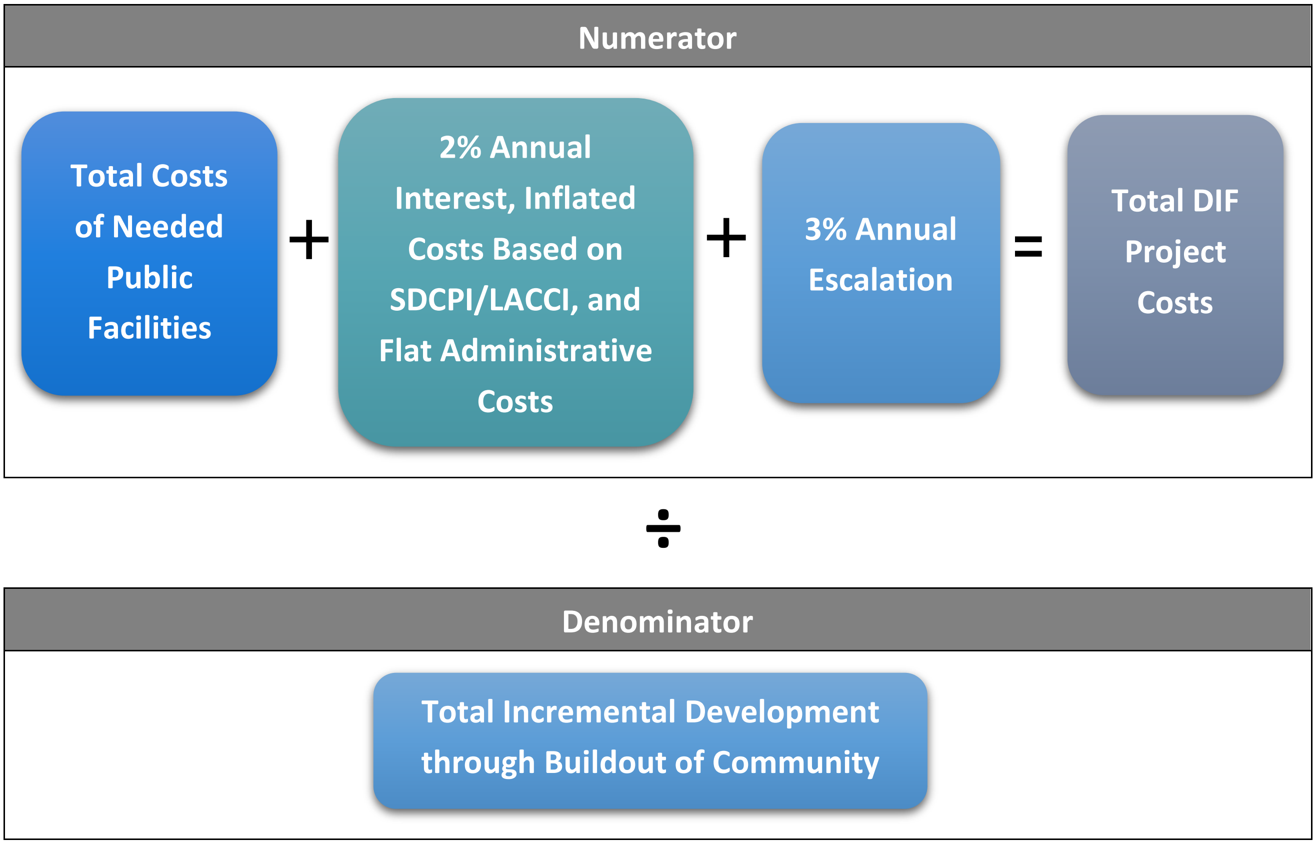


Table IV-2 presents a description of the PFFP method and approach.

Table IV-2: Summary of Public Facilities Financing Plan Method and Approach	
I. Purpose	The PFFP is an implementation document to the Community Plan which identifies the public facilities needed at full community buildout and provides the schedule for FBAs. The PFFP is used as a long-range planning document to fund capital projects.
II. Fee Amount	Based on the collective cost of each public facility needed to serve development in the community, equitably distributed over the remaining undeveloped property.
III. Fee Payment	Paid at the time of construction or building permit issuance; owner of undeveloped parcel pays a FBA based on the fee schedule that is in effect at the time the permit is obtained. FBAs collected are placed into a separate interest bearing account.
IV. Methodology	(1) Estimate anticipated development schedule through community buildout based on a review of the Community Plan, existing tentative and final maps, and best estimates by property owners, developers, and City staff (2) Establish EDU ratio for the purpose of allocating the cost of public facilities between different land use classifications (3) Estimate schedule of public facility expenditures to be financed with FBA (4) Assume annual interest rate through buildout: apply to cash balance (5) Annual inflation rate of approximately 3.0% applied through buildout: apply to future costs of public facilities
V. Fee Adjustments	At beginning of each fiscal year (July 1) the FBA schedule is automatically increased by the inflation factor. The automatic increase is only effective until the next adjustment is authorized by Council. Thereafter, the subsequent Council-approved annual adjustment will apply.
VI. Cash Flow Analysis	• *Purpose*: Shows the difference between anticipated DIF revenues (including interest) and expected capital improvements through full community development (FY 2035) • *Results*: Verifies that under the assumed conditions for inflation factors, interest rates, land use development rates, and facility costs, sufficient funds are expected for all public facilities without incurring a negative cash flow at any time throughout buildout • *Updates*: To occur periodically using actual event status (project status, revenues collected, actual construction costs incurred, etc.). Any slowdown in development will result in shifting of the projected schedule and provide needed facilities. When changes in the development rate occur, facility schedules will be modified accordingly and a new cash flow analysis will be prepared With each periodic update, actual permit activity, population projections, and traffic study information since the last update will be evaluated to determine the most appropriate year in which to budget the need for each remaining project. As such, the budgeted year for a given project is subject to change with each update to the PFFP

C. Existing Methodology – Development Impact Fees

DIFs are calculated by adding up the cost of the facilities needed to serve the community (the numerator) and then dividing the cost of those facilities by the total existing and new anticipated development in the community (the denominator). This is based on the concept of fair share funding. The City Attorney's office noted that in this approach, the resultant DIF fee may not fully capture the cost of providing public facilities to new development in DIF communities (i.e., not full cost recovery). According to City staff, the DIF calculation, on average, results in funding approximately 16% of the cost needed to fund new public facilities. According to the City's Planning Department Work Program, the City has set forth the practice of updating the DIF-based IFSs every five years so that construction cost data and the list of public facilities is updated.

City staff tailor their approach to determine what the appropriate fee should be for each community based on existing and projected new development through a horizon year as well as considering the individual needs and priorities of each community.

Table A-3 in the Appendix provides an overview of the Fiscal Year 2019 DIFs by CPA. The following presents a graphic illustration of the methodology used to calculate DIFs:

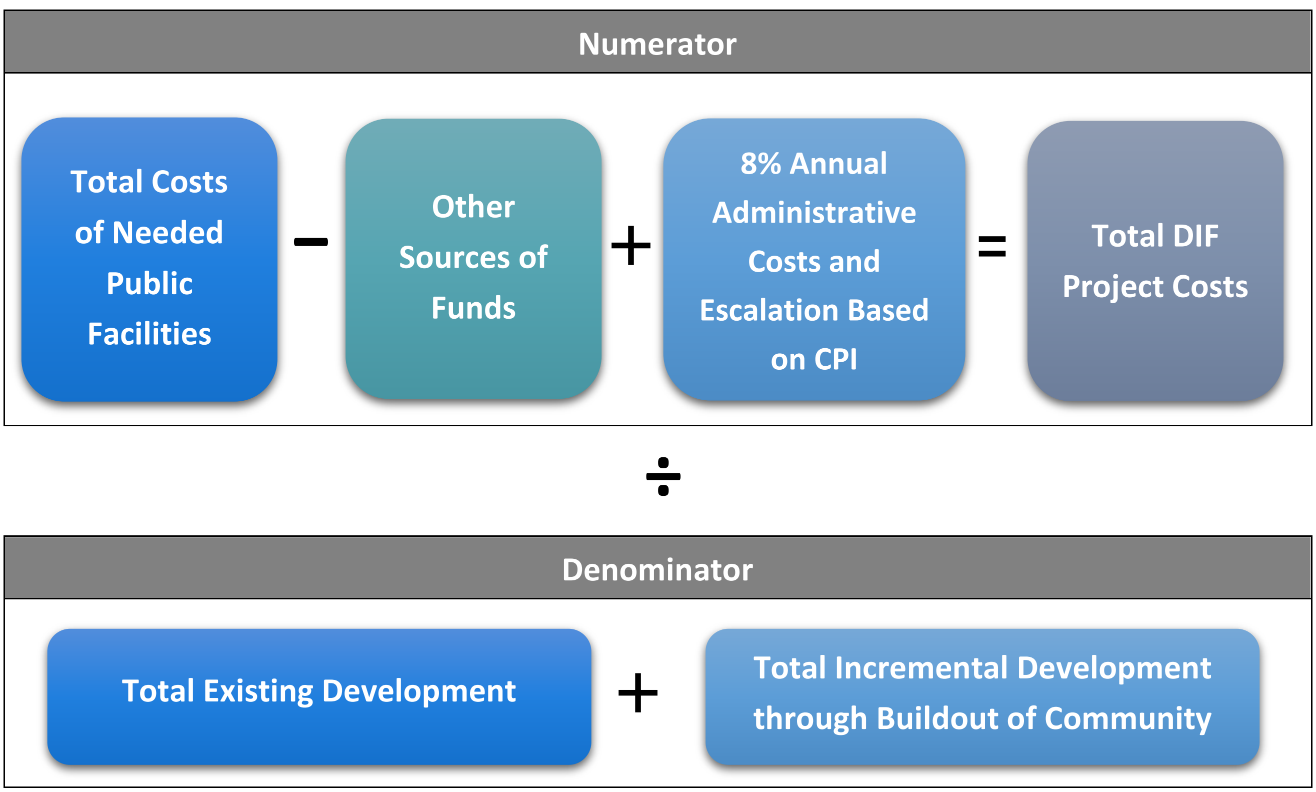


Table IV-3 presents a description of the IFS method and approach.

Table IV-3: Summary of Impact Fee Study Method and Approach	
I. Purpose	The IFS is an implementation document to the General Plan and Community Plan which identifies the public facilities needed at full community buildout and establishes the basis for DIFs. DIFs are collected to mitigate the impact of new development through provisions of a portion of the funding needed to pay for public facilities indentified in the IFS and to maintain existing levels of service for the community.
II. Fee Amount	Based on the estimated costs of public facilities needed to serve the community upon full buildout, separated by asset type, divided by the total number of existing and projected equivalent dwelling units (EDUs) and/or average daily trips (ADTs). Most of the public facility costs are included in the numerator but certain costs are excluded when multiple communities share in the project costs, when other funding sources are available for a specific project, or when limitations have been placed on costs that are included in the DIF-basis due to policy considerations such as generic parkland acquisition of unidentified sites.
III. Fee Payment	Paid prior to the issuance of any building permit. The City Manager may also require the DIFs be paid prior to the issuance of any construction permit issued or required for development that would increase demand for public and/or result in the need for new public facilities.
IV. Methodology	(1) Identify and estimate the costs of community-serving public facilities by asset type (libraries, transporation, parks, and fire). (2) Determine the eligible amount that can be funded by the DIF (DIF-basis). Most of the public facility costs are included but certain costs are excluded when (i) multiple communities share in the project costs; (ii) when other funding sources are available for a specific project; or (iii) when limitations have been placed on costs that are included in the DIF-basis due to policy considerations such as generic parkland acquisition of unidentified sites. (3) Add 8.0% of the total DIF-basis to cover the City's administative costs. (4) Obtain the community's current and projected population, dwelling units, and non-residential building square feet (SF) and full buildout. (5) For asset types that only benefit residential development, divide the total DIF-basis by the number of residential dwelling units at buildout. (6) For asset types that benefit residential and non-residential development, divide the total DIF-basis by the number of EDUs (fire-rescue) or ADTs (mobility) at buildout. (7) Annual inflation rate based upon the one-year change (from March to March) in the LACCI, as published by the Engineering News Record.
V. Fee Adjustments	At beginning of each Fiscal Year (July 1) the DIF schedule is automatically increased by the LACCI.

City staff calculates impact fees by individual asset type -- mobility, fire-rescue, parks and recreation, and library. The calculation for each component is derived by apportioning the DIF-basis costs to the various land uses based on the type of land use. Costs included in the DIF-basis are apportioned to multiple land use types based on the type of the land use and/or the type of facility.

