City of San Diego
FIRE-RESCUE DEVELOMENT IMPACT FEE NEXUS STUDY

Prepared for

The City *of* SAN DIEGO

Prepared by

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In association with

WSP

Intersecting Metrics

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Introduction

Purpose

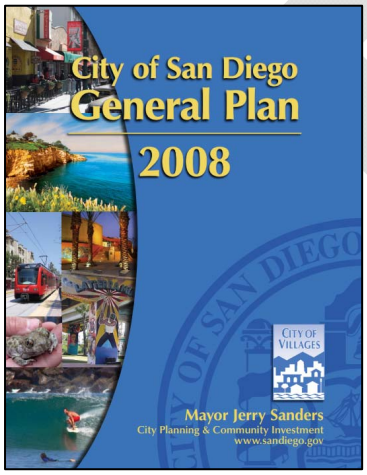
The purpose of this Nexus Study is to document and summarize information supporting the development and implementation of an impact fee program to fund fire and rescue facilities needed to accommodate growth in the City of San Diego (City). The proposed "Fire-Rescue Development Impact Fee" (Fire-Rescue DIF) will be used to fund a variety of fire and emergency response capital improvements to accommodate future growth, in a manner consistent with goals and policies set forth in the *City of San Diego General Plan* (General Plan).

Background

The following section provides a brief summary of local codes, plans, technical reports, and legislative actions relevant to the development of the proposed Fire-Rescue DIF.

San Diego Municipal Code

In furtherance of City policies related to the maintenance of an effective facilities financing program, the City Council approved *San Diego Municipal Code* (SDMC) §142.0640 (under Ordinance O-18451 N.S., adopted on December 9, 1997) that set forth certain requirements to ensure the impact of new development is mitigated through payment of appropriate fees.



City of San Diego General Plan

The General Plan was adopted on March 10, 2008 by City Council Resolution R-303473. Portions of the General Plan have been updated over the years. The General Plan's *Public Facilities, Services and Safety Element* (updated June 15, 2018) calls for the implementation of financing strategies to address existing and future public facility needs citywide, including specific goals, policies and standards for fire-rescue services.

Citygate Reports

The City retained Citygate Associates, LLC (Citygate) to perform a Standards of Response Coverage review for the Fire-Rescue Department. The study (dated February 22, 2017) evaluated the adequacy of the current fire station resource deployment system, the risks to be protected and the emergency incident outcomes desired by the community. Citygate was also engaged to study and assess Fire-Rescue's Metro Zone Emergency Command & Data Center functions and facilities as they relate to performance and readiness, when compared to best practices within the industry.

Assembly Bill 602 (Grayson, 2021)

On September 28, 2021, Governor Newsom signed Assembly Bill 602 (AB 602). AB 602 sets forth several new substantive and procedural requirements for impact fee studies adopted on or after January 1, 2022, and additional provisions applicable to nexus studies adopted after July 1, 2022.

Build Better SD Initiative

Build Better SD is a citywide initiative to support the City's equity, access, conservation and sustainability goals. The initiative prioritizes the delivery of safe and enjoyable parks; secure and convenient spaces to gather, interact, bike, walk and roll; and immersive and interactive libraries. Among other things, *Build Better SD* will:

- Align the City's General Plan with new policies that will prioritize investments in areas with the greatest needs and create opportunities to gather valuable community input. This will ensure public spaces and facilities truly meet the needs of those they are intended to serve and can be delivered to more people more quickly.
- Amend the SDMC to implement these new policies that promote more investments in public spaces for all the people that live, work and play in the City.

- Improve the Regional Transportation Congestion Improvement Program (RTCIP) to align with the City's vision to create neighborhoods where people can safely and enjoyably bike, walk, roll or take transit, and to produce housing units of all sizes.
- Update Development Impact Fee structure to streamline public investments and further equitable policies, with an emphasis on prioritizing investment in neighborhoods with the greatest needs and delivering more infrastructure to more people, more quickly.

Statutory Framework

Local agencies may charge development impact fees pursuant to the *Mitigation Fee Act* (California Government Code §66000 et seq.) to finance the cost of public facilities or services needed to serve or mitigate the effects of development. A development impact fee is a monetary exaction, not a property-related tax or special assessment within the meaning of *Proposition 218* (California Constitution, Article XIII). Impact fees are a commonly-used and well-accepted means of mitigating the impacts created by future growth. Public agencies regularly levy impact fees on new development to fund a variety of public facilities, including roads, fire-rescue, sewer and water facilities, libraries, parks, and schools.

