City of St. Helena

Development Impact Fee Study Report

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Submitted by:

Colgan Consulting Corporation
3323 Watt Avenue # 131
Sacramento, CA 95821

Table of Contents

Executive Summary

Organization of the Report S-1
Future Development S-1
Impact Fee Analysis S-1
Impact Fee Summary S-3
Implementation S-4
Recovery of Study Cost S-4

Chapter 1 - Introduction

Purpose 1-1
Legal Framework 1-1
Impact Fee Calculation Methodology 1-5
Facilities Addressed in this Study 1-6

Chapter 2 – Land Use and Development

Study Area and Time Frame 2-1
Development Types 2-1
Units of Development 2-2
Demand Variables 2-2
Development Data 2-4

Chapter 3 – Transportation Impact Fees

Service Area 3-1
Level of Service 3-1
Demand Variable 3-1
Methodology 3-2
Facility Needs 3-2
Average Cost per Trip 3-2
Impact Fees per Square Foot 3-3
Projected Revenue 3-4

Chapter 4 – Park In-Lieu Fees/Park Impact Fees

Service Area 4-1
Demand Variable 4-1
Level of Service 4-2
Methodology 4-3
Facility Needs 4-3
Per-Capita Cost 4-4
In-Lieu/Impact Fees per Square Foot 4-4
Projected Revenue 4-5

Table of Contents (cont'd)

Chapter 5 – Public Safety Impact Fees

Service Area 5-1
Level of Service 5-1
Demand Variable 5-1
Methodology 5-1
Facility Needs 5-1
Impact Fees per Square Foot 5-2
Projected Revenue 5-2

Chapter 6 – Civic Facilities Impact Fees

Service Area 6-1
Level of Service 6-1
Demand Variable 6-1
Methodology 6-1
Facility Needs 6-2
Impact Fee per Square Foot 6-2
Projected Revenue 6-3

Chapter 7 – Water System Impact Fees

Service Area 7-1
Level of Service 7-1
Demand Variable 7-1
Methodology 7-1
System Improvements 7-1
New Development Water Demand 7-3
Water System Improvement Cost per HCF 7-3
Allocated Cost by Development Type 7-4
Impact Fees per Square Foot 7-4
Projected Revenue 7-5

Chapter 8 – Wastewater System Impact Fees

Service Area 8-1
Level of Service 8-1
Demand Variable 8-1
Methodology 8-1
System Improvements 8-1
New Development Wastewater Flows 8-2
Wastewater System Improvement Cost per HCF 8-3
Allocated Cost by Development Type 8-4
Impact Fees per Square Foot 8-4
Projected Revenue 8-5

Chapter 9 – Stormwater Drainage System Impact Fees

Service Area 9-1
Level of Service 9-1
Demand Variable 9-1
Methodology 9-1
System Improvements 9-1
New Development Impervious Surface Area 9-2
Drainage System Cost per Square Foot of ISA 9-2
Allocated Cost by Development Type 9-3
Impact Fees per Square Foot 9-3
Projected Revenue 9-4

Chapter 10 – Implementation

Adoption 10-1
Administration 10-2
Training and Public Information 10-6
Recovery of Study Cost 10-7

Executive Summary

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

Organization of the Report

Chapter 1 of this report provides an overview of impact fees. It discusses legal requirements for establishing and imposing such fees, as well as methods used in this study to calculate the fees.

Chapter 2 contains information on existing and future development in the study area used for this analysis, and organizes that data in a form that can be used in the impact fee analysis. Projections of future development shown in Chapter 2 are based on the Land Use Element of the Draft St. Helena General Plan Update 2030.

Chapters 3 through 9 analyze the impacts of development on specific facility types and calculate impact fees for those facilities, as follows:

Ch. 3. Transportation Improvements
Ch. 4. Parks
Ch. 5. Public Safety Facilities
Ch. 6. Civic Facilities
Ch. 7. Water System
Ch. 8. Wastewater System
Ch. 9. Storm Drainage System

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

Chapter 10 discusses implementation of the impact fee program including legal requirements for implementing the impact fee program under California law.

Future Development

Forecasts of future development for this study are intended to represent potential development in the City, based on the Draft General Plan Update. Data presented in Chapter 2 of this report indicate that the City has the potential to grow 13- 14% in terms of population, residential units and total square feet of building area.

Impact Fee Analysis

Each type of facility addressed in this report is analyzed individually. In each case, the relationship between development and the need for facilities is quantified in a way that allows the impact of development on facility needs to be measured. Impact fees calculated in this report are based on the capital cost of facilities needed to serve additional development.

Impact fees calculated in this study are summarized in Table S.1 on page S-3. The following paragraphs briefly discuss factors considered in the analysis of each facility type.

Transportation Impact Fees. Traditionally transportation improvements needed to support additional development have been concentrated in street, intersection and traffic control improvements needed to provide capacity for larger volumes of vehicle trips. However, the Draft General Plan Update adopts a more nuanced approach. The Circulation Element focuses extensively on alternatives to road-building, and recommends the use of alternative transportation modes (e.g., walking, cycling, and transit), as well as transportation performance measures and transportation demand management to provide for a more efficient and environmentally friendly circulation system in the City.

The transportation impact fees calculated in Chapter 3 are based primarily on the cost of improvements intended to increase the use of alternative modes of transportation.

The costs attributed to new development in the impact fee analysis are allocated to various types of development based on the estimated number of additional daily vehicle trips they will generate. Then the costs are converted to impact fees per square foot of added building area.

Park In-Lieu Fees and Park Impact Fees. At present, the City's park impact fees are a component of the impact fee for civic Improvements. This report proposes stand-alone fees for parks, and calculates two types of park fees. Park in-lieu fees, or more precisely, fees in-lieu of park land dedication, are levied on residential subdivisions pursuant to the Quimby Act. Those fees are governed by specific rules and standards contained in the Quimby Act, and are based only on the cost of acquiring land for parks.

However, most residential development in St. Helena does not occur in subdivisions, so this report also calculates park impact fees which apply to non-subdivision projects. Those park impact fees cover the cost of both land acquisition and park improvements. As shown in Chapter 4, costs for park land and improvements are allocated to new development on the basis of added population per unit, and then converted into a cost per square foot for each type of residential development. Like park in-lieu fees, park impact fees apply only to residential development.

Public Safety Impact Fees. The public safety impact fees calculated in Chapter 5 are based on new development's proportionate share of the cost of police and fire facilities and equipment serving the City. For the most part, public safety facilities and equipment needed to serve new development are already in place. So the public safety impact fees calculated in this report are intended to recoup new development's proportionate share of the depreciated replacement cost of those facilities and equipment.

New development's share of the cost of public safety facilities is allocated to development based on square feet of added building area.

Civic Facilities Impact Fees. The civic facilities impact fees calculated in Chapter 6 are based on new development's proportionate share of the depreciated replacement cost of a range of facility types including City Hall, corporation yard facilities, as well as library and recreation facilities. Some civic facilities needed to serve new development are already in place, but the cost basis for the civic facilities fees also includes some new facilities. Civic facilities impact fees calculated in this report are intended to recoup new development's proportionate share of the cost of those facilities and equipment.

New development's share of the cost of civic facilities is allocated to development based on square feet of added building area.

Water System Impact Fees. The water system impact fees calculated in Chapter 7 are based on new development's proportionate share of planned water system improvements. The costs attributed to new development are allocated to various types and amounts of development based on estimated water usage in hundreds of cubic feet (HCF) per year. Costs allocated to each type of development are then converted to impact fees per square foot of building area.

Wastewater System Impact Fees. The wastewater system impact fees calculated in Chapter 8 are based on new development's proportionate share of planned wastewater system improvements. The costs attributed to new development are allocated to various types and amounts of development based on estimated water usage in hundreds of cubic feet (HCF) per year. Costs allocated to each type of development are then converted to impact fees per square foot of building area.

Storm Drainage System Impact Fees. The storm drainage system impact fees calculated in Chapter 9 are based on new development's proportionate share of planned drainage system improvements. The costs attributed to new development are allocated to various types of development based on the estimated amount of impervious surface area added. Costs allocated to each type of development are then converted to impact fees per square foot of building area.

Impact Fee Summary

Table S.1 summarizes the impact fees calculated in this report. Fees shown in Table S.1 are per square foot of building area by development type.

Table S.1: Summary of Development Impact Fees Calculated in This Study (per Square Foot)

Development Type	Transportation	Parks [1]	Public Safety	Civic Facilities	Water System	Wastewtr System	Drainage System	**Total**
Residential, Low Density	$1.89	$6.99	$1.01	$1.90	$2.98	$0.44	$0.71	**$ 15.92**
Residential, Med/Higher Density	$2.30	$11.88	$1.01	$1.90	$2.41	$0.64	$0.67	**$ 20.80**
Commercial/Retail	$20.38		$1.01	$1.90	$5.91	$0.86	$1.61	**$ 31.67**
Office	$5.23		$1.01	$1.90	$3.06	$0.43	$1.34	**$ 12.97**
Industrial	$3.32		$1.01	$1.90	$4.08	$0.58	$1.61	**$ 12.51**
Lodging	$7.79		$1.01	$1.90	$5.98	$0.85	$1.25	**$ 18.78**

[1] Park fees shown in this table are based on the park impact fees rather than the park land in-lieu (Quimby) fees

Table S.2 shows the impact fees from Table S.1 adjusted to include a 2.5% administrative charge to recover the cost of periodic update studies. See Recovery of Study Cost on the next page.

Table S.2: Summary of Development Impact Fees Including Administrative Fee (per Square Foot)

Development Type	Transpor-tation	Parks	Public Safety	Civic Facilities	Water System	Wastewtr System	Drainage System	**Total**
Residential, Low Density	$1.94	$7.17	$1.04	$1.95	$3.05	$0.45	$0.73	**$ 16.31**
Residential, Med/Higher Density	$2.35	$12.18	$1.04	$1.95	$2.47	$0.65	$0.69	**$ 21.32**
Commercial/Retail	$20.89		$1.04	$1.95	$6.06	$0.88	$1.65	**$ 32.46**
Office	$5.36		$1.04	$1.95	$3.14	$0.45	$1.37	**$ 13.30**
Industrial	$3.41		$1.04	$1.95	$4.18	$0.60	$1.65	**$ 12.82**
Lodging	$7.98		$1.04	$1.95	$6.13	$0.88	$1.28	**$ 19.25**

Note: In Table S.2, fees from Table S.1 are increased by 2.5% to include the cost of impact fee program administration

Table S.3 shows St. Helena's existing impact fees as of March 2013.

Table S.3: Summary of Existing Development Impact Fees (per Square Foot)

Development Type	Transpor-tation	Parks	Public Safety	Civic Imprvmts	Water System	Wastewtr System	Drainage System [1]	**Total**
Residential, Low Density	$4.11		$1.25	$2.73	$6.46	$5.21	$0.02	**$ 19.78**
Residential, Med/Higher Density	$2.82	**Included**	$1.25	$2.73	$2.81	$4.15	$0.02	**$ 13.78**
Commercial/Retail	$36.87	**in Civic**	$1.25	$1.68	$10.69	$8.51	$0.04	**$ 59.04**
Office	$9.46	**Imprvmt**	$1.25	$2.27	$7.35	$4.41	$0.03	**$ 24.77**
Industrial	$5.98	**Fees**	$1.25	$1.58	$5.53	$5.85	$0.04	**$ 20.23**
Lodging			**Classified as Commercial/Retail**					

[1] The existing drainage fees shown in this table have been converted from square feet of impervious surface area to square feet of building area, based on assumptions used in this study regarding the relationship between impervious surface area and building area

Implementation

Chapter 10 of this report discusses the requirements of the California Mitigation Fee Act and the Quimby Act for adoption and administration of impact fees, including findings required by the Mitigation Fee Act for adoption of the impact fees.

Recovery of Study Cost

As discussed in Chapter 10 of this report, Colgan Consulting normally recommends that agencies charging impact fees increase the fees by a small percentage to recover the cost of periodically updating the fees.

One method that can be used for allocating the cost of fee study updates to impact fees is to divide the cost of the current study by the amount of revenue that will be generated by the impact fees before the fees will need to be updated. However, in light of uncertainty regarding the timing of future development that approach does not appear to be appropriate in St. Helena at this time.

A substantial number of California cities add an administrative charge of 2.5% to impact fees to cover the cost of periodic updates, and Colgan Consulting recommends that an increase of 2.5% be applied to the City's impact fees to cover the cost of future updates. Fees including that administrative charge are shown in Table S.2. Any revenue collected as a result of the administrative charge should be used only for the purpose of updating the City's impact fees.

Chapter 1
Introduction

Purpose

The City of St. Helena has retained Colgan Consulting Corporation to prepare this study to analyze the impacts of development on the City's capital facilities needs and to calculate development impact fees based on that analysis. This study updates the City's previous impact fee study which was completed in 2006.