The portion of the component cost that is eligible to receive DIF funding is determined and included in the DIF-basis. The DIF-basis for each component is totaled and combined with an administrative fee of 8% to arrive at the total DIF project costs. This amount is then apportioned over the total anticipated development for the community at full community development. While the DIF components are calculated separately, each component as summed by residential or non-residential and combined to form the DIF Schedule. The fee will automatically increase annually every July 1 based upon the percentage change in the LACCI, as published by the Engineering News Record (March to March change).

D. City's Process for Updating Impact Fees Studies

According to the City's Planning Department Work Program for FY 2018 and FY 2019, a data-driven prioritization system has been established to assist City staff in determining which order development impact fee plans should be updated. The Work Program outlines five (5) evaluation factors that staff takes into consideration as part of the prioritization process. The evaluation factors (in order of priority) are as follows:

1. *Community Plan Update Efforts* – A PFFP and/or IFS associated with a community plan that is undergoing an update is given highest priority as these two planning efforts should be consistent.

2. *Community Plan Amendment Efforts* – A PFFP and/or IFS associated with a community plan amendment is also given high priority as it is important that these planning efforts be consistent.

3. *Age of the Community Financing Plan* – Since there is a greater amount of development occurring in FBA communities, FBA communities are prioritized higher than DIF communities.

4. *General Development Activity* – If an FBA or DIF community experiences a large increase in development activity, City staff may find that additional funding to support public facilities is required. As such, a community experiencing high growth in population would be given higher priority.

5. *Other Special Considerations* – Other special considerations that may affect the need or timing of an update such as fiscal impacts, updated project costs, creation of a new financing plan, environmental issues, etc. may increase a community's level of prioritization.

Overall, the City's estimates that the impact fee update process takes approximately 15 months to complete. The process is divided into four phases, as follows:

Phase 1 Initiation

- City staff indentifies public facilities required to support growth through buildout of the CPA
- City staff estimates project costs and proposes a development schedule

Phase 2 Analysis

- City staff calculates the impact fees and prepares the draft PFFP or IFS

Phase 3 Review

- City staff provides the Community Planning Group with a recommendation
- Member of the public are allowed time to review and comment
- Interdepartmental review is conducted

Phase 4 Approval

- City stafff presents the recommended PFFP or IFS to a Council Committee
- Council Committee reviews and provides recommendation
- City Coucil meeting is conducted and Mayor and City Council provide final approval

V. CONCERNS RAISED REGARDING CURRENT METHODOLOGIES AND PRACTICES

A. Background

City staff and other City officials have raised concerns and questioned the FBA/DIF methodologies. The following section summarizes the key issues identified by the City's Facilities Financing staff, the City Attorney's office, and the IBA. In general, the City Attorney's office and the IBA found that the methodology for calculating FBAs can potentially result in overcharging for improvements required to serve existing development/population. Conversely, the methodology for calculating impact fees in DIF communities can potentially result in an under-collection of fees. In addition, the IBA identified procedural concerns such as the City's process for allocating and funding capital projects.

B. Office of the City Attorney: Public Facilities Financing Plan Update Considerations, dated September 6, 2013

In 2013, the City Attorney's office advised the City that it should update its PFFPs annually in order to comply with statutory requirements, reflect fluctuations in public facility project costs, address changes to the types of projects needed in the community, and update PFFP assumptions.

The City Attorney stated that the City Council should make certain that PFFPs in FBA communities do not result in fees that are greater than the burdens posed by new development in the community. Additionally, the City Council should be aware of the potential for not capturing the full costs to provide public facilities to new development in DIF communities. In addition, the City Attorney found that potential General Plan inconsistencies could exist when a Community Plan Amendment is considered simultaneously with a PFFP where the Community Plan relies on the PFFP to implement public facilities policies. Further, if a fee does not capture the full amount of the cost of public facilities attributable to new development, future projects may also be inconsistent with the General Plan unless additional fees are imposed on such projects on a case-by-case basis.

C. Office of the Independent Budget Analyst Report: Overview and Challenges Related to Public Facilities Financing Plan Updates, dated June 9, 2014

Subsequently, in 2014, the Independent Budget Analyst (IBA) identified additional challenges related to the City's PFFPs. The IBA noted that the City had 12 communities that were relatively early in their planned development and have an FBA which provides up to 100% of funds for public facilities projects included in the community's PFFP. In contrast, the IBA identified more than 30 communities that were at or near build-out and collect DIFs on in-fill development and revitalization projects which, at the time, only provided for 7% to 10% of the funding needed to pay for public facilities identified in the community's IFS.

At that time, many community plans and PFFPs had not been updated in several years or more and were considered significantly out of date. PFFP updates are important to ensure that the plan accurately reflects a community's public infrastructure needs and priorities, in addition to establishing an impact fee structure that is proportionate with the current costs of facilities.

The IBA report noted that the amount of fees imposed on new development are based on the extent or degree to which each type of development (residential and non-residential) generates demand for public facilities. For example, new development generates traffic and the demand for new fire-rescue services. The fees in both FBA and DIF communities must be reasonably related to the burdens posed by new development. However, the methodologies used to calculate the fees amounts in FBA and DIF communities are very different.

Since FBAs rely on a projection of new development, if an economic downturn occurs and development lags, the City will receive less revenue coming in from development. This may then cause delays to the anticipated schedule for funding public facilities in FBA communities.

The IBA report also noted that DIF communities are not fully recovering the cost of the impacts of new development. Staff attempt to find a balance between generating revenue needed to fund public facilities while not burdening existing development in the community. As such, staff determines what the appropriate fee should be for each community based on existing and projected development through a horizon year in addition to considering the unique needs and public facility priorities of each community. As part of their analysis, staff are informally assessing economic impacts on development without the use of formal economic impact analyses. The IBA recommended staff develop a more consistent and reliable approach to calculating impact fees in DIF communities.

In addition, the IBA stated that DIF communities, which are predominately built out, are held to the City's General Plan standard of 2.8 acres of parkland per 1,000 residents. In some communities, this standard may not be achievable as land is limited or not available without the demolition of existing development to construct park area. As such, the existing park deficiency cannot be fully funded with DIF monies, but park deficiencies based on this standard still contribute to higher DIFs, even if the standard is not achievable.

VI. SURVEYS OF OTHER JURISDICTIONS

A. KMA Survey

KMA surveyed best practices for other agencies throughout the State, with a particular focus on six (6) case study jurisdictions, in order to inform and provide industry context for the City's decision-making on its impact fee practices. The KMA survey evaluated existing processes for establishing and updating DIFs and demonstrates methods for apportioning costs to new development. The jurisdictions surveyed included the cities of Chula Vista, Los Angeles, Sacramento, San Francisco, and San Jose, and the County of San Diego. This section summarizes key items that support the establishment and updating of impact fees. More detailed information on the surveyed jurisdictions is found within Tables B-1 through B-3 in Appendix B.

Of the surveyed cities, KMA found that the City of Sacramento had most recently evaluated their existing DIF programs, established a new Transportation DIF, and revised the Park DIF in 2017. Sacramento had determined that its existing DIF system was outdated, difficult to administer, and funding required to support development of new infrastructure consistent with buildout of the Sacramento General Plan was deficient.

City of Sacramento Impact Fee Methodology 2017 Update

The City of Sacramento developed a framework that prioritized the use of DIFs and restructured the fee programs to: (1) support General Plan projected growth areas with adequate capital improvements; (2) provide a more consistent and certain fee calculation and payment process; (3) have new growth pay its fair share of infrastructure investments to the maximum extent feasible; and (4) adjust fees comprehensively, rather than on a piecemeal basis.

The evaluation was completed in two phases: Phase 1 evaluated the current fee structure and provided recommendations for improvements and Phase 2 focused on restructuring the fee program and implementation. The City evaluated the existing DIF programs as well as the City's main infrastructure needs based on the 2035 General Plan growth projections and provided an analysis and recommendations for:

- Parks – Neighborhood, community, and regional parks and citywide park facilities
- Utilities – Water, sewer, and storm drainage
- Transportation – Roads, transit, and bicycle and pedestrian improvements
- General Public Facilities – Fire and police stations and related infrastructure, solid waste equipment, libraries, and community centers

The existing DIF program only included a Park DIF and Housing Trust Fund fee. As part of the 2017 DIF program, a new Transportation DIF has been established. The City also anticipates that their Department of Utilities will bring forward a citywide water, sewer, and drainage DIF in the future.

In addition, developers found the existing fee structure to be complex when estimating DIFs to determine project feasibility.

B. Types of Public Facilities Funded by Impact Fees

KMA reviewed the current mix of capital needs included in San the City of Diego's DIF program and identified potential additional facilities common in the surveyed jurisdictions that may be considered for inclusion. Table VI-1 below presents an overview of the types of public facilities funded by impact fees for the jurisdictions surveyed.

Table VI-1: Comparison of Facility Types Funded by Impact Fees (1)

Facility Types	City of San Diego	Chula Vista	Los Angeles	Sacramento	San Francisco	San Jose	County of San Diego
Child Care					✓		
Civic Uses		✓ (2)					
Community Infrastructure					✓		
Drainage		✓					✓
Fire	✓	✓ (2)			✓		
General Public Facilities		✓ (3)					
Library	✓	✓ (2)		✓ (4)			
Parks and Recreation	✓	✓	✓	✓	✓	✓	
Pedestrian Bridges		✓		✓ (5)			
Police		✓ (2)					
Public Works		✓ (2)					
Sewer Basins		✓					
Transportation	✓	✓	✓	✓	✓	✓	✓

(1) Does not reflect fees associated with affordable housing, jobs-housing, sewer connection/water capacity, or schools.
(2) Included in General Public Facilities.
(3) Includes police and public works facilities.
(4) Library facilities are funded via a Countywide Library Impact Fee Program.
(5) Included in Transportation.

As shown above, the two most common impact fees among the surveyed jurisdictions are park and recreation and transportation. The City of Sacramento was the only public agency in the Sacramento region that did not have a comprehensive transportation impact fee for city-sponsored transportation improvements. The City had previously relied on area-specific finance plans to address area-specific infrastructure to serve new development in new growth areas. Sacramento relied on funding from federal grants and Measure A (sales tax) to address citywide transportation-related improvements. In 2016, the City of Sacramento adopted their first citywide transportation impact fee. The City of Sacramento also anticipates that their Department of Utilities will bring forward a citywide water, sewer, and drainage DIF in the future.

In 2013, the County of Sacramento formed a Countywide Library Impact Fee Program that encompasses multiple jurisdictions, including the City of Sacramento. A joint powers authority (JPA) was established between the County of Sacramento and the cities of Citrus Heights, Galt, Isleton, Elk Grove, Rancho Cordova, and Sacramento. Each individual jurisdiction is response for the establishment of the facilities needed for the provision of library services, and the JPA is responsible for operation of the facilities.

Agencies throughout the State are expanding the use of impact fees to fund a wide variety of public facilities including child care, civic uses, pedestrian bridges, and water, wastewater, sewer, and drainage improvements. Oftentimes, an agency will form a general impact fee that covers multiple facility types. For example, the City of Chula Vista formed a General Public Facility impact fee that funds the following authorized uses: Civic Center expansion, police department facilities and equipment, corporation yard relocation/expansion, library system expansion, fire suppression system expansion, and other major recreational facilities such as community centers, gymnasiums, and swimming pools.

The MFA allows for great flexibility in terms of the types of public facilities, improvements, and equipment that can be funded. The MFA defines “facility” or “improvement” to include any of the following:

- Public buildings, including schools and related facilities
- Facilities for the storage, treatment, and distribution of nonagricultural water
- Facilities for the collection, treatment, reclamation, and disposal of sewage
- Facilities for the collection and disposal of storm waters and for flood control purposes
- Facilities for the generation of electricity and the distribution of gas and electricity
- Transportation and transit facilities, including but not limited to streets and supporting improvements, roads, overpasses, bridges, harbors, ports, airports, and related facilities
- Parks and recreation facilities

The MFA also makes reference to the inclusion of any other capital project identified in an agency’s CIP adopted pursuant to California Government Code § 66002. In this legislative context, an agency may charge impact fees for authorized facilities and capital costs if included in an agency’s CIP, assuming that the MFA requirements are met.

KMA also surveyed other jurisdictions and identified other less common capital facilities and appurtenances that are funded by impact fee funds, as shown in Table VI-2 below.

Table VI-2: Other Uses Funded by DIFs

<u>Parks</u> • Maintenance vehicles • Boat ramp expansion • Sports complex • Recreation supply storage and park maintenance yard • ADA improvements **<u>Airports</u>** • Terminal building improvements • Aircraft apron expansion • Weather equipment upgrades • Hangar construction • Runway extension **<u>Government Services Facilities</u>** • Administrative office expansion • City storage facilities • Corporation yard expansion • Library books	**<u>Police</u>** • Police station expansion • Marked and unmarked patrol vehicles • Community service officer truck • SWAT van • Animal control vehicle • Computer system and/or upgrade **<u>Fire</u>** • Fire department expansion • Fire engines • Command vehicles • Staff vehicles

C. Citywide vs. Sub-Area Impact Fees

KMA conducted an evaluation of how other jurisdictions apply impact fees on a geographic basis. Table VI-3 presents an overview of how the surveyed jurisdictions apply fees (i.e., at a citywide level or sub-area level).

