

CITY OF CUDAHY

DEVELOPMENT IMPACT FEE STUDY

FINAL

APRIL 7, 2021



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TABLE OF CONTENTS

| | |
|---|----|
| EXECUTIVE SUMMARY | 1 |
| Background and Study Objectives | 1 |
| Facility Standards and Costs | 1 |
| Use of Fee Revenues | 2 |
| Development Impact Fee Schedule Summary | 2 |
| Other Funding Needed | 3 |
| 1. INTRODUCTION..... | 5 |
| Public Facilities Financing in California | 5 |
| Study Objectives | 5 |
| Fee Program Maintenance | 6 |
| Study Methodology | 6 |
| Types of Facility Standards | 6 |
| New Development Facility Needs and Costs | 7 |
| Organization of the Report | 8 |
| 2. GROWTH FORECASTS..... | 9 |
| Land Use Types | 9 |
| Existing and Future Development | 9 |
| Occupant Densities | 10 |
| 3. TRAFFIC FACILITIES | 12 |
| Trip Demand | 12 |
| Trip Growth | 14 |
| Planned Facilities | 14 |
| Cost Per Trip | 15 |
| Fee Schedule | 16 |
| 4. PARKS AND RECREATION FACILITIES..... | 17 |
| Service Population | 17 |
| Existing Parkland and Park Facilities Inventory | 17 |
| Parkland and Park Facilities Unit Costs | 18 |
| Parkland and Park Facility Standards | 19 |
| <i>Mitigation Fee Act</i> | 19 |
| <i>Quimby Act</i> | 20 |
| City of Cudahy Parkland and Park Facilities Standards | 20 |
| Facilities Needed to Accommodate New Development | 20 |
| Parks Cost per Capita | 21 |
| Use of Fee Revenue | 22 |
| Fee Schedule | 22 |
| 5. GENERAL GOVERNMENT FACILITIES | 24 |
| Service Population | 24 |

| | |
|--|-----------|
| Existing Facility Inventory | 25 |
| Facility Standard | 25 |
| Fee Revenue Projection | 26 |
| Fee Schedule | 26 |
| 6. PARKING FACILITIES IN-LIEU FEE | 28 |
| Parking Requirements | 28 |
| Parking Facilities Unit Costs | 29 |
| Use of Fee Revenue | 29 |
| Fee Schedule | 29 |
| 7. ART IN PUBLIC PLACES | 31 |
| 8. IMPLEMENTATION | 32 |
| Impact Fee Program Adoption Process | 32 |
| Inflation Adjustment | 32 |
| Reporting Requirements | 32 |
| Programming Revenues and Projects with the CIP | 34 |
| Reimbursements | 34 |
| 9. MITIGATION FEE ACT FINDINGS | 35 |
| Purpose of Fee | 35 |
| Use of Fee Revenues | 35 |
| Benefit Relationship | 35 |
| Burden Relationship | 35 |
| Proportionality | 36 |

Executive Summary

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

- Traffic Facilities
- Parks and Recreation Facilities
- General Government Facilities
- Parking Facilities
- Art in Public Places

Background and Study Objectives

The primary policy objective of a development impact fee program is to ensure that new development pays the capital costs associated with growth. The primary purpose of this report is to calculate and present fees that will enable the City to expand its inventory of public facilities, as new development creates increases in service demands.

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

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

Facility Standards and Costs

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

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

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

a previously undeveloped area. This approach is used to calculate the traffic facilities, art in public places and the parking in-lieu facilities fees in this report.

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

Use of Fee Revenues

The Mitigation Fee Act requires that this analysis "Identify the use to which the fee is to be put. If the use is financing public facilities, the facilities shall be identified. That identification may, but need not, be made by reference to a capital improvement plan as specified in Section 65403 or 66002, may be made in applicable general or specific plan requirements, or may be made in other public documents that identify the public facilities for which the fee is charged."¹ Each chapter in this report identifies the appropriate use of impact fee revenues for each particular impact fee category.