The proposed Fire-Rescue DIF has been developed and will be implemented in accordance with the *Mitigation Fee Act*. Prior to establishing, increasing, or imposing an impact fee, the *Mitigation Fee Act* requires the local agency to make the following findings:

- Identify the purpose of the fee (Government Code §66001(a)(1));
- Identify the use for the fee and the facilities to be built (Government Code §66001(a)(2));
- Determine a reasonable relationship between the fee's use and the type of development project on which the fee is imposed (Government Code §66001(a)(3));

- Determine a reasonable relationship between the need for the public facility and the type of development project (Government Code §66001(a)(4)); and
- Determine a reasonable relationship between the amount of the fee and the cost of the facility attributable to development (Government Code §66001(b)).

For purposes of the subject fee program, a statement of requisite findings is presented in the "Program Implementation" section of this report.

Fee Development Process

The remainder of this report summarizes the process by which the Fire-Rescue DIF was developed, as presented in the following sections:

- Impacts of Future Development
- Improvements to Reduce Impacts
- Fee Rate Calculation
- Program Implementation

Impacts of Future Development

Fire & Recue Mission Statement

In accordance with the General Plan, the Fire-Rescue Department's stated mission is "to serve the City by providing the highest level of emergency/rescue services, hazard prevention and safety education ensuring the protection of life, property and the environment. This includes the delivery of medical advanced life support services through a comprehensive first-responder paramedic system. The Fire-Rescue Department provides paramedics on first responder apparatus as well as ambulances."

Future Fire & Recue Needs

Future development (and associated growth in service population) within the City will cause increased demand for fire and rescue services. Without a corresponding investment in fire and rescue improvements, this increased demand will result in sub-standard service levels, inadequate coverage, and other service inequities. The proposed Fire-Rescue DIF will be used to fund fire and rescue improvements throughout the City in a manner consistent with the goals and policies set forth in the General Plan.

The General Plan acknowledges that "[b]uilding new or expanded fire and rescue facilities requires significant planning and coordination to address facility location, funding and the timing of development." In addition, "[t]he topography and terrain throughout the City presents considerable demands on fire-rescue services under various conditions and can also affect response times. Future infill development will place an increasing demand on the capabilities of fire-rescue resources to deliver an acceptable level of emergency service."

Fire & Rescue Standards

The General Plan's *Public Facilities, Services and Safety Element* sets forth the following goals for the Fire-Rescue Department:

- Protection of life, property, and environment by delivering the highest level of emergency and fire-rescue services, hazard prevention, and safety education
- Minimize fire hazards resulting from structural or wildland fires
- Manage fuel loads in wildland areas

The City Council adopted response time objectives as a framework to guide the Fire-Rescue Department's progress toward meeting the desired level of emergency service standards. This includes additional fire stations and service enhancements in underserved communities. The General Plan's *Public Facilities, Services and Safety Element* sets forth various policies, including standards for emergency response times. These standards are summarized in **Table 1**.

TABLE 1: Deployment Measures to Address Future Growth by Population Density per Square Mile

	>1,000-people/sq. mi.	1,000 to 500 people/sq. mi.	500 to 50 people/sq. mi. *	Permanent open space areas
1st Due Travel Time	5 minutes	12 minutes	20 minutes	10 minutes
Total Reflex* Time	7.5 minutes	14.5 minutes	22.5 minutes	12.5 minutes
1st Alarm Travel Time	8 minutes	16 minutes	24 minutes	15 minutes
1st Alarm Total Reflex*	10.5 minutes	18.5 minutes	26.5 minutes	17.5 minutes

* Reflex time is the total time from receipt of a 9-1-1 call to arrival of the required number of emergency units.

SOURCE: Table PF-D.1, *City of San Diego General Plan: Public Facilities, Services and Safety Element* (June 15, 2018).

Recognizing that there are very few developable areas in the City with population densities less than 1,000 people per square mile, a 7.5 minute response time was determined to be a reasonable standard for purposes of this Nexus Study and associated technical analyses.

Improvements to Reduce Impacts

Standards-Based Program

In general, impact fee programs can be divided into one of two methodological categories, namely: (1) *Plan-based* programs, and (2) *Standards-based* programs. *Plan-based* programs are driven by a defined set of projects, whereas *standards-based* programs are focused on achieving a defined standard or level of service. Although both methodologies are equally valid, one may have certain advantages (or disadvantages) as compared to the other depending on the unique circumstances involved (e.g., type of improvements, state of current infrastructure, projected growth remaining, etc.).