As shown in Table VI-3, impact fees, whether citywide or by sub-area, vary greatly between jurisdiction and facility type. Not one jurisdiction surveyed applies fees by facility type in the same manner. However, among the jurisdictions surveyed, fees at the sub-area level are more common than citywide fees. Cities that impose specific impact fees at the sub-area level typically do this for two reasons: (1) because that is where development is expected to be concentrated in the future and, therefore, the need to finance new infrastructure to support new growth, and (2) because certain areas yield higher densities such as a downtown area.

Table VI-3: Application of DIFs at Citywide vs. Sub-area Level, by Jurisdiction and Facility Type (1)

Facility Types	City of San Diego	Chula Vista	Los Angeles	Sacramento	San Francisco	San Jose	County of San Diego
Child Care					Citywide		
Civic Uses		Citywide					
Community Infrastructure					Sub-area		
Drainage		Sub-area					Sub-area
Fire	Sub-area	Citywide			Citywide		Sub-area
General Public Facilities (3)		Citywide					
Library	Sub-area	Citywide		Citywide (1)			
Parks and Recreation	Sub-area	Citywide	Citywide	Citywide & Sub-area (2)	Sub-area	Citywide	Sub-area
Pedestrian Bridges		Sub-area		Citywide & Sub-area (2)			
Police		Citywide					
Public Works		Citywide					
Sewer Basins		Sub-area					
Transportation	Sub-area	Citywide & Sub-area (2)	Sub-area	Citywide & Sub-area (2)	Citywide	Sub-area	Sub-area (1)

(1) Funded via a Countywide impact fee.
(2) Fees include varying rates by sub-area.
(3) Includes police and public works facilities.

The City of Chula Vista's General Public Facilities DIF is charged as a Citywide fee but also funds a wide variety of public facilities, improvements, and equipment. Chula Vista's Pedestrian Bridges DIF is charged to specific development areas of the City that were found to have a direct benefit from the installation of the pedestrian bridge improvements.

D. Relationship to Capital Improvement Program

KMA evaluated how other jurisdictions form a relationship between impact fees and their Capital Improvement Plan (CIP) and whether these jurisdictions use DIF studies as a financing/implementation tool. CIPs are typically based upon other long-term plans such as an agency's General Plan, Specific Plans, or other local policy guide. CIPs identify all individual capital improvement projects and funding sources on a citywide basis. Capital improvement projects are construction projects that provide tangible, long-term improvements such as police/fire facilities and equipment, libraries, roads and bridges, parks and recreational centers, water and sewer facilities, etc.

While the MFA does not mandate that a local agency adopt a CIP; California Government Code § 66002 states that if an agency adopts a CIP, the CIP should indicate the approximate location, size, time of availability, and cost estimate for all facilities and improvements to be financed by the fees. The code section also states that the CIP should be updated annually.

Different types of development will require the construction of public facilities at different rates (i.e., commercial development affects the demand for transportation improvements at a different rate than single-family residential development). An agency's CIP relates the City's annual capital expenditures to a long-range plan for public improvements. By relating the plan for public improvements to the city's capacity for funding, and scheduling expenditures over a period of years, the CIP helps maximize the funds available. The CIP and impact fee study, collectively, can assess how best to allocate the costs of public improvements, making this an important aspect when projecting the types of facilities required to serve new development and estimating the associated costs.

All of the nexus studies evaluated for the case study jurisdictions referenced the use of their CIP, in addition to other planning documents. For example, the improvements identified in the City of Sacramento's newly formed transportation impact fee are identified in Sacramento Association Council of Governments (SACOG) 2016 Metropolitan Transportation Plan/Sustainable Community Strategy. Sacramento's 2035 General Plan is in alignment with the SACOG strategy and contains improvements that are anticipated to be constructed from 2021 to 2036.

Table B-4 presents the KMA survey of fee update timelines for four (4) jurisdictions in the State. Of the surveyed jurisdictions, KMA found that the agencies do not update their impact fee programs with the same frequency as their CIP updates. In addition, none of the surveyed jurisdictions use nexus studies as an ongoing financing/implementation tool for capital facilities.

E. Impact Fees Based on Plan vs. Standard

KMA evaluated which jurisdictions utilize a standard or plan-based approach by facility type funded. A standard-based approach is demand-driven and uses consumption-based standards or levels of service. A plan-based approach is improvement-driven and typically relies on the use of an adopted CIP, master plan, or other planning document. As shown in Table VI-4, the majority of facilities financed by impact fees in the surveyed cities are based upon an approved list of projects identified in a plan. The exception is parks and recreation, which consistently utilize the standard approach of applying a park acreage per population factor.

Table VI-4: Calculation of Impact Fees Based on Standard vs. Plan, by Jurisdiction and Facility Type

Facility Types	City of San Diego	Chula Vista	Los Angeles	Sacramento	San Francisco	San Jose	County of San Diego
Child Care					Plan		
Civic Uses		Plan					
Community Infrastructure					Plan		
Drainage		Plan					Plan
Fire	Plan	Standard			Standard		
General Public Facilities (3)		Plan					
Library	Plan	Standard		Standard			
Parks and Recreation	Standard	Standard	Standard	Standard	Standard	Standard	
Pedestrian Bridges		Plan		Plan			
Police		Standard					
Public Works		Plan					
Sewer Basins		Plan					
Transportation	Plan	Plan	Plan	Plan	Plan	Plan	Plan

F. Application of Impact Fees on Mixed-Use Development and Ancillary Uses

KMA surveyed other jurisdictions to understand how impact fees are applied to mixed-use development. Mixed-use development is generally characterized as a development that blends two or more land uses (e.g., residential, commercial, institutional, and/or cultural uses). The nexus studies surveyed for this report do not address mixed-use development; impact fees are applied to each land use at their respective rates. However, modifications to the application of fees for mixed-use is often set forth in the governing ordinance. Two of the surveyed jurisdictions have specific provisions for mixed-use development in their ordinances, as discussed below.

- Under the City of Chula Vista's Transportation DIF, mixed-use projects are assigned either a mixed-use commercial rate or mixed-use residential rate. For example, a mixed-use commercial rate is applied to the commercial component of a development containing residential units above commercial space. Similarly, a mixed-use residential rate is applied to the residential component of the project. The mixed-use component fee amounts are lower than the residential and commercial rates.

- The City of Sacramento also has a different method for applying impact fees to mixed-use development. Sacramento's Park and Transportation DIFs are computed based on the primary use or uses of the development project and the rates specified for that primary use. For projects with multiple primary uses that are operationally separate, fees are computed by applying the applicable fee rate to the total residential units or total commercial building square footage (SF) for each primary use.

100,000-SF Mixed-Use Building		
Land Use	Office	Retail
Square Feet	60,000 SF	40,000 SF
Applicable Rate	Office rate	Retail rate

An exception is made to industrial warehouses, which may not include more than 25% of the building area as an ancillary office use for the purposes of calculating the fee. The following examples demonstrate these fee applications:

100,000-SF Warehouse with Less than 25% Office Uses		
Land Use	Warehouse	Office
Square Feet	85,000 SF	15,000 SF
Applicable Rate	Warehouse rate	Warehouse rate

100,000-SF Warehouse with More than 25% Office Uses		
Land Use	Warehouse	Office
Square Feet	74,000 SF	26,000 SF
Applicable Rate	Warehouse rate	Office rate

The City of Sacramento also caveats that it may use its discretion to determine the applicable fee rates and land use categories that apply to a specific project.

G. Reductions/Exemptions for Accessory Dwelling Units (ADUs)

KMA evaluated how other jurisdictions apply impact fees to ADUs. ADUs are secondary dwelling units that contain complete independent living facilities for one or more persons. Typically, these are configured as detached units that are separated from the primary structure. ADUs have gained popularity within California since they are a form of in-fill development that is relatively affordable to construct and offers different housing choices within existing developed neighborhoods. In an effort to address the State's ongoing housing crisis, on September 27, 2016, Governor Brown signed Senate Bill 1069 (SB 1069) into law, amending the California Government Code with respect to ADUs. SB 1069 became effective January 2017 and implemented several significant changes that are anticipated to encourage development of ADUs. SB 1069 limits a city's ability to charge utility connection fees and capacity charges on ADUs, reduces parking and fire sprinkler requirements, and prohibits local government from adopting ordinances that preclude the development of ADUs.

Since SB 1069 became effective, cities throughout California have begun to re-evaluate the impact fee methods that are currently applied to ADUs. In 2018, the City Council unanimously voted to waive DIFs for companion units, otherwise known as accessory dwelling units (ADUs) or granny flats.

KMA conducted a survey of other jurisdictions to determine how these cities assess impact fees on ADUs. Of the jurisdictions surveyed, KMA found that the City of Los Angeles' park impact fee ordinance provides an exemption for ADUs that are located in single-family zones. In 2017, the City of Glendale directed their city staff to develop an ordinance that would set fees at a flat rate of $4,700 for ADUs (FY 2018-19 fee). This would represent a substantial reduction from current impact fees for construction of an ADU in the City of Glendale, which range between $18,800 and $21,800 per unit.

H. Reductions/Exemptions for Affordable Housing

Affordable housing is one of the most critical issues facing the City of San Diego. The topic has been raised as to whether providing an impact fee exemption for affordable housing units will assist in creating more affordable housing options in the City. As such, KMA prepared an evaluation of jurisdictions that provide affordable housing exemptions or waivers to developments containing affordable housing. KMA profiled six (6) jurisdictions throughout the State that provide an exemption or waiver for affordable housing. The exemptions varied for each jurisdiction and ranged from a full 100% exemption on affordable units to providing a 50% reduction. In addition to traditional affordable housing, KMA found that exemptions, reductions, and rebates have been provided to student, skilled nursing, and workforce housing units.

The survey also found that the exemption, or reduction amount, varies based upon whether the unit remains affordable over its lifetime. In some cases, if the unit ceases to be considered an affordable unit, then the payment of the impact fee would be payable to the jurisdiction. Detailed information for the profiled jurisdictions can be found in Table B-5 of the Appendix.

I. Sliding Scale for Residential Impact Fees

KMA surveyed jurisdictions throughout the State that impose residential impact fees on a sliding scale, meaning that fees are calculated on either a per-SF or per-bedroom basis. Most impact fees throughout the State are charged as a per-unit rate for residential uses. Of the six (6) jurisdictions surveyed, only the City of Sacramento imposes fees on a per-SF basis. In 2016, Sacramento restructured their park impact fee. The prior methodology was calculated per-unit for residential uses and per-SF for non-residential uses. Developers paying the residential per-unit fee argued that the same per-unit fee for an 800-SF studio and 3,000-SF home was not justifiable.

As such, Sacramento revised the residential component of the fee to reflect a per-SF rate with a minimum fee amount for units 750 SF or smaller and a maximum fee for units 2,000 SF or larger. Each unit within this threshold is charged the per-SF rate. The per unit thresholds took into account the Sacramento Metropolitan Statistical Area (MSA). The Sacramento MSA median SF per person is 750 SF, therefore, it is estimated that units smaller than 750 SF will house at least one person. The City found that as a residential unit size increases, the number of persons does not proportionately increase once a certain size threshold is reached. However, Sacramento did not have data available to determine the threshold at which an incremental addition of space reflects a diminished rate of household growth. As such, the City believes that a 2,000-SF home is an appropriate maximum.

None of the six (6) surveyed jurisdictions impose fees on a per-bedroom basis. However, other cities like the City of Fremont charge residential uses based upon the number of bedrooms within a dwelling unit. In 2014, the City of Fremont conducted a Comprehensive DIF Update. The City of Fremont charges impact fees on five facility types (capital facilities, fire, traffic, parkland, and park facilities). All of these contain varying rates based upon the number of bedrooms contained within the unit.

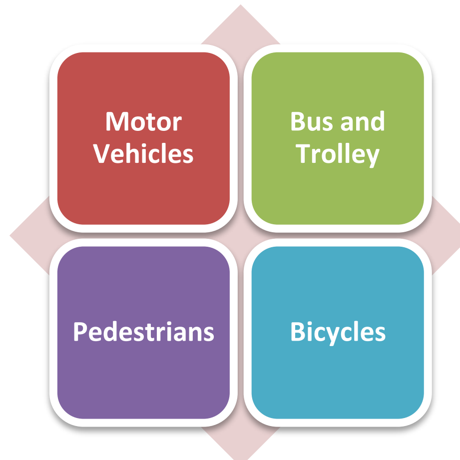
According to Fremont's DIF Update, persons per bedroom assumptions ensure a reasonable relationship between the size of a dwelling unit and the residents, and therefore demand for public facilities. For residential development, the fee is based on the number of bedrooms in each additional housing unit, so the fee schedule must convert service population estimates to these measures of bedrooms per dwelling unit and number of dwelling units in a project. This conversion is then made with average household size factors that vary by the number of bedrooms proposed in the dwelling unit.

