CITY OF ARTESIA

DEVELOPMENT IMPACT FEE STUDY

FINAL

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Executive Summary

This report summarizes an analysis of development impact fees needed to support future development in the City of Artesia through 2030. It is the City's intent that the costs representing future development's share of public facilities and capital improvements be imposed on that development in the form of a development impact fee, also known as a public facilities fee. The public facilities and improvements included in this analysis are divided into the fee categories listed below:

- Public Facilities
- Traffic Facilities
- Storm Drain Facilities
- Parks and Recreation Facilities
- Community Center Facilities

Background and Study Objectives

The primary policy objective of a development impact fee program is to ensure that new development pays the capital costs associated with growth. Although growth also imposes operating costs, there is not a similar system to generate revenue from new development for services. The primary purpose of this report is to calculate and present fees that will enable the City to expand its inventory of public facilities, as new development creates increases in service demands.

The City collects public facilities fees under authority granted by the *Mitigation Fee Act (*the *Act)*, contained in *California Government Code* Sections 66000 *et seq*. This report provides the necessary findings required by the *Act* for adoption of the fees presented in the fee schedules contained herein.

The City should program development impact fee-funded capital projects through a Capital Improvement Plan (CIP). Using a CIP would allow the City to identify and direct its fee revenue to public facilities projects that will accommodate future growth. By programming fee revenues to specific capital projects, the City can help ensure a reasonable relationship between new development and the use of fee revenues as required by the *Mitigation Fee Act*.

Facility Standards and Costs

There are three approaches typically used to calculate facilities standards and allocate the costs of planned facilities to accommodate growth in compliance with the *Mitigation Fee Act* requirements.

The **existing inventory** approach is based on a facility standard derived from the City's existing level of facilities and existing demand for services. This approach results in no facility deficiencies attributable to existing development. This approach is often used when a long-range plan for new facilities is not available. Only the initial facilities to be funded with fees are identified in the fee study. Future facilities to serve growth will be identified through the City's budget process and/or completion of a new facility master plan and adoption of a CIP. This approach is used to calculate the park and recreation facilities fees in this report.

The **planned facilities** approach allocates costs based on the ratio of planned facilities that serve new development to the increase in demand associated with new development. This approach is appropriate when specific planned facilities that only benefit new development can be identified, or when the specific share of facilities benefiting new development can be identified. Examples include street improvements to avoid deficient levels of service or a wastewater trunk line

extension to a previously undeveloped area. This approach is used for the traffic and storm drain facilities fees in this report.

The **system plan** approach is based on a master facility plan in situations where the needed facilities serve both existing and new development. This approach allocates existing and planned facilities across existing and new development to determine new development's fair share of facility needs. This approach is used when it is not possible to differentiate the benefits of new facilities between new and existing development. Often the system plan is based on increasing facility standards, so the City must find non-impact fee revenue sources to fund existing development's fair share of planned facilities. This approach is used to calculate the public facilities and community center facilities fees in this report.

Use of Fee Revenues

Impact fee revenue must be spent on new facilities or expansion of current facilities to serve new development. Facilities can be generally defined as capital acquisition items with a useful life greater than five years. Impact fee revenue can be spent on capital facilities to serve new development, including but not limited to: land acquisition, construction of buildings, construction of infrastructure, the acquisition of vehicles or equipment, information technology, software licenses and equipment.

In that the City cannot predict with certainty how and when development within the City will occur during the planning horizon assumed in this study, the City may need to update and revise the project lists funded by the fees documented in this study. Any substitute projects should be funded within the same facility category, and the substitute projects must still benefit and have a relationship to new development. The City could identify any changes to the projects funded by the impact fees when it adopts a CIP and updates the adopted CIP in the future. The impact fees could also be updated if significant changes to the projects funded by the fees are anticipated.

Development Impact Fee Schedule Summary

Table E.1 summarizes the development impact fees that meet the City's identified needs and comply with the requirements of the *Mitigation Fee Act*.

E.1: Maximum Justified Development Impact Fees

Land Use	Public Facilities	Traffic Facilities	Storm Drain Facilities	Parks and Recreation Facilities	Community Center Facilities	Total
Residential - per Dwelling Unit						
Single Family	$ 5,495	$ 3,020	$ 548	$ 12,052	$ 7,231	$ 28,346
Multifamily	4,087	2,024	159	8,965	5,378	20,613
Accessory Dwelling Unit	2,271	1,442	159	4,981	2,989	11,842
Nonresidential - per 1,000 Sq. Ft.						
Commercial	$ 1,121	$ 4,697	$ 827	$ -	$ -	$ 6,645
Office	1,464	4,714	115	-	-	6,293
Industrial	545	2,891	115	-	-	3,551

Sources: Tables 3.6, 4.5, 5.5, 6.7 and 7.5.

Other Funding Needed

Impact fees may only fund the share of public facilities related to new development in Artesia. They may not be used to fund the share of facility needs generated by existing development or by development outside of the City. As shown in **Table E.2,** approximately $76.1 million in additional funding will be needed to complete the facility projects the City currently plans to develop. The "Additional Funding Required" column shows non-impact fee funding required to fund a share of the improvements partially funded by impact fees. Non-fee funding is needed because these facilities will serve both existing and development new development.

The City will need to develop alternative funding sources to fund existing development's share of the planned facilities. Potential sources of revenue include but are not limited to: existing or new general fund revenues, existing or new taxes, special assessments, and grants.

Table E.2: Non-Impact Fee Funding Required

Fee Category	Total Project Cost	Development Fee Revenue	Additional Funding Required
Public Facilities	$ 29,657,000	$ 9,317,000	$ 20,340,000
Traffic Facilities	30,380,000	9,313,012	21,066,988
Storm Drain Facilities	4,300,000	1,214,143	3,085,857
Parks and Recreation Facilities	17,197,600	17,197,600	-
Community Center Facilities	41,900,000	10,309,000	31,591,000
Total	$ 123,434,600	$ 47,350,755	$ 76,083,845

Sources: Tables 3.3, 3.5, 4.3, 5.3, 6.5, 7.2 and 7.4.

1. Introduction

This report presents an analysis of the need for public facilities to accommodate new development in the City of Artesia. This chapter provides background for the study and explains the study approach under the following sections:

- Public Facilities Financing in California;
- Study Objectives;
- Fee Program Maintenance;
- Study Methodology; and
- Organization of the Report.

Public Facilities Financing in California

The changing fiscal landscape in California during the past 40 years has steadily undercut the financial capacity of local governments to fund infrastructure. Three dominant trends stand out:

- The passage of a string of tax limitation measures, starting with Proposition 13 in 1978 and continuing through the passage of Proposition 218 in 1996;
- Declining popular support for bond measures to finance infrastructure for the next generation of residents and businesses; and
- Steep reductions in federal and state assistance.

Faced with these trends, many cities and counties have had to adopt a policy of "growth pays its own way." This policy shifts the burden of funding infrastructure expansion from existing ratepayers and taxpayers onto new development. This funding shift has been accomplished primarily through the imposition of assessments, special taxes, and development impact fees also known as public facilities fees. Assessments and special taxes require the approval of property owners and are appropriate when the funded facilities are directly related to the developing property. Development impact fees, on the other hand, are an appropriate funding source for facilities that benefit all development jurisdiction-wide. Development impact fees need only a majority vote of the legislative body for adoption.