The methods used to calculate impact fees in this study are intended to satisfy all legal requirements governing such fees, including provisions of the U. S. Constitution, the California Constitution, the California Mitigation Fee Act (Government Code Sections 66000 *et seq.*), and, where applicable, the Quimby Act (Government Code Section 66477).

Legal Framework

This brief summary of the legal framework for development impact fees is intended as a general overview. It was not prepared by an attorney, and should not be treated as a legal opinion.

U. S. Constitution. Like all land use regulations, development exactions, including impact fees, are subject to the Fifth Amendment prohibition on taking of private property for public use without just compensation. Both state and federal courts have recognized the imposition of impact fees on development as a legitimate form of land use regulation, provided the fees meet standards intended to protect against "regulatory takings." A regulatory taking occurs when regulations unreasonably deprive landowners of property rights protected by the Constitution.

To comply with the Fifth Amendment, development regulations must be shown to substantially advance a legitimate governmental interest, and must not deprive the owner of all economically viable use of the property. In the case of impact fees, the government's interest is in protecting public health, safety, and welfare by ensuring that development is not detrimental to the quality and availability of essential public services provided to the community at large.

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

A local legislative body is accorded considerable discretion by the courts when enacting impact fees that apply broadly to development projects within its jurisdiction. However, even

where heightened scrutiny does not apply, an agency enacting impact fees should take care to demonstrate a nexus and ensure proportionality in the calculation of its fees.

California Constitution. The California Constitution grants broad police power to local governments, including the authority to regulate land use and development. That police power is the source of authority for local governments in California to impose impact fees on development. Some impact fees have been challenged on grounds that they are special taxes imposed without voter approval in violation of Article XIIIA. However, that objection is valid only if the fees exceed the cost of providing capital facilities needed to serve new development. If that were the case, then the fees would also run afoul of the U. S. Constitution and the Mitigation Fee Act. Articles XIIIC and XIIID, added by Proposition 218 in 1996, require voter approval for some "property-related fees," but exempt "the imposition of fees or charges as a condition of property development."

The Mitigation Fee Act. California's impact fee statute originated in Assembly Bill 1600 during the 1987 session of the Legislature, and took effect in January, 1989. AB 1600 added several sections to the Government Code, beginning with Section 66000. Since that time the impact fee statute has been amended from time to time, and in 1997 was officially titled the "Mitigation Fee Act." Unless otherwise noted, code sections referenced in this report are from the Government Code.

The Mitigation Fee Act does not limit the types of capital improvements for which impact fees may be charged. It defines public facilities very broadly to include "public improvements, public services and community amenities." Although the issue is not specifically addressed in the Mitigation Fee Act, other provisions of the Government Code (see Section 65913.8) prohibit the use of impact fees for maintenance or operating costs. Consequently, the fees calculated in this report are based on capital costs only.

The Mitigation Fee Act does not use the term "mitigation fee" except in its official title. Nor does it use the more common term "impact fee." The Act simply uses the word "fee," which is defined as "a monetary exaction, other than a tax or special assessment…that is charged by a local agency to the applicant in connection with approval of a development project for the purpose of defraying all or a portion of the cost of public facilities related to the development project …."

To avoid confusion with other types of fees, this report uses the widely-accepted terms "impact fee" and "development impact fee" which should both be understood to mean "fee" as defined in the Mitigation Fee Act.

The Mitigation Fee Act contains requirements for establishing, increasing and imposing impact fees. They are summarized below. It also contains provisions that govern the collection and expenditure of fees and require annual reports and periodic re-evaluation of impact fee programs. Those administrative requirements are discussed in the Implementation Chapter of this report.

Required Findings. Section 66001 requires that an agency establishing, increasing or imposing impact fees, must make findings to:

1. Identify the purpose of the fee;
2. Identify the use of the fee; and,
3. Determine that there is a reasonable relationship between:
    a. The use of the fee and the development type on which it is imposed;
    b. The need for the facility and the type of development on which the fee is imposed; and
    c. The amount of the fee and the facility cost attributable to the development project. (Applies when fees are imposed on a specific project.)

Each of those requirements is discussed in more detail below.

Identifying the Purpose of the Fees. The broad purpose of impact fees is to protect public health, safety and general welfare by providing for adequate public facilities. The specific purpose of the fees calculated in this study is to fund construction of certain capital improvements identified in this report. Those improvements will be needed to mitigate the impacts of planned new development on City facilities, and to maintain an acceptable level of public services as the City grows. Findings with respect to the purpose of a fee should define the purpose broadly as providing for the funding of adequate public facilities to serve additional development.

Identifying the Use of the Fees. According to Section 66001, if a fee is used to finance public facilities, those facilities must be identified. A capital improvement plan may be used for that purpose, but is not mandatory if the facilities are identified in a General Plan, a Specific Plan, or in other public documents. In this case, we recommend that the City Council adopt this report as the document that identifies the facilities to be funded by the fees.

Reasonable Relationship Requirement. As discussed above, Section 66001 requires that, for fees subject to its provisions, a "reasonable relationship" must be demonstrated between:

1. the use of the fee and the type of development on which it is imposed;
2. the need for a public facility and the type of development on which a fee is imposed; and,
3. the amount of the fee and the facility cost attributable to the development on which the fee is imposed.

These three reasonable relationship requirements as defined in the statute mirror the nexus and proportionality requirements widely considered to be the standard for defensible impact fees. The term "dual rational nexus" is often used to characterize the standard used by courts in evaluating the legitimacy of impact fees. The "duality" of the nexus refers to (1) an <u>impact</u> or need created by a development project subject to impact fees, and (2) a <u>benefit</u> to the project from the expenditure of the fees. Although proportionality is reasonably implied in the dual rational nexus formulation, it was explicitly required by the Supreme Court in the *Dolan* case, and we prefer to list it as the third element of a complete nexus.

Demonstrating an Impact. All new development in a community creates additional demands on some, or all, public facilities provided by local government. If the supply of facilities is not

increased to satisfy the additional demand, the quality or availability of public services for the entire community will deteriorate. Impact fees may be used to recover the cost of development-related facilities, but only to the extent that the need for facilities is occasioned by the development project subject to the fees. The *Nollan* decision reinforced the principle that development exactions may be used only to mitigate impacts created by the development projects upon which they are imposed. In this study, the impact of development on facility needs is analyzed in terms of quantifiable relationships between various types of development and the demand for public facilities, based on applicable level-of-service standards. This report contains all of the information needed to demonstrate this element of the nexus.

Demonstrating a Benefit. A sufficient benefit relationship requires that impact fee revenues be segregated from other funds and expended only on the facilities for which the fees were charged. Fees must be spent in a timely manner and facilities funded by the fees must serve the development projects paying the fees. Nothing in the U.S. Constitution or California law requires that facilities paid for with impact fee revenues be available exclusively to developments paying the fees. Procedures for earmarking and expenditure of fee revenues are mandated by the Mitigation Fee Act, as are procedures to ensure that the fees are expended expeditiously or refunded. Those requirements are intended to ensure that developments benefit from the impact fees they are required to pay. Thus, an adequate showing of benefit must address procedural as well as substantive issues.

Demonstrating Proportionality. Proportionality in impact fees depends on properly identifying development-related facility costs and calculating the fees in such a way that the impact of development is reflected in the allocation of those costs. In calculating impact fees, costs for development-related facilities must be allocated in proportion to the facility needs created by different types and amounts of development. The section on impact fee methodology, below, describes methods used to allocate facility costs and calculate impact fees that meet the proportionality standard.

Impact Fees for Existing Facilities. It is important to note that impact fees may be used to pay for existing facilities, provided those facilities are needed to serve additional development and have the capacity to do so. In other words, it must be possible to show that the fees meet the need and benefit elements of the nexus.

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

Existing Deficiencies. In 2006, Section 66001(g) was added to the Mitigation Fee Act (by AB 2751) to prohibit impact fees from including costs attributable to existing deficiencies in public facilities. The legislature's intent in adopting this amendment, as stated in the bill, was to codify the Holdings of Bixel v. City of Los Angeles (1989), Rohn v. City of Visalia (1989), and Shapell Industries Inc. v. Governing Board (1991). That amendment does not appear to be a substantive change. It is widely understood that other provisions of law make it improper for impact fees to include costs for correcting existing deficiencies.

Impact Fee Calculation Methodology

Any one of several legitimate methods may be used to calculate impact fees. The choice of a particular method depends primarily on the service characteristics and planning requirements for the facility type being addressed. Each method has advantages and disadvantages in a particular situation. To some extent they are interchangeable, because they all allocate facility costs in proportion to the needs created by development.

Reduced to its simplest terms, the process of calculating impact fees involves two steps: determining the cost of development-related capital improvements, and allocating those costs equitably to various types of development. In practice, though, the calculation of impact fees can become quite complicated because of the many factors involved in defining the relationship between development and the need for facilities.

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

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

Plan-Based or Improvements-Driven Method. Plan-based impact fee calculations are based on the relationship between a specified set of improvements and a specified increment of development. The improvements are typically identified by a facility plan, while the development is identified by a land use plan that identifies potential development by type and quantity. Facility costs are allocated to various categories of development in proportion to the amount of development and the relative intensity of demand created by each category. To calculate impact fees using this approach, it is necessary to define an end point or "buildout" condition for development, and to determine what facilities will be needed to serve the additional development that occurs from the time of the analysis to buildout. Buildout is a hypothetical condition in which undeveloped land encompassed by the study has been developed to its expected intensity.

Under this approach, the total cost of eligible facilities is divided by the total units of additional demand (based on the demand variable) to calculate a cost per unit of demand. Then, the cost per unit of demand is multiplied by the units of demand per unit of development (e.g. dwelling units or square feet of building area) in each category to arrive at a cost per unit of development. This method is somewhat inflexible in that it is based on the relationship between a particular facility plan and a particular land use plan. If either plan changes significantly, the fees may have to be recalculated.

Capacity-Based or Consumption-Driven Method. This method calculates a cost per unit of capacity based on the relationship between total cost and total capacity of a system. It can be applied to any type of development, provided the capacity required to serve each increment of development can be estimated and the facility has adequate capacity available to

serve the development. Since the cost per unit of demand does not depend on the type or quantity of development to be served, this method is flexible with respect to changing development plans.

Under this method, the cost of unused capacity is not allocated to development. Capacity-based fees are most commonly used for water and wastewater systems, where the cost of a system component is divided by the capacity of that component to derive a unit cost. To produce a schedule of impact fees based on standardized units of development (e.g. dwelling units or square feet of non-residential building area), the cost per unit of capacity is multiplied by the amount of capacity required to serve a typical unit of development in each of several land use categories.

Standard-based Method. Standard-based fees are calculated using a specified relationship or standard that determines the number of service units to be provided for each unit of development. The standard can be established as a matter of policy or it can be based on the level of service being provided to existing development in the study area. Using the standard-based method, costs are defined on a generic unit-cost basis and then applied to development according to a standard that sets the amount of service or capacity to be provided for each unit of development. The standard-based method is useful where facility needs are defined directly by a service standard, and where unit costs can be determined without reference to the total size or capacity of a facility or system. Parks fit that description. It is common for cities or counties to establish a service standard for parks in terms of acres per thousand residents. In addition, the cost per acre for parks can usually be estimated without knowing the size of a particular park or the total acreage of parks in the system.

This approach is also useful for facilities such as libraries, where it is possible to estimate a generic cost per square foot before a building is actually designed. One advantage of the standard-based method is that a fee can be established without committing to a particular size of facility, and facility size can be adjusted based on the amount of development that actually occurs.

Facilities Addressed by this Study

Impact fees for the following types of facilities are addressed in this report:

- Transportation System Improvements
- Park Land and Improvements
- Public Safety Facilities, Vehicles, and Equipment
- Civic Facilities
- Water System Improvements
- Sewer System Improvements
- Drainage System Improvements

The impact fee analysis for each facility type is presented in a separate chapter of this report, beginning with Chapter 3. The next chapter, Chapter 2, contains data on land use and development in the City.

Chapter 2
Land Use and Development

This chapter of the report organizes and correlates data on existing and potential development to provide a framework for the impact fee analysis contained in subsequent chapters of the report. The information in this chapter forms a basis for establishing levels of service, analyzing facility needs, and allocating the cost of capital facilities between existing and new development, where appropriate, and among various types of new development.

Data on existing and potential development shown in this report were compiled from the City's Draft General Plan Update, the Draft Program EIR for that Update, the 2009 Housing Element Update, and from additional information provided by the City of St. Helena Planning Department.

Study Area and Time Frame

The study area for the impact fee analysis is the area covered by the Draft General Plan Update. The timeframe for this study extends from the present to buildout of land designated for development within the study area. The term "buildout" is used to describe a hypothetical condition in which currently undeveloped land in the study area has been developed as indicated in the Land Use and Growth Management Element of the Draft General Plan Update.