More detailed information on five (5) jurisdictions that utilize a scaling of residential impact fees is presented in Table B-6 in the Appendix.

J. Use of Vehicle Miles Traveled (VMT) to Calculate Transportation DIFs

KMA reviewed transportation impact fees for the case study jurisdictions in order to evaluate which jurisdictions have progressed to utilizing VMT as the basis of calculating impact fees. As background, California enacted Senate Bill (SB 743) in 2013 with the purpose of changing how transportation impacts are measured in the review of plans and projects under the California Environmental Quality Act (CEQA). SB 743 enforces new methods for addressing traffic impacts by eliminating auto delay, level of service, and other similar measures of vehicular capacity or traffic congestion.

VMT is a measurement of miles traveled by all vehicles (e.g., private automobiles, trucks, and buses). Contrary to vehicle trips, VMT accounts for a vehicle's true impact on the transportation system as it considers both the number of trips a driver makes along with the distance traveled during each of those trips. Following the adoption of SB 743, all agencies will eventually utilize VMT as the performance metric to quantify the change in vehicular travel demand and project the benefits of creating a more multimodal transportation system.



In 2016, the City of Los Angeles conducted a Transportation Impact Assessment (TIA) Fee Program Study to amend its transportation impact fee program. The TIA affects two Specific Plan areas within the Los Angeles city boundaries. According to the TIA, the updated transportation impact fees will be computed as follows:

1. Anticipated growth in the Specific Plan areas was entered into the travel demand forecasting model
2. The number of new PM peak hour vehicle trips generated by the projected growth was calculated
3. The proportionate share of total facility costs was divided by the total number of new trips to determine the cost per PM peak hour trip
4. The percent of new trips generated by various land use types and trip length characteristics by land use were then used to calculate the updated TIA fees to account for VMT

Table VI-5 depicts the City of Los Angeles' proposed changes in nexus fee methodology for the two Specific Plan areas:

Table VI-5: Comparison of Nexus Fee Methodologies, City of Los Angeles Transportation Impact Assessment Fee Program (1)

Metric	Prior Nexus Fee Methodology	Updated Nexus Fee Methodology
Performance Measure	Level of Service (LOS)	Vehicle Miles Traveled (VMT)
Threshold	Maintain LOS standard	Decrease VMT per capita in existing conditions and decrease total VMT in future conditions
Impact Fee	Fee is per PM peak hour vehicle trip	Fee is per unit of development

(1) Source: Transportation Impact Assessment (TIA) Fee Program Study for Coastal Transportation Corridor Specific Plan and West Los Angeles Transportation Improvement and Mitigation Specific Plan Specific Plans Amendment Project, June 2016.

The City of Los Angeles is in the process of adopting VMTs to measure transportation-related impacts under California Environmental Quality Act (CEQA). After this occurs, it is likely other impact fees in Los Angeles will conform to VMT metrics.

Of the surveyed jurisdictions, only the City of Sacramento and the County of San Diego have adopted new fee methodologies that reflect VMT as a metric for calculating transportation impact fees. The City of Sacramento and County of San Diego follow a transportation impact fee formula similar to the Los Angeles TIA Fee Program outlined above.

K. Impact Fees to Mitigate Greenhouse Gas Emissions

Construction of new development can result in greenhouse gas (GHG) emissions that can increase a community's overall carbon footprint. Carbon footprint is defined as the total amount of GHGs emitted by a person, project, or activity. New development directly and indirectly emits GHGs during the construction period. GHG emission sources include the producing of building materials, transporting of materials, traveling of workers to the construction site, and powering of equipment. Upon project completion, a development continues to have GHG emission impacts. The physical structures consume electricity and heat while the land uses generate vehicular traffic -- all of which are the primary sources of GHG emissions.

KMA surveyed jurisdictions that have established impact fees for the purpose of funding clean technology capital projects consistent with a city's Climate Action Plan (CAP). KMA was only able to identify one (1) California jurisdiction that has adopted a Carbon Fund Impact Fee. In 2015, the City of Watsonville passed an ordinance authorizing the creation of the Carbon Fund Program, which imposes an impact fee to all new development as a percentage of the building permit fee. Table VI-6 presents the City of Wastonville's Carbon Fund Impact Fees by type of development:

Table VI-6: Carbon Fund Impact Fee, City of Watsonville, FY 2018-19	
New Construction Projects	50% of Total Building Permit Fee
Multi-Family Residential and Non-Residential Additions and Alterations	30% of Total Building Permit Fee
Single-Family Residential Addition of 500 SF or Larger	30% of Total Building Permit Fee
(1) City of Watsonville Community Development Department, Development Fee Summary 2018-2019	

In addition, development project applicants can receive a 50% or 100% refund of the impact fees if they voluntarily reduce 40% or 80% or more of the new development's estimated average annual electricity demand. This can be implemented through a variety of energy efficiency measures and/or on-site renewable energy, such as solar photovoltaics. Applicants must complete and submit to the City a Carbon

Fund Program Voluntary Compliance Worksheet, along with documentation of the installation of on-site renewable energy generation system that has been inspected and approved.

The carbon fees collected are deposited in the City's Carbon Fund, which can be used only to implement GHG reduction projects in the city. The City's ordinance states that revenue in the Carbon Fund can only be used for projects that reduce GHG emissions as follows:

- Projects proposed by Public Works, Planning, and other departments are eligible to use funds
- Projects proposed must have a direct or indirect GHG emissions reduction identified
- Projects proposed should be aligned with the priorities identified in the City's CAP

The City Council must approve all proposed projects utilizing Carbon Fund moneys.

VII. PARK STANDARDS AND IMPACT FEE METHODOLOGY

A. City's Existing Park Standards and Facility Demand

The City's General Plan (Recreation Element) identifies a park standard of 2.8 acres per 1,000 population. Parks are the only public facility for which the General Plan defines a specific standard. The City provides recreational amenities in the form of three categories of parks and recreational space, as follows:

- Population-Based Parks, Facilities, and Services (Neighborhood/Community Parks): Generally located in close proximity to residential development and serve the daily needs of the neighborhood and community.

- Resource-Based Parks (Regional Parks, Beaches, Canyons, etc.): Located at, or centered on, notable natural or man-made features and serve the citywide population and visitors.

- Open Space Lands: City-owned land dedicated to preserving and protecting native plants and animals, while also providing public access to enjoy the recreational amenities.

According to the Park and Recreation Department, as of January 2019, the City has a total of 42,263 acres of developed and undeveloped park land, joint use, and open space, categorized as follows:

- 26,972 acres of open space
- 5,977 water acres within the San Diego-La Jolla Underwater Park
- 9,314 acres of regional, community, neighborhood, mini and joint use parks

The General Plan serves as a guide for development of all parks and recreational facilities within the City. According to the Recreational Element of the General Plan, population-based parks should meet a minimum standard of 2.8 acres per 1,000 population. The Recreational Element further states that neighborhood parks should range between 3 and 13 acres and serve approximately 5,000 residents within one mile. Community parks should be a minimum of 13 acres and serve approximately 25,000 residents. However, these standards are difficult to meet in older, urbanized communities that are largely built out. Measured against the General Plan standard, the City has an existing shortfall in park acreage and facilities, which is most pronounced in older, urbanized communities.

B. City's Existing Methodology to Establish Park Impact Fees

The City's current practice in establishing parks DIFs is to combine the above land area standards with cost estimates for land acquisition and park construction. Depending on the community, the City uses either the "standard" or "plan" approach in calculating parks DIFs. The City estimates the total costs to acquire land, design, and build parks, or in some cases, improve existing parks. Land acquisition costs are calculated based on community-level valuation estimates. The City then adds an estimated cost to design and build the improvements. Construction cost estimates may reflect generalized costs (for the "standard" approach) or specific estimates for proposed projects (where the "plan" approach is used).

Historically, the City has had the authority to fund parks and recreational facility through three different funding mechanisms: Quimby Act Park Service District/Special Park Fees, Building Permit Fees, and FBAs/DIFs. The Quimby Act was enacted in 1974 and requires that developers dedicate land, pay an in-lieu fee, or a combination of both, as a condition of subdivision map approval. The general concept behind the legislation was that because new development brings in more residents, the new development places additional strain on a community's existing inventory of parks and recreational facilities. The Quimby fees and/or land dedication mitigate this impact by enforcing new development to provide and/or pay for park and recreational facilities to serve new residents.

The City had been applying the Quimby Act to subdivision developments since the 1970s per Section 102.0406 of the Municipal Code. These fees were named the Park Service District Fee and the Special Park Fee. The Park Service District Fees established were relatively low and were not sufficient to cover the cost of land acquisition and development. Therefore, many communities throughout the City encouraged that more park fees be established. Many CPAs then established Special Park Fees which provided significantly more revenue. The Special Park Fees were superseded with FBA fees as they were adopted in each planned urbanizing area. Both the Park Service District and Special Park Fees were repealed in 1997 and took effect in January 2000.

Current park DIFs vary widely by CPA, ranging between $608 to $12,167 per residential unit, with most fees concentrated between $3,000 and $6,000 per unit. Except for the Downtown CPA, non-residential development is not charged a park impact fee. A detailed itemization of all types of DIFs by CPA is presented in Appendix A.

In 2005, the Deputy Director of the Parks and Recreation Department evaluated the existing FBA/DIF methodologies and recommended that the City adopt a Park Impact Fee Ordinance. The proposed ordinance would have allowed the City to align the park impact fee service areas to coincide with CPA boundaries and establish criteria for public and private recreational facilities credits. The revised fee methodology would have also based fees on the actual costs of acquisition and development of park and recreation facilities. However, the City did not proceed with the proposed Park Impact Fee Ordinance effort.

C. Key Issues and Potential Alternatives

As noted above, successfully achieving a Citywide parks standard in older, urban communities can be expensive to infeasible. The KMA survey of other jurisdictions found examples of cities that addressed this challenge through a variety of approaches, including varying park standards by sub-area and/or establishing alternative criteria for the provision of parks and recreation facilities. The KMA survey findings are presented in Table B-2 in the Appendix. Key findings from the KMA survey included:

- All of the surveyed jurisdictions use one or more park standards, as opposed to the plan approach, in establishing parks DIFs.

- Although a number of the surveyed cities assess Citywide parks DIFs, selected cities vary their parks DIFs by sub-area. In particular, different standards are established for the most dense/urban communities.

- Some cities establish criteria/credits for alternative provision of parks and recreation facilities for selected sub-areas.

- Other than the above factors, the KMA survey suggests that cities do not treat parks DIFs any differently than other public facilities DIFs. Moreover, parks DIFs are updated on the same periodic schedules as other public facilities, i.e., not on a more frequent basis.

The General Plan recommends the use of "equivalencies" as a flexible means of providing park land and facilities where development of useable park acreage is limited by land constraints. In 2014, the City developed general and specific criteria for the development of all population-based park equivalencies.

On a preliminary basis, City staff identified six categories of potential park equivalencies as follows:

- ❖ Joint use facilities
- ❖ Trails
- ❖ Portion of Resource-based park
- ❖ Privately-owned park sites
- ❖ Non-traditional park sites
- ❖ Facility or building expansions/upgrades

City staff also identified the following key general criteria for the use of park equivalencies:

- Evaluation of the use and function on case-by-case basis
- Permanent facilities/buildings secured by deed, dedication or restricted easement
- Easily accessible by the public
- Consistent with the General Plan, Parks Master Plan, applicable park master plans, community plans and other land use plans
- Includes typical population-based park components and facilities as appropriate
- Designed with community input
- Acreage credit limited to one category of park equivalency

In addition to the general criteria referenced above, more specific criteria are also applied to each of the park equivalencies categories. The intent of the equivalencies is to provide an equitable provision of park and recreational facilities.

The City of San Diego recognizes the challenges in adequately planning, funding, and implementing parks and recreation facilities in older communities. As the City's population grows and CPAs become urbanized, the development of parkland and recreational amenities becomes more challenging as park needs tend to compete with the space requirements of housing and other land uses.

D. City of San Diego Parks Master Plan (PMP)

The City's General Plan discusses the use of a Parks Master Plan (PMP) to help meet the standard. The General Plan states that the PMP should provide guidance for an ideal balance of recreational opportunities throughout the City. The PMP should consider a number of factors, such as numerical criteria for park acres and facilities, economic feasibility, community needs and desires, changing demographics, and evolving trends in recreation. Where development of population-based park acreage is infeasible due to land constraints, the PMP should identify the potential to use park and recreation "equivalencies". The PMP is further intended to develop the criteria and details of how the credits for provision of parks and park equivalencies could be implemented, and tracked, to achieve General Plan standards.