Study Objectives

The primary policy objective of a public facilities fee program is to ensure that new development pays the capital costs associated with growth. Community *Policy CFI 1.2* of the Community Facilities and Infrastructure Sub-Element of the Artesia 2030 General Plan states, "Require new development to provide proportionate facilities and infrastructure improvements as the new development occurs." The primary purpose of this report is to establish impact fees based on the most current available facility plans and growth projections. The proposed fees will enable the City to expand its inventory of public facilities proportionally as new development leads to increases in service demands. This report supports the General Plan policy stated above as it will provide a funding source from new development to mitigate its impacts on various city facilities and consequently the services needed to support that development.

The City collects public facilities fees under authority granted by the Mitigation Fee Act (the Act), contained in California Government Code Sections 66000 et seq. This report provides the necessary findings required by the Act for adoption of the fees presented in the fee schedules presented in this report.

Artesia is forecast to see moderate growth through this study's planning horizon of 2030. This growth will create an increase in demand for public services and the facilities required to deliver

them. Given the revenue challenges described above, Artesia has decided to continue to use a development impact fee program to ensure that new development funds its share of facility costs associated with growth. This report makes use of the most current available growth forecasts and facility plans to establish the City's existing fee program to ensure that the fee program accurately represents the facility needs resulting from new development.

Fee Program Maintenance

Once a fee program has been adopted it must be properly maintained to ensure that the revenue collected adequately funds the facilities needed by new development. To avoid collecting inadequate revenue, the inventories of existing facilities and costs for planned facilities must be updated periodically for inflation, and the fees recalculated to reflect the higher costs. The use of established indices for each facility included in the inventories (land, buildings, and equipment), such as the *Engineering News-Record*, is necessary to accurately adjust the impact fees. For a list of recommended indices, see Chapter 8.

While fee updates using inflation indices are appropriate for annual or periodic updates to ensure that fee revenues keep up with increases in the costs of public facilities, it is recommended to conduct more extensive updates of the fee documentation and calculation (such as this study) when significant new data on growth forecasts and/or facility plans become available. For further detail on fee program implementation, see Chapter 8.

Study Methodology

Development impact fees are calculated to fund the cost of facilities required to accommodate growth. The six steps followed in this development impact fee study include:

1. **Estimate existing development and future growth:** Identify a base year for existing development and a growth forecast that reflects increased demand for public facilities;
2. **Identify facility standards:** Determine the facility standards used to plan for new and expanded facilities;
3. **Determine facilities required to serve new development:** Estimate the total amount of planned facilities, and identify the share required to accommodate new development;
4. **Determine the cost of facilities required to serve new development:** Estimate the total amount and the share of the cost of planned facilities required to accommodate new development;
5. **Calculate fee schedule:** Allocate facilities costs per unit of new development to calculate the development impact fee schedule; and
6. **Identify alternative funding requirements:** Determine if any non-fee funding is required to complete projects.

The key public policy issue in development impact fee studies is the identification of facility standards (step #2, above). Facility standards document a reasonable relationship between new development and the need for new facilities. Standards ensure that new development does not fund deficiencies associated with existing development.

Types of Facility Standards

There are three separate components of facility standards:

- *Demand standards* determine the amount of facilities required to accommodate growth, for example, park acres per thousand residents, square feet of library space per capita, or gallons of water per day. Demand standards may also reflect a level of service such as the vehicle volume-to-capacity (V/C) ratio used in traffic planning.

- *Design standards* determine how a facility should be designed to meet expected demand, for example, park improvement requirements and technology infrastructure for City office space. Design standards are typically not explicitly evaluated as part of an impact fee analysis but can have a significant impact on the cost of facilities. Our approach incorporates the cost of planned facilities built to satisfy the City's facility design standards.
- *Cost standards* are an alternate method for determining the amount of facilities required to accommodate growth based on facility costs per unit of demand. *Cost standards* are useful when demand standards were not explicitly developed for the facility planning process. *Cost standards* also enable different types of facilities to be analyzed based on a single measure (cost or value) and are useful when different facilities are funded by a single fee program. Examples include facility costs per capita, cost per vehicle trip, or cost per gallon of water per day.

New Development Facility Needs and Costs

A number of approaches are used to identify facility needs and costs to serve new development. This is often a two-step process: (1) identify total facility needs, and (2) allocate to new development its fair share of those needs.

There are three common methods for determining new development's fair share of planned facilities costs: the **system plan method**, the **planned facilities method,** and the **existing inventory method**. Often the method selected depends on the degree to which the community has engaged in comprehensive facility master planning to identify facility needs.

The formula used by each approach and the advantages and disadvantages of each method is summarized below:

Existing Inventory Method

The existing inventory method allocates costs based on the ratio of existing facilities to demand from existing development as follows:

$$\frac{\text{Current Value of Existing Facilities}}{\text{Existing Development Demand}} = \$/\text{unit of demand}$$

Under this method new development will fund the expansion of facilities at the same standard currently serving existing development. By definition the existing inventory method results in no facility deficiencies attributable to existing development. This method is often used when a long-range plan for new facilities is not available. Only the initial facilities to be funded with fees are identified in the fee study. Future facilities to serve growth are identified through an annual budget process, possibly after completion of a new facility master plan and adoption of a CIP. This approach is used to calculate the park and recreation facilities fees in this report.

Planned Facilities Method

The planned facilities method allocates costs based on the ratio of planned facility costs to demand from new development as follows:

$$\frac{\text{Cost of Planned Facilities}}{\text{New Development Demand}} = \$/\text{unit of demand}$$

This method is appropriate when planned facilities will entirely serve new development, or when a fair share allocation of planned facilities to new development can be estimated. An example of the former is a wastewater trunk line extension to a previously undeveloped area. An example of the latter is expansion of an existing library building and book collection, which will be needed only if new development occurs, but which, if built, will in part benefit existing development, as well. Under this method new development will fund the expansion of facilities at the standards

used in the applicable planning documents. This approach is used for the traffic and storm drain facilities fees in this report.

System Plan Method

This method calculates the fee based on: the value of existing facilities plus the cost of planned facilities, divided by demand from existing plus new development:

$$\frac{\text{Value of Existing Facilities + Cost of Planned Facilities}}{\text{Existing + New Development Demand}} = \$/\text{unit of demand}$$

This method is useful when planned facilities need to be analyzed as part of a system that benefits both existing and new development. It is difficult, for example, to allocate a new fire station solely to new development when that station will operate as part of an integrated system of fire stations that together achieve the desired level of service.

The system plan method ensures that new development does not pay for existing deficiencies. Often facility standards based on policies such as those found in General Plans are higher than the existing facility standards. This method enables the calculation of the existing deficiency required to bring existing development up to the policy-based standard. The local agency must secure non-fee funding for that portion of planned facilities required to correct the deficiency to ensure that new development receives the level of service funded by the impact fee. This approach is used to calculate the public facilities and community center facilities fees in this report.

Organization of the Report

The determination of a public facilities fee begins with the selection of a planning horizon and development of growth projections for population and employment. These projections are used throughout the analysis of different facility categories and are summarized in Chapter 2.

Chapters 3 through 7 identify facility standards and planned facilities, allocate the cost of planned facilities between new development and other development, and identify the appropriate development impact fee for each of the following facility categories:

- Public Facilities
- Traffic Facilities
- Community Center Facilities
- Storm Drain Facilities
- Parks and Recreation Facilities

Chapter 8 details the procedures that the City must follow when implementing a development impact fee program. Impact fee program adoption procedures are found in *California Government Code* Sections 66016 through 66018.

The five statutory findings required for adoption of the proposed public facilities fees in accordance with the Mitigation Fee Act are documented in Chapter 9.

2. Growth Forecasts

Growth projections are used as indicators of demand to determine facility needs and allocate those needs between existing and new development. This chapter explains the source for the growth projections used in this study based on a 2018 base year and a planning horizon of 2030.

