

City of San Diego LIBRARY DEVELOPMENT IMPACT FEE NEXUS STUDY

Prepared for



Prepared by

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In association with



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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 library facilities needed to accommodate growth in the City of San Diego (City). The proposed “Library Development Impact Fee” (Library DIF) will be used to fund a variety of library capital improvements to accommodate future growth, in a manner consistent with goals and policies set forth in the *City of San Diego General Plan* and the *San Diego Public Library Master Plan Framework*.

Background

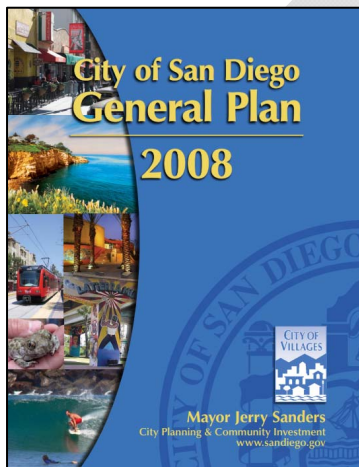
The following section provides a brief summary of local codes, plans, technical reports, and legislative actions relevant to the development of the proposed Library DIF.

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 *City of San Diego General Plan* (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 libraries.

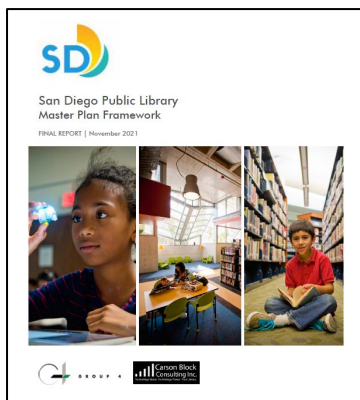


Assembly Bill 602 (Grayson, 2021)

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.

San Diego Public Library Master Plan Framework

The City retained a consultant team (Group 4 Architecture, Research + Planning, Inc. and Carson Block Consulting, Inc.) to develop a *San Diego Public Library Master Plan Framework* (Master Plan Framework) setting forth a comprehensive vision and guiding principles for future development and improvement of the library network. The Master Plan Framework (dated November 2021) proposes a set of principles, concepts, and considerations to guide City investments in the library network over the next 20 years, including strategies for building an equitable, resilient, and high-performing library network.



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 Library 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 Library DIF was developed, as presented in the following sections:

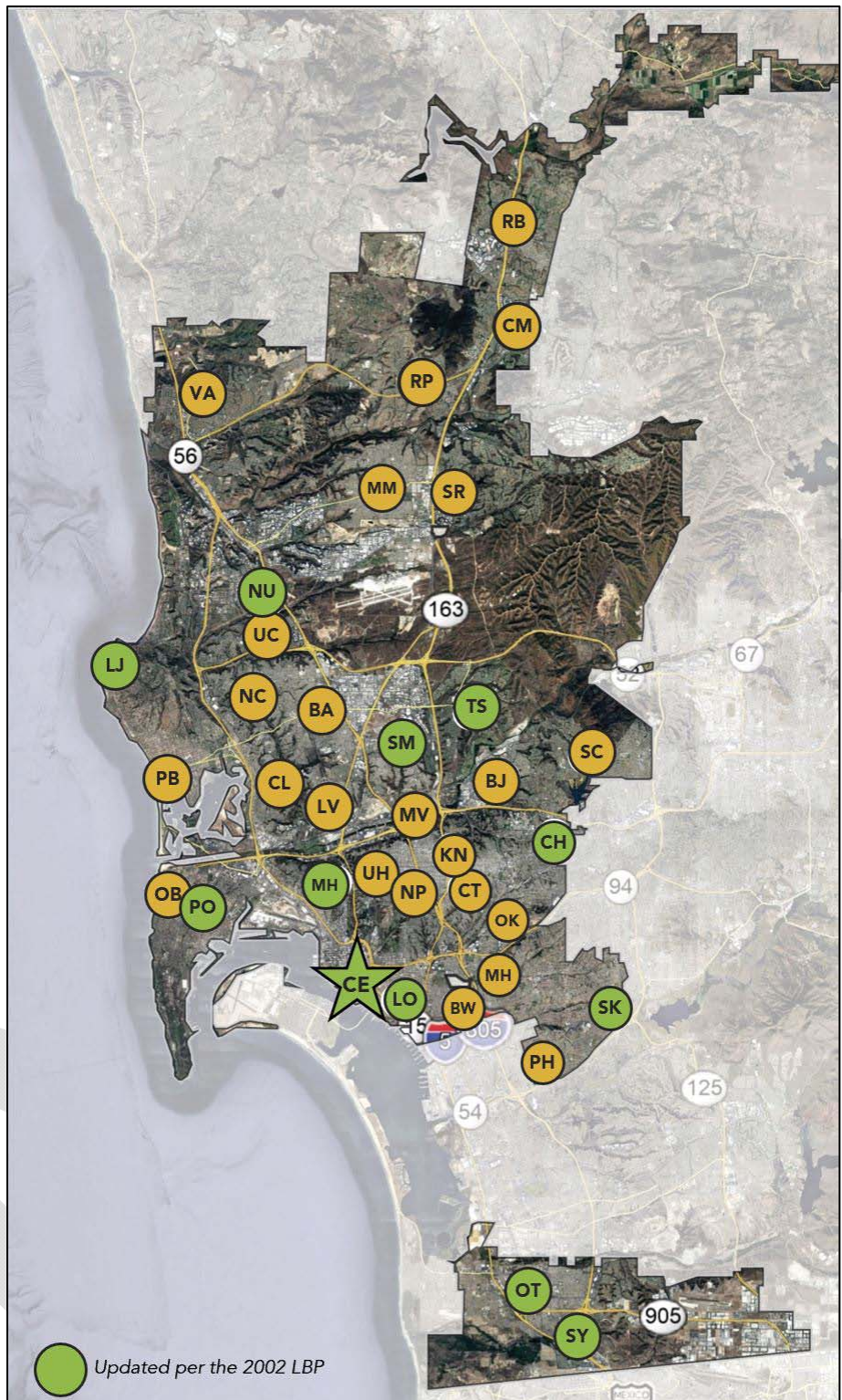
- ◆ Impacts of Future Development
- ◆ Improvements to Reduce Impacts
- ◆ Fee Rate Calculation
- ◆ Program Implementation

Impacts of Future Development

Public Library System

The mission the San Diego Public Library (SDPL) is "[t]o inspire lifelong learning through connections to knowledge and each other." (*Library Tactical Plan*, August 2018). Per the General Plan, SDPL "...is a vital learning presence in the community, providing information objectively and offering lifelong learning opportunities to every citizen through the system's Central Library and 35 branches..." As generally shown in **Figure 1**, "[t]he Central Library functions as the hub of the library system, and all branches are vitally linked to it for the delivery of their services. Not only does the Central Library serve as the headquarters for the system, but it also supplements the limited collections which branch libraries can offer."

As noted in the Master Plan Framework, "[d]espite...substantial investment, there are still striking inequities among San Diego's diverse communities in terms of their access to library services, technology, spaces, and resources. More than half of its 35 branch libraries were not improved through the [City's *Library Building Plan* (LBP)] — including many branches in San Diego's older and less affluent communities. Many of these branches are small, crowded, and unable to meet the breadth and diversity of their communities' needs. Many of these same buildings also have moderate to major deferred maintenance backlogs, putting them in stark contrast with the accessible, comfortable, and welcoming experience in San Diego's newer and renewed libraries. Although the LBP significantly expanded library space in San Diego, it has not been enough to stay ahead of strong community growth."



SOURCE: San Diego Public Library Master Plan Framework (November 2021).

FIGURE 1: San Diego Public Library Locations

Future Library Needs

Future development (and associated growth in service population) within the City will cause increased demand for library services. The term “service population” refers to the population (residents and employees) within the City’s library service area. Without a corresponding investment in library improvements, this increased demand will result in sub-standard service levels, inadequate coverage, and other service inequities. The proposed Library DIF will be used to fund library improvements throughout the City in a manner consistent with the goals and policies set forth in the General Plan and Master Plan Framework.