The time required for buildout will depend on the rate at which development occurs. The timing of development does not enter into the impact fee analysis, so this report does not project the rate of growth or anticipated buildout date.

Development Types

The development types used in this study are based on land use categories defined in the Draft General Plan Update. Impact fees calculated in this report are intended to be based on actual land uses rather than zoning or general plan land use designations.

Residential Development. Residential development types used in this study are:

- Residential, Low Density
- Residential, Medium and Higher Density
- Residential, Mobile Home

The Residential, Low Density category, above, corresponds with the Low Density Residential (LDR) land use designation in the Draft General Plan Update.

The Residential, Medium and Higher Density category encompasses the two higher density residential development categories (MDR and HDR).

The Residential, Mobile Home category is included in this breakdown to properly account for existing mobile homes in the City. The Draft General Plan Update does not include a separate Mobile Home category, and there is no indication in the Housing Element of the Draft General Plan Update that additional mobile home development is expected in the future.

Non-Residential Development. Non-residential development types used in this study are:

- Commercial/Retail
- Office
- Industrial
- Lodging

The Commercial/Retail category covers most commercial development corresponding to the Mixed Use (MU), Central Business (CB), and Service Commercial (SC) land use designations in the Draft General Plan Update.

The Office category corresponds to development covered by the Business and Professional Office (BPO) designation.

The Industrial category corresponds to the Industrial (I) land use designation.

The Lodging category breaks out a sub-category of uses covered by the Central Business (CB) and Service Commercial (SC) designations.

Units of Development

In this study, quantities of existing and potential development are measured in terms of certain units of development. Those units are discussed below.

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

Building Area. Gross building area in thousands of square feet (KSF) is used as the standard unit of development for non-residential development, except for Lodging. Most impact fees in this report are stated in terms of a cost per square foot of building area.

Rooms. The standard unit of development for lodging is a single guest accommodation, i.e., a guest room or suite.

Demand Variables

In calculating impact fees, the relationship between facility needs and development must be quantified in cost allocation formulas. Certain measurable attributes of development (e.g., population, vehicle trip generation) are used in those formulas to reflect the impact of different types and amounts of development on the demand for specific public services and the facilities that support those services. Those attributes are referred to in this study as "demand variables."

Demand variables are selected either because they directly measure service demand created by various types of development, or because they are reasonably correlated with that demand.

For example, the need for capacity in a street system depends on the volume of traffic the system must handle. Thus the vehicle trip generation rate (the average number of vehicle trips generated by one unit of development per weekday) is an appropriate demand variable to represent the impact of development on the street system.

Each demand variable has a specific value per unit of development for each type of development. Those values may be referred to as *demand factors.* For example, on average, one single-family detached dwelling unit generates 9.57 vehicle trips each weekday. Consequently, the traffic impact factor for single-family residential development is 9.57 trips per day dwelling unit.

Other land use categories would have different impact factors. Some of the impact factors used in this study are based on widely-accepted standards (e.g., trip generation rates), while others are based on local conditions (e.g., population per dwelling unit).

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

Population. Population is used as a demand variable to measure the impact of development on certain types of facilities in this study. Because population is tied to residential development only, the value of this variable is zero for all non-residential development types.

Existing and potential population figures used in this study are intended to represent a "zero-vacancy" population, calculated as the number or existing or potential dwelling units in a category multiplied by the average population per unit (see Table 2.1, below).

Colgan Consulting uses this approach because fluctuating vacancy rates can obscure the potential demand for public service represented by existing or potential dwelling units, once they are constructed. In St. Helena, the official vacancy rate, based on the 2010 Census, is unusually high because a relatively large number of existing dwelling units are used as second-homes.

Persons-per-dwelling unit factors used in this study are based on an analysis of data on occupied dwelling units in St. Helena from the 2010 Census.

Vehicle Trips. The impact of development on a City's street and highway system is commonly measured by the number of average daily vehicle trips (ADT) generated by development. In this study, the number of ADT generated by development is used to measure the impact of that development on the City's transportation system. Trip generation rates used in this study are from the Institute of Transportation Engineers (ITE) manual, Trip Generation, 7th Edition. For the Medium and Higher Density development type, the rate used in this study is the average of the ITE rates for apartments and condominiums.

Building Area. In this study, the impact of development on several types of facilities is measured by the square feet of building area added by development. Building area is often used as a broad measure of the service demand created by development and its impact on the facilities supporting those services. Building area is often stated in terms of thousands of square feet of gross building area (KSF).

Water Demand. In this study, the impact of development on the City's water system is measured by the volume of water used by development. Water demand is stated in terms of hundreds of cubic feet per year (HCF). Water demand factors are primarily based on the 2004 Water and Wastewater Rate Study, but factors for Lodging and Schools (K-12) are derived from meter data.

Wastewater Flows. In this study, the impact of development on the City's wastewater system is measured by the volume of wastewater discharged by development. Wastewater flows are stated in terms of hundreds of cubic feet per year (HCF). Flow factors for various types of development are taken from the 2004 Water and Wastewater Rate Study.

Impervious Surface Area. In this study, the impact of development on the City's Storm Drainage System is measured by the amount of impervious surface area added by new development. Additional impervious surface increases the amount of runoff into the drainage system, and increases the need for capacity in the system.

Table 2.1 presents some of the basic demand factors used in this study. Other demand factors are presented in connection with fee calculations for individual facility types.

Table 2.1: Demand Factors Used in This Study

Development Type	Dev Units [1]	Population per Unit [2]	Trips per Unit [3]	Sq Ft per Unit [4]
Residential, Low Density	DUs	2.45	9.57	2,400
Residential, Med/Higher Density	DUs	2.25	6.29	1,300
Residential, Mobile Home	DUs	1.50	4.99	600
Commercial/Retail	KSF		42.94	1,000
Office	KSF		11.01	1,000
Industrial	KSF		6.97	1,000
Lodging	Rooms		8.20	500

[1] Units of development: DU = dwelling unit; KSF = 1,000 gross square feet of building area; Room = hotel/motel room or suite

[2] Estimated population per unit based estimated by Colgan Consulting using data from the 2006 - 2010 U.S. Census Bureau American Community Survey

[3] Average daily trips (ADT) per unit of development based on the Institute of Transportation Engineers (ITE) manual, Trip Generation, 7th Edition

[4] Square feet per unit; average residential square footage per unit estimated by Colgan Consulting

Development Data

Tables 2.2 through 2.4 present data on existing and potential development in the City of St. Helena that will be used throughout this report. Table 2.2 on the next page shows data for existing development as of January 1, 2012.

Table 2.2: City of St Helena - Existing Development - January 2012

Development Types	Dev Units [1]	Estimated Units [2]	Estimated Population [3]	Estimated Trips (ADT) [4]	Estimated Sq Ft [5]
Residential, Low Density	DUs	1,925	4,716	18,422	4,620,000
Residential, Med/Higher Density	DUs	750	1,688	4,718	975,000
Residential, Mobile Home	DUs	156	234	778	93,600
Subtotal Residential		2,831	6,638	23,918	5,688,600
Commercial/Retail	KSF	1,206.0		51,787	1,206,043
Office	KSF	666.8		7,341	666,787
Industrial	KSF	479.7		3,343	479,691
Lodging	Rooms	262		2,148	131,000
Total			**6,638**	**88,537**	**8,172,120**

[1] Units of development: DUs = dwelling units; KSF = 1,000 gross sq. ft. of building area; Rooms = guest rooms or suites

[2] Existing residential units based on California Department of Finance 2012 estimates; existing non-residential units estimated by the City of St. Helena Planning Department

[3] Estimated existing population based on zero vacancy rate = residential units X population per unit from Table 2.1

[4] Estimated average daily vehicle trips (ADT) = estimated units X trips per unit from Table 2.1

[5] Estimated square feet of building area = units of development X sq ft per unit from Table 2.1

Table 2.3 on the next page presents a forecast of potential development in the City, based on the Draft General Plan Update.

Table 2.3: City of St. Helena - Potential Development

Development Types	Dev Units [1]	Potential New Units [2]	Added Population [3]	Added Trips (ADT) [4]	Added Sq Ft [5]
Residential, Low Density	DUs	292	715	2,794	700,800
Residential, Med/Higher Density	DUs	87	196	547	113,100
Residential, Mobile Home	DUs	0	0	0	0
Subtotal Residential		379	911	3,341	813,900
Commercial/Retail	KSF	21.9		938	21,850
Office	KSF	111.9		1,231	111,850
Industrial	KSF	16.0		112	16,000
Lodging	Rooms	220		1,804	110,000
Total			**911**	**7,426**	**1,073,600**

[1] Units of development: DUs = dwelling units; KSF = 1,000 gross sq. ft. of building area; Rooms = guest rooms or suites

[2] Potential new units based on the likely buildout scenario from Draft Program EIR for the Draft General Plan Update

[3] Added population based on zero vacancy rate = potential residential units X population per unit from Table 2.1

[4] Added daily vehicle trips (ADT) = potential units X trips per unit from Table 2.1

[5] Added square feet of building area = units of development X sq ft per unit from Table 2.1

Table 2.4 on the next page sums the data from the previous two tables and represents the total of existing and potential development in the City.

Table 2.4: City of St. Helena - Total of Existing and Potential New Development

Development Types	Dev Units [1]	Total Units [2]	Total Population [3]	Total Trips (ADT) [4]	Total Sq Ft [5]
Residential, Low Density	DUs	2,217	5,431	21,216	5,320,800
Residential, Med/Higher Density	DUs	837	1,884	5,265	1,088,100
Residential, Mobile Home	DUs	156	234	778	93,600
Subtotal Residential		3,210	7,549	27,259	6,502,500
Commercial/Retail	KSF	1,227.9		52,725	1,227,893
Office	KSF	778.6		8,572	778,637
Industrial	KSF	495.7		3,455	495,691
Lodging	Rooms	482		3,952	241,000
Total			**7,549**	**95,963**	**9,245,720**

[1] Units of development: DUs = dwelling units; KSF = 1,000 gross sq. ft. of building area; Rooms = guest rooms or suites

[2] Total units = sum of existing units from Table 2.2 and potential new units from Table 2.3

[3] Total population = sum of existing and added population from Tables 2.2 and 2.3

[4] Total trips = sum of existing and added trips from Tables 2.2 and 2.3

[5] Total square feet = sum of existing and added square feet from Tables 2.2 and 2.3

The potential development shown in Table 2.3 represents approximately a 14% increase in residential units and population, an 8% increase in the number of average daily vehicle trips in the City, and a 13% increase in square feet of building area. These figures give a general picture of the potential impacts of future development on St. Helena. The fees calculated in subsequent chapters are intended to pay for the capital facilities needed to serve that additional demand.

Chapter 3
Transportation Impact Fees

This chapter calculates impact fees for transportation system improvements needed to serve future development in St. Helena. Information about planned improvements used to calculate impact fees was taken primarily from the Circulation Element of the Draft General Plan Update.

Service Area

The impact fees calculated in this chapter are intended to apply to all new development in the City.

Level of Service

Traditionally, the level-of-service classification system (levels A through F) for streets and intersections defined in the Transportation Research Board's Highway Capacity Manual has been widely used to describe existing traffic conditions and set standards for transportation system planning. However, the City has determined that use of those standards would fail to address the complexities of St. Helena's transportation improvement needs.

The Draft General Plan Update adopts a more nuanced approach to establishing transportation improvement needs. The Circulation Element of the Draft General Plan Update focuses extensively on alternatives to road-building, and recommends the use of alternative modes (e.g. walking, cycling and transit), transportation performance measures, and transportation demand management to provide for a more efficient and environmentally-friendly circulation system in the City.

As a result of that approach, the transportation system improvements for which impact fees are calculated in this chapter include improvements intended to support alternative modes of travel. In addition, the cost of the improvements proposed to support future development is quite low compared with the conventional approach to capacity enhancement.

Demand Variable

The demand variable use to measure the impact of development and allocate improvement costs for transportation improvements in this chapter, is average daily vehicle trips (ADT) generated by development. Trip generation rates used to calculate impact fees are shown in Table 2.1 in Chapter 2 of this report. Those rates are based on the Institute of Transportation Engineers (ITE) manual, Trip Generation, 7th edition.

Even though the Circulation Element does relies very little on added street capacity to meet the transportation needs of new development, much of the research on travel demand is reflected in the trip generation rates discussed above, and those rates offer the most readily quantifiable basis for measuring the impacts of new development on the City's transportation system.

Methodology

This chapter calculates impact fees using the plan-based method discussed in Chapter 1. Plan-based fees are calculated by allocating costs for a defined set of improvements to a defined set of land uses that will be served by the improvements.

Specifically, improvement costs eligible to be recovered through impact fees are divided by the added trips associated with new development, and the resulting per-trip cost is applied to additional development in each development type, based on the trips-per-unit factor for that development type. Then costs are assigned to various types of development based on shares of total added trips, and converted to fees per square foot of building area for each development type. Actual fee calculations are shown later in this chapter.