Estimates of existing development and projections of future growth are critical assumptions used throughout this report. These estimates are used as follows:

- The estimate of existing development in 2018 is used as an indicator of existing facility demand and to determine existing facility standards.
- The estimate of total development at the 2030 planning horizon is used as an indicator of future demand to determine total facilities needed to accommodate growth and remedy existing facility deficiencies, if any.
- Estimates of growth from 2018 through 2030 are used to (1) allocate facility costs between new development and existing development, and (2) estimate total fee revenues.

The demand for public facilities is based on the service population, dwelling units or nonresidential development creating the need for the facilities.

Land Use Types

To ensure a reasonable relationship between each fee and the type of development paying the fee, growth projections distinguish between different land use types. The land use types for which impact fees have been calculated for are defined below.

- **Single family:** Detached and attached one-unit dwellings (Includes single family homes and townhomes)
- **Multifamily:** All attached multifamily dwellings including duplexes and condominiums
- **Accessory Dwelling Unit:** Includes attached and detached accessory dwelling units to existing single family residences
- **Commercial:** All commercial, retail, educational, institutional and service development
- **Office:** All general, professional, and medical office development
- **Industrial:** All business park, light manufacturing and other industrial development

Some developments may include more than one land use type, such as a mixed-use development with both multifamily and commercial uses. In those cases, the facilities fee would be calculated separately for each land use type.

The City has the discretion to determine which land use type best reflects a development project's characteristics for purposes of imposing an impact fee and may adjust fees for special or unique uses to reflect the impact characteristics of the use. If a project results in the intensification of use, at its discretion, the City can charge the project the difference in fees between the existing low intensity use and the future high intensity use.

Existing and Future Development

Table 2.1 shows the estimated number of residents, dwelling units, employees, and building square feet in Artesia, both in 2018 and in 2030. The base year estimates of household residents and dwelling units comes from the California Department of Finance. Estimates of residents and housing units in 2030 come from the City's 2030 General Plan and have been increased by 20-

percent based on the City of Artesia Planning Department's expertise, as the City will be allowing increased density.

Base year employees were estimated based on the latest data from the US Census' OnTheMap application and exclude 45 local government employees. Estimates of workers in 2030 are from the City's 2030 General Plan, increase by 20-percent based on City of Artesia Planning Department's expertise and allocated to the land use categories based on the current proportion of workers in each land use category.

Table 2.1: Existing and New Development

	2018	2030	Increase
Residents[1]	16,180	21,458	5,278
Dwelling Units[1]			
Single Family	3,730	4,597	867
Multifamily	970	1,342	372
Total	4,700	5,939	1,239
Employment[2]			
Commercial	2,447	4,262	1,815
Office	1,513	2,635	1,122
Industrial	467	813	346
Total	4,427	7,711	3,284
Equivalent Building Square Feet (000s)[3]			
Commercial	1,024	1,783	759
Office	485	845	360
Industrial	403	701	298
Total	1,912	3,329	1,417

Note: Figures have been rounded.

[1] Excludes "group quarters" resident populations. Existing residents and dwelling unit estimate from DOF data. Estimates of residents in 2030 from Table 5.2-3 in the General Plan EIR, increased by 20 percent based on City of Artesia Planning Department expertise. Total dwelling units in 2030 from Table LU-4 of the General Plan, increased by 20 percent based on City of Artesia Planning Department expertise.

[2] Estimate of 4,427 workers from OnTheMap.ces.census.gov. Excludes public administration employees. 2030 projection from Table 5.2-5 of the General Plan EIR, increased by 20 percent based on City of Artesia Planning Department expertise.

[3] Equivalent building square feet estimated by dividing employees by employment density assumptions in Table 2.2.

Sources: California Department of Finance (DOF) Table E-5, 2018; U.S. Census Bureau, LEHD Origin-Destination Employment Statistics (2002-2015) accessed at https://onthemap.ces.census.gov; City of Artesia General Plan 2030 and EIR; Willdan Financial Services.

Occupant Densities

All fees in this report are calculated based on dwelling units, nonresidential building square feet or lodging units. Occupant density assumptions ensure a reasonable relationship between the size of a development project, the increase in service population associated with the project, and the amount of the fee.

Occupant densities (residents per dwelling unit or workers per building square foot are the most appropriate characteristics to use for most impact fees. The fee imposed should be based on the land use type that most closely represents the probable occupant density of the development.

The average occupant density factors used in this report are shown in **Table 2.2**. The residential density factors are based on data for Artesia from the 2016 U.S. Census' American Community Survey.

The nonresidential occupancy factors are based on occupancy factors found in the *Employment Density Study Summary Report*, prepared for the Southern California Association of Governments by The Natelson Company. Though not specific to Artesia, the Natelson study covered employment density over a wide array of land use and development types, making it reasonable to apply these factors to other areas.

Table 2.2: Occupant Density

Residential		
Single Family	3.63	Residents per dwelling unit
Multifamily	2.70	Residents per dwelling unit
Accessory Dwelling Unit	1.50	Residents per dwelling unit
Nonresidential		
Commercial	2.39	Employees per 1,000 square feet
Office	3.12	Employees per 1,000 square feet
Industrial	1.16	Employees per 1,000 square feet

Sources: U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates, Tables B25024 and B25033; The Natelson Company, Inc., Employment Density Study Summary Report, prepared for the Southern California Association of Governments, October 31, 2001, SCAG region data; Willdan Financial Services.

3. Public Facilities

The purpose of this fee is to ensure that new development funds its fair share of public facilities. Public facilities are generally defined as the administrative and public works facilities needed by the City to operate as a municipality. A fee schedule is presented based on the existing facilities standard of public facilities in the City of Artesia to ensure that new development provides adequate funding to meet its needs.

Service Population

City facilities serve both residents and businesses. Therefore, demand for services and associated facilities are based on the City's service population including residents and workers.

Table 3.1 shows the existing and future projected service population for public facilities. While specific data is not available to estimate the actual ratio of demand per resident to demand by businesses (per worker) for this service, it is reasonable to assume that demand for these services is less for one employee compared to one resident, because nonresidential buildings are typically occupied less intensively than dwelling units. The 0.31-weighting factor for workers is based on a 40-hour workweek divided by the total number of non-work hours in a week (128) and reflects the degree to which nonresidential development yields a lesser demand for public facilities.

Table 3.1: Public Facilities Service Population

	A Persons	*B* Weighting Factor	*A x B = C* Service Population
Residents			
Existing (2018)	16,180	1.00	16,180
New Development (2018-2030)	5,278	1.00	5,278
Total (2030)	21,458		21,458
Workers			
Existing (2018)	4,427	0.31	1,400
New Development (2018-2030)	3,284	0.31	1,000
Total (2030)	7,711		2,400
Combined Residents and Weighted Workers			
Existing (2018)			17,580
New Development (2018-2030)			6,278
Total (2030)			23,858

[1] Workers are weighted at 0.31 of residents based on a 40 hour work week out of a possible 128 non-work hours in a week (40/128 = 0.31)

Sources: Table 2.1; Willdan Financial Services.

Facility Inventories and Standards

This section describes the City's public facility inventory and facility standards.

Existing Inventory

The public facilities inventory is comprised of various facilities including a City Hall, Public Works Yard and Public Works Yard Extension. The estimated value of land was determined by examining recently sold land within the City from Zillow.com and are consistent with other land value assumptions in this analysis. The replacement value for buildings is conservatively estimated at $300 per square foot. No value is shown for City Hall because it will be replaced by a planned project listed in Table 3.3. In total the City's existing inventory of public facilities includes approximately $5.7 million worth of facilities.