The proposed Fire-Rescue DIF has been developed under a *standards-based* methodology, using the standards set forth in the General Plan. The benefits of using a *standards-based* methodology include:

- Greater flexibility to adapt to change
- Validity not tied to a static list of projects
- Citywide standard objectively measureable

Fire & Rescue Improvements

The fire and rescue improvements to be funded by the proposed Fire-Rescue DIF fall into two categories: (1) improvements needed to maintain the existing level of service, and (2) improvements and service enhancements needed to address current and projected underserved areas of the City. **Table 2** (on the following page) summarizes the types of improvements, and associated costs, used to develop the Fire-Rescue DIF.

TABLE 2: Summary of Improvements & Unit Costs

	IMPROVEMENTS	UNIT COST
VEHICLES & EQUIPMENT	Aerial Truck	$1,700,000 per unit
	Aircraft Crash Truck (City Airports)	$1,500,000 per unit
	Battalion Chief's Vehicle	$210,000 per unit
	Brush Engine (Type III)	$650,000 per unit
	Chemical Pickup Rig	$150,000 per unit
	Communications & Command Van	$1,600,000 per unit
	Environmental Response Team (ERT) Equipment	$200,000 per unit
	Explosive Device Team Equipment & X-Ray Unit	$1,500,000 per unit
	Fast Response Squad (FRS) Equipment	$350,000 per unit
	Fire Engine	$1,030,000 per unit
	Foam Tender	$750,000 per unit
	HAZMAT Unit	$1,500,000 per unit
	Lifeguard Vehicles	$50,000 per unit
	Lifeguard Rescue Rig	$750,000 per unit
	Light & Air Rig	$750,000 per unit
	Mobile Canteen	$150,000 per unit
	Shift Commander's Vehicle	$210,000 per unit
	US&R Rig	$1,500,000 per unit
	Water Tender	$350,000 per unit
STATIONS	Fire Station – Standard (Building Cost)	$1,327 per sq. ft.
	Fire Station – Standard (Land Cost)	$4,651,849 per acre
	Fire Station – Battalion (Building Cost)	$1,327 per sq. ft.
	Fire Station – Battalion (Land Cost)	$4,651,849 per acre

SOURCE: See **Table 2** contained in *Fire-Rescue Development Impact Fee Program – Unit Cost Analysis* (prepared by Intersecting Metrics; March 16, 2022), included as **Appendix A**.

Fee Rate Calculation

Facilities Cost Analysis

The Fire-Rescue DIF unit cost analysis identifies the cost of existing improvements and future needed infrastructure within the City, and allocates those costs based on service population. The term "service population" refers to the population (residents and employees) within the City's Fire-Rescue service area.

As previously stated, the improvements fall into two categories: (1) improvements needed to maintain the existing level of service, and (2) improvements and service enhancements needed to address current and projected underserved areas of the City. Each of these categories, and associated fee rates, are presented in this section.

Cost to Maintain Existing Level of Service

The cost to maintain the current level of service for fire and rescue services was derived from the existing improvements (and associated costs) currently in place and the City's total service population. **Table 3** (on the following page) summarizes the fire and rescue improvements currently deployed within the City (as of May 12, 2021), corresponding total costs, and resultant cost per service population needed to maintain the current level of service.

Also shown in the table is population served per unit of each improvement (e.g., per vehicle/equipment, per square footage of station, and per acre of station land). These values are shown for information purposes only, but may prove useful to the City's planning and/or phasing of improvements as the service population grows.