Facility Needs

Table 3.1 lists the transportation system improvements the City has identified as eligible for funding under the development impact fee program. In some cases, only a portion of the cost of an improvement is attributed to new development.

Table 3.1: Transportation System Improvements

Project Location	Project Description [1]	Estimated Cost [2]	New Dev Share [3]	New Dev Cost [4]
Pope Street/Napa River	New Bridge	$ 1,200,000	100%	$ 1,200,000
Main/Mills/Grayson Intersection	Traffic Signal	$ 300,000	100%	$ 300,000
Napa River/Wappo Park	Class I BicycleTrail	$ 95,000	25%	$ 23,750
Oak Avenue Extension	Bike/Pedestrian/EVA Trail	$ 1,718,625	25%	$ 429,656
Adams St to Starr Ave Extension	Bike/Pedestrian/EVA Trail	$ 49,296	25%	$ 12,324
Starr Ave Ext to Adams St Ext	Bike/Pedestrian/EVA Trail	$ 137,460	25%	$ 34,365
Adams St Extto Silverado Tr	Bike/Pedestrian/EVA Trail	$ 2,615,387	25%	$ 653,847
Allison Av to Mills St	Bike/Pedestrian/EVA Trail	$ 989,580	25%	$ 247,395
Railroad Av to Park St	Bike/Pedestrian/EVA Trail	$ 2,247,120	25%	$ 561,780
McCorkle Av to College Av	Bike/Pedestrian/EVA Trail	$ 244,580	25%	$ 61,145
Main Street	Bike Racks	$ 5,000	25%	$ 1,250
Total		**$ 9,602,048**		**$ 3,525,512**

[1] EVA = emergency vehicle access

[2] Source: Cost estimates by the City of St. Helena City Engineer based on the 2013 Draft General Plan Upda

[3] Share of cost attributable to new development, based on estimates by the St. Helena City Engineer

[4] Cost attributable to new development = estimated cost X new development share

Average Cost per Trip

Table 3.2 shows the average cost per trip for transportation improvements based on the costs shown in Table 3.1 and the number of trips to be added by future development from Table 2.3 in Chapter 2.

Table 3.2: Cost per Trip - Transportation System Improvements

Improvement Costs [1]	Added Trips [2]	Average Cost per Trip [3]
$3,525,512	7,426	$474.75

[1] See Table 3.1

[2] Average daily vehicle trips (ADT) added by new development; see Table 2.3

[3] Cost per trip = improvement costs / new development trips

Impact Fees per Square Foot

Table 3.3 calculates impact fees per square foot by development type. Costs are assigned to various types of development based on the average cost per trip from Table 3.2 and the added trips for each type of development. Then the total cost is divided by the added square feet of building area.

The result is a cost per square foot of building area for each type of development. Those square foot costs can be applied to development projects in each category to calculate the impact fee for transportation improvements.

Table 3.3: Cost per Square Foot by Development Type

Development Type	Added Trips [1]	Cost per Trip [2]	Cost by Dev Type [3]	Added Sq Ft by Dev Type [4]	Impact Fee per Sq Ft [5]
Residential, Low Density	2,794	$474.75	$1,326,458	700,800	$ 1.89
Residential, Med/Higher Density	547	$474.75	$259,690	113,100	$ 2.30
Residential, Mobile Home	0	$474.75	$0	0	$ 3.95
Commercial/Retail	938	$474.75	$445,318	21,850	$ 20.38
Office	1,231	$474.75	$584,420	111,850	$ 5.23
Industrial	112	$474.75	$53,172	16,000	$ 3.32
Lodging	1,804	$474.75	$856,453	110,000	$ 7.79
Total/Average			**$3,525,512**	**1,073,600**	**$ 3.28**

[1] Added trips by development type; see Table 2.3

[2] Cost per trip; see Table 3.2

[2] Cost by development type = added trips X cost per trip

[3] Added square feet of building area by development type; see Table 2.3

[4] Impact fee per square foot = cost by development type / added square feet by development type

Projected Revenue

Potential revenue from the transportation impact fees calculated in this chapter can be projected by applying the fees per square foot from Table 3.3 to added square feet of future development for each development type. The resulting projections are shown in Table 3.4 on the next page.

Table 3.4: Projected Revenue - Transportation Impact Fees

Development Type	Impact Fee per Sq Ft [1]	Added Units [2]	Sq Ft per Unit [3]	Total Sq Ft [4]	Projected Revenue [5]
Residential, Low Density	$ 1.89	292	2,400	700,800	$ 1,326,458
Residential, Med/Higher Density	$ 2.30	87	1,300	113,100	$ 259,690
Residential, Mobile Home	$ 3.95	0	600	0	$ 0
Commercial/Retail	$ 20.38	22	1,000	21,850	$ 445,318
Office	$ 5.23	112	1,000	111,850	$ 584,420
Industrial	$ 3.32	16	1,000	16,000	$ 53,172
Lodging	$ 7.79	220	500	110,000	$ 856,453
Total					**$ 3,525,512**

[1] Fee per square foot; see Table 3.3

[2] Future units; see Table 2.3

[4] Square feet of building area per unit; see Table 2.1

[5] Total square feet of building area = future units X square feet per unit

[6] Projected revenue = fee per square foot X total square feet

The costs and impact fees shown in this report are based on current improvement costs. This study assumes that the projects covered by the transportation impact fees will be constructed on a pay-as-you-go basis. To maintain parity between the impact fees and improvement costs, the impact fees must be adjusted periodically to reflect changes in price levels.

A common practice is to adjust the impact fees annually based on an index such as the *Engineering News Record* Building Cost Index. See the Implementation Chapter for more on indexing of fees.

Assuming future development occurs as anticipated in the Draft General Plan Update and the impact fees are properly indexed to keep pace with construction costs, the impact fees calculated in this chapter would approximately cover the entire cost of the projects shown in Table 3.1.

Chapter 4
Park In-Lieu Fees/Park Impact Fees

This chapter calculates two types of park fees: (1) fees in lieu of park land dedication which apply to residential subdivisions, and (2) park impact fees which apply to residential development not involving a subdivision. The second type would include any residential development on an existing lot or parcel.

Fees in-lieu of park land dedication are imposed under the authority of the Quimby Act (Govt. Code Section 66477), which is part of the Subdivision Map Act. Park impact fees are governed by the Mitigation Fee Act (Govt. Code Sections 66000 et seq.) As detailed below, the in-lieu ("Quimby") fees are subject to different requirements and limitations than park impact fees.

Fees In Lieu of Park Land Dedication. Under the Quimby Act, the City may, by ordinance, "require the dedication of land or impose a requirement of the payment of fees in lieu thereof, or a combination of both, for park or recreational purposes as a condition of approval of a tentative map or parcel map…." This provision of the statute applies **only to residential subdivisions**. An ordinance imposing dedication and fee requirements under the Quimby Act must contain "definite standards for determining the proportion of a subdivision to be dedicated and the amount of any fee to be paid in lieu thereof."

Before imposing these requirements, the City must have adopted a general plan or specific plan containing policies and standards for parks and recreation facilities. The dedicated land and/or in-lieu fees "are to be used only for the purpose of developing new or rehabilitating existing neighborhood or community park or recreational facilities to serve the subdivision (paying the fees)." The Quimby Act provides that only in-lieu fees, not land dedication requirements, may be applied to subdivisions of less than 50 parcels. Otherwise, the City may choose to require either land dedication or payment of in-lieu fees.

Park Impact Fees. Because the provisions of the Quimby Act apply only to subdivisions, this study calculates separate park impact fees for park land acquisition and park improvements. Those fees will apply to any residential development that does not involve a subdivision of land.

Service Area

Park in-lieu fees and park impact fees are calculated for a single service area encompassing the entire City.

Demand Variable

Level-of-service standards for parks are almost universally based on population, and the Quimby Act specifies that park land dedication/in-lieu fee standards be based on the relationship between park acreage and population.

In addition, St. Helena's adopted standard for parks is stated in terms of the relationship between acreage and population. Consequently, population is used as the demand variable in calculating park improvement impact fees in this report.

Level of Service

Table 4.1 lists the City's existing parks and shows both total acres and improved acres of park land. With respect to the Quimby Act, the parks classified as mini-parks function as either neighborhood or community parks and are eligible for inclusion in the in-lieu fee calculations.

Table 4.1: Existing Parks

Park Name	Park Type	Total Acres [1]	Improved Acres [1]
Baldwin Park	Mini-Park	1.00	1.00
Lewis Station Park	Mini-Park	0.13	0.13
Lyman Park	Mini-Park	1.00	1.00
Mary Fryer Park	Mini-Park	1.00	1.00
Stonebridge Park	Mini-Park	0.25	0.25
Jacob Meilly Park	Neighborhood Park	4.00	4.00
Wappo Park	Neighborhood Park	6.20	6.20
Crane Park	Community Park	12.00	12.00
Lower Reservoir	Community Park	15.00	0.00
Total		**40.58**	**25.58**

[1] Source: City of St. Helena Draft General Plan Update 2030, Table 12.1 and the City of St. Helena Public Works Department

The Draft General Plan Update specifies a standard of 10.5 acres per thousand residents for all parks. Table 6.2 shows the current ratio of both total park acres and improved park acres per thousand residents.

Table 4.2: Existing Level of Service - Parks

Component	Existing Acres [1]	Existing Population [2]	Acres per Capita [3]	Acres per 1,000 [4]
Total Park Land	40.58	6,638	0.00611	6.11
Improved Park Land	25.58	6,638	0.00385	3.85

[1] See Table 4.1

[2] See Table 2.2

[3] Acres per capita = existing acres / existing population

[4] Acres per 1,000 residents = acres per capita X 1,000

Level-of-Service Standard for In-Lieu Fees. The Quimby Act provides that park land dedication requirements may be based on a minimum ratio of 3.0 acres per thousand residents, and may increase to a maximum of 5.0 acres per thousand to match the actual ratio if that ratio exceeds 3.0 acres per thousand. In this case, as shown in Table 6.2, the current ratio of City-owned park land to population exceeds the five-acre maximum, so the standard used to calculate in-lieu fees here is 5.0 acres per 1,000 residents.

Level-of-Service Standards for Park Impact Fees. The park impact fee has two components: land acquisition and park improvements. Because not all of the park land currently owned by the City is improved, the level of service (LOS) standards used to calculate impact fees for those two components are different.

The standard used for the land acquisition component is 6.0 acres per 1,000 residents, which is slightly below the existing ratio of City-owned park land to population as shown in Table 4.2. The standard used to calculate impact fees for park improvements is the existing ratio of improved park acres per 1,000 residents as shown in Table 4.2.

Methodology

This chapter calculates impact fees using the standard-based method discussed in Chapter 1. Standard-based fees are calculated using a specified relationship or standard that determines the number of service units to be provided for each unit of development. Both in-lieu and impact fees are calculated using ratios of park acreage to population, as discussed in the previous section on level-of-service standards, and are then converted into fees per square foot of building area by development type.

Because population is used as the demand variable in the fee calculations, and population is related to residential development, the fees calculated in this chapter apply only to residential development.

Facility Needs

Because the method used to calculate impact fees in this section is standard-based rather than plan-based, those calculations are not dependent on a list of specific park projects. However, the City does own a substantial amount of undeveloped park land, and the Parks and Recreation Element of the St. Helena General Plan Update 2030 identifies sufficient acreage of future park land to provide more than 6.0 acres of parks per 1,000 residents at buildout.

In-lieu fees and impact fees must be expended for parks that adequately serve the development projects from which the fees are collected. However, given St. Helena's small size, and the fact that there are no large parcels of undeveloped land where future residential development could be concentrated, the location of future parks is unlikely to be an issue with respect to the expenditure of park impact fees.

Per-Capita Cost

Table 4.3 shows the per-capita cost for park land acquisition and park improvements. Because different standards are used for in-lieu fees and impact fees with respect to land acquisition, per capita cost is calculated separately for those cost components. Estimated per-acre park improvement costs are based on costs for park improvements in the City.

Table 4.3: Cost per Capita - Park In-Lieu and Impact Fees

Cost Component	Acres per 1,000 [1]	Acres per Capita [2]	Cost per Acre [3]	Cost per Capita [4]
Park Land Acquisition (In-lieu Fees)	5.00	0.00500	$ 950,000	$ 4,750.00
Park Land Acquisition (Impact Fees)	6.00	0.00600	$ 950,000	$ 5,700.00
Park Improvements (Impact Fees)	3.85	0.00385	$ 300,000	$ 1,156.08

[1] See Table 4.2; in-lieu fees under the Quimby Act may be based on a maximum of 5 acres per 1,000 residents; the General Plan standard for park acreage is 6.0 acres per 1,000 residents

[2] Acres per capita = acres per 1,000 / 1,000

[3] Estimated cost per acre provided by the City of St. Helena

[4] Cost per capita = acres per capita X cost per acre

In the next section, the per-capita costs from Table 4.3 are used to calculate in-lieu fees and impact fees per square foot of building area by development type.