Table 3.2: Existing Public Facilities Inventory

	Inventory	Unit	Unit Cost	Value
Land (acres)				
City Hall	0.34	acres	$ 2,321,000	$ 789,000
Public Works Yard	0.30	acres	2,321,000	696,000
Public Works Yard Extension	0.15	acres	2,321,000	348,000
Subtotal - Land	0.79	acres		$ 1,833,000
Buildings (square feet)				
City Hall[1]	9,792	sq. ft.	$ -	$ -
Public Works Yard	7,389	sq. ft.	300	3,603,000
Public Works Yard Extension	1,022	sq. ft.	300	307,000
Subtotal - Buildings	18,203			$ 3,910,000
Total Value - Existing Facilities				$ 5,743,000

[1] No value is shown for City Hall because it will be replaced by a planned project listed in Table 3.3.

Sources: City of Artesia; zillow.com; Willdan Financial Services.

Planned Facilities

Table 3.3 summarizes the planned public facilities needed to serve the City through 2030, as identified in the City's list of facilities projects. All costs were identified by the City. The City plans several capacity expanding projects, incuding upgrades to accounting and 911 systems, a new City Hall, expansions to the City's vehicle feet and a new Sheriff substation. Additional future facilities may be identified through its budgeting process and other master facilities plans and/or the adoption of a CIP.

Table 3.3: Planned Public Facilities

	Value
New Financial Accounting System	$ 275,000
Upgrade Telephone/911 System	493,000
New City Hall	20,000,000
WIFI and High-Speed Internet Upgrades	2,000,000
Upgrade Administrative Software	189,000
New City Fleet	620,000
New AV System for Council Chambers	175,000
Sheriff Substation	5,000,000
Sheriff Equipment Upgrades	80,000
Downtown Wayfinding Signage	800,000
City Server Upgrades	25,000
Total Cost of Planned Facilities	$ 29,657,000

Source: City of Artesia.

Cost Allocation

Table 4.4 shows the calculation of the system standard of public facilities. The system standard represents new development's projected per capita investment in public facilities at the planning horizon. This value is calculated by dividing the total value of the system of public facilities by the projected service population in 2030.

Table 3.4: Public Facilities System Standard

Value of Existing Facilities	$	5,743,000
Value of Planned Facilities		29,657,000
Total System Value (2030)	$	35,400,000
Future Service Population (2030)		23,858
Cost per Capita	$	1,484
Cost Allocation per Resident	$	1,484
Cost Allocation per Worker[1]		460

[1] Based on a weighting factor of 0.31.

Sources: Tables 3.1, 3.2 and 3.3.

Non-Fee Funding Required

The City plans to use public facilities fee revenue to construct the facilities listed in Table 3.3 to serve both existing and new development. **Table 3.5** details a projection of impact fee revenue, based on the service population growth increment identified in Table 3.1. The City will need to identify approximately $20.3 million of non-fee funding to fully fund the planned facilities identified in Table 3.3, or new development will have paid too high a fee.

Table 3.5: Revenue Projection - System Standard

Cost per Capita	$	1,484
Growth in Service Population (2018- 2030)		6,278
Fee Revenue	$	9,317,000
Net Cost of Planned Facilities		29,657,000
Non-Fee Revenue to Be Identified	$	(20,340,000)

Sources: Tables 3.1, 3.2 and 3.3.

Fee Schedule

Table 3.6 shows the maximum justified public facilities fee schedule. The City can adopt any fee up to this amount. The cost per capita is converted to a fee per unit of new development based on dwelling unit and employment densities (persons per dwelling unit or employees per 1,000 square feet of nonresidential building space). The total fee includes a two-percent (2.0%) administrative charge to fund costs that include: a standard overhead charge applied to City programs for legal, accounting, and other departmental and administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting and mandated public reporting.

In Willdan's experience with impact fee programs, two-percent of the base fee adequately covers the cost of fee program administration. The administrative charge should be reviewed and adjusted during comprehensive impact fee updates to ensure that revenue generated from the charge sufficiently covers, but does not exceed, the administrative costs associated with the fee program.

Table 3.6: Public Facilities Fee - System Standard

Land Use	A Cost Per Capita	B Density	C = A x B Base Fee[1]	D = C x 0.02 Admin Charge[1, 2]	E = C + D Total Fee	E / 1,000 Fee per Sq. Ft.
Residential						
Single Family	$ 1,484	3.63	$ 5,387	$ 108	$ 5,495	
Multifamily	1,484	2.70	4,007	80	4,087	
Accessory Dwelling Unit	1,484	1.50	2,226	45	2,271	
Nonresidential						
Commercial	$ 460	2.39	$ 1,099	$ 22	$ 1,121	$ 1.12
Office	460	3.12	1,435	29	1,464	1.46
Industrial	460	1.16	534	11	545	0.55

[1] Fee per dwelling unit, per 1,000 square feet of nonresidential.

[2] Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Sources: Tables 2.2 and 3.4.

4. Traffic Facilities

This chapter summarizes an analysis of the need for traffic facilities to accommodate new development. The chapter documents a reasonable relationship between new development and the impact fee for funding of these facilities.

Trip Generation by Land Use

The share of roadway improvement costs allocated to each unit of new development is based on the relative amount of new trip demand generated by that development. Trip demand during the afternoon peak hour of traffic is used because this is generally the busiest time of day for traffic, and road improvements are needed to provide capacity to accommodate peak levels of traffic. The traffic study used for this analysis identified improvements needed to mitigate future deficiencies during the peak hour.

Table 4.1 shows trip generation rate assumptions used in this analysis (per dwelling unit or per 1,000 square feet of nonresidential development). As new development generates increased vehicle trips for the City's transportation network, additional capacity in the system will be needed in the form of the improvements described in this report. Trip generation by major land use category allow the analysis to incorporate different estimates of demand for transportation facilities. Trip generation rates are applied to development projections to allocate improvement costs by land use type. The trip generation rates used for this analysis are based on years of study of major land use categories by the Institute of Transportation Engineers (10th Edition).

Table 4.1: Trip Rate Adjustment Factors

	Primary Trips[1]	Diverted Trips[1]	Total Excluding Pass-by[1]	Average Trip Length[2]	Adjust-ment Factor[3]	ITE Category	PM Peak Hour Trips[4]	Trip Demand Factor[5]
	A	*B*	*C = A + B*	D	*E = C x D*		*F*	*G = E x F*
Residential								
Single Family	86%	11%	97%	7.9	1.11	Single Family Housing (210)	1.00	1.11
Multifamily	86%	11%	97%	7.9	1.11	Apartment (220)	0.67	0.74
Accessory Dwelling Unit	86%	11%	97%	7.9	1.11	Apartment (220)[6]	0.48	0.53
Nonresidential								
Commercial	47%	31%	78%	3.6	0.41	Shopping Center (820)	4.21	1.73
Office	77%	19%	96%	8.8	1.22	General Office Building (710)	1.42	1.73
Industrial	79%	19%	98%	9.0	1.28	General Light Industrial (110)	0.83	1.06

[1] Percent of total trips. Primary trips are trips with no midway stops, or "links". Diverted trips are linked trips whose distance adds at least one mile to the primary trip. Pass-by trips are links that do not add more than one mile to the total trip.
[2] In miles. Based on SANDAG data.
[3] The trip adjustment factor equals the percent of non-pass-by trips multiplied by the average trip length and divided by the systemwide average trip length
[4] Trips per dwelling unit or per 1,000 building square feet.
[5] The trip demand factor is the product of the trip adjustment factor and the trip rate.
[6] Accessory dwelling unit trip rate estimated by multiplying trips per person (0.32) 1.5 persons per dwelling unit.