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

Development Impact Fee Schedule Summary

Table E.1 summarizes the development impact fees that meet the City's identified needs and comply with the requirements of the *Mitigation Fee Act*. The table shows fees for development projects that meet their parking requirements onsite. Projects that cannot meet onsite parking requirements can pay the parking in-lieu fee for each required offsite parking space.

¹ California Government Code §66001 (a) (2).

Table E.1: Maximum Justified Impact Fee Summary

| Land Use | Traffic Facilities | Parks and Recreation Facilities ¹ | General Government Facilities | Total (Onsite Parking) ² |
|---|--------------------|--|-------------------------------|-------------------------------------|
| <i>Residential - Fee per Dwelling Unit</i> | | | | |
| Single Family | \$ 2,037 | \$ 11,624 | \$ 1,395 | \$ 15,056 |
| Multifamily | 1,365 | 10,303 | 1,237 | 12,905 |
| <i>Nonresidential - Fee per 1,000 Sq. Ft.</i> | | | | |
| Commercial | \$ 3,174 | \$ - | \$ 196 | \$ 3,370 |
| Office | 3,174 | - | 233 | 3,407 |
| Industrial | 1,945 | - | 110 | 2,055 |

¹ Mitigation Fee Act fee show n. Quimby fees in lieu of parkland dedication only apply to development occurring in subdivisions. Quimby in-lieu fees are \$37,884 per single family unit and \$33,579 per multifamily unit.

² Assumes that development project provides parking onsite. Maximum justified fee of \$29,170 in-lieu of providing one space onsite. Refer to City's municipal code parking standards for detailed parking requirements.

Sources: Tables 3.5, 4.9, 5.5.

Other Funding Needed

Impact fees may only fund the share of public facilities related to new development in Cudahy. They may not be used to fund the share of facility needs generated by existing development or by development outside of the City. As shown in **Table E.2**, approximately \$14.6 million in additional funding will be needed to complete the facility projects the City currently plans to develop if fees are adopted at the maximum justified fee level. The "Additional Funding Required" column shows non-impact fee funding required to fund a share of the improvements partially funded by impact fees. Non-fee funding is needed because these facilities are needed partially to remedy existing deficiencies and partly to accommodate new development. To the extent that the City adopts fees that are lower than the maximum justified amount, the non-fee funding requirements may increase, depending on the fee category and methodology.

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

Table E.2: Additional Funding Required

| Fee Category | Total Project Cost | Projected Impact Fee Revenue | Additional Funding Required |
|--|---------------------------|-------------------------------------|------------------------------------|
| Traffic Facilities | \$ 28,256,598 | \$ 13,670,799 | \$ 14,585,799 |
| Parks and Recreation Facilities ¹ | 14,601,000 | 14,601,000 | - |
| General Government Facilities | <u>2,869,597</u> | <u>2,869,597</u> | <u>-</u> |
| Total | \$ 45,727,195 | \$ 31,141,396 | \$ 14,585,799 |

¹ Total project cost shown if no development occurs in subdivisions. Impact fees will fully fund new development's share of park and recreation facilities.

Sources: Tables 3.3, 4.6 and 5.4.

1. Introduction

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

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

Public Facilities Financing in California

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

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

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

Study Objectives

The primary policy objective of a public facilities fee program is to ensure that new development pays the capital costs associated with growth. The primary purpose of this report is to establish impact fees for Cudahy to ensure that growth pays its own way. The proposed fees will enable the City to expand its inventory of public facilities as new development leads to increases in service demands.

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

Cudahy is nearly built out but anticipates some growth forecast through the buildout of the General Plan. While the magnitude of growth is small, the lack of available space to provide public facilities will present many challenges in accommodating even small increases in service population. This growth will create an increase in demand for public services and the facilities

required to deliver them. Given the revenue challenges described above, Cudahy has decided to use a development impact fee program to ensure that new development funds the share of facility costs associated with growth. This report makes use of the most current available growth forecasts and facility plans to create an impact fee program for the City to ensure that the fee program accurately represents the facility needs resulting from new development.