The City launched the PMP effort in October 2017. The PMP is a three-year comprehensive planning and outreach project aimed to update the City's parks and recreation system. Like most cities across America, San Diego is entering an era of innovation for parks and recreation planning and management. Driven by changes in community demographics and lifestyles, the nature of play and leisure is changing. As communities grow and develop, the City must also re-examine the way that it defines and meets desired parks and recreation service levels.

The PMP will explore strategies for delivering a diverse and meaningful array of parks, recreation facilities, and programs, offering quality facilities citywide, especially in older, developed communities, and identifying sustainable funding sources for new facilities, maintenance, and staffing. Therefore, the results from the PMP will directly impact the parks and recreation component of the DIF.

E. City of Sacramento Parks 2017 DIF Update

As previously discussed, the City of Sacramento completed a comprehensive review and modification of their DIF program and methodology, including an update to the parks DIF. Among other features, the revised park impact fee methodology incorporated the following key changes:

1. Reduced parkland dedication requirements;
2. Incorporated current construction costs; and

3. Established per-SF residential fees – including a minimum and maximum fee for small and large units

The City updated park impact fees for the Central City Community Plan Area, while the remaining areas of the city are based on revised standards approach. Sacramento's new park impact fee funds development of land dedicated for parks as part of the subdivision approval process. The prior parkland dedication requirement was 5 acres of neighborhood and community parkland per 1,000 population. Changes to the City's "Quimby Ordinance" (by separate City Council action to update the subdivision code) modified the Central City dedication requirement to 1.75 acres of parkland per 1,000 population. At the same time, the remainder of the City was changed to 3.5 acres of parkland per 1,000 population. The Central City parks are more expensive to build as they are smaller than suburban parks, so there is less economy of scale, and they tend to have hardscape improvements that yield higher construction costs on a per-acre basis.

VIII. LIMITING CONDITIONS

1. KMA has made extensive efforts to confirm the accuracy and timeliness of the information contained in this document. Such information was compiled from a variety of sources deemed to be reliable including state and local government, planning agencies, and other third parties. Although KMA believes all information in this document is correct, it does not guarantee the accuracy of such and assumes no responsibility for inaccuracies in the information provided by third parties.

2. The analyses and findings presented in this document are based on estimates and assumptions which were developed using currently available planning and economic data. It is the nature of forecasting, however, that some assumptions may not materialize and unanticipated events and circumstances may occur. Such changes are likely to be material to the projections and conclusions herein and, if they occur, require review or revision of this document.

3. KMA assumes that all applicable laws and governmental regulations in place as of the date of this document will remain unchanged throughout the projection period of our analysis. In the event that this does not hold true, the analysis would need to be revised. Further, no guarantee is made as to the possible effect on development of current or future federal, state, or local legislation.

4. The scope of the KMA assignment was limited to the objectives and tasks delineated in Section I of this report. The KMA analyses presented herein are not intended to address: legal matters; California Environmental Quality Act (CEQA) issues; community planning; fiscal or economic impact; or public facilities needs assessment, planning, or cost estimation.

5. KMA is not advising or recommending any action be taken by the City with respect to any prospective, new or existing municipal financial products or issuance of municipal securities (including with respect to the structure, timing, terms and other similar matters concerning such financial products or issues).

6. KMA is not acting as a municipal advisor to the City and does not assume any fiduciary duty hereunder, including, without limitation, a fiduciary duty to the City pursuant to Section 15B of the Exchange Act with respect to the services provided hereunder and any information and material contained in KMA's work product.

7. The City shall discuss any such information and material contained in KMA's work product with any and all internal and/or external advisors and experts, including its own municipal advisors, that it deems appropriate before acting on the information and material.

APPENDIX A

OVERVIEW OF CITY OF SAN DIEGO IMPACT FEES

TABLE A-1

SUMMARY OF COMMUNITY PLANNING AREAS
EVALUATION OF DIF METHODOLOGIES
CITY OF SAN DIEGO

		Community Plan			Public Facilities Financing Plan or Impact Fee Study	
	Community Planning Area	**Date of Adoption**	**Most Recent Amendment**	**DIF or FBA**	**PFFP or IFS**	**Adopted by City Council (or Date of Last Amendment)**
1	Barrio Logan	1978	2005	DIF	PFFP	10/02/13 (1)
2	Black Mountain Ranch	1998	2009	FBA	PFFP	06/21/17 (2)
3	Carmel Mountain Ranch	1995	2005	DIF	N/A	N/A
4	Carmel Valley	1975	2014	FBA	PFFP	07/30/13
5	City Heights	1998	2015	DIF	PFFP	06/10/14
6	Clairemont Mesa	1989	2011	DIF	PFFP	04/30/02
7	College Area	1989	2005	DIF	PFFP	02/25/14
8	Del Mar Mesa	2000	2006	FBA	PFFP	11/01/16
9	Downtown/Centre City	2006	N/A	DIF	PFFP	06/17/14 (3)
10	East Elliott	1971	2015	N/A	N/A	N/A
11	Eastern Area	1998	2015	DIF	N/A	N/A
12	Encanto	2015	2015	DIF	IFS	12/08/15
13	Fairbanks Ranch Country Club	1982	2006	FBA	N/A	N/A
14	Golden Hill	1988	2016	DIF	IFS	11/07/16
15	Kearny Mesa	1992	2018	DIF	PFFP	08/05/02
16	Kensington-Talmadge	1998	2015	DIF	N/A	N/A
17	La Jolla	2003	2014	DIF	PFFP	02/09/04 (4)
18	Linda Vista	1998	2011	DIF	PFFP	05/01/06 (5)
19	Midway Pacific Highway Corridor	1991	2018	DIF	PFFP	11/15/04
20	Miramar Ranch North	1980	2005	FBA	PFFP	05/02/95
21	Mira Mesa	1992	2011	FBA	PFFP	06/21/16
22	Mission Beach	1974	2018	DIF	IFS	09/22/87
23	Mission Valley	1985	2013	DIF	PFFP	05/02/13
24	Navajo	1982	2015	FBA	PFFP	06/23/15
25	Normal Heights	1998	2015	DIF	N/A	N/A
26	North City Future Urbanizing Area (NCFUA)	1992	2014	N/A	N/A	N/A
27	North Park	1986	2016	DIF	IFS	11/07/16
28	Ocean Beach	2015	N/A	DIF	PFFP	07/29/14
29	Old Town San Diego	1987	2018	DIF	PFFP	06/10/03
30	Otay Mesa	1981	2017	FBA	PFFP	07/16/15 (6)
31	Otay Mesa-Nestor	1997	2016	DIF	PFFP	12/24/13
32	Pacific Beach	1995	2005	DIF	PFFP	03/29/94
33	Pacific Highlands Ranch	1998	2005	FBA	PFFP	12/08/15
34	Peninsula	1987	2011	DIF	PFFP	02/12/01
35	Rancho Bernardo	1978	2007	DIF	PFFP	12/24/13

Source: City of San Diego

TABLE A-1

SUMMARY OF COMMUNITY PLANNING AREAS
EVALUATION OF DIF METHODOLOGIES
CITY OF SAN DIEGO

	Community Plan			Public Facilities Financing Plan or Impact Fee Study	
Community Planning Area	**Date of Adoption**	**Most Recent Amendment**	**DIF or FBA**	**PFFP or IFS**	**Adopted by City Council (or Date of Last Amendment)**
36 Rancho Encantada	2001	2007	FBA	PFFP	10/14/09 (7)
37 Rancho Penasquitos	1993	2011	FBA	PFFP	02/12/14 (8)
38 Sabre Springs	1982	2005	FBA	PFFP	04/18/08 (9)
39 San Pasqual Valley	1995	2006	DIF	PFFP	09/12/95
40 San Ysidro	1990	2003	DIF	IFS	11/28/16 (10)
41 Scripps Ranch (Scripps Miramar Ranch PFFP)	1978	2013	FBA	PFFP	07/06/16 (11)
42 Serra Mesa	1977	2011	DIF	PFFP	12/02/03
43 Skyline Paradise Hills	1987	2009	DIF	PFFP	07/23/02
44 Southeastern San Diego	2015	2016	DIF	IFS	12/08/15
45 Tierrasanta	1982	2011	FBA	PFFP	05/01/07
46 Tijuana River Valley	1976	2007	DIF	N/A	N/A
47 Torrey Highlands	1996	2006	FBA	PFFP	01/08/13 (12)
48 Torrey Hills	1997	2014	DIF	N/A	N/A
49 Torrey Pines	1975	2014	DIF	IFS	09/26/16
50 University (North)	1987	2016	FBA	PFFP	3/2/2016 (13)
51 University (South)	1987	2016	DIF	PFFP	10/21/03
51 Uptown	1988	2016	DIF	IFS	12/06/16
52 Via de la Valle	1984	2007	DIF	PFFP	07/30/96 (14)

(1) Originally approved on September 17, 2013.
(2) Originally adopted on June 20, 2017.
(3) Effective date is August 25, 2014.
(4) Originally adopted on June 4, 2002.
(5) Originally adopted on April 19, 2004.
(6) Originally adopted on April 29, 2014.
(7) Area of Benefit designated on November 19, 2009.
(8) Originally adpoted on January 02, 2014.
(9) Originally approved on April 15, 2008.
(10) Originally adopted on November 15, 2016.
(11) Originally adpoted on June 21, 2016.
(12) Originally approved on November 27, 2012.
(13) Original effective date is September 29, 2012. First amendment was approved by City Council October 14, 2014.
(14) Originally adopted on November 25, 1985.

Source: City of San Diego

TABLE A-2

SUMMARY OF IMPACT FEES, FBA COMMUNITIES - FISCAL YEAR 2019
EVALUATION OF DIF METHODOLOGIES
CITY OF SAN DIEGO

FBA Communities (FY 2019)								
Community	**Single Dwelling Unit**	**Multiple Dwelling Unit**	**Senior Housing**	**Commercial Acre**	**Industrial Acre**	**Institutional Acre**	**Employment Center/Acre**	**Other**
Black Mountain Ranch	$38,566	$26,996	$14,655	$6,556 (1)	-	$127,653	$3,471 (1)	-
Carmel Valley	$31,387	$21,971	-	$116,443	$108,281	$112,049	-	-
Del Mar Mesa	$118,493	$88,239	-	$259,675	-	-	-	-
Mira Mesa	$36,060	$25,242	-	$223,211	$67,793 - 102,410 (2)	-	-	-
North University City	$30,579	$21,406	-	-	-	-	-	$2,059
Otay Mesa	$39,308	$34,939	-	-	-	-	-	$644
Pacific Highlands Ranch	$51,358	$35,952	-	$414,362	-	$147,326	$276,239	-
Pacific Highlands Ranch - Del Mar Highlands Estates	$34,925	-	-	$414,362	-	$147,326	$276,239	-
Rancho Encantada	$4,526	$3,167	-	-	-	-	-	-
Rancho Penasquitos	$34,519	$24,164	-	$207,114	-	-	-	-
Sabre Springs	$7,043	$4,930	-	$1,130 (1)	$622 (1)	-	-	-
Scripps Miramar Ranch	$43,010	$30,107	-	$168,340	$101,482	$58,075	-	-
Torrey Highlands	$120,556	$84,392	-	$215,795 - 972,887 (3)	-	$180,834	$648,434	-
Minimum	$4,526	$3,167	$14,655	$1,130	$622	$58,075	$3,471	$644
Maximum	$120,556	$88,239	$14,655	$414,362	$108,281	$180,834	$648,434	$2,059
Median	$36,060	$26,119	$14,655	$207,114	$101,482	$137,490	$276,239	$1,352
Average	$45,410	$33,459	$14,655	$201,244	$70,128	$128,877	$301,096	$1,352

(1) Assessment per 1,000 SF of gross building area.
(2) Reflects range from I-2 to I-6 Zone.
(3) Reflects range from Commercial Limited to Mixed-Use.