Sources: San Diego Association of Governments, Brief Guide of Vehicular Traffic Generation Rates for the San Diego Region, April 2002, Institute of Traffic Engineers, Trip Generation, 10th Edition; Willdan Financial Services.

Growth in Trip Demand Through 2030

Peak hour trip demand generated by new development is a reasonable measure of new development's demand for traffic facilities. The need for new or expanded traffic capacity and other facilities is typically determined based on peak-hour trip volumes because capacity needs

are based on the busiest periods of the day. The trip generation rates from Table 4.1, multiplied by dwelling units for residential land use categories or by thousands of square feet of building space or hotel rooms for nonresidential categories from Table 2.1, equals the total peak hour trip demand generated by that land use type. **Table 4.2** shows the trip demand generated by existing development and anticipated new development in Artesia through the 2030 planning horizon.

Table 4.2: Land Use Scenario and Total Trips

Land Use	Trip Demand Factor	2018 Units / 1,000 SF	2018 Trips	Growth 2018 to 2030 Units / 1,000 SF	Growth 2018 to 2030 Trips	Total - 2030 Units / 1,000 SF	Total - 2030 Trips
Residential							
Single Family	1.11	3,730	4,140	867	963	4,597	5,103
Multifamily	0.74	970	721	372	277	1,342	998
Subtotal		4,700	4,861	1,239	1,240	5,939	6,101
Nonresidential							
Commercial	1.73	1,024	1,768	759	1,310	1,783	3,078
Office	1.73	485	840	360	624	845	1,464
Industrial	1.06	403	428	298	317	701	745
Subtotal		1,912	3,036	1,417	2,251	3,329	5,287
Total			7,897		3,491		11,388
			69.34%		30.66%		100.00%

Sources: Tables 2.1 and 4.1.

Traffic Impact Fee Project Costs

Table 4.3 shows the capacity increasing improvements needed to accommodate projected development through 2030. Project costs were identified in the City's list of facilities projects or estimated by City Staff. Since each project will serve both existing and new development, only a share is allocated to new development through this impact fee. New development's share of traffic facilities costs is equal to its share of trip demand in 2030, as identified in Table 4.2.

Table 4.3: Project Cost Summary

Description	Total Project Cost	Cost Allocation to New Development	Total Cost Allocated To New Development
Norwalk Blvd from Artesia to south city limits	$ 3,250,000	30.66%	$ 996,290
Traffic Signal Upgrade and Synchronization	825,000	30.66%	252,904
Safe Routes to School	390,000	30.66%	119,555
Pioneer Boulevard Pedestrian and Bicycle Improvements	2,750,000	30.66%	843,015
Historical District Recreational Trails	1,750,000	30.66%	536,464
Pioneer Boulevard Parking Structure	10,000,000	30.66%	3,065,508
City Electric Bus Service	1,700,000	30.66%	521,136
Electric Vehicle Charging Infrastructure	250,000	30.66%	76,638
City-Wide ADA Upgrades	2,500,000	30.66%	766,377
Artesia Boulevard Improvements	3,125,000	30.66%	957,971
City-Wide Alley Improvements	1,650,000	30.66%	505,809
West Santa Ana Transit Coridor Improvements	2,190,000	30.66%	671,346
Total	$ 30,380,000		$ 9,313,012

Source: City of Artesia; Willdan Financial Services.

Cost Allocation

Based on the total improvement costs allocated to new development shown in Table 4.3, and the anticipated new trip demand shown in Table 4.2, **Table 4.5** calculates new development's cost per trip demand unit.

Table 4.4: Cost per Trip to Accommodate Growth

Costs Allocated to New Development	$ 9,313,012
Growth in Trip Demand	3,491
Cost per Trip	$ 2,668

Sources: Tables 4.2 and 4.3; Willdan Financial Services.

Non-Fee Funding Required

The City will use existing revenue sources or develop new sources to fund future facilities not required to accommodate growth, or to fund existing development's fair share of facilities. The City must raise $21.1 million needed to fund the traffic facilities representing existing development's existing deficiencies identified in Table 4.3 with non-fee revenue sources. Likely potential sources of revenue include existing or new general fund revenues or existing or new

taxes. Any new special tax would require two-thirds voter approval. Any new assessments or property-related charges would require majority property owner approval.

Fee Schedule

Table 4.5 shows the maximum justified traffic facilities fee schedule. The cost per trip is multiplied by the trip demand factor for each land use to determine the fee per dwelling unit, on 1,000 square feet of nonresidential building space. The total fee includes a two-percent (2%) administrative charge to fund costs that include: a standard overhead charge applied to City programs for legal, accounting, and other departmental and administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

In Willdan's experience with impact fee programs, two-percent of the base fee adequately covers the cost of fee program administration. The administrative charge should be reviewed and adjusted during comprehensive impact fee updates to ensure that revenue generated from the charge sufficiently covers, but does not exceed, the administrative costs associated with the fee program.

Table 4.5: Maximum Justified Traffic Impact Fee Schedule

Land Use	*A* Cost Per Trip	*B* Trip Demand Factor	*C = A x B* Base Fee[1]	*D = C x 0.02* Admin Charge[1, 2]	*E = C + D* Total Fee[1]	*E / 1,000* Fee per Sq. Ft.
Residential - Fee per Dwelling Unit						
Single Family	$ 2,668	1.11	$ 2,961	$ 59	$ 3,020	
Multifamily	2,668	0.74	1,984	40	2,024	
Accessory Dwelling Unit	2,668	0.53	1,414	28	1,442	
Nonresidential - Fee per 1,000 Sq. Ft.						
Commercial	$ 2,668	1.73	$ 4,605	$ 92	$ 4,697	$ 4.70
Office	2,668	1.73	4,622	92	4,714	4.71
Industrial	2,668	1.06	2,834	57	2,891	2.89

[1] Fee per dwelling unit, per 1,000 square feet of nonresidential.

[2] Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Sources: Tables 4.1 and 4.4; Willdan Financial Services.

5. Storm Drain Facilities

This chapter summarizes an analysis of the need for storm drain facilities to accommodate growth within the City of Artesia. It documents a reasonable relationship between new development and a storm drain facilities fee to fund storm drain facilities that serve new development.

Storm Drain Demand

Most new development generates storm water runoff. This runoff must be controlled through storm drain facilities. Storm drain demand is measured by impervious surface. The more impervious surface a land use creates, the more demand for storm drain facilities it creates. **Table 5.1** shows the calculation of equivalent dwelling unit (EDU) demand factors for storm drain facilities based on impervious surface area by land use category. Dwelling unit and thousand square feet per acre assumptions are from the City's General Plan. The area percent impervious factors are from the California Environmental Protection Agency.

Table 5.1: Equivalent Dwelling Units

	DU or KSF per acre[1]	Impervious Surface Coefficient	Equivalent Dwelling Unit (EDU)[2]
Residential			
Single Family	7.00	0.61	1.00
Multifamily	30.00	0.76	0.29
Accessory Dwelling Unit	30.00	0.76	0.29
Nonresidential			
Commercial	6.53	0.86	1.51
Office	43.56	0.80	0.21
Industrial	43.56	0.81	0.21

[2] Dwelling units per acre for residential, thousand square feet per acre for nonresidential. Nonresidential based upon the maximum floor area ratio (FAR) assumption of 1.5 for commercial, 1.0 for office and 0.6 for industrial.
[2] EDUs per dwelling unit for residential development and per thousand square feet for nonresidential development.