In-Lieu/Impact Fees per Square Foot

Fees in Lieu of Park Land Dedication. Table 4.4 shows the calculation of fees in lieu of park land dedication per square foot of building area by development type. Those fees are calculated using per-capita costs from Table 4.3 and added population and square feet of building area from Table 2.3. Fees in lieu of park land dedication under the Quimby Act apply only to residential subdivisions.

Table 4.4: Park Land In-Lieu Fee per Square Foot (Quimby)

Development Type	Added Pop [1]	Cost per Capita [2]	Cost by Dev Type [3]	Added Sq Ft by Type [4]	Cost per Sq Ft [5]
Residential, Low Density	715	$ 4,750.00	$3,396,250	700,800	$ 4.85
Residential, Med/Higher Density	196	$4,750.00	$931,000	113,100	$ 8.23
Residential, Mobile Home	0	$4,750.00	$0	0	$ 0.00
Total/Average			**$4,327,250**	**813,900**	**$ 5.32**

[1] Added population by development type; see Table 2.3

[2] Cost per capita; see Table 4.3

[2] Cost by development type = added population X cost per capita

[3] Added square feet of building area by development type; see Table 2.3

[4] Cost per square foot = cost by development type / added square feet by development type

Impact Fees for Park Land and Improvements. Table 4.5 shows the calculation of impact fees per square foot by development type for the combined land acquisition and park improvement components of the park impact fees. Those fees are calculated using per-capita costs from Table 4.3 and added population and added square feet from Table 2.3.

Table 4.5: Park Impact Fees per Square Foot (Land and Improvements)

Development Type	Added Pop [1]	Cost per Capita [2]	Cost by Dev Type [3]	Added Sq Ft by Type [4]	Cost per Sq Ft [5]
Residential, Low Density	715	$ 6,856.08	$4,902,094	700,800	$ 6.99
Residential, Med/Higher Density	196	$6,856.08	$1,343,791	113,100	$ 11.88
Residential, Mobile Home	0	$6,856.08	$0	0	$ 0.00
Total/Average			**$6,245,885**	**813,900**	**$ 7.67**

[1] Added population by development type; see Table 2.3

[2] Combined cost per capita for land and improvements; see Table 4.3

[2] Cost by development type = added population X cost per capita

[3] Added square feet of building area by development type; see Table 2.3

[4] Cost per square foot = cost by development type / added square feet by development type

Projected Revenue

Estimating potential revenue from the park in-lieu fees and park impact fees is complicated by the fact that there is no way of accurately projecting how much future residential development will involve subdivisions. Since the fees differ for subdivisions and non-subdivision projects, the ultimate mix will affect fee revenue.

St. Helena has few subdivision applications, so the revenue projections in table 4.6 assume that only 5% of future residential development will be subject to park in-lieu fees, and 95% will be subject to park impact fees.

Table 4.6: Projected Revenue - Park In-Lieu and Impact Fees

Development Type	Dev Units [1]	Avg Fee per Sq Ft [2]	Future Sq Ft [3]	Projected Revenue [4]
Residential, Low Density	DUs	$ 6.89	700,800	$4,826,802
Residential, Med/Higher Density	DUs	$ 11.70	113,100	$ 1,323,151
Residential, Mobile Home	DUs	$ 0.00	0	$ 0
Total				**$ 6,149,953**

[1] Units of development; DUs = dwelling units

[2] Average fee per unit of development assumes that 5% of future residential development pays in-lieu fees (Table 4.4) and 95% of future development pays impact fees (Table 4.5); average fee per unit = 0.05 X in-lieu fee per unit + 0.95 X impact fee per unit)

[3] Future square feet of building area; see Table 2.3

[4] Projected revenue = average fee per unit X future units

The costs and impact fees in this chapter are based on current land and improvement costs. This study assumes that the projects covered by park in-lieu fees and park impact fees will be funded on a pay-as-you-go basis. To maintain parity between impact fees and land and improvement costs, the impact fees must be adjusted periodically to reflect changes in price levels.

A common practice is to adjust impact fees annually. Improvement costs can be adjusted using an index such as the *Engineering News Record* Building Cost Index. Adjustments to land costs should be based on local cost data. See the Implementation Chapter for more on indexing of fees.

Chapter 5
Public Safety Impact Fees

This chapter calculates impact fees for public safety facilities and equipment. Since most of the public safety facilities and equipment needed to serve future development in St. Helena are already in place, the impact fees calculated in this chapter are based on future development's proportionate share of the cost of existing and future capital assets that will be used to provide police and fire protection services to the entire City. By paying those impact fees, future development projects are paying their fair share of the cost of public safety assets that will be used to serve them.

Service Area

The Public Safety impact fees calculated in this chapter are for a single Citywide service area, and are intended to apply to all new development in the City.

Level of Service

The level of service standard used to calculate impact fees for public safety facilities and equipment is the relationship between public safety assets and the total projected square footage of development in the City at buildout. Buildout is a hypothetical condition in which the City's remaining development potential, as envisioned in the Draft General Plan Update, has been exhausted. The amount of potential new development anticipated in the City between the time of this study and buildout is shown in Table 2.3, Chapter 2.

Demand Variable

The demand variable used to allocate facility costs in this chapter is square feet of building area. Public Safety impact fees for any development project are based on that project's building area as a share of the total square footage of development in the City at buildout.

Methodology

This chapter calculates impact fees using the plan-based method discussed in Chapter 1. Plan-based fees are calculated by allocating costs for a defined set of facilities to a defined set of land uses that will be served by those facilities.

In this case a proportionate share of the total replacement cost of the City's existing public safety facilities and equipment is allocated to new development based on square feet of new development as a share of total development at buildout. Actual fee calculations are shown later in this chapter.

Facility Needs

Table 5.1 on the next page lists the City's existing Public Safety facilities and equipment with depreciated replacement cost, as well as new development's share of that cost based on the

estimated square feet of new development as a percentage of total estimated square feet of development in the City at buildout.

Table 5.1: Public Safety Facilities and Equipment

Asset	Depr Repl Cost [1]	New Dev Share [2]	New Dev Cost [3]
Police Building Remodel	$ 552,772	11.6%	$ 64,187.11
Fire Station Site	$ 1,094,000	11.6%	$ 127,033.75
Fire Station	$ 5,581,956	11.6%	$ 648,168.91
Aerial Ladder Truck	$ 850,000	11.6%	$ 98,700.81
Type I Engine	$ 475,000	11.6%	$ 55,156.33
Type I Engine	$ 475,000	11.6%	$ 55,156.33
Fire Rescue Vehicle	$ 350,000	11.6%	$ 40,641.51
Total	**$ 9,378,728**		**$ 1,089,044.76**

[1] Police building remodel cost based on actual cost cost; fire station site cost shown as original cost; fire station cost based on depreciated actual cost; vehicle replacement cost based on recent purchases by other fire depts.

[2] New development's share of the cost is based on the square footage of potential new development as a percentage of total square footage of development (see Tables 2.3 and 2.4)

Impact Fee per Square Foot

Table 5.2 shows the impact fee per square foot of added building area for Public Safety facilities and equipment, based on new development's share of total replacement cost from Table 5.1 and the total square feet of added building area from Table 2.3 in Chapter 2.

Table 5.2: Impact Fee per Square Foot - Public Safety Facilities/Equip't

New Development Cost [1]	New Development Square Feet [2]	Impact Fee per Sq Ft [3]
$1,089,044.76	1,073,600	$1.01

[1] See Table 5.1

[2] Estimated square feet of additional development to buildout; see Table 2.3

[3] Average cost per square foot = new development cost / new development square feet

In the next section, the cost per square foot from Table 5.2 is used to calculate impact fees per unit of development by development type.

Projected Revenue

Potential revenue from the Public Safety impact fee calculated in this chapter can be projected by applying the fee per square foot from Table 5.2 to forecasted square feet of future development. The resulting projections are shown in Table 5.3 on the next page.

Table 5.3: Projected Revenue - Public Safety Impact Fees

Development Type	Impact Fee per Sq Ft [1]	Added Sq Ft [2]	Projected Revenue [3]
Residential, Low Density	$1.01	700,800	$ 707,808.00
Residential, Med/Higher Density	$1.01	113,100	$ 114,231.00
Residential, Mobile Home	$1.01	0	$ 0.00
Commercial/Retail	$1.01	21,850	$ 22,068.50
Office	$1.01	111,850	$ 112,968.50
Industrial	$1.01	16,000	$ 16,160.00
Lodging	$1.01	110,000	$ 111,100.00
Total		**1,073,600**	**$ 1,084,336.00**

[1] Impact fee per square foot; see Table 5.2

[3] Added square feet; see Table 2.3

[4] Projected revenue = impact fee per square foot X added square feet

The projected revenue shown in Table 5.3 assumes that the City builds out as anticipated in the Draft General Plan Update.

Both costs and impact fees shown in this chapter are based on current improvement costs. To maintain parity between the impact fees and improvement costs, the impact fees must be adjusted periodically, to reflect changes in price levels.

A common practice is to adjust impact fees annually based on an index such as the *Engineering News Record* Building Cost Index. See the Implementation Chapter for more on indexing of fees.

Chapter 6
Civic Facilities Impact Fees

This chapter calculates impact fees for civic facilities, including City Hall, the public library, and community centers/recreation facilities. Since many of the civic facilities needed to serve future development in St. Helena are already in place, the impact fees calculated in this chapter are based on future development's proportionate share of the cost of existing and future capital assets that will be used to serve the entire City. By paying those impact fees, future development projects are contributing their fair share of the cost of civic facilities used to serve them.

Service Area

The Civic Facilities impact fees calculated in this chapter are for a single Citywide service area, and are intended to apply to all new development in the City.

Level of Service

The level of service standard used to calculate impact fees for civic facilities is implied by the relationship between those facilities and the total projected square footage of development in the City at buildout. Buildout is a hypothetical condition in which the City's remaining development potential, as envisioned in the General Plan, has been exhausted. The amount of additional development anticipated in the City between the time of this study and buildout is shown in Table 2.3, in Chapter 2. For purposes of this study, it is not necessary to estimate the time required for the City to reach buildout.

Demand Variable

The demand variable used to allocate facility costs in this chapter is square feet of building area. Civic Facilities impact fees for any development project are based on that project's building area as a share of the total square footage of development in the City at buildout shown in Table 2.3 in Chapter 2.

Methodology

This chapter calculates impact fees using the plan-based method discussed in Chapter 1. Plan-based fees are calculated by allocating costs for a defined set of facilities to a defined set of land uses that will be served by those facilities.

In this case, new development's proportionate share of the total cost of existing and planned civic facilities is based on new development proportionate share of total building square footage at buildout. Actual fee calculations are shown later in this chapter.

Facility Needs

Table 6.1 lists the costs for existing and planned facilities used in the impact fee calculations.

Table 6.1: Civic Facilities

Asset	Estimated or Repl Cost [1]	New Dev Share [2]	New Dev Cost [3]
New City Hall Building	$ 5,347,000	11.6%	$ 620,886.15
New Community Center	$ 6,653,000	11.6%	$ 772,537.04
Corporation Yard Modular Buildings	$ 143,292	11.6%	$ 16,638.81
Library	$ 2,336,244	11.6%	$ 271,281.41
General Plan Update	$ 1,200,000	11.6%	$ 139,342.32
Carnegie Building Seismic Retrofit	$ 1,695,718	11.6%	$ 196,904.40
Signorelli Barn Rehabilitation	$ 185,000	11.6%	$ 21,481.94
Total	**$ 17,560,254**		**$ 2,039,072.08**

[1] Costs for new City Hall and Community Center are estimated; cost for existing buildings is historic cost escalated to current replacement cost using the *Engineering News Record* Building Cost Index; land cost shown as original cost

[2] New development's share of total building area at buildout = added building area from Table 2.3 / total building area at buildout from Table 2.4

[2] New development's share of cost = estimated cost / new development share of total building area at buildout

Impact Fee per Square Foot

Table 6.2 shows the impact fee per square foot, which is the average cost per square foot of added building area, based on new development's share of the costs shown in Table 6.1 and added square feet of building area from Table 2.3 in Chapter 2.

Table 6.2: Impact Fee per Square Foot - Civic Facilities

New Development Cost [1]	New Development Square Feet [2]	Impact Fee per Sq Ft [3]
$2,039,072.08	1,073,600	$1.90

[1] See Table 6.1

[2] Estimated square feet of added building area to buildout; see Table 2.3

[3] Impact fee per square foot = new development cost / new development square feet

Projected Revenue

Potential revenue from the Civic Facilities impact fees calculated in this chapter can be projected by applying the fees per square foot from Table 6.2 to added square feet of development from Table 2.3. The resulting projections are shown in Table 6.3.