Source: City of San Diego

TABLE A-3

SUMMARY OF IMPACT FEES, DIF COMMUNITIES - FISCAL YEAR 2019
EVALUATION OF DIF METHODOLOGIES
CITY OF SAN DIEGO

	DIF Communities (FY 2019)						
	Residential Development					Non-Residential Development	
Community	Transportation	Park	Library	Fire	Per DU (Total)	Transportation $/ADT	Fire $/1,000 SF
Barrio Logan	$1,127	$11,840	$384	$558	**$13,909**	$161	$558
Carmel Mountain Ranch	-	-	-	-	-	-	-
Clairemont Mesa	$357	$3,824	$891	$128	**$5,200**	$51	$128
College Area	$2,177	$11,722	$845	$552	**$15,296**	$311	$552
Downtown (1)	$1,392	$5,804	-	$1,233	**$8,429**	$348	$2,837
Encanto Neighborhoods	$2,163	$7,136	$39	$467	**$9,805**	$309	$467
Fairbanks Ranch	-	-	-	-	-	-	-
Golden Hill	$1,743	$11,542	-	$270	**$13,555**	$249	$270
Kearny Mesa	$525	$8,096	$508	$81	**$9,210**	$75	$81
La Jolla	$958	$4,360	$358	$181	**$5,857**	$209	$181
Linda Vista (2)(3)	$840	$754	$359	$230	**$2,183**	$120	$341
Mid-City	$616	$11,967	$396	$285	**$13,264**	$88	$285
Midway/Pacific Highway	$7,203	$680	$73	$18	**$7,974**	$1,029	$18
Miramar Ranch North	-	-	-	-	-	-	-
Mission Beach	$1,267	$672	-	-	**$1,939**	$181	-
Mission Valley	$1,057	$11,422	$410	$245	**$13,134**	$151	$245
Navajo	$3,255	$3,475	$1,013	$131	**$7,874**	$465	$131
North Park	$749	$5,849	$421	$77	**$7,096**	$107	$77
Ocean Beach	$861	$5,865	$793	$415	**$7,934**	$123	$415
Old San Diego	$5,257	-	-	$338	**$5,595**	$751	$338
Otay Mesa-Nestor	$889	$12,167	$237	$493	**$13,786**	$127	$493
Pacific Beach	$392	$2,217	$210	$147	**$2,966**	$56	$147
Peninsula	$1,246	$1,608	$694	$139	**$3,687**	$178	$139
Rancho Bernardo	$1,351	$843	$667	$19	**$2,880**	$193	$19
San Pasqual - Multi-Family	$1,437	-	-	-	-	$205	-

Source: City of San Diego

Prepared by: Keyser Marston Associates, Inc.
Filename: City of San Diego_DIF analysis_v4\5/21/2019; sjx

TABLE A-3

SUMMARY OF IMPACT FEES, DIF COMMUNITIES - FISCAL YEAR 2019
EVALUATION OF DIF METHODOLOGIES
CITY OF SAN DIEGO

	DIF Communities (FY 2019)						
	Residential Development					Non-Residential Development	
Community	Transportation	Park	Library	Fire	Per DU (Total)	Transportation $/ADT	Fire $/1,000 SF
San Pasqual - Single-Family	$2,052	-	-	-	-	$205	-
San Ysidro	$1,435	$9,112	$276	$94	**$10,917**	$205	$94
Serra Mesa	$1,932	$4,827	$484	$717	**$7,960**	$276	$717
Skyline/Paradise Hills	$1,050	$4,521	$1,026	$281	**$6,878**	$150	$281
South University City	$252	$608	$710	$723	**$2,293**	$36	$103
Southeastern San Diego	$980	$8,834	$10	$53	**$9,877**	$140	$53
Subarea II	-	-	-	-	-	-	-
Tierrasanta	$13,083	$3,014	$876	$767	**$17,740**	$1,869	$767
Tijuana River Valley	-	-	-	-	-	-	-
Torrey Hills	-	-	-	-	-	-	-
Torrey Pines	$567	$10,483	-	-	**$11,050**	$81	-
Uptown	$1,092	$10,565	$263	$106	**$12,026**	$156	$106
Via de la Valle	-	-	-	-	**$3,904**	-	-
Minimum	$252	$608	$10	$18	**$1,939**	$36	$18
Maximum	$13,083	$12,167	$1,026	$1,233	**$17,740**	$1,869	$2,837
Median	$1,127	$5,827	$416	$245	**$7,967**	$178	$245
Average	$1,913	$6,207	$498	$324	**$8,474**	$278	$365

(1) Fee per 1,000 SF includes $863 for Fire plus $1,974 for Park components.
(2) Park component includes $111 for Community Center plus $643 Park & Recreation.
(3) Fee per 1,500 SF includes $111 for Community Center plus $230 Fire component.

Source: City of San Diego

APPENDIX B

SURVEYS OF OTHER JURISDICTIONS

TABLE B-1

CASE STUDIES: FEE STRUCTURE COMPARISON
EVALUATION OF DIF METHODOLOGIES
CITY OF SAN DIEGO

Fee Structure Comparison	Park	Fire	Library	Transportation	Sewer Basins	Public Facilities	Pedestrian Bridges	Child Care
CITY OF SAN DIEGO FBA	✓	✓	✓	✓	✗	✗	✗	✗
A. Application to Residential	Per DU	Per DU	Per DU	Per DU				
B. Application to Non-Residential	N/A	Per Acre or Per 1,000 SF Building	N/A	Per Acre or Per 1,000 SF Building				
C. Countywide vs. Subarea	Subarea	Subarea	Subarea	Subarea				
D. Standard- vs. Plan-Based	Plan	Plan	Plan	Plan				
E. Facility Costs (Numerator)	New Facility Costs, Assumed Annual Interest, and Admin Costs	New Facility Costs, Assumed Annual Interest, and Admin Costs	New Facility Costs, Assumed Annual Interest, and Admin Costs	New Facility Costs, Assumed Annual Interest, and Admin Costs				
F. EDU/Jobs/ADTs (Denominator)	Anticipated EDUs at Buildout	Anticipated EDUs at Buildout	Anticipated EDUs at Buildout	Anticipated EDUs at Buildout				
G. Date of Nexus Study	N/A	N/A	N/A	N/A				
CITY OF SAN DIEGO DIF	✓	✓	✓	✓	✗	✗	✗	✗
A. Application to Residential	Per DU	Per EDU	Per DU	Per DU based upon number of ADTs per DU				
B. Application to Non-Residential	N/A	Per EDU	N/A	Per EDU				
C. Countywide vs. Subarea	Subarea	Subarea	Subarea	Subarea				
D. Standard- vs. Plan-Based	Standard	Plan	Plan	Plan				
E. Facility Costs (Numerator)	Allocation of Project Costs (DIF Basis) and Admin Costs	Allocation of Project Costs (DIF Basis) and Admin Costs	Allocation of Project Costs (DIF Basis) and Admin Costs	Allocation of Project Costs (DIF Basis) and Admin Costs				
F. EDU/Jobs/ADTs (Denominator)	DUs at Buildout	EDUs at Buildout	DUs at Buildout	ADTs at Buildout				
G. Date of Nexus Study	N/A	N/A	N/A	N/A				

TABLE B-1

CASE STUDIES: FEE STRUCTURE COMPARISON
EVALUATION OF DIF METHODOLOGIES
CITY OF SAN DIEGO

Fee Structure Comparison	Park	Fire	Library	Transportation	Sewer Basins	Public Facilities	Pedestrian Bridges	Child Care
CITY OF CHULA VISTA	✓			✓	✓	✓	✓	✗
A. Application to Residential	Per DU			Per DU	Per EDU	Per DU	Per DU	
B. Application to Non-Residential	N/A			Per Acre	Per EDU	Per Acre	N/A	
C. Citywide vs. Subarea	Citywide			Citywide w/Varying Rates by Subarea	Subarea	Citywide	Subarea	
D. Standard- vs. Plan-Based	Standard			Plan	Plan	Plan	Plan	
E. Facility Costs (Numerator)	Cost of New Parks and Recreational Facilities within Specific Subdivision	*Included in Public Facilities DIF*	*Included in Public Facilities DIF*	Cost of New Future Infrastructure Improvements	Cost of Existing Facilities, New Future Capital Facilities, Financing and Admin Costs, less DIF Fund Reserves	Cost of Future Capital Facilities, Admin Costs, less Avaiable DIF Fund Revenue	Cost of New Future Infrastructure Improvements	
F. EDU/Jobs/ADTs (Denominator)	DUs at Buildout of Subdivision			New Residents and Jobs through 2030	New Residential Units and Non-Residential Development at Buildout	New Residential Units and Non-Residential Development at Buildout	New Residential Units and Non-Residential Development at Buildout	
G. Date of Nexus Study	Formed under Quimby Act			2014	2015	2006	N/A	
CITY OF LOS ANGELES	✓	✗	✗	✓	✗	✗	✗	✗
A. Application to Residential	Per DU			Per DU				
B. Application to Non-Residential	N/A			Per 1,000 SF Building (2)				
C. Citywide vs. Subarea	Citywide			Subarea				
D. Standard- vs. Plan-Based	Standard			Plan				
E. Facility Costs (Numerator)	Park Acquisition Costs and Costs of New Future Improvements Based on LOS, less other sources of funds			Approx. 35% of the total Project Costs				
F. EDU/Jobs/ADTs (Denominator)	New Housing Units through 2035			VMTs per capita for New Development through 2035				
G. Date of Nexus Study	2015			2016				

TABLE B-1

CASE STUDIES: FEE STRUCTURE COMPARISON
EVALUATION OF DIF METHODOLOGIES
CITY OF SAN DIEGO

Fee Structure Comparison	Park	Fire	Library	Transportation	Sewer Basins	Public Facilities	Pedestrian Bridges	Child Care
CITY OF SAN JOSE	✓	✗	✗	✓	✗	✗	✗	✗
A. Application to Residential	Per DU			Per DU				
B. Application to Non-Residential	N/A			Per SF Building				
C. Citywide vs. Subarea	Citywide			Subarea				
D. Standard- vs. Plan-Based	Standard			Plan				
E. Facility Costs (Numerator)	N/A			Cost of New Future Infrastructure Improvements and Admin Costs				
F. EDU/Jobs/ADTs (Denominator)	N/A			New Residential Units and Non-Residential Development through 2040 / Per PM Peak Hour Trip				
G. Date of Nexus Study	Formed under Quimby Act			2007, 2008 & 2016				
CITY OF SAN FRANCISCO	✓	✓	✗	✓	✗	✗	✗	✓
A. Application to Residential	Per DU	Per DU		Per Gross SF Building [3][4]				Per Gross SF Building [3]
B. Application to Non-Residential	Per SF Building - Office Only	Per SF Building		Per Gross SF Building [3]				Per Gross SF Building [3]
C. Citywide vs. Subarea	Subarea	Citywide		Citywide				Citywide
D. Standard- vs. Plan-Based	Standard	Plan		Plan				Standard
E. Facility Costs (Numerator)	Facility Costs Plus Admin Costs, less Other Funding Sources	Facility Costs Plus Admin Costs, less Other Funding Sources		Facility Costs Plus Admin Costs, less Other Funding Sources				Facility Costs Plus Admin Costs, less Other Funding Sources
F. EDU/Jobs/ADTs (Denominator)	New Residents and Jobs through Buildout	New Residents and Jobs through Buildout		New Residents and Jobs through 2040				New Residents and Jobs through Buildout
G. Date of Nexus Study	2008	2008		2015				2008

TABLE B-1

CASE STUDIES: FEE STRUCTURE COMPARISON
EVALUATION OF DIF METHODOLOGIES
CITY OF SAN DIEGO

Fee Structure Comparison	Park	Fire	Library	Transportation	Sewer Basins	Public Facilities	Pedestrian Bridges	Child Care
CITY OF SACRAMENTO	✓	✗	✓	✓	✗	✗	✗	✗
A. Application to Residential	Per SF Building		Per DU	Per DU				
B. Application to Non-Residential	Per SF Building		N/A	Per SF Building				
C. Citywide vs. Subarea	Citywide		Citywide	Citywide w/Varying Rates by Subarea				
D. Standard- vs. Plan-Based	Standard		Standard	Plan				
E. Facility Costs (Numerator)	Cost of New Future Improvements		Cost of New Future Improvements and Admin Costs, less Other Funding Sources	Roadway Improvements Costs are Based Upon Percentage Share of Total Future Traffic Volume				
F. EDU/Jobs/ADTs (Denominator)	New Residents and Jobs through 2035		Per Capita Cost Multiplied by Occupant Density for Each Unit Type	New Residents and Jobs through 2035				
G. Date of Nexus Study	2016		2013	2016				
COUNTY OF SAN DIEGO	✗	✗	✗	✓	✗	✗	✗	✗
A. Application to Residential				Per DU				
B. Application to Non-Residential				Per 1,000 SF Building (2)				
C. Countywide vs. Subarea				County Unincorporated Community Planning Areas				
D. Standard- vs. Plan-Based				Plan				
E. Facility Costs (Numerator)				Cost of New Future Infrastructure Improvements				
F. EDU/Jobs/ADTs (Denominator)				Projected Travel Demand Units Generated by New Development Upon Buildout				
G. Date of Nexus Study				2012				

(1) Represents the application of fees to commercial and industrial development. Does not reflect specialty non-residential development such as hotels/motels, gas stations, etc.
(2) Select industrial projects are charged per trip.
(3) Rates are tiered based upon size of project.
(4) Residential rate applies only if development contains 20 units or more.