Sources: City of Artesia General Plan, Table LU-3; Tables 1 and 2 from the User's Guide for the California Impervious Surface Coefficients, Office of Environmental Health Hazard Assessment California Environmental Protection Agency, December 2010; Willdan Financial Services.

Equivalent Dwelling Unit Growth

Table 5.2 calculates the existing and projected equivalent dwelling units (EDU) based on each land use's demand factors displayed in Table 5.1. An equivalent dwelling unit represents the demand of all other land uses equivalent to one single family unit. Also displayed is the total existing and future EDUs for storm drain facilities by land use.

Table 5.2: Storm Drain Facilities Equivalent Dwelling Units

	EDU Factor[1]	DU or KSF		Equivalent Dwelling Units		
		Existing	Projected Growth	Existing	Growth	Total
Residential						
Single Family	1.00	3,730	867	3,730	867	4,597
Multifamily	0.29	970	372	281	108	389
Subtotal		4,700	1,239	4,011	975	4,986
Nonresidential						
Commercial	1.51	1,024	759	1,546	1,146	2,692
Office	0.21	485	360	102	76	178
Industrial	0.21	403	298	85	63	148
Subtotal		1,912	1,417	1,733	1,285	3,018
Total				5,744	2,260	8,004
Percent of Total				71.76%	28.24%	100%

[1] Per dwelling unit (residential), thousand building square feet (nonresidential).

Sources: Tables 2.2 and 5.1, Willdan Financial Services.

Planned Facilities

Table 5.3 shows the City's planned storm drain capital improvement project that expands capacity and allocates costs to new development. A share of the project responsibility is allocated to new development through this impact fee based on new development's share of storm drain demand identified in Table 5.2. The total cost estimate comes from the City's list of facilities projects.

Table 5.3: Planned Storm Drain Improvements

Description/Street	Total Project Cost Estimate	Allocation to New Development	Costs Allocated to New Development
Catch Basin - Pollution Control Filters	$ 4,000,000	28.24%	$ 1,129,435
Storm Drain Retrofit	300,000	28.24%	84,708
Total	$ 4,300,000		$ 1,214,143

Sources: City of Artesia; Table 5.2, Willdan Financial Services.

Allocation of Facilities to New Development

Table 5.4 allocates new development's share of storm drain facilities to new development. New development's share of the costs is equal to the total allocated project cost from Table 5.3. The facility standard, in this case a planned facilities standard, is calculated by dividing new development's share of planned facilities by the growth in EDUs.

Table 5.4: Cost per Equivalent Dwelling Unit

Facilities Allocated to New Development	$	1,214,143
Growth in EDUs (2018-2030)		2,260
Cost per EDU	$	537

Sources: Tables 5.2 and 5.3.

Non-Fee Funding Required

The City will use existing revenue sources or develop new sources to fund future facilities not required to accommodate growth, or to fund existing development's fair share of facilities. The City must raise $3.1 million needed to fund the storm drainage facilities representing existing development's existing deficiencies identified in Table 5.3 with non-fee revenue sources. Likely potential sources of revenue include existing or new general fund revenues or existing or new taxes. Any new special tax would require two-thirds voter approval. Any new assessments or property-related charges would require majority property owner approval.

Fee Schedule

The maximum justified impact fee for storm drain facilities is shown in **Table 5.5**. The cost per EDU is converted to a fee per unit of new development based on the EDU factors shown in Table 5.1. The total fee includes a two percent (2%) administrative charge to fund costs that include: (1) a standard overhead charge applied to all City programs for legal, accounting, and other departmental and citywide administrative support, (2) fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

In Willdan's experience with impact fee programs, two percent of the base fee adequately covers the cost of fee program administration. The administrative charge should be reviewed and adjusted during comprehensive impact fee updates to ensure that revenue generated from the charge sufficiently covers, but does not exceed, the administrative costs associated with the fee program.

Table 5.5: Storm Drain Facilities Fee

	A Cost Per EDU	B EDU	C = A x B Base Fee[1]	D = C x 0.02 Admin Fee[1,2]	E = C + D Total Fee[1]	Fee per Sq. Ft.
Residential - Fee per Dwelling Unit						
Single Family	$ 537	1.00	$ 537	$ 11	$ 548	
Multifamily	537	0.29	156	3	159	
Accessory Dwelling Unit	537	0.29	156	3	159	
Nonresidential - Fee per 1,000 Sq. Ft.						
Commercial	$ 537	1.51	$ 811	$ 16	$ 827	$ 0.83
Office	537	0.21	113	2	115	0.12
Industrial	537	0.21	113	2	115	0.12

[1] Fee per dwelling unit, per 1,000 square feet of nonresidential.

[2]Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analysis.

Sources: Tables 5.1 and 5.4; Willdan Financial Services.

6. Park and Recreation Facilities

The purpose of the parkland and park facilities impact fee is to fund the park facilities needed to serve new development. The maximum justified impact fee is presented based on maintaining the City's existing standard of park and recreation facilities per capita.

Service Population

As residents are assumed to be the primary users of parks in the City of Artesia, demand for parks and associated facilities is based on the City's residential population, rather than a combined resident-worker service population. **Table 6.1** provides estimates of the City's current resident population and a projection for the year 2030.

Table 6.1: Parks Service Population

	Residents
Existing (2018)	16,180
New Development (2018 - 2030)	5,278
Total (2030)	21,458

Sources: Table 2.1; Willdan Financial Services.

Existing Park and Recreation Facilities Inventory

The City of Artesia maintains several park and recreation facilities throughout the city. **Table 6.2** summarizes the City's existing parkland inventory in 2018. All facilities are located within the City limits. In total, the inventory includes a total of 17.10 acres of parkland.

Table 6.2: Existing Parkland Inventory

	Developed Park Acres
Artesia Park	14.80
Artesia Park Extension (Northeast Parcel)	0.12
A.J. Padelford Park	1.88
Baber Park	0.30
Total	17.10

Source: City of Artesia

Parkland and Park Facilities Unit Costs

Table 6.4 displays the unit costs necessary to develop parkland in Artesia. Land acquisition is estimated at $2.3 million based on recently sold land within the City from Zillow.com and is consistent with other land value assumptions in this analysis. An estimate of $750,000 per acre for standard parkland improvements was used based on Willdan's experience with other clients. In total, it costs $3.1 million to acquire and improve an acre of parkland in Artesia.

Table 6.3: Parkland Unit Costs

	Cost per Acre	Share of Parkland Costs
Standard Park Improvements[1]	$ 750,000	24%
Land Acquisition	2,321,000	76%
Total Cost per Acre	$3,071,000	100%

Note: Figures have been rounded.

[1] Based on Willdan's experience with other clients.

Sources: zillow.com; Willdan Financial Services.

Park Facility Standards

Park facility standards establish a reasonable relationship between new development and the need for expanded park facilities. Information regarding the City's existing inventory of existing parks facilities was obtained from City staff.

The most common measure in calculating new development's demand for parks is the ratio of park acres per resident. In general, facility standards may be based on a jurisdiction's existing inventory of park facilities, or an adopted policy standard contained in a master facility plan or general plan. Facility standards may also be based on a land dedication standard established by the *Quimby Act*.[1]

City of Artesia Park Facilities Standards

To calculate new development's need for new parks, municipalities commonly use a ratio expressed in terms of developed park acres per 1,000 residents. **Table 6.4** documents the City's existing parkland standard. The total improved parkland equivalent is compared to the current service population to determine the existing parkland standard per 1,000 residents. In this case, the City currently has an existing parkland standard of 1.06 acres per 1,000 residents.