TABLE 3: Existing Improvements & Cost Per Service Population

	IMPROVEMENTS	UNIT COST	UNIT QUANTITY	TOTAL COST	POPULATION PER UNIT [1]
VEHICLES & EQUIPMENT	Aerial Truck	$1,700,000 per unit	13	$22,100,000	163,846
	Reserve Aerial Truck	$1,700,000 per unit	7	$11,900,000	304,286
	Aircraft Crash Truck (City Airports)	$1,500,000 per unit	2	$3,000,000	1,065,000
	Battalion Chief's Vehicle	$210,000 per unit	7	$1,470,000	304,286
	Reserve Battalion Chief's Vehicle	$210,000 per unit	4	$840,000	532,500
	Brush Engine (Type III)	$650,000 per unit	11	$7,150,000	193,636
	Chemical Pickup Rig	$150,000 per unit	2	$300,000	1,065,000
	Communications & Command Van	$1,600,000 per unit	1	$1,600,000	2,130,000
	Environmental Response Team (ERT) Equipment	$200,000 per unit	1	$200,000	2,130,000
	Explosive Device Team Equipment & X-Ray Unit	$1,500,000 per unit	2	$3,000,000	1,065,000
	Fast Response Squad (FRS) Equipment	$350,000 per unit	2	$700,000	1,065,000
	Fire Engine	$1,030,000 per unit	50	$51,500,000	42,600
	Reserve Fire Engine	$1,030,000 per unit	32	$32,960,000	66,563
	Foam Tender	$750,000 per unit	1	$750,000	2,130,000
	HAZMAT Unit	$1,500,000 per unit	2	$3,000,000	1,065,000
	Reserve HAZMAT Unit	$1,500,000 per unit	1	$1,500,000	2,130,000
	Lifeguard Vehicles	$50,000 per unit	36	$1,800,000	59,167
	Lifeguard Rescue Rig	$750,000 per unit	1	$750,000	2,130,000
	Light & Air Rig	$750,000 per unit	2	$1,500,000	1,065,000
	Mobile Canteen	$150,000 per unit	1	$150,000	2,130,000
	Shift Commander's Vehicle	$210,000 per unit	1	$210,000	2,130,000
	US&R Rig	$1,500,000 per unit	2	$3,000,000	1,065,000
	Reserve US&R Rig	$1,500,000 per unit	1	$1,500,000	2,130,000
	Water Tender	$350,000 per unit	2	$700,000	1,065,000
STATIONS	Fire Station – Standard (Building Cost)	$1,327 per sq. ft.	280,195 sq. ft.	$371,818,765	7.602
	Fire Station – Standard (Land Cost)	$4,651,849 per acre	31 acres	$144,207,319	68,710
	Fire Station – Battalion (Building Cost)	$1,327 per sq. ft.	51,115 sq. ft.	$67,829,472	41.671
	Fire Station – Battalion (Land Cost)	$4,651,849 per acre	5 acres	$23,259,245	426,000
			TOTAL COST OF EXISTING IMPROVEMENTS	$758,694,801	
			EXISTING SERVICE POLULATION	2,130,000	
			COST PER SERVICE POPULATION	**$356.19**	

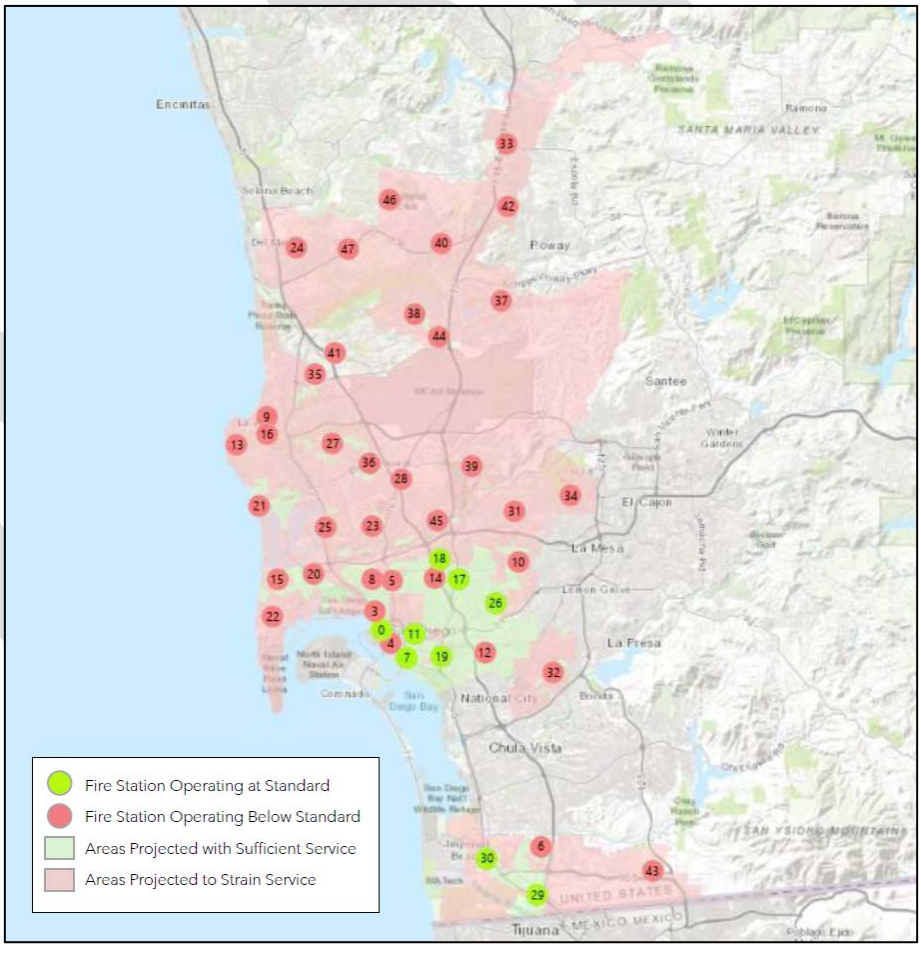
[1] Population served per unit of improvement.