As noted in the Master Plan Framework, SDPL’s facilities and “...resources are stretched thin — and future population growth will only increase the strain. More — and more stable — funding will enable SDPL to better address...community needs, [and] plan for program growth...” The General Plan further acknowledges that “[w]hile available and applied technologies continue to influence the modern evolution of the library system, the need for physical library facilities will remain an integral aspect of the City’s public services.”

Library Goals & Policies

The General Plan’s *Public Facilities, Services and Safety Element* sets forth the following goals for the library system:

- ◆ A library system that contributes to the quality of life through quality library collections, technologically improved services, and welcoming environments.
- ◆ A library system that is responsive to the specialized needs and desires of individual communities.

Further, the General Plan’s *Public Facilities, Services and Safety Element* sets forth the following policies to help achieve the defined goals for library system:

- ◆ Develop and maintain a Central Library to adequately support the branch libraries and serve as a major resource library for the region and beyond.
- ◆ Design all libraries with a minimum of 15,000 square feet of dedicated library space, with adjustments for community-specific needs. Library design should incorporate public input to address the needs of the intended service area.
- ◆ Plan for larger library facilities that can serve multiple communities and accommodate sufficient space to serve the larger service area and maximize operational and capital efficiencies.
- ◆ Build new library facilities to meet energy efficiency and environmental requirements consistent with sustainable development policies.
- ◆ Plan new library facilities to maximize accessibility to village centers, public transit, or schools.
- ◆ Design libraries to provide consistent and equitable services as communities grow in order to maintain service levels which consider operational costs and are based on established guidelines.
- ◆ Pursue joint use of libraries with other compatible community facilities and services including other City operations.
- ◆ Build and maintain a library system that adapts to technological changes, enhances library services, expands access to digital information and the internet, and meets community and library system needs.
- ◆ Adopt an equitable method for securing contributions from those agencies and organizations which benefit from the Central Library's services.

Library Standards & Performance Metrics

Although the City has defined goals and policies for the library system, there are no formal standards or performance metrics on which to analyze current and future library facility needs. In the absence of such information, an analysis was performed to derive

suitable standards and metrics based on a select group of highly functioning (well-attended) libraries. Relevant portions of the analysis have been summarized in this section. For additional information, see *Library Development Impact Fee Program – Unit Cost Analysis* (Unit Cost Analysis) prepared by Intersecting Metrics, dated March 16, 2022, included as **Appendix A**, and incorporated herein by reference.

The analysis identified the following capital improvements and features that will contribute to the efficient operation of the City's current and future library system:

- ◆ *Library Buildings* – physical space for collection and other library assets
- ◆ *Meeting Rooms* – physical space for meetings and other library programs
- ◆ *Collection* – items and resources physically available at library or through digital access
- ◆ *Technology Seats* – computer terminals and similar technologies providing access to digital collection, internet, and other resources
- ◆ *Idea Labs* – multimedia labs with digital and physical technologies (e.g., 3D design software, audio visual recording and editing equipment, coding software, graphic design software, 3D printers, etc.)
- ◆ *Central Warehouse* – physical space to store and house collection items, repository for distribution of items to branches
- ◆ *Delivery Vehicles* – vehicles to collect and distribute items between central warehouse and branches
- ◆ *Sorting Equipment* – equipment to catalogue, track and sort items arriving and departing central warehouse

The corresponding service population (residents and employees) calculated for each identified library improvement is presented in **Table 1** below.

TABLE 1: Library Improvements and Service Population

IMPROVEMENTS		SERVICE REQUIREMENTS
CURRENT SERVICES	Library Buildings	433 sq. ft. per 1,000 population
	Meeting Rooms	64 sq. ft. per 1,000 population
	Collection	2,268 items per 1,000 population
	Technology Seats	1 seat per 1,220 population
	Idea Labs	1 lab per 355,000 population
FUTURE ENHANCEMENTS	Central Warehouse	189 sq. ft. per 1,000 population
	Delivery Vehicles	1 vehicle per 697,500 population
	Sorting Equipment	1 sorter per 2,790,000 population

SOURCE: See **Table 5**, *Library Development Impact Fee Program – Unit Cost Analysis* (prepared by Intersecting Metrics; March 16, 2022), included as **Appendix A**.