[1] *California Government Code* §66477.

Table 6.4: Existing Parkland Standard

Total Park Acreage	17.10
Service Population (2018)	16,180
Existing Standard (Acres per 1,000 Residents)	1.06

Sources: Tables 6.1 and 6.2; Willdan Financial Services.

Facilities Needed to Accommodate New Development

Table 6.5 shows the park facilities needed to accommodate new development at the existing standard of 1.06 acres per 1,000 residents. To maintain the standard by the planning horizon, new development must fund the acquisition and improvement of 5.6 parkland acres, at a total cost of approximately $17.2 million.

Table 6.5: Cost of Planned Parkland Facilities Needs

	Calculation	Total
Existing City Owned Park Standard	*A*	1.06
Growth in Service Population	*B*	5,278
Acres needed at Buildout to Maintain Standard	*C = A x (B / 1,000)*	5.60
Cost per acre - Land	*D*	$ 2,321,000
Cost per acre - Improvements	*E*	750,000
Total Parkland and Improvement cost Per Acre	*F = D + E*	$ 3,071,000
Land Needs	*G = C x D*	$12,997,600
Improvements Needs	*H = C x E*	4,200,000
Net Cost of Planned Park Facilities to Serve New Development	*I = G + H*	$17,197,600

Sources: Tables 6.1, 6.3 and 6.4.

Parks and Recreation Facilities Cost per Capita

Table 6.6 shows the cost per capita of providing new parkland and park facilities at the existing parkland standard. First, the per acre cost is multiplied by the acreage standard to determine the total cost needed to serve 1,000 residents. Then, those costs are divided by 1,000 to determine the cost needed to serve one resident.

Table 6.6: Park Investment Cost per Capita

Parkland Investment Cost (per acre)	$	3,071,000
Facility Standard (acres per 1,000 residents)		1.06
Total Investment Per 1,000 capita	$	3,255,000
Investment Per Resident	$	3,255

Sources: Tables 6.3 and 6.4; Willdan Financial Services.

Use of Fee Revenue

The City plans to use park and recreation facilities fee revenue to purchase parkland or construct improvements to add to the system of park facilities that serves new development. The City may only use impact fee revenue to provide new facilities or to intensify usage of existing facilities needed to serve new development.

Fee Schedule

To calculate fees by land use type, the investment in park facilities is determined on a per resident basis for both land acquisition and improvement. This investment factor (shown in Table 6.6) is the investment per capita based on the unit cost estimates and facility standards.

Table 6.7 shows the maximum justified park and recreation facilities fee based on the existing parkland standard. The investment per capita is converted to a fee per dwelling unit using the occupancy density factors from Table 2.2. The total fee includes an administrative charge to fund costs that include: (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

In Willdan's experience with impact fee programs, two-percent of the base fee adequately covers the cost of fee program administration. The administrative charge should be reviewed and adjusted during comprehensive impact fee updates to ensure that revenue generated from the charge sufficiently covers, but does not exceed, the administrative costs associated with the fee program.

Table 6.7: Park Facilities Fee Schedule

Land Use	A Cost per Capita	B Density	C = A x B Base Fee	D = C x 0.02 Admin Charge[1]	E = C + D Total Fee
Residential - Fee per Dwelling Unit					
Single Family	$ 3,255	3.63	$ 11,816	$ 236	$ 12,052
Multifamily	3,255	2.70	8,789	176	8,965
Accessory Dwelling Unit	3,255	1.50	4,883	98	4,981

[1] Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Sources: Tables 2.2 and 6.6; Willdan Financial Services.

7. Community Center Facilities

The purpose of this fee is to ensure that new development funds its fair share of community center facilities. A fee schedule is presented based on the system facilities standard of community center facilities in the City of Artesia to ensure that new development funds its fair share of planned community centers.

Service Population

As residents are assumed to be the primary users of community centers in the City of Artesia, demand for community center facilities is based on the City's residential population, rather than a combined resident-worker service population. **Table 7.1** provides estimates of the City's current resident population and a projection for the year 2030.

Table 7.1: Community Center Facilities Service Population

	Residents
Existing (2018)	16,180
New Development (2018 - 2030)	5,278
Total (2030)	21,458

Sources: Table 2.1; Willdan Financial Services.

Facility Inventories and Standards

This section describes the City's community center facility inventory and facility standards.

Planned Facilities

The City's existing community center at Artesia Park needs replacement and expansion. The City plans to replace and expand the current community center to serve both existing and new development. The City also plans to construct a new day care facility, a new workforce development center, to upgrade the Historical Society Building and to upgrade equipment at the local community radio and television station. The City provided cost estimates for the projects included in this fee. In total, the planned community center facilities are estimated to cost $41.9 million. **Table 7.2** displays the project costs.

Table 7.2: Planned Community Centers

	Project Cost
New Community Center at Artesia Park	$40,000,000
New Day Care Facility	1,000,000
New Workforce Development Center	200,000
Historical Society Building Upgrades	300,000
RTA Equipment Upgrade	400,000
Total Cost of Planned Facilities	$41,900,000

Source: City of Artesia.

Cost Allocation

Table 7.3 shows the calculation of the system standard of community center facilities. The system standard represents new development's projected per capita investment in community center facilities at the planning horizon. This value is calculated by dividing the total value of the system of community center facilities by the projected service population in 2030.

Table 7.3: Community Center Facilities - System Standard

Cost of Planned Facilities	$	41,900,000
Future Service Population (2030)		21,458
Cost per Capita	$	1,953

Sources: Tables 7.1 and 7.2.

Non-Fee Funding Required

The City plans to use community center facilities fee revenue to construct, upgrade and expand facilities to serve both existing and new development. **Table 7.4** details a projection of impact fee revenue, based on the service population growth increment identified in Table 7.1. The City will need to identify approximately $31.6 million of non-fee funding to fully fund the planned facilities identified in Table 7.2 or new development will have paid too high a fee.

Table 7.4: Revenue Projection - System Standard

Cost per Capita	$ 1,953
Growth in Service Population (2018- 2030)	5,278
Fee Revenue	$ 10,309,000
Net Cost of Planned Facilities	41,900,000
Non-Fee Revenue to Be Identified	$ (31,591,000)

Sources: Tables 7.1, 7.2 and 7.3.

Fee Schedule

Table 7.5 shows the maximum justified community center facilities fee schedule. The City can adopt any fee up to this amount. The cost per capita is converted to a fee per unit of new development based on dwelling unit densities (persons per dwelling unit). The total fee includes a two-percent (2.0%) administrative charge to fund costs that include: a standard overhead charge applied to City programs for legal, accounting, and other departmental and administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting and mandated public reporting.

In Willdan's experience with impact fee programs, two-percent of the base fee adequately covers the cost of fee program administration. The administrative charge should be reviewed and adjusted during comprehensive impact fee updates to ensure that revenue generated from the charge sufficiently covers, but does not exceed, the administrative costs associated with the fee program.

Table 7.5: Community Center Facilities Fee Schedule

Land Use	*A* Cost per Capita	*B* Density	*C = A x B* Base Fee	*D = C x 0.02* Admin Charge[1]	*E = C + D* Total Fee
Residential - Fee per Dwelling Unit					
Single Family	$ 1,953	3.63	$ 7,089	$ 142	$ 7,231
Multifamily	1,953	2.70	5,273	105	5,378
Accessory Dwelling Unit	1,953	1.50	2,930	59	2,989

[1] Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Sources: Tables 2.2 and 7.3; Willdan Financial Services.