Fee Program Maintenance

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

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

Study Methodology

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

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

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

Types of Facility Standards

There are three separate components of facility standards:

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

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

New Development Facility Needs and Costs

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

There are three common methods for determining new development's fair share of planned facilities costs: the **existing inventory method**, the **planned facilities method**, and the **system plan method**. The formula used by each approach and the advantages and disadvantages of each method is summarized below:

Existing Inventory Method

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

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

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

Planned Facilities Method

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

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

This method is appropriate when planned facilities will entirely serve new development, or when a fair share allocation of planned facilities to new development can be estimated. An example of the former is a Wastewater trunk line extension to a previously undeveloped area. An example of the latter is a portion of a roadway that has been identified as necessary to mitigate the impact from new development through traffic modeling analysis. Under this method new development will fund the expansion of facilities at the standards used in the applicable planning documents. This approach is used to calculate the traffic facilities, art in public places and parking in-lieu facilities fees in this report.

System Plan Method

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

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

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

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

Organization of the Report

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

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

- Traffic Facilities
- Parks and Recreation Facilities
- General Government Facilities
- Parking Facilities In-Lieu Fee
- Art in Public Places

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

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

2. Growth Forecasts

Growth projections are used as indicators of demand to determine facility needs and allocate those needs between existing and new development. This chapter explains the source for the growth projections used in this study based on a 2020 base year and a planning horizon of buildout of the City's General Plan.

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

- The estimate of existing development in 2020 is used as an indicator of existing facility demand and to determine existing facility standards.
- The estimate of total development at buildout of the General Plan is used as an indicator of future demand to determine total facilities needed to accommodate growth and remedy existing facility deficiencies, if any.
- Estimates of growth from 2020 through buildout are used to (1) allocate facility costs between new development and existing development, and (2) estimate total fee revenues.

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

Land Use Types

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

- **Single family:** Detached and attached one-unit dwellings.
- **Multifamily:** All attached multifamily dwellings including duplexes and condominiums.
- **Commercial:** All commercial, retail, educational, and hotel/motel development.
- **Office:** All general, professional, and medical office development.
- **Industrial:** All warehouse, manufacturing, and other industrial development.

Some developments may include more than one land use type, such as a mixed-use development with both multifamily and commercial uses. Another similar situation would be a warehousing facility that contains office space. In those cases, the facilities fee would be calculated separately for each land use type included within the building.

The City has the discretion to determine which land use type best reflects a development project's characteristics for purposes of imposing an impact fee and may adjust fees for special or unique uses to reflect the impact characteristics of the use.

Existing and Future Development

Table 2.1 shows the estimated number of residents, dwelling units, employees, and building square feet in Cudahy, both in 2020 and at buildout of the City's General Plan. The base year estimates of residents and dwelling units comes from the California Department of Finance. The future dwelling unit projection total is based on the increase in dwelling units from the City's General Plan and assumes that the proportion of single family to multifamily units will remain constant through buildout. The projection of residents at buildout also comes from the City's General Plan.

Estimates of existing and projected building square footage come from the City's General Plan "Realistic Buildout" Scenario in General Plan Table LU 4.

Estimates of base year employees come from the U.S. Census Bureau, LEHD Origin-Destination Employment Statistics, OnTheMap Application. Future employees are estimated based on the increase in nonresidential building square footage and assume the same ratio of commercial to office to industrial employees as currently exists in the City.