SOURCE: See **Table 3** contained in *Fire-Rescue Development Impact Fee Program – Unit Cost Analysis* (prepared by Intersecting Metrics; March 16, 2022), included as **Appendix A**.

Cost to Enhance Current & Projected Underserved Areas

The City is required to provide sufficient public safety facilities and services to existing and future development. Spatial analyses were performed to isolate and identify areas of the City that experience sub-standard fire and rescue service or have the potential to experience sub-standard service with new development (based on a 7.5 minute response time standard). These analyses (performed at the "Census Block Group" level) and results are documented in *Fire-Rescue Development Impact Fee Program – Unit Cost Analysis* (prepared by Intersecting Metrics; March 16, 2021), incorporated herein by reference, and included as **Appendix A**. The results of the "Response Time Propensity Model" are graphically shown in **Figure 1** below.

FIGURE 1: Response Time Propensity Model Results



The response time propensity model indicates that the areas shaded in red are projected to have (or contribute to) sub-standard response times, creating the need for additional improvements. An additional fee will be imposed on development occurring in these areas to help fund the additional improvements (or portions thereof) needed to serve the areas. As there is existing development in most of these areas, new development will only be responsible for a reasonable and proportionate "fair-share" (based on projected growth as a percent of total service population) of the cost of the new improvements. In other words, future growth will not be charged to alleviate existing deficiencies.

Table 4 below summarizes the future improvements needed, corresponding total costs, and resultant cost per service population applicable to the current and projected underserved areas.

TABLE 4: Future Improvements & Cost Per Service Population in Underserved Areas

IMPROVEMENTS		UNIT COST	UNIT QUANTITY	TOTAL COST
VEHICLES & EQUIPMENT	Battalion Chief's Vehicle	$210,000 per unit	3	$630,000
	Fire Engine	$1,030,000 per unit	10	$10,300,000
STATIONS	Fire Station – Standard (Building Cost)	$1,327 per sq. ft.	79,800 sq. ft.	$105,894,600
	Fire Station – Standard (Land Cost)	$4,651,849 per acre	5 acres	$24,422,207
	Fire Station – Battalion (Building Cost)	$1,327 per sq. ft.	39,906 sq. ft.	$52,955,262
	Fire Station – Battalion (Land Cost)	$4,651,849 per acre	3 acres	$13,955,547
TOTAL COST OF FUTURE IMPROVEMENTS				$208,157,616
TOTAL PROJECTED SERVICE POLULATION [1] (at Build-Out)				1,865,000
COST PER SERVICE POPULATION				**$111.61**
PERCENT OF TOTAL COST [1, 2] (attributed to future growth)				23.646%

[1] Limited to current and projected underserved areas only.

[2] Based on population growth as a percent of total projected service population.

SOURCE: See **Table 4** contained in *Fire-Rescue Development Impact Fee Program – Unit Cost Analysis* (prepared by Intersecting Metrics; March 16, 2022), included as **Appendix A**.

Maximum Allowable Fee Rates

This Nexus Study and accompanying technical analyses support a maximum allowable fee rate of $356.19 per capita of service population citywide and an additional $111.61 per capita of service population in current and projected underserved areas. These amounts assume that programmatic improvements will be implemented citywide and in underserved areas in a manner consistent with the goals, objectives and criteria set forth in the General Plan, Citygate reports, and relevant City policies. This assumption is both fair and reasonable, and is consistent with achieving overall program objectives in a fiscally prudent and cost-effective manner.

The fees applicable to residential and non-residential land uses should be calculated and implemented in a manner reflective of the corresponding service populations reasonably assigned to such land uses.

Annual Cost-Indexing

The unit costs contained in this report are based on a "Los Angeles Construction Cost Index" (LACCI) of 13,341.33 (*Engineering News Record*; March 2022). It is recommended that the fee rates be indexed annually in order to keep up with future increases in the cost of construction.