Table 6.3: Projected Revenue - Civic Facilities Impact Fees

Development Type	Impact Fee per Sq Ft [1]	Added Sq Ft [2]	Projected Revenue [3]
Residential, Low Density	$1.90	700,800	$ 1,331,018.73
Residential, Med/Higher Density	$1.90	113,100	$ 214,809.10
Residential, Mobile Home	$1.90	0	$ 0.00
Commercial/Retail	$1.90	21,850	$ 41,499.37
Office	$1.90	111,850	$ 212,435.00
Industrial	$1.90	16,000	$ 30,388.56
Lodging	$1.90	110,000	$ 208,921.32
Total		**1,073,600**	**$ 2,039,072.08**

[1] Impact fee per square foot; see Table 6.2

[3] Added square feet; see Table 2.3

[4] Projected revenue = impact fee per square foot X added square feet

The projected revenue shown in Table 6.3 assumes that the City builds out as anticipated in the Draft General Plan Update.

Both costs and impact fees shown in this chapter are based on current improvement costs. To maintain parity between the impact fees and improvement costs, the impact fees must be adjusted periodically, to reflect changes in price levels.

A common practice is to adjust impact fees annually based on an index such as the *Engineering News Record* Building Cost Index. See the Implementation Chapter for more on indexing of fees.

Chapter 7
Water System Impact Fees

This chapter calculates impact fees for water system improvements needed to serve future development in St. Helena. The impact fees calculated in this chapter are based on the cost of specific improvements to the City's water system, and those costs are allocated to various types of development based on average water demand for each type of development.

Service Area

The Water System impact fees calculated in this chapter are for a single Citywide service area, and are intended to apply to all new development in the City.

Level of Service

The level of service standard for water system improvements is not addressed explicitly in this study. The appropriate standards are reflected in the engineering studies used to establish the need for the improvements shown in Table 7.1.

Demand Variable

The demand variable used to allocate improvement costs in this chapter is water demand in hundreds of cubic feet (HCF) per year.

Methodology

This chapter calculates impact fees using the plan-based method discussed in Chapter 1. Plan-based fees are calculated by allocating costs for a defined set of improvements to a defined increment of development that will be served by those improvements.

In this case, new development's share of the cost of water system improvements listed in Table 7.1 is allocated to new development based on estimated demand per unit of development by development type.

System Improvements

Table 7.1 on the next page lists the water system improvements used to calculate water system impact fees in this chapter. Table 7.1 also indicates the share of cost for each improvement that is attributed to new development.

As shown in Table 7.1, the share of total improvement costs allocated to new development is 36%.

Corrected Version

Table 7.1: Water System Improvements

Improvement Description	Improvement Cost [1]	New Dev Share [2]	New Dev Cost [3]
Bale Slough (Rutherford W-28)	$ 116,367.00	50%	$ 58,183.50
Tank 2 - PAX Mixer	$ 56,398.00	0%	$ -
Pratt Avenue Transmission Bridge	$ 400,000.00	50%	$ 200,000.00
Community Drive	$ 47,000.00	0%	$ -
Howell Mountain Road	$ 135,000.00	0%	$ -
York Creek Upper Dam Removal	$ 3,196,105.00	0%	$ -
Meadowood & Holmes Tank Upgrade	$ 79,630.00	50%	$ 39,815.00
Water Treatment Plant Upgrades	$ -	15%	$ -
Bell Canyon Reservoir Improvements	$ 369,276.00	15%	$ 55,391.40
Corp Yard Improvements	$ 151,444.00	15%	$ 22,716.60
Machinery & Equipment	$ 58,228.00	15%	$ 8,734.20
SCADA	$ 150.00	15%	$ 22.50
WTP Worker Housing	$ 40,000.00	0%	$ -
Water Valve Replacement	$ 12,900.00	0%	$ -
Charter Oak Water Main Replacement	$ 56,206.00	0%	$ -
Groundwater Well Upgrades	$ 70,545.00	100%	$ 70,545.00
Recycled Water Mains	$ 121,309.00	100%	$ 121,309.00
Vehicle Replacement Program (Treatment)	$ 60,000.00	5%	$ 3,000.00
Dwyer Road Booster	$ 1,150,000.00	50%	$ 575,000.00
Water Rights Renewal	$ 136,029.00	0%	$ -
Tank 1A Construction	$ 1,210,230.00	15%	$ 181,534.50
Bell Canyon/Lower Reservoir Intake Towers	$ 302,125.00	15%	$ 45,318.75
Bell Valve House	$ 462,177.00	15%	$ 69,326.55
Surge Protection at LSWTP & SBW	$ 25,000.00	0%	$ -
Fixed Gas Chlorine Analyzer	$ 6,000.00	0%	$ -
High Service Pump	$ 372,030.00	15%	$ 55,804.50
Bell Creek Inflow Weir Design	$ 470,472.00	15%	$ 70,570.80
Sludge Handling Program	$ 62,000.00	0%	$ -
Replace Telemetry at LSWTP	$ 16,000.00	0%	$ -
Influent Valve Actuator	$ 9,000.00	15%	$ 1,350.00
Lower Reservoir Water Treatment	$ 184,000.00	100%	$ 184,000.00
Raw Water Metering Station	$ 25,000.00	15%	$ 3,750.00
Toilet Retrofit Program	$ 25,000.00	100%	$ 25,000.00
Radio Repeater/Infrastructure	$ 2,000.00	15%	$ 300.00
Tank 1 Rehabilitation	$ 300,000.00	15%	$ 45,000.00
Tank 2 Recoating	$ 500,000.00	15%	$ 75,000.00
Total/Average	**$ 10,227,621.00**	**19%**	**$ 1,911,672.30**

[1] Improvement costs estimated by the City of St. Helena Public Works Department

[2] Share of cost attributable to new development estimated by the City of St. Helena Public Works Department

[3] Cost attributable to new development = project cost X new development %

Corrected Version

New Development Water Demand

Table 7.2 projects the added water demand associated with each type of new development. This chapter includes Schools (K-12) as a separate development type.

Schools were not addressed in previous chapters, because they are not subject to other City impact fees. However, because schools connect to the City's water and wastewater systems, they are subject to impact fees for water and wastewater.

Table 7.2: New Development Water Demand

Development Types	Dev Units [1]	Potential New Units [2]	HCF per Unit	Added Demand (HCF per Year)
Residential, Low Density	DUs	292	203.0	59,276
Residential, Med/Higher Density	DUs	87	89.0	7,743
Commercial/Retail	KSF	21.9	168.0	3,671
Office	KSF	111.9	87.0	9,731
Industrial	KSF	16.0	116.0	1,856
Lodging	Rooms	220	85.0	18,700
Schools (K-12)	KSF	35.5	96.0	3,407
Total				**104,384**

[1] Units of development: DUs = dwelling units; KSF = 1,000 gross sq. ft. of building area; Rooms = guest rooms or suites

[2] See Table 2.3 except for Schools (K-12); increase in school square footage estimated at 13.7% based on population growth (See Tables 2.2 and 2.3)

[3] Hundreds of cubic feet (HCF) of water usage per unit, based on the 2004 Water and Wastewater Rate Study, except the rates for Lodging and Schools (K-12), which are based on analysis of water meter records

[4] Added demand in HCF per year by development type = potential new units X HCF per unit

Water System Improvement Cost per HCF

Table 7.3 on the next page calculates the average water system improvement cost per HCF per year for new development, using new development's share of improvement costs from Table 7.1 and the total added demand in HCF from Table 7.2.

Corrected Version

Table 7.3: Water System Improvement Cost per HCF per Year

New Development Cost [1]	Added Demand (HCF per Year) [2]	Cost per HCF per Year [3]
$1,911,672.30	104,383.8	$18.31

[1] See Table 7.1

[2] See Table 7.2

[3] Cost per hundred cubic feet (HCF) of added demand per year = new development cost / added demand in HCF

Allocated Cost by Development Type

Table 7.4 calculates the share of new development's improvement cost allocated to each type of development, using the cost per HCF per year from Table 7.3, the demand per unit in HCF by development type, and the added units for each type of development.

Table 7.4: Water System Improvements - Allocated Cost by Development Type

Development Type	Cost per per HCF [1]	HCF per Unit [2]	Potential New Units [3]	Alloc Cost by Dev Type [4]
Residential, Low Density	$18.31	203.0	292	$ 1,085,573.61
Residential, Med/Higher Density	$18.31	89.0	87	$ 141,804.38
Commercial/Retail	$18.31	168.0	21.9	$ 67,226.59
Office	$18.31	87.0	111.9	$ 178,211.46
Industrial	$18.31	116.0	16.0	$ 33,990.56
Lodging	$18.31	85.0	220	$ 342,469.57
Schools (K-12)	$18.31	96.0	35.5	$ 62,396.12
Total				**$ 1,911,672.30**

[1] See Table 7.3

[2] See Table 7.2

[3] See Table 7.2

[4] Allocated cost by development type = cost per HCF X HCF per unit X potential new units

Impact Fee per Square Foot

Table 7.5 calculates the impact fee per square foot of new development for water system improvements using the allocated cost per development type from Table 7.4 and the added square feet by development type.

Corrected Version

Table 7.5: Water System Improvements - Impact Fees per Square Foot

Development Type	Alloc Cost by Dev Type [1]	Added Sq Ft by Dev Type [2]	Impact Fee per Sq Ft [3]
Residential, Low Density	$ 1,085,573.61	700,800	$ 1.55
Residential, Med/Higher Density	$ 141,804.38	113,100	$ 1.25
Commercial/Retail	$ 67,226.59	21,850	$ 3.08
Office	$ 178,211.46	111,850	$ 1.59
Industrial	$ 33,990.56	16,000	$ 2.12
Lodging	$ 342,469.57	110,000	$ 3.11
Schools (K-12)	$ 62,396.12	35,490	$ 1.76
Total	**$ 1,911,672.30**	**1,073,600**	

[1] See Table 7.4; allocated cost per development type also equals projected revenue

[2] See Table 2.3 except for Schools (K-12); increase in school square feet based on 13.7% population growth using data from Tables 2.2 and 2.3

[3] Impact fee per square foot = cost per development type / added square feet by development type

Projected Revenue

Potential revenue from the water system impact fees is the same as the total allocated cost per development type shown in Table 7.5. Both costs and impact fees shown in this chapter are based on current improvement costs. To maintain parity between the impact fees and improvement costs, the impact fees must be adjusted periodically, to reflect changes in price levels.

A common practice is to adjust impact fees annually based on an index such as the *Engineering News Record* Building Cost Index. See the Implementation Chapter for more on indexing of fees.

Corrected Version

Chapter 8
Wastewater System Impact Fees

This chapter calculates impact fees for wastewater system improvements needed to serve future development in St. Helena. The impact fees calculated in this chapter are based on the cost of specific improvements to the City's wastewater system, and those costs are allocated to various types of development based on average wastewater flows generated by each type of development.

Service Area

The Wastewater System impact fees calculated in this chapter are for a single Citywide service area, and are intended to apply to all new development in the City.

Level of Service

The level of service standard for wastewater system improvements is not addressed explicitly in this study. The appropriate standards are reflected in the engineering studies used to establish the need for the improvements shown in Table 8.1.

Demand Variable

The demand variable used to allocate improvement costs in this chapter is wastewater flow in hundreds of cubic feet (HCF) per year.

Methodology

This chapter calculates impact fees using the plan-based method discussed in Chapter 1. Plan-based fees are calculated by allocating costs for a defined set of improvements to a defined increment of development that will be served by those improvements.

In this case, new development's share of the cost of wastewater system improvements listed in Table 8.1 is allocated to new development based on estimated wastewater flow per unit of development by development type.

System Improvements

Table 8.1 on the next page lists the wastewater system improvements used to calculate wastewater system impact fees in this chapter. Table 8.1 also indicates the share of cost for each improvement that is attributed to new development.

As shown in Table 8.1, the share of total improvement costs allocated to new development is 17%.