TABLE B-2

CASE STUDIES: COMPARISON OF PARK IMPACT FEES
EVALUATION OF DIF METHODOLOGIES
CITY OF SAN DIEGO

Park Impact Fee Comparison	City of Chula Vista	City of Los Angeles	City of San Jose	City of Sacramento
I. Fee Structure				
A. Range of Fee Amounts: i. Residential	• Single-Family: $12,888/unit to $20,570 • Multifamily: $9,566/unit to $15,267	• Subdivision Projects: $12,607/unit • Non-Subdivision Projects: $6,180/unit	• Single-Family: $11,200/unit to $58,800/unit • Multi-Family: $8,000/unit to $52,600/unit (1)	• Central City: $1.60/SF or $1,200 (min) to $3,200 (max) • Remaining City: $2.55/SF or $1,913 (min) to $5,100 (max)
ii. Non-Residential	• N/A	• N/A	• N/A	• Central City: $0.16/SF to $0.23/SF • Remaining City: $0.18/SF to $0.57/SF
B. Floor/Ceiling Thresholds	• N/A	• N/A	• N/A	• Minimum fee for units less than 750 SF • Maximum fee for units 2,000 SF or larger
C. Park Standards	• Based on LOS	• Based on LOS	• Based on LOS	• Based on LOS
D. Administrative Fees	N/A	• 3.0% of the total fee revenue collected	N/A	• 3.0% of the total fee revenue collected
E. Fee Adjustment	• Automatically adjusted October 1	• Automatically adjusted on July 1	• December 1	• Automatically adjusted on July 1
F. Cost Escalator	• Percentage change from July to July in the 20-City Construction Cost Index	• Weighted average of percentage change in (1) Engineering News Record Construction Cost Index and (2) median home sales price for the City (Dataquick News)	• Based on an annual review of vacant residential land values	• Percentage change in Engineering News Record Construction Cost Index
II. Application of Fees				
A. Variation by Subarea	• Yes	• No	• No	• Yes
B. Mixed-Use Projects	• Applied to respective use	• Applied to respective use	• Applied to respective use	• Mixed-use projects are charged at the same rate as the primary use
C. Ancillary Uses	• Applied to respective use	• Applied to respective use	• Applied to respective use	• Ancillary uses are charged at the same rate as the primary use
D. Exemptions, e.g., Low-Income, Senior Housing, etc.	• None	• Very low, low, and moderate income housing units • Secondary dwelling units	• Low-income units are charged 50% of the applicable rate • Projects located in Downtown Core and containing more than 12 stories qualify for 50% reduced park fee	• None

(1) Excludes rates for single residency occupancy and secondary residential units (granny unit).

TABLE B-3

CASE STUDIES: COMPARISON OF TRANSPORTATION IMPACT FEES
EVALUATION OF DIF METHODOLOGIES
CITY OF SAN DIEGO

Transportation Impact Fee Comparison	City of Chula Vista	City of Los Angeles	City of Sacramento	County of San Diego
I. Fee Structure				
A. Range of Fee Amounts: i. Residential	• Eastern Area - Low to High Density: $8,730/unit to $14,550/unit • Western Area - Low to High Density: $2,632/unit to $4,387/unit • Bayfront - Low to High Density: $6,363/unit to $10,605/unit	• Coastal: $8,643/trip • West Los Angeles: $3,498/trip	• Baseline: Multi-Family - $1,236/unit and Single-Family - $2,152/unit • North Natomas: Multi-Family - $362/unit and Single-Family - $629/unit • River District: Multi-Family - $526/unit and Single-Family - $916/unit • Downtown: Multi-Family - $1,166 and Single-Family - $2,031/unit	• Single-Family: $415/unit to $2,964/unit (1) • Multi-Family: $276/unit to $1,959/unit (1)
ii. Non-Residential	• Eastern Area - Commercial: $160,050/acre to $407,400/acre • Western Area - Commercial: $70,192/acre to $105,288/acre • Bayfront - Commercial: $169,680/acre to $296,940/acre	• N/A	• Retail: $0.95/SF to $3.23/SF • Office: $0.94/SF to $3.19/SF • Industrial: $0.64/SF to $2.19/SF	• General Commercial: $723/1,000 SF to $5,162/1,000 SF (1) • General Industrial: $319/1,000 SF to $2,274/1,000 SF (1)
B. Average Daily Trips (ADTs) or Vehicle Miles Traveled (VMTs)	• Average Daily Trips	• Vehicle Miles Traveled	• Trip Demand Factors based upon trip generation rates, pass-by trips and trip lengths	• Travel Demand Units based upon trip generation rates, pass-by trips and trip lengths
C. Administrative Fees	• 2.0% of the direct (hard) costs of construction cost projects	• 5.0% of total project costs	• 3.0% of total project costs	• 3.0% of total project costs
D. Fee Adjustment	• Automatically adjusted October 1	• Automatically adjusted January 1	• Automatically adjusted on July 1	• Automatically adjusted on July 1
E. Cost Escalator	• At least 2.0% or remain consistent w/SANDAG's RTCIP fee which is based on Engineering News Record and Caltrans' Construction Costs Indexes	• Building Cost Index for Los Angeles Metropolitan Area, published by Marshall and Swift, or a similar index as determined by the Department of Transportation	• Construction Cost Index for San Francisco, published by Engineering New Record	• Coincides w/SANDAG's RTCIP fee which is based on Engineering News Record and Caltrans' Construction Costs Indexes
II. Application of Fees				
A. Variation by Subarea	• Yes	• Yes	• Yes	• Yes
B. Mixed-Use Projects	• Mixed-use projects are assigned either a mixed-use commercial rate or a mixed-use residential rate	• Applied to respective use	• Mixed-use projects are charged at the same rate as the primary use	• Applied to respective use
C. Ancillary Uses	• Applied to respective use	• Applied to respective use	• Ancillary uses are charged at the same rate as the primary use	• Applied to respective use
D. Exemptions, e.g., Low-Income, Senior Housing, etc.	• Development projects by public • Non-profit community purpose facilities	• Governmental or public facilities • Private and public schools and non-profit educational institutions • Affordable housing • Religious facilities • Park and ride facilities • Child care facilities	• None	• None

(1) Includes non-village, village, and village core areas.

TABLE B-4

SURVEY OF FEE UPDATES BY JURISDICTION
EVALUATION OF DIF METHODOLOGIES
CITY OF SAN DIEGO

IMPACT FEE	YEAR	CITY ACTION	COMMENTS
City of Sacramento Park Impact Fee	1999	Originally adopted PIF	
	2002	Updated nexus study and modification of fee	
	2004	Updated nexus study and modification of fee	
	2007	Modifications to methodology proposed	Modifications proposed did not result in an update to the nexus study or change in fee
	2011	Modifications to methodology proposed	Modifications proposed did not result in an update to the nexus study or change in fee
	2016	Updated nexus study and modification of methodology	Modified the assessment of residential PIFs from a per-unit fee to a fee per-SF building
City of Chula Vista Transportation Development Impact Dee	1986	Originally adopted DIF for Eastlake I Development	Established to fund a fire station and community park for first phase of Eastlake development
	1988	New Eastern Area Transportation DIF adopted	Established to fund transportation improvements that would benefit all development east of I-805
	1993	Updated nexus study and modification of fee	Updated to reflect a General Plan Amendment for Otay Ranch
	1999	Updated nexus study and fee	Modified to reflect changes to the Circulation Element of the General Plan, land use changes, and to adjust construction cost estimates
	2002	Updated nexus study and fee	Modified to reflect changes to the Circulation Element of the General Plan, land use changes, and to adjust construction cost estimates
	2005	Updated nexus study and fee	Modified to reflect changes to the Circulation Element of the General Plan, land use changes, and to adjust construction cost estimates
	2008	New Western Transportation DIF adopted	Established to fund transportation improvements west of I-805
	2014	Updated Western Transportation DIF nexus study and fee	Updated to remove areas along the Chula Vista Bayfront
	2014	New Bayfront Transportation DIF adopted	

TABLE B-4

SURVEY OF FEE UPDATES BY JURISDICTION
EVALUATION OF DIF METHODOLOGIES
CITY OF SAN DIEGO

IMPACT FEE	YEAR	CITY ACTION	COMMENTS
City of Chula Vista Public Facilities Development Impact Fee	1989	Originally adopted PFDIF	
	1991	Updated nexus study and modification of fee	Updated to reflect more detailed capital needs
	1992	Updated nexus study	Fees and capital needs were reviewed again and the report recommended leaving fees the same as 1991 study until the Otay Ranch annexation
	2000	Comprehensive study of the PFDIF was conducted	Report reflected the annexation of Otay Ranch and an in-depth cash flow analysis to integrate financing charges into the program
	2002	Updated nexus study and fee in March	Fee was increased by approximately 87% per EDU to reflect the Civic Center and Police Headquarters Facility costs
	2002	Updated nexus study and fee in November	Program was updated to include Recreational Facilities component and reflected an increase of approximately 93% (per EDU) over the adopted fee in 2000
	2005	Automatic annual inflation incorporated	City adopted the use of an automatic annual increase based upon the Construction Cost Index and Consumer Price Index
	2006	Updated nexus study and modification of fee	Updated to reflect increases in construction and financing costs, densities, and other land use changes
City of Chino Hills Traffic, Water, Sewer, and Storm Drain Facilities Fee	1998	Originally adopted Facilities Fee	Originally adopted as the Public Facilities Implementation Plan (PFIP)
	2000	Updated nexus study and fee	
	2012	Updated nexus study and fee	Removed the Existing Infrastructure Fee (EIF) category from the PFIP
	2014	Updated nexus study and fee	

TABLE B-5

SURVEY OF AFFORDABLE HOUSING EXEMPTIONS/WAIVERS BY JURISDICTION
EVALUATION OF DIF METHODOLOGIES
CITY OF SAN DIEGO

JURISDICTION	TYPE OF IMPACT FEE(S)	EXEMPTIONS/WAIVERS
City of Pasadena	• Park and Recreation	• Mixed-income projects containing the minimum amount of affordable housing (in accordance with the City's Inclusionary Housing Policy) receive a 30% fee reduction for the market-rate units in the same development. • Any unit qualifying as affordable housing (in accordance with the City's Inclusionary Policy), student housing, or skilled nursing are charged a reduced rate, which is equal to approximately 3% to 5% of the per bedroom impact fee. • The City's Inclusionary Policy mandates that 10% of the units in rental housing projects be rented to low-income households and 5% be rented to low- or moderate-income households. • The City's Inclusionary Policy mandates that 15% of the units in for-sale housing projects be sold to low- or moderate-income households. • If a project offers 15% of its units as workforce housing (offered to households earning between 151% and 180% AMI), the workforce housing units receive a 35% rebate on the impact fee. • If a project offers 15% of its units as workforce housing (offered to households earning between 121% and 180% AMI), the workforce housing units receive a 50% rebate on the impact fee. • Workforce housing rebates are provided after the housing unit(s) have been rented or sold and upon verification by the City. Workforce housing units must also remain as workforce housing for a minimum of 15 years.
City of Palo Alto	• Parks • Library • General Government • Public Safety Facilities	• Projects containing 100% affordable housing at moderate income and below are exempt. • If any affordable housing unit that received the fee exemption ceases to operate as an affordable unit, then the current rate fee should be paid to the City.
City of Glendale	• Public Use Facilities • Parks • Library	• If a project contains 20% affordable units, the new residential development is 100% exempt from DIF. • If a project contains at least 15% affordable units, the new residential development is assessed 25% of the DIF. • If a project contains at lease 10% affordable units, the new residential development is assessed 50% of the DIF. • If a project contains at least 5% affordable units, the new residential development is assessed 75% of the DIF. • Affordable rental housing must remain affordable for a minimum of 55 years from the date of temporary certificate of occupancy or certificate of occupancy (whichever is issued first). • Affordable for-sale housing must remain affordable for a minimum of 45 years from the date of temporary certificate of occupancy or certificate of occupancy (whichever is issued first). • Affordable rental housing is defined as units made available, rented, and restricted to lower income households (80% AMI or lower); affordable for-sale housing are defined as units sold to persons of low or moderate income (120% AMI or lower).