Table 2.1: Citywide Demographic Assumptions

| | 2020 | Buildout | Increase |
|--|--------|----------|----------|
| Residents ¹ | 24,164 | 30,607 | 6,443 |
| Dwelling Units ² | | | |
| Single Family | 3,460 | 4,323 | 863 |
| Multifamily | 2,320 | 2,899 | 579 |
| Total | 5,780 | 7,222 | 1,442 |
| Building Square Feet (000s) ³ | 1,283 | 5,173 | 3,890 |
| Employment ⁴ | | | |
| Commercial | 1,105 | 4,455 | 3,350 |
| Office | 1,318 | 5,314 | 3,996 |
| Industrial | 539 | 2,174 | 1,635 |
| Total | 2,962 | 11,943 | 8,981 |

¹ Current population from California Department of Finance (DOF).

Projection total for buildout from General Plan, Table LU 4.

² Current values from DOF. Total dwelling units at buildout is from the General Plan, Table LU 4.

³ Estimates of existing and projected building square footage from the City's General Plan "Realistic Buildout" Scenario in Table LU 4.

⁴ Base year from US Census OnTheMap Application and excludes local government workers. Total at buildout based on increasing total workers proportional to increase in projected building square footage from General Plan. Allocation to land uses at buildout based on current proportions.

Sources: Cudahy 2040, General Plan, 2017; California Department of Finance (DOF), Table E-5, 2020; U.S. Census Bureau, OnTheMap Application, <http://onthemap.ces.census.gov>, Willdan Financial Services.

Occupant Densities

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

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

The average occupant density factors used in this report are shown in **Table 2.2**. The residential density factors are based on data for Cudahy from the 2018 U.S. Census' American Community Survey, the most recent data available.

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

Table 2.2: Occupant Density

| | | |
|-----------------------|------|---------------------------------|
| <i>Residential</i> | | |
| Single Family | 4.40 | Residents Per Dwelling Unit |
| Multifamily | 3.90 | Residents Per Dwelling Unit |
| <i>Nonresidential</i> | | |
| Commercial | 2.00 | Employees per 1,000 square feet |
| Office | 2.37 | Employees per 1,000 square feet |
| Industrial | 1.12 | Employees per 1,000 square feet |

Sources: U.S. Census Bureau, 2018 American Community Survey 5-Year Estimates, Tables B25024 and B25033; The Natelson Company, Inc., Employment Density Study Summary Report, prepared for the Southern California Association of Governments, October 31, 2001, Los Angeles County data; Willdan Financial Services.

3. Traffic Facilities

This chapter summarizes an analysis of the need for transportation improvements, including intersection improvements, sidewalks, and roadway, to accommodate new development. The chapter documents a reasonable relationship between new development and the impact fee for funding of these facilities.

Trip Demand

The need for transportation facilities is based on the trip demand placed on the system by development. A reasonable measure of demand is the number of PM peak hour vehicle trips, adjusted for the type of trip. Vehicle trip generation rates are a reasonable measure of demand on the City's system of street improvements across all modes because alternate modes (transit, bicycle, pedestrian) often substitute for vehicle trips.

The two types of trips adjustments made to trip generation rates to calculate trip demand are described below:

- Pass-by trips are deducted from the trip generation rate. Pass-by trips are intermediates stops between an origin and a final destination that require no diversion from the route, such as stopping to get gas on the way to work.
- The trip generation rate is adjusted by the average length of trips for a specific land use category compared to the average length of all trips on the street system.

These adjustments allow for a holistic quantification of trip demand that takes trip purpose and length into account for fee calculation purposes.

Table 5.1 shows the calculation of trip demand factors by land use category based on the adjustments described above. Data is based on extensive and detailed trip surveys conducted in the San Diego region by the San Diego Association of Governments. It is reasonable to assume that traffic generation patterns are similar between the San Diego region and the Los Angeles region. The surveys provide one of the most comprehensive databases available of trip generation rates, pass-by trips factors, and average trip length for a wide range of land uses. It should be noted that the projections of current and future trip generation in this report are based on data specific to the City of Cudahy.