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 Library DIF has been developed under a *standards-based* methodology, using the standards set forth in the General Plan, Master Plan Framework, and Unit Cost Analysis. 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 measurable

Library Improvements

The library improvements to be funded by the proposed Library DIF fall into two categories: (1) improvements needed to maintain the existing level of service, and (2) future enhancements to better serve existing and future service populations. **Table 2** (on the following page) summarizes the types of improvements, and associated costs, used to develop the Library DIF.

TABLE 2: Summary of Improvements & Unit Costs

	IMPROVEMENTS	UNIT COST	COMMENTS
CURRENT SERVICES	Library Buildings	\$1,550 per sq. ft.	Includes land, furniture and fixtures
	Meeting Rooms	\$1,550 per sq. ft.	Includes land, furniture and fixtures
	Collection	\$24.00 per item	Includes physical and digital items
	Technology Seats	\$9,501 per seat	Includes backend infrastructure
	Idea Labs	\$34,616 per lab	Includes furniture, equipment and software
FUTURE ENHANCEMENTS	Central Warehouse	\$373 per sq. ft.	Assumes purchase of an existing building, not new construction
	Delivery Vehicles	\$150,000 per vehicle	Assumes zero-emission vehicles
	Sorting Equipment	\$500,000 per sorter	

SOURCE: See **Table 6**, *Library 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 Unit Cost Analysis identifies the cost of existing improvements and future enhancements, and allocates those costs based on service population. The cost to maintain the current level of service for library services was derived from existing improvements and current service population. Future service enhancements and corresponding costs were allocated to both existing and future service populations in order to assign a reasonable “fair-share” to future growth. In doing so, it is recognized that these future enhancements benefit both existing and future service populations, and future growth will not be burdened with the full cost of implementing such enhancements.

Table 3 summarizes the proposed library improvements, and resultant cost per service population.

TABLE 3: Improvements & Cost Per Service Population

	IMPROVEMENTS	SERVICE REQUIREMENTS	UNIT COST	COST/SERVICE POPULATION
CURRENT SERVICES	Library Buildings	433 sq. ft. per 1,000 population	\$1,550 per sq. ft.	\$671.15
	Meeting Rooms	64 sq. ft. per 1,000 population	\$1,550 per sq. ft.	\$99.20
	Collection	2,268 items per 1,000 population	\$24.00 per item	\$54.43
	Technology Seats	1 seat per 1,220 population	\$9,501 per seat	\$7.79
	Idea Labs	1 lab per 355,000 population	\$34,616 per lab	\$0.10
FUTURE ENHANCEMENTS	Central Warehouse	189 sq. ft. per 1,000 population	\$373 per sq. ft.	\$70.50
	Delivery Vehicles	1 vehicle per 697,500 population	\$150,000 per vehicle	\$0.22
	Sorting Equipment	1 sorter per 2,790,000 population	\$500,000 per sorter	\$0.18
			TOTAL	\$903.57

SOURCE: See **Table 7**, *Library 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 \$903.57 per capita of service population citywide. These amounts assume that programmatic improvements will be implemented citywide in a manner consistent with the goals, objectives and criteria set forth in the General Plan, Master Plan Framework, 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 Library DIF:

Purpose of the Fee. The purpose of the fee is to fund library 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, Master Plan Framework and the requirements of SDMC §142.0640.

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

Reasonable Use (Benefit). Future development will require additional investments in library 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 and Master Plan Framework.

Reasonable Need (Burden). Future development will require additional investments in library facilities to maintain defined Citywide service levels. As new development will necessitate the need for library 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 Library 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 library 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 Library DIF is intended to fund categorically identified facilities, or portions thereof, needed to mitigate, in whole or in part, library 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

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 Library 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 & Intra-Departmental Coordination

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

APPENDICES

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APPENDIX A

Library Development Impact Fee Program - Unit Cost Analysis