Program Implementation

Statement of Findings

The following information is provided to assist the City with satisfaction of the requisite statutory findings contained in §66001 of the *Mitigation Fee Act* with regard to implementation of the proposed Fire-Rescue DIF:

Purpose of the Fee. The purpose of the fee is to fund fire and rescue improvements needed to serve the additional population associated with new development in the City. This purpose is consistent with the goals and policies set forth in the General Plan and the requirements of SDMC §142.0640.

Use of the Fee. The fee will be used to fund fire and rescue improvements throughout the City in a manner consistent with the goals and policies set forth in the General Plan.

Reasonable Use (Benefit). Future development will require additional investments in fire and rescue facilities to maintain defined Citywide service levels. The fees would be used solely for this purpose, in a fiscally prudent and cost-effective manner, consistent with goals and policies set forth in the General Plan.

Reasonable Need (Burden). Future development will require additional investments in fire and rescue facilities to maintain defined Citywide service levels. As new development will necessitate the need for fire and rescue investments, the burdens posed are reasonably related to the use of the fee.

Reasonable Apportionment. The reasonable relationship between the fee for a specific project and the cost of improvements attributable to the project is described in this Nexus Study and is consistent with the defined standards-based planning criteria.

Capital Improvement Plan

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)). Although this Nexus Study has been prepared using a standards-based approach, the collected fees will be used to fund, in whole or in part, City-defined CIP projects in a manner consistent with the improvement types, and relative proportions thereof, identified in this study. The Fire-Rescue component of the City's current CIP, updated annually, is incorporated herein by reference.

Periodic Reporting & Study Updates

Provisions set forth in §66001(c) and §66006(b)(1)) of the *Mitigation Fee Act* require that each agency imposing an impact fee make specific information available to the public annually within 180 days of the last day of the fiscal year. This information includes the following:

- A brief description of the type of fee in each account or fund;
- The amount of the fee;
- The beginning and ending balance of the account or fund;
- The amount of the fees collected and the interest earned;
- An identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees;
- An identification of an approximate date by which the construction of the public improvement will commence if the City determines that sufficient funds have been collected to complete financing on an incomplete public improvement;
- A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and, in the case of an interfund loan, the date on which the loan will be

repaid, and the rate of interest that the account or fund will receive on the loan; and

- The amount of refunds made and any allocations of unexpended fees that are not refunded.

In addition, the provisions set forth in §66001(d) of the *Mitigation Fee Act* require that each agency imposing an impact fee make specific findings every five years following receipt of monies, to the extent that such monies are deposited and remain unspent.

With the passage of AB 602, beginning January 1, 2022, agencies are required to update their nexus studies at least every eight years (California Government Code §66016.5(a)(8)), and make certain information available on the City's internet website (California Government Code §65940.1(a)).

Other Considerations

Future Project Economics/Viability

The proposed fee will have an effect on future development. To the extent that the fee provides a mechanism by which development can mitigate, in whole or in part, their fire and rescue service impacts, projects could benefit by reduced processing times and project costs. Some projects could be adversely impacted by the proposed fee due to location, project type or other factors. An analysis of the economic implications of the proposed fee on a variety of project types and locations could provide additional insight as to project viability and the need for special considerations, if any.

Supplemental Funding

The Fire-Rescue DIF is intended to fund categorically identified facilities, or portions thereof, needed to mitigate, in whole or in part, fire and rescue service impacts created by future development in the City. Direct impact project mitigation measures and other revenue sources may also be used to

augment funding of these facilities. Sources of additional revenue may include, but are not limited to:

- General and special taxes (including property taxes, and other sales/use taxes)
- State and federal grant monies
- General fund
- FEMA and other emergency relief monies

The existence and availability of additional funding sources may help the City leverage their other infrastructure dollars. For example, grant programs often require a high level of difficult-to-find matching funds. Having a Fire-Rescue DIF demonstrates a committed plan of action for facility improvements and the revenues can provide a ready source for matching funds. Both of these factors can provide a competitive edge when vying for grants or other similar allocations.

Inter-Agency Coordination

Purchase, acquisition, or construction of eligible improvements may involve varying degrees of inter-agency coordination (e.g., shared assets, etc.). The financial aspects and timing of such activities deserves considerable attention and care.

APPENDICES

APPENDIX A

Fire-Rescue Development Impact Fee Program – Unit Cost Analysis