Source: Internet research; various municipal ordinances and administrative guidelines
Prepared by: Keyser Marston Associates, Inc.
Filename: City of San Diego_DIF analysis_v4\5/21/2019; ema

TABLE B-5

SURVEY OF AFFORDABLE HOUSING EXEMPTIONS/WAIVERS BY JURISDICTION
EVALUATION OF DIF METHODOLOGIES
CITY OF SAN DIEGO

JURISDICTION	TYPE OF IMPACT FEE(S)	EXEMPTIONS/WAIVERS
City of Los Angeles	• Parks	• Affordable housing units must be at or below 120% AMI. • Only affordable units in mixed-income projects receive a fee exemption. • Affordable housing must remain affordable for a minimum of 55 years from the date of certificate of occupancy. • If any affordable housing unit that received the fee exemption ceases to operate as an affordable unit, then the current rate fee should be paid to the City.
City of Rosemead	• Traffic • Parks • Public Safety Facilities • General Government Facilities	• All units that are deed restricted to very-low (up to 50% AMI) and low (51% to 80% AMI) income households are exempt.
City of Sacramento	• Transportation	• Low-income housing (not to exceed 80% AMI) and facilities for homeless are exempt.
City of San Jose	• Parkland	• Projects containing low, very-low, and extremely low income units that are restricted for 30 years or more are charged 50% of the applicable rate.
City of Atlanta (GA)	• Transportation • Police • Fire/EMS • Parks/Recreation	• Affordable housing units must be at or below 80% AMI. • Affordable housing must remain affordable for a minimum of 20 years from the date of certificate of occupancy. • If any affordable housing unit that received the fee exemption ceases to operate as an affordable unit, then the current rate fee should be paid to the City.
City of Burlington (VT)	• Traffic • Police • Fire • Parks • Library • Schools	• 25% waiver of fees for any unit in a project that initially sells for a price that is affordable for households below 90% AMI or that initially rents for a 3-year period at a level that is affordable for households below 75% of median income. • 50% waiver of fees for that portion of a residential project that meets the dual test of initial affordability and continuing affordability. "Initial affordability" is defined as a unit that sells for a price that is affordable for households earning less than 75% of median income or rents at a level that is affordable for households earning below 65% of median. "Continuing affordability" is defined as affordability that lasts for a period of 99 years. • 100% waiver of fees for the portion of a residential project that initially sells or rents at a level that is affordable for households earning less than 50% of median income and that remains continually affordable as defined above.

Source: Internet research; various municipal ordinances and administrative guidelines
Prepared by: Keyser Marston Associates, Inc.
Filename: City of San Diego_DIF analysis_v4\5/21/2019; ema

TABLE B-6

SURVEY OF DEVELOPMENT IMPACT FEE RESIDENTIAL SCALING BY JURISDICTION
EVALUATION OF DIF METHODOLOGIES
CITY OF SAN DIEGO

		Fremont	Palo Alto	Pasadena
A	Asset Types Funded	• Capital Facilities • Fire Facilities • Parkland and Park Facilities • Traffic Facilities	• Public Safety Facilities • General Government Facilities	• Parks and Park Facilities
B	Nexus Study Date	April 2014	April 2014	January 2014
C	Scaling of Residential Impact Fees	By Bedroom: • Studio • One Bedroom • Two Bedroom • Three Bedroom • Four Bedroom • Additional Fee for each Bedroom above Four	By Unit Type and Size: • Single-Family under 3,000 SF • Single-Family over 3,000 SF • Multi-Family under 900 SF • Multi-Family over 900 SF	By Bedroom and Select Unit Types: • Studio • One Bedroom • Two Bedroom • Three Bedroom • Four Bedroom • Five or more Bedrooms • Affordable Housing Unit • Student Housing Unit • Skilled Nursing Unit
		Fee is applied per bedroom	Fee is applied per unit type and size	Fee is applied by bedroom size and select unit types
D	Other Fee Reductions/ Exemptions	• None	• Projects with 100% affordable housing are exempt • Residential units restricted below market-rate that are built beyond the affordable housing requirement receive an exemption	• Reduction of 30% for non-affordable units if affordable housing is built on-site • Reduction of 35% to 50% for workforce housing units
E	Support for Residential Scaling in Nexus Study	• The nexus study finds that persons per bedroom assumptions ensure a reasonable relationship between the size of a dwelling unit and the number of residents, therefore demand for public facilities	• The nexus study assigns an EDU factor to all land uses in order to measure potential infrastructure use or benefit for each facility type • The impact fee amount is based upon the EDU factor for each land use type	• The nexus study finds that a per unit fee by bedroom types allows each development to pay the same relative fee based on its fair share of park and recreational facilities costs and its impact on the facilities relative to population density
F	Data Sources	• U.S. Census Bureau, American Community Survey • U.S. Census, American Housing Survey • Metropolitan Transportation Commission Land Use Category Assumptions	• U.S. Census Bureau, American Community Survey • City of Palo Alto Comprehensive Plan • State of California Department of Finance	• U.S. Census Bureau (2000 and 2010) • State of California, Department of Finance, E-5 Population and Housing Estimates for Counties, Cities, and the State

Prepared by: Keyser Marston Associates, Inc.
Filename: City of San Diego_DIF analysis_v4\5/21/2019; ema

TABLE B-6

SURVEY OF DEVELOPMENT IMPACT FEE RESIDENTIAL SCALING BY JURISDICTION
EVALUATION OF DIF METHODOLOGIES
CITY OF SAN DIEGO

		Roswell (GA)	Sacramento
A	Asset Types Funded	• Transportation • Public Safety • Recreation & Parks	• Parks and Park Facilities
B	Nexus Study Date	October 2014	October 2016
C	Scaling of Residential Impact Fees	By Unit Size: • 1,000 SF or Less • 1,001 SF to 1,500 SF • 1,501 SF to 2,000 SF • 2,001 SF to 2,500 SF • 2,501 SF to 3,000 SF • 3,001 SF to 3,500 SF • 3,501 SF to 4,000 SF • 4,001 SF or More Fee is applied per unit	By Unit Size: • Minimum Rate for Less than 750 SF • Maximum Rate for More than 2,000 SF • Sliding Scale for Units Ranging between 750 SF and 2,000 SF Fee is applied per SF
D	Other Fee Reductions/ Exemptions	• All or portion of a project which is designated as affordable housing is exempt	• None
E	Support for Residential Scaling in Nexus Study	• The nexus study finds that because averages per housing unit (for both persons and vehicle trips) have a strong and positive correlation to the number of bedrooms, residential fees should vary by housing size	• The nexus study infers that units smaller than 750 square feet are still expected to house at least one person and should be the basis for the minimum threshold • Further, as a residential unit size increases, the number of persons does not proportionately increase once a certain size threshold is reached • Data are not readily available to determine the threshold at which an incremental addition of space reflects a diminished rate of household growth; the City believes that the maximum fee based on 2,000 SF is appropriate
F	Data Sources	• U.S. Census Bureau, American Community Survey • U.S. Census Bureau, Public Use Microdata Samples • U.S. Census Bureau, Survey of Construction • Institute of Transportation Engineers Trip Manual	• U.S. Census Bureau, American Community Survey • U.S. Census, American Housing Survey

Prepared by: Keyser Marston Associates, Inc.
Filename: City of San Diego_DIF analysis_v4\5/21/2019; ema

Exhibit B
Employee Densities

Table B.1
Employees Per Thousand Square Feet (KSF) of Floor Area

Type	Land Use	Employees Per KSF
Housing and Care Facilities	Dormitory	2.00
	Monastery	0.59
	Correctional Alternative Facility	2.00
	Other Group Quarters Facility	1.11
	Retirement/Senior Citizen Housing	0.95
	Congregate Care Facility	2.86
Lodging	Hotel (Low-Rise) (Motel)	0.54
	Hotel (High-Rise)	0.74
	Resort	1.82
	Extended Stay Hotel	0.54
Industrial	Heavy Industry	4.00
	Industrial Park	0.95
	Light Industry - General	0.83
	Warehousing	0.65
	Public Storage	0.07
	Scientific Research and Development	1.05
	Extractive Industry	6.67
Transportation	Rail Station/Transit Center	2.22
	Communications and Utilities	1.43
	Other Transportation	2.22
	Marine Terminal	2.50
Commercial	Wholesale Trade	1.25
	Regional Shopping Center (300,000 SF or more)	1.33
	Community Shopping Center (100,000 SF or more)	2.00
	Neighborhood Shopping Center (30,000 SF or more)	1.82
	Specialty Commercial (Seaport Village - Tourist)	2.00
	Arterial Commercial	1.43
	Service Station	3.33
	Restaurant (Fast Food with or without drive-through)	6.67
	Restaurant (High Turnover sit-down)	4.00
	Restaurant (Quality)	4.00
	Supermarket (Stand-alone)	4.00
	Convenience Market Chain (Open Up to 16 Hours Per Day)	1.54
	Convenience Market Chain (Open 24 Hours)	3.33
	Drugstore (Stand-alone)	2.22
	Discount Store/Discount Club	2.00

Table B.1
Employees Per Thousand Square Feet (KSF) of Floor Area

Type	Land Use	Employees Per KSF
Commercial (Continued)	Home Improvement Super Store	2.22
	Furniture Store	0.74
	Nursery	4.00
	Financial Institution (without a drive-through)	3.33
	Financial Institution (with a drive-through)	1.82
	Service Station (with food mart)	3.33
	Service Station (with automated carwash)	2.22
	Service Station (with food mart and automated carwash)	6.67
	Automobile Parts Sale	1.11
	Automobile Repair Shop	1.11
	Automobile Tire Store	2.00
	Money Exchange	2.00
	Mex Insurance - Auto Insurance	10.00
	Automobile Rental Service	2.00
	Drinking Place/Bar Entertainment (Night Only)	6.67
	Drinking Place/Bar Entertainment (Night and Day)	3.33
	Building Material and lumber store (less or equal to 30,000 SF)	2.00
Office	Office (High-Rise - greater than 100,000 SF)	3.33
	Office (Low-Rise -less than 100,000)	5.00
	CC Office - High Rise (greater than 100 ksf)	2.50
	CC Office - Low Rise (less than 100 ksf)	4.00
	Government Office/Civic Center	5.00
	CC Government Office/Civic Center	5.00
	Corporate Headquarters/Single Tenant Office	5.00
	CC Corporate Headquarters/Single Tenant Office	4.00
	Medical Office	2.50
	CC Medical Office	2.50
Institutional	Religious Facility (without day care)	0.37
	Library	1.82
	Fire/Police Station	5.00
	Other Public Services	0.77
	Post Office Distribution (central/walk-in only)	2.86
	Post Office Community (without mail drop lane)	2.22
	Post Office (with mail drop lane)	5.00
	Religious Facility (with day care)	0.38
	Public/Community Meeting Room Facility (Other Public Services)	0.23

Table B.1
Employees Per Thousand Square Feet (KSF) of Floor Area

Type	Land Use	Employees Per KSF
Medical Facility	Hospital - General	2.22
	Other Health Care	2.50
	Convalescent/Nursing Facility	2.50
	Clinic	2.50
Education	Senior High School	1.54
	Junior High School or Middle School	1.43
	Elementary School	1.43
	School District Office	5.00
	Other School	1.54
Recreation	Golf Course Clubhouse	4.00
	Movie Theater	1.54
	Racquetball/Tennis/Health Club	1.00

Exhibit C
Residents per Household – Based on Unit Size

Table C.1
Number of Residents Per Unit (Single Family)

Unit Size (SF)	Average Number of Residents Per Unit
2,501 <	3.40
2451 - 2500	3.37
2,401 - 2,450	3.33
2,351 - 2,400	3.30
2,301 - 2,350	3.26
2,251 - 2,300	3.20
2,201 - 2,250	3.16
2,151 - 2,200	3.13
2,101 - 2,150	3.09
2,051 - 2,100	3.06
2,001 - 2,050	2.99
1,951 - 2,000	2.96
1,901 - 1,950	2.92
1,851 - 1,900	2.89
1,801 - 1,850	2.82
1,751 - 1,800	2.79
1,701 - 1,750	2.75
1,651 - 1,700	2.72
1,601 - 1,650	2.69
1,551 - 1,600	2.62
1,501 - 1,550	2.58
1,451 - 1,500	2.55
1,401 - 1,450	2.52
1,351 - 1,400	2.45
1,301 - 1,350	2.41
1,251 - 1,300	2.38
1,201 - 1,250	2.35
1,151 - 1,200	2.28
1,101 - 1,150	2.24
1,051 - 1,100	2.21
1,001 - 1,050	2.18
> 1,000	2.14

Table C.2
Number of Residents Per Unit (Multi-Family)

Unit Size (SF)	Average Number of Residents Per Unit
1,301 <	2.64
1,251 - 1,300	2.61
1,201 - 1,250	2.56
1,151 - 1,200	2.48
1,101 - 1,150	2.43
1,051 - 1,100	2.38
1,001 - 1,050	2.30
951 - 1,000	2.24
901 - 950	2.19
851 - 900	2.11
801 - 850	2.06
751 - 800	2.01
701 - 750	1.93
651 - 700	1.87
601 - 650	1.82
551 - 600	1.74
501 - 550	1.69
< 500	1.66

Table C.3
Number of Residents Per Unit (Senior Housing)

Unit Size (SF)	Average Number of Residents Per Unit
701 <	2.00
651 - 700	1.93
601 - 650	1.87
551 - 600	1.81
501 - 550	1.74
< 500	1.68