8. Implementation

Impact Fee Program Adoption Process

Impact fee program adoption procedures are found in the *California Government Code* section 66016. Adoption of an impact fee program requires the City Council to follow certain procedures including holding a public hearing. Data, such as an impact fee report, must be made available at least 10 days prior to the public hearing. The City's legal counsel should be consulted for any other procedural requirements as well as advice regarding adoption of an enabling ordinance and/or a resolution. After adoption there is a mandatory 60-day waiting period before the fees go into effect.

Inflation Adjustment

The City should keep its impact fee program up to date by periodically adjusting the fees for inflation. Such adjustments should be completed regularly to ensure that new development will fully fund its share of needed facilities. We recommend that the following indices be used for adjusting fees for inflation:

- Buildings – Engineering News-Record's Construction Cost Index (CCI)

The indices recommended can be found for local jurisdictions (state, region), and for the nation. With the exception of land, we recommend that the national indices be used to adjust for inflation, as the national indices are not subject to frequent dramatic fluctuations that the localized indices are subject to.

Due to the highly variable nature of land costs, there is no particular index that captures fluctuations in land values. We recommend that the City adjust land values based on recent land purchases, sales or appraisals at the time of the update.

While fee updates using inflationary indices are appropriate for periodic updates to ensure that fee revenues keep up with increases in the costs of public facilities, the City will also need to conduct more extensive updates of the fee documentation and calculation (such as this study) when significant new data on growth forecasts and/or facility plans become available.

Reporting Requirements

The City should comply with the annual and five-year reporting requirements of the *Mitigation Fee Act*. For facilities to be funded by a combination of public fees and other revenues, identification of the source and amount of these non-fee revenues is essential. Identification of the timing of receipt of other revenues to fund the facilities is also important. **Table 8.1** summarizes the annual and five-year requirements of the *Act*.

Programming Revenues and Projects with a CIP

The City intends to adopt a CIP at a future date to plan for future infrastructure needs. A typical CIP identifies costs and phasing for specific capital projects. The use of the CIP in this manner would document a reasonable relationship between new development and the use of those revenues.

The City may decide to alter the scope of the planned projects or to substitute new projects if those new projects continue to represent an expansion of the City's facilities. If the total cost of facilities varies from the total cost used as a basis for the fees, the City should consider revising the fees accordingly.

Table 8.1: Mitigation Fee Act - Annual and Five-year Administrative Requirements

CA Gov't Code Section	Timing	Reporting Requirements[1]	Recommended Fee Adjustment
66001.(d)	The fifth fiscal year following the first deposit into the account or fund, and every five years thereafter	(A) Identify the purpose to which the fee is to be put. (B) Demonstrate a reasonable relationship between the fee and the purpose for which it is charged. (C) Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements. (D) Designate the approximate dates on which supplemental funding is expected to be deposited into the appropriate account or fund.	Comprehensive Update
66006. (b)	Within 180 days after the last day of each fiscal year	(A) A brief description of the type of fee in the account or fund. (B) The amount of the fee. (C) The beginning and ending balance of the account or fund. (D) The amount of the fees collected and the interest earned. (E) An identification of each public improvement on which fees were expended including share funded by fees. (F) An identification of an approximate date by which the construction of the public improvement will commence. (G) A description of any potential interfund transfers. (H) The amount of refunds made (if any).	Inflationary Adjustment

[1] Edited for brevity. Refer to the government code for full description.

Sources: CA Government Code sections 66001.(d) and 66006.(b).

9. Mitigation Fee Act Findings

Public facilities fees are one-time fees typically paid when a building permit is issued and imposed on development projects by local agencies responsible for regulating land use (cities and counties). To guide the widespread imposition of public facilities fees the State Legislature adopted the *Mitigation Fee Act* (the *Act*) with Assembly Bill 1600 in 1987 and subsequent amendments. The *Act,* contained in *California Government Code* Sections 66000 through 66025*,* establishes requirements on local agencies for the imposition and administration of fee programs. The *Act* requires local agencies to document five findings when adopting a fee.

The five statutory findings required for adoption of the public facilities fees documented in this report are presented in this chapter and supported in detail by the preceding chapters. All statutory references are to the *Act.*

Purpose of Fee

- *Identify the purpose of the fee (§66001(a)(1) of the Act).*

Development impact fees are designed to ensure that new development will not burden the existing service population with the cost of facilities required to accommodate growth. The purpose of the fees proposed by this report is to provide a funding source from new development for capital improvements to serve that development. The fees advance a legitimate City interest by enabling the City to provide public facilities to new development.

Use of Fee Revenues

- *Identify the use to which the fees will be put. If the use is financing facilities, the facilities shall be identified. That identification may, but need not, be made by reference to a capital improvement plan as specified in §65403 or §66002, may be made in applicable general or specific plan requirements, or may be made in other public documents that identify the facilities for which the fees are charged (§66001(a)(2) of the Act).*

Fees proposed in this report, if enacted by the City, would be used to fund expanded facilities to serve new development. Facilities funded by these fees are designated to be located within the City's sphere of influence. Fees addressed in this report have been identified by the City to be restricted to funding the following facility categories: public facilities, traffic facilities, storm drainage facilities, parks and recreation facilities and community center facilities.

Benefit Relationship

- *Determine the reasonable relationship between the fees' use and the type of development project on which the fees are imposed (§66001(a)(3) of the Act).*

The City will restrict fee revenue to the acquisition of land, construction of facilities, infrastructure and buildings, and purchase of related equipment, furnishings, vehicles, and services used to serve new development. Facilities funded by the fees are expected to provide a citywide network of facilities accessible to the additional residents and workers associated with new development. Under *the Act*, fees are not intended to fund planned facilities needed to correct existing deficiencies. Thus, a reasonable relationship can be shown between the use of fee revenue and the new development residential and non-residential use classifications that will pay the fees.

Burden Relationship

- *Determine the reasonable relationship between the need for the public facilities and the types of development on which the fees are imposed (§66001(a)(4) of the Act).*

Facilities need is based on a facility standard that represents the demand generated by new development for those facilities. For each facility category, demand is measured by a single facility standard that can be applied across land use types to ensure a reasonable relationship to the type of development. For some facility categories service population standards are calculated based upon the number of residents associated with residential development and the number of workers associated with non-residential development. To calculate a single, per capita standard, one worker is weighted less than one resident based on an analysis of the relative use demand between residential and non-residential development.

The standards used to identify growth needs are also used to determine if planned facilities will partially serve the existing service population by correcting existing deficiencies. This approach ensures that new development will only be responsible for its fair share of planned facilities, and that the fees will not unfairly burden new development with the cost of facilities associated with serving the existing service population.

Chapter 2, Growth Forecasts provides a description of how service population and growth forecasts are calculated. Facility standards are described in the *Facility Standards* sections of each facility category chapter.

Proportionality

- *Determine how there is a reasonable relationship between the fees amount and the cost of the facilities or portion of the facilities attributable to the development on which the fee is imposed (§66001(b) of the Act).*

The reasonable relationship between each facilities fee for a specific new development project and the cost of the facilities attributable to that project is based on the estimated new development growth the project will accommodate. Fees for a specific project are based on the project's size. Larger new development projects can result in a higher service population resulting in higher fee revenue than smaller projects in the same land use classification. Thus, the fees ensure a reasonable relationship between a specific new development project and the cost of the facilities attributable to that project.

See *Chapter 2, Growth Forecasts,* or the *Service Population* sections in each facility category chapter for a description of how service populations or other factors are determined for different types of land uses. See the *Fee Schedule* section of each facility category chapter for a presentation of the proposed facilities fees.