Table 8.1: Wastewater System Improvements

Improvement Description	Improvement Cost [1]	New Dev Share [2]	New Dev Cost [3]
Sulphur Springs Sewer Extension	$ 11,000.00	50%	$ 5,500.00
Recycled Water (Teritiary Treatment)	$ 102,962.00	100%	$ 102,962.00
Misc. Maintenance Projects	$ 68,896.00	15%	$ 10,334.40
Chlorine Analyzer/Tank & SCADA System	$ 50,000.00	15%	$ 7,500.00
Pond 2 Walkway	$ 3,608.00	0%	$ -
Rock Slope Protection & Levee Repair	$ 90,778.00	0%	$ -
Charter Oak (SS & FM Construction)	$ 101,704.00	0%	$ -
Sewer Rehabilitation	$ 209,384.00	50%	$ 104,692.00
Brush Aerators	$ 2,288.00	15%	$ 343.20
WWTP Diffuser Permits	$ -	15%	$ -
Front End Loader	$ 170,000.00	0%	$ -
Regulatory Compliance Permit Renewal	$ 163,823.00	15%	$ 24,573.45
Crinella Pump Station	$ -	15%	$ -
Cover Pond 3 for Algae Reduction	$ 542,401.00	15%	$ 81,360.15
Rehabilitation - Pond 1A	$ 600,077.00	15%	$ 90,011.55
Pond 2-Convert, Upgrade & Re-plumb	$ 300,000.00	15%	$ 45,000.00
Reclamation Field Improvements	$ 219,000.00	15%	$ 32,850.00
Security Gate	$ 6,000.00	0%	$ -
Shop HVAC	$ 2,809.00	0%	$ -
Radio Repeater/Infrastructure	$ 3,356.00	15%	$ 503.40
Vehicle Replacement Program (Sewer)	$ 65,000.00	5%	$ 3,250.00
Vehicle Replacement Program (treatment)	$ 30,000.00	5%	$ 1,500.00
Hudson Avenue SS Replacement	$ 182,000.00	0%	$ -
Oak Ave Infrastructure	$ 365,000.00	15%	$ 54,750.00
Total/Average	**$ 3,290,086.00**	**17%**	**$ 565,130.15**

[1] Improvement costs estimated by the City of St. Helena Public Works Department
[2] Share of cost attributable to new development estimated by the City of St. Helena Public Works Department
[3] Cost attributable to new development = project cost X new development %

New Development Wastewater Flows

Table 8.2 projects the added wastewater flow associated with each type of new development. This chapter includes Schools (K-12) as a separate development type.

Except for Chapter 7, schools were not addressed in previous chapters, because they are not subject to most City impact fees. However, because schools connect to the City's water and wastewater systems, they are subject to impact fees for water and wastewater.

Table 8.2: New Development Wastewater Flows

Development Types	Dev Units [1]	Potential New Units [2]	HCF per Unit	Added Flow HCF per Year
Residential, Low Density	DUs	292	77.0	22,484
Residential, Med/Higher Density	DUs	87	61.0	5,307
Commercial/Retail	KSF	21.9	63.0	1,377
Office	KSF	111.9	32.0	3,579
Industrial	KSF	16.0	43.0	688
Lodging	Rooms	220	31.5	6,919
Schools (K-12)	KSF	35.5	35.5	1,261
Total				**41,614**

[1] Units of development: DUs = dwelling units; KSF = 1,000 gross sq. ft. of building area; Rooms = guest rooms or suites

[2] See Table 2.3 except for Schools (K-12); increase in school square footage estimated at 13.7% based on population growth (See Tables 2.2 and 2.3)

[3] Hundreds of cubic feet (HCF) of wastewater flow per unit, based on the 2004 Water and Wastewater Rate Study, except the rates for Lodging and Schools (K-12) which are estimated based on water usage

[4] Added flow in HCF per year by development type = potential new units X HCF per unit

Wastewater System Improvement Cost per HCF

Table 8.3 calculates the average wastewater system improvement cost per HCF per year for new development, using new development's share of improvement costs from Table 8.1 and the total added demand in HCF from Table 8.2.

Table 8.3: Wastewater System Improvement Cost per HCF per Year

New Development Cost [1]	Added Flow (HCF per Year) [2]	Cost per HCF per Year [3]
$565,130.15	41,614	$13.58

[1] See Table 8.1

[2] See Table 8.2

[3] Cost per hundred cubic feet (HCF) of added flow per year

Allocated Cost by Development Type

Table 8.4 calculates the share of new development's improvement cost allocated to each type of development, using the cost per HCF per year from Table 8.3, the flow per unit in HCF by development type, and the added units for each type of development.

Table 8.4: Wastewater System Improvements - Allocated Cost by Development Type

Development Type	Cost per per HCF [1]	HCF per Unit [2]	Potential New Units [3]	Alloc Cost by Dev Type [4]
Residential, Low Density	$13.58	77.0	292	$ 305,336.62
Residential, Med/Higher Density	$13.58	61.0	87	$ 72,069.98
Commercial/Retail	$13.58	63.0	22	$ 18,693.79
Office	$13.58	32.0	112	$ 48,606.16
Industrial	$13.58	43.0	16	$ 9,343.16
Lodging	$13.58	31.5	220	$ 93,961.22
Schools (K-12)	$13.58	35.5	36	$ 17,124.06
Total				**$ 565,134.97**

[1] See Table 8.3

[2] See Table 8.2

[3] See Table 8.2

[4] Allocated cost by development type = cost per HCF X HCF per unit X potential new units

Impact Fee per Square Foot

Table 8.5 calculates the impact fee per square foot of new development for wastewater system improvements using the allocated cost per development type from Table 8.4 and the added square feet by development type.

Table 8.5: Wastewater System Improvements - Impact Fees per Square Foot

Development Type	Alloc Cost by Dev Type [1]	Added Sq Ft by Dev Type [2]	Impact Fee per Sq Ft [3]
Residential, Low Density	$ 305,336.62	700,800	$ 0.44
Residential, Med/Higher Density	$ 72,069.98	113,100	$ 0.64
Commercial/Retail	$ 18,693.79	21,850	$ 0.86
Office	$ 48,606.16	111,850	$ 0.43
Industrial	$ 9,343.16	16,000	$ 0.58
Lodging	$ 93,961.22	110,000	$ 0.85
Schools (K-12)	$ 17,124.06	35,490	$ 0.48
Total	**$ 565,134.97**	**1,109,090**	

[1] See Table 8.4; allocated cost per development type also equals projected revenue
[2] See Table 2.3 except for Schools (K-12); increase in school square feet based on 13.7% population growth using data from Tables 2.2 and 2.3
[3] Impact Fee per square foot = cost per development type / added square feet by development type

Projected Revenue

Potential revenue from the wastewater system impact fees is the same as the total allocated cost per development type shown in Table 8.5. Both costs and impact fees shown in this chapter are based on current improvement costs. To maintain parity between the impact fees and improvement costs, the impact fees must be adjusted periodically, to reflect changes in price levels.

A common practice is to adjust impact fees annually based on an index such as the *Engineering News Record* Building Cost Index. See the Implementation Chapter for more on indexing of fees.

Chapter 9
Storm Drainage System Impact Fees

This chapter calculates impact fees for drainage system improvements needed to serve future development in St. Helena. The impact fees calculated in this chapter are based on the cost of specific improvements to the City's drainage system, and those costs are allocated to various types of development based on square feet of impervious surface area added by each type of development.

Increasing the amount of impervious surface area increases the amount of runoff that must be handled by the drainage system.

Service Area

The Drainage System impact fees calculated in this chapter are for a single Citywide service area, and are intended to apply to all new development in the City.

Level of Service

The level of service standard for drainage system improvements is not addressed explicitly in this study. The appropriate standards are reflected in the engineering studies used to establish the need for the improvements shown in Table 9.1.

Demand Variable

The demand variable used to allocate improvement costs in this chapter is added impervious surface area in square feet.

Methodology

This chapter calculates impact fees using the plan-based method discussed in Chapter 1. Plan-based fees are calculated by allocating costs for a defined set of improvements to a defined increment of development that will be served by those improvements.

In this case, the cost of drainage system improvements listed in Table 9.1 is allocated to new development based on the estimated amount of impervious surface area added per unit of development by development type.

System Improvements

Table 9.1 on the next page lists the drainage system improvements used to calculate storm drainage system impact fees in this chapter, and the estimated cost of those improvements.

Table 9.1: Drainage System Improvements

Improvement Description	Improvement Cost [1]	New Dev Share [2]	New Dev Cost [3]
Storm Drain - Fulton (Crinella to River)	$ 900,000	10%	$ 90,000
Storm Drain - Mitchell/Oak to Sulpher Cr-Oak/Adams to Mitchell	$ 250,000	40%	$ 100,000
Storm Drain - Mills (Main to River)	$ 450,000	100%	$ 450,000
Storm Drain - McCorkle (Stonebridge to River)	$ 350,000	80%	$ 280,000
Total/Average	**$ 1,950,000**	**47%**	**$ 920,000**

[1] Improvement costs estimated by the City of St. Helena Public Works Department
[2] Share of cost attributable to new development estimated by the City of St. Helena Public Works Dept.
[3] Cost attributable to new development = project cost X new development %

New Development Impervious Surface Area

Table 9.2 shows the estimated average square feet of impervious surface area (ISA) added per unit of new development, by development type, as well as the total square feet of ISA added by all potential new development.

Table 9.2: New Development Impervious Surface Area per Unit

Development Types	Dev Units [1]	Potential New Units [2]	ISA per Unit (Sq Ft)	Added ISA
Residential, Low Density	DUs	292	3,800	1,109,600
Residential, Med/Higher Density	DUs	87	1,950	169,650
Commercial/Retail	KSF	21.9	3,600	78,660
Office	KSF	111.9	3,000	335,550
Industrial	KSF	16.0	3,600	57,600
Lodging	Rooms	220	1,400	308,000
Total				**2,059,060**

[1] Units of development: DUs = dwelling units; KSF = 1,000 gross sq. ft. of building area; Rooms = guest rooms or suites
[2] See Table 2.3
[3] Impervious surface area (ISA) per unit estimated by Colgan Consulting
[4] Added ISA = potential units X ISA per unit

Drainage System Improvement Cost per Square Foot of ISA

Table 9.3 calculates the average storm drainage system improvement cost per square foot for new development, using the improvement costs from Table 9.1 and the total added square feet of ISA from Table 9.2.

Table 9.3: Drainage System Improvement Cost per Sq Ft of Added ISA

New Development Cost [1]	Added ISA (Square Feet) [2]	Cost per Square Foot of Added ISA [3]
$920,000.00	2,059,060	$0.45

[1] See Table 9.1

[2] See Table 9.2

[3] Cost per square foot = new development cost / added square feet of ISA

Allocated Cost by Development Type

Table 9.4 calculates the share of new development's improvement cost allocated to each type of development, using the cost per square foot of added ISA from Table 9.3, the square feet of added ISA per unit by development type, and the added units for each type of development.

Table 9.4: Drainage System Improvements - Allocated Cost by Dev Type

Development Type	Cost per per Sq Ft [1]	Sq Ft ISA per Unit [2]	Added Units [3]	Alloc Cost by Dev Type [4]
Residential, Low Density	$0.447	3,800.0	292	$ 495,775.74
Residential, Med/Higher Density	$0.447	1,950.0	87	$ 75,800.61
Commercial/Retail	$0.447	3,600.0	22	$ 35,145.75
Office	$0.447	3,000.0	112	$ 149,925.69
Industrial	$0.447	3,600.0	16	$ 25,736.02
Lodging	$0.447	1,400.0	220	$ 137,616.19
Total				**$ 920,000.00**

[1] See Table 9.3

[2] See Table 9.2

[3] See Table 9.2

[4] Allocated cost by development type = cost per square foot X square feet ISA per Unit X added units

Impact Fee per Square Foot

Table 9.5 calculates the impact fee per square foot of building area for storm drainage system improvements using the allocated cost per development type from Table 9.4 and the added square feet by development type.

Table 9.5: Drainage System Improvements - Impact Fees per Square Foot

Development Type	Alloc Cost by Dev Type [1]	Added Sq Ft by Dev Type [2]	Impact Fee per Sq Ft [3]
Residential, Low Density	$ 495,775.74	700,800	$ 0.71
Residential, Med/Higher Density	$ 75,800.61	113,100	$ 0.67
Commercial/Retail	$ 35,145.75	21,850	$ 1.61
Office	$ 149,925.69	111,850	$ 1.34
Industrial	$ 25,736.02	16,000	$ 1.61
Lodging	$ 137,616.19	110,000	$ 1.25
Total	**$ 920,000.00**	**1,073,600**	

[1] See Table 9.4; allocated cost per development type also equals projected revenue
[2] See Table 2.3
[3] Impact Fee per square foot = cost per development type / added square feet by development type

Projected Revenue

Potential revenue from the storm drainage system impact fees is the same as the total allocated cost per development type shown in Table 9.5. Both costs and impact fees shown in this chapter are based on current improvement costs. To maintain parity between the impact fees and improvement costs, the impact fees must be adjusted periodically, to reflect changes in price levels.

A common practice is to adjust impact fees annually based on an index such as the *Engineering News Record* Building Cost Index. See the Implementation Chapter for more on indexing of fees.

Chapter 10
Implementation

This chapter of the report contains recommendations for adoption and administration of a development impact fee program based on this study, and for the interpretation and application of impact fees recommended herein.

Statutory requirements for the adoption and administration of fees imposed as a condition of development approval are found in the Mitigation Fee Act (Government Code Sections 66000 *et seq.*). For implementation of fees in lieu of park land dedication, see the Quimby Act (Government Code Section 66477).

Adoption

The form in which development impact fees are enacted, whether by ordinance or resolution, should be determined by the City Attorney. Ordinarily, it is desirable that specific fee amounts be set by resolution to facilitate periodic adjustments. Procedures for adoption of fees subject to the Mitigation Fee Act, including notice and public hearing requirements, are specified in Government Code Sections 66016 and 66018. It should be noted that Section 66018 refers to Government Code Section 6062a, which requires that the public hearing notice be published at least twice during the 10-day notice period. Government Code Section 66017 provides that fees subject to the Mitigation Fee Act do not become effective until 60 days after final action by the governing body.

Actions establishing or increasing fees subject to the Mitigation Act require certain findings, as set forth in Government Code Section 66001 and discussed below and in Chapter 1 of this report.

Establishment of Fees. Pursuant to the Mitigation Fee Act (Section 66001(a)), when the City establishes fees to be imposed as a condition of development approval, it must make findings to:

1. Identify the purpose of the fee;
2. Identify the use of the fee; and
3. Determine how there is a reasonable relationship between:
    a. The use of the fee and the type of development project on which it is imposed;
    b. The need for the facility and the type of development project on which the fee is imposed

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

Finding: Purpose of the Fee. The City Council finds that the purpose of the impact fees hereby enacted is to prevent new development from reducing the quality and availability of public services provided to residents of the City by requiring new development to contribute to the cost of additional capital assets needed to serve additional development.

Finding: Use of the Fee. The City Council finds that revenue from the impact fees hereby enacted will be used to construct public facilities and pay for other capital assets needed to serve new development. Those public facilities and other assets are identified in the 2013 Development Impact Fee Study prepared by Colgan Consulting Corporation. [1]

Finding: Reasonable Relationship: Based on analysis presented in the 2013 Development Impact Fee Study prepared by Colgan Consulting Corporation, the City Council finds that there is a reasonable relationship between:

a. The use of the fees and the types of development projects on which they are imposed; and,

b. The need for facilities and the types of development projects on which the fees are imposed.

Administration

The California Mitigation Fee Act (Government Code Sections 66000 et seq.) mandates procedures for administration of impact fee programs, including collection and accounting, reporting, and refunds. References to code sections in the following paragraphs pertain to the California Government Code.

Imposition of Fees. Pursuant to the Mitigation Fee Act (Section 66001(a)), when the City imposes an impact fee upon a specific development project, it must make essentially the same findings adopted upon establishment of the fees to:

1. Identify the purpose of the fee;
2. Identify the use of the fee; and
3. Determine how there is a reasonable relationship between:
    a. The use of the fee and the type of development project on which it is imposed;
    b. The need for the facility and the type of development project on which the fee is imposed

[1] According to Gov't Code Section 66001 (a) (2), the use of the fee may be specified in a capital improvement plan, the General Plan, or other public documents that identify the public facilities for which the fee is charged. The findings recommended here identify this impact fee study as the source of that information.

Per Section 66001 (b), at the time when an impact fee is imposed on a specific development project, the City is also required to make a finding to determine how there is a reasonable relationship between:

c. The amount of the fee and the facility cost attributable to the development project on which it is imposed.

In addition, Section 66006 (f) provides that a local agency, at the time it imposes a fee for public improvements on a specific development project, "... shall identify the public improvement that the fee will be used to finance." In this case, the fees will be used to finance public facilities, infrastructure, and other development-related capital expenditures identified in the 2013 Development Impact Fee Study prepared by Colgan Consulting Corporation.

Section 66020 (d) (1) requires that the City, at the time it imposes an impact fee provide a written statement of the amount of the fee and written notice of a 90-day period during which the imposition of the fee can be protested. Failure to protest imposition of the fee during that period may deprive the fee payer of the right to subsequent legal challenge.

Section 66022 (a) provides a separate procedure for challenging the establishment of an impact fee. Such challenges must be filed within 120 days of enactment.

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

Collection of Fees. Section 66007 (a), provides that a local agency shall not require payment of fees by developers of residential projects prior to the date of final inspection, or issuance of a certificate of occupancy, whichever occurs first. However, "utility service fees" (not defined) may be collected upon application for utility service. In a residential development project of more than one dwelling unit, Section 66007 (a) allows the agency to choose to collect fees either for individual units or for phases upon final inspection, or for the entire project upon final inspection of the first dwelling unit completed.

Section 66007 (b) provides two exceptions when the local agency may require the payment of fees from developers of residential projects at an earlier time: (1) when the local agency determines that the fees "will be collected for public improvements or facilities for which an account has been established and funds appropriated and for which the local agency has adopted a proposed construction schedule or plan prior to final inspection or issuance of the certificate of occupancy" or (2) the fees are "to reimburse the local agency for expenditures previously made."

Statutory restrictions on the time at which fees may be collected do not apply to non-residential development.

In cases where the fees are not collected upon issuance of building permits, Sections 66007 (c) (1) and (2) provide that the city may require the property owner to execute a contract to pay the fee, and to record that contract as a lien against the property until the fees are paid.

Earmarking and Expenditure of Fee Revenue. Section 66006 (a) mandates that fees be deposited "with other fees for the improvement" in a separate capital facilities account or fund in a manner to avoid any commingling of the fees with other revenues and funds of the local agency, except for temporary investments and expend those fees solely for the purpose for which the fee was collected. Section 66006 (a) also requires that interest earned on the fee revenues be placed in the capital account and used for the same purpose.

The language of the law is not clear as to whether depositing fees "with other fees for the improvement" refers to a specific capital improvement or a class of improvements (e.g., street improvements). We are not aware of any city that has interpreted that language to mean that funds must be segregated by individual projects.

As a practical matter, that approach is unworkable because it would mean that no pay-as-you-go project could be constructed until all benefiting development had paid the fees. Common practice is to maintain separate funds or accounts for impact fee revenues by facility category (i.e., streets, park improvements), but not for individual projects. We recommend that approach.

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

Impact Fee Exemptions, Reductions, and Waivers. In the event that a development project is found to have no impact on facilities for which impact fees are charged, such project must be exempted from the fees.

If a project has characteristics that indicate its impacts on a particular public facility or infrastructure system will be significantly and permanently smaller than the average impact used to calculate impact fees in this study, the fees should be reduced accordingly. Per Section 66001 (b), there must be a reasonable relationship between the amount of the fee and the cost of the public facility attributable to the development on which the fee is imposed. The fee reduction is required if the fee is not proportional to the impact of the development on relevant public facilities.

In some cases, the City may desire to voluntarily waive or reduce impact fees that would otherwise apply to a project, as a way of promoting goals such as affordable housing or economic development. Such a waiver or reduction may not result in increased costs to other development projects, and are allowable only if the City offsets the lost revenue from other fund sources.

Credit for Improvements Provided by Developers. If the City requires a developer, as a condition of project approval, to dedicate land or construct facilities or improvements for which impact fees are charged, the impact fee imposed on that development project for that type of facility must be adjusted to reflect a credit for such dedication or construction.

In the event that a developer voluntarily offers to dedicate land, or construct facilities or improvements in lieu of paying impact fees, the City may accept or reject such offers, and may negotiate the terms under which such an offer would be accepted.

Credit for Existing Development. If a project involves replacement, redevelopment or intensification of previously existing development, impact fees should be applied only to the portion of the project which represents a net increase in demand for relevant City facilities, applying the measure of demand used in this study to calculate that particular impact fee.

Reporting. Section 66006 (b) (1) requires that once each year, within 180 days of the close of the fiscal year, the local agency must make available to the public the following information for each separate account established to receive impact fee revenues:

1. A brief description of the type of fee in the account or fund;
2. The amount of the fee;
3. The beginning and ending balance of the account or fund;
4. The amount of the fees collected and interest earned;
5. Identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the percentage of the cost of the public improvement that was funded with fees;
6. Identification of the approximate date by which the construction of a public improvement will commence, if the City determines sufficient funds have been collected to complete financing of an incomplete public improvement;
7. A description of each inter-fund transfer or loan made from the account or fund, including interest rates, repayment dates, and a description of the improvement on which the transfer or loan will be expended;
8. The amount of any refunds or allocations made pursuant to Section 66001, paragraphs (e) and (f).

That information must be reviewed by the City Council at its next regularly scheduled public meeting, but not less than 15 days after the statements are made public, per Section 66006 (b) (2).

Refunds. Prior to 1996, a local agency collecting impact fees was required to expend or commit impact fee revenue within five years, or make findings to justify a continued need for the money. Otherwise, those funds had to be refunded. SB 1693, adopted in 1996 as an amendment to the Mitigation Fee Act, changed that requirement in material ways.

Now, Section 66001 (d) requires that, for the fifth fiscal year following the first deposit of any impact fee revenue into an account or fund as required by Section 66006 (b), and every five years thereafter, the local agency shall make all of the following findings for any fee revenue that remains unexpended, whether committed or uncommitted:

1. Identify the purpose to which the fee will be put;
2. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged;
3. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used;
4. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.

Those findings are to be made in conjunction with the annual reports discussed above. If such findings are not made as required by Section 66001, the local agency could be required to refund the moneys in the account or fund, per Section 66001 (d).

Once the agency determines that sufficient funds have been collected to complete an incomplete improvement for which impact fee revenue is to be used, it must, within 180 days of that determination, identify an approximate date by which construction of the public improvement will be commenced (Section 66001 (e)). If the agency fails to comply with that requirement, it must refund impact fee revenue in the account according to procedures specified in Section 66001 (d).

Annual Update of the Capital Improvement Plan. Section 66002 (b) provides that if a local agency adopts a capital improvement plan to identify the use of impact fees, that plan must be adopted and annually updated by a resolution of the governing body at a noticed public hearing. The alternative, per Section 66001 (a) (2) is to identify improvements by applicable general or specific plans or in other public documents.

In most cases, the CIP identifies projects for a limited number of years and may not include all improvements needed to serve future development covered by the impact fee study. We recommend that this development impact fee study be identified by the City Council as the public document on which the use of the fees is based.

Indexing of Impact Fees. Development impact fees calculated in this report assume the facilities in question will be constructed on a pay-as-you-go basis. Those fees are based on current costs and should be adjusted at least annually to account for inflation. That adjustment is intended to account for future escalation in costs for land and construction. We recommend the *Engineering News Record* Building Cost Index as the basis for indexing construction costs. Where land costs make up a significant portion of the costs covered by a fee, land costs should be adjusted relative to changes in local land prices.

Training and Public Information

Effective administration of an impact fee program requires considerable preparation and training. It is important that those responsible for collecting the fees, and for explaining them to the public, understand both the details of the fee program and its supporting rationale. Before fees are imposed, a staff training workshop is highly desirable if more than a handful of employees will be involved in collecting or accounting for fees.

It is also useful to pay close attention to handouts that provide information to the public regarding impact fees. Impact fees should be clearly distinguished from other fees, such as user fees for application processing, and the purpose and use of particular impact fees should be made clear.

Finally, anyone who is responsible for accounting, capital budgeting, or project management for projects involving impact fees must be fully aware of the restrictions placed on the expenditure of impact fee revenues. The fees recommended in this report are tied to specific improvements and cost estimates. Fees must be expended accordingly and the City must be able to show that funds have been properly expended.

Recovery of Study Cost

Colgan Consulting normally recommends that agencies charging impact fees increase the fees by a small percentage to recover the cost of periodically updating the fees. Section 66014 of the Government Code provides that fees for processing applications related to planning, zoning, subdivisions, building permits and certain other procedures "may include the costs reasonably necessary to prepare and revise the plans and policies that a local agency is required to adopt before it can make any necessary findings and determinations."

Although impact fees are not specifically addressed in that section of the code, Section 66014 is located within the Mitigation Fee Act, and the preparation of an impact fee study is clearly necessary to support the finding required by the Mitigation Fee Act for the adoption and imposition of impact fees.

One method Colgan Consulting often uses for allocating the cost of fee study updates to impact fees is to divide the cost of the current study by the amount of revenue that will be generated by the impact fees before the fees will need to be updated. For example, assuming the impact fees will be updated after five years, the cost of the study would be divided by the amount of impact fee revenue to be generated over that period. The result of that calculation is the percentage by which the impact fees must be increased to recover the cost of the study over two years—assuming the revenue projections are correct.

However, in light of uncertainty regarding the timing of an economic recovery, and the possibility that development may be unusually slow in coming years, that approach does not appear to be appropriate at this time.

A substantial number of California cities add an administrative charge of 2% or 2.5% to impact fees to cover the cost of periodic updates and administration of impact fees. In this case, Colgan Consulting recommends that an increase of 2.5% be applied to the City's impact fees to cover the cost of future updates. The administrative charge can be built into the fees by increasing each fee by 2.5% before it is adopted, or added as a surcharge when the fee is collected. For administrative simplicity, we recommend the former. Any revenue collected as a result of the administrative charge should be used only for the purpose of updating the City's impact fees.