Table 3.1: Trip Rate Adjustment Factors

| | Primary Trips ¹ | Diverted Trips ¹ | Total Excluding Pass-by ¹ | Average Trip Length ² | Adjustment Factor ³ | ITE Category | PM Peak Hour Trips ⁴ | Trip Demand Factor ⁵ |
|---|----------------------------|-----------------------------|--------------------------------------|----------------------------------|--------------------------------|--------------------------------|---------------------------------|---------------------------------|
| | A | B | C = A + B | D | E = C x D | | F | G = E x F |
| <i>Residential</i> | | | | | | | | |
| Single Family | 86% | 11% | 97% | 7.9 | 1.11 | Single Family Housing (210) | 1.00 | 1.11 |
| Multifamily | 86% | 11% | 97% | 7.9 | 1.11 | Apartment (220) | 0.67 | 0.74 |
| <i>Nonresidential - per Employee</i> | | | | | | | | |
| Commercial | 47% | 31% | 78% | 3.6 | 0.41 | Shopping Center (820) | 1.89 | 0.77 |
| Office | 77% | 19% | 96% | 8.8 | 1.22 | General Office (710) | 0.45 | 0.55 |
| Industrial | 79% | 19% | 98% | 9.0 | 1.28 | General Light Industrial (110) | 0.68 | 0.87 |
| <i>Nonresidential - per 1,000 Sq. Ft.</i> | | | | | | | | |
| Commercial | 47% | 31% | 78% | 3.6 | 0.41 | Shopping Center (820) | 4.21 | 1.73 |
| Office | 77% | 19% | 96% | 8.8 | 1.22 | General Office (710) | 1.42 | 1.73 |
| Industrial | 79% | 19% | 98% | 9.0 | 1.28 | General Light Industrial (110) | 0.83 | 1.06 |

¹ Percent of total trips. Primary trips are trips with no midway stops, or "links". Diverted trips are linked trips whose distance adds at least one mile to the primary trip. Pass-by trips are links that do not add more than one mile to the total trip. Based on SANDAG data.

² In miles. Based on SANDAG data.

³ The trip adjustment factor equals the percent of non-pass-by trips multiplied by the average trip length and divided by the systemwide average trip length of 6.9 miles.

⁴ Trips per dwelling unit or per 1,000 building square feet.

⁵ The trip demand factor is the product of the trip adjustment factor and the trip rate.

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

Trip Growth

The planning horizon for this analysis is buildout. **Table 3.2** lists the 2020 and buildout land use assumptions used in this study. The trip demand factors calculated in Table 3.1 are multiplied by the existing and future dwelling units and employment to determine the increase in trips caused by new development.

Table 3.2: Citywide Land Use Scenario and Total Trips

| Residential | Trip Demand Factor | 2020 Units / Employees | | Growth 2020 to Buildout Units / Employees | | Total - Buildout Units / Employees | | Trips | |
|-------------------------------------|--------------------|------------------------------|-------|---|-------|--|--------|-------|--|
| | | | | | | | | | |
| <i>Residential - Dwelling Units</i> | | | | | | | | | |
| Single Family | 1.11 | 3,460 | 3,841 | 863 | 958 | 4,323 | 4,799 | | |
| Multifamily | 0.74 | 2,320 | 1,725 | 579 | 431 | 2,899 | 2,156 | | |
| Subtotal | | 5,780 | 5,566 | 1,442 | 1,389 | 7,222 | 6,955 | | |
| <i>Nonresidential - Employees</i> | | | | | | | | | |
| Commercial | 0.77 | 1,105 | 856 | 3,350 | 2,596 | 4,455 | 3,452 | | |
| Office | 0.55 | 1,318 | 724 | 3,996 | 2,193 | 5,314 | 2,917 | | |
| Industrial | 0.87 | 539 | 469 | 1,635 | 1,423 | 2,174 | 1,892 | | |
| Subtotal | | 2,962 | 2,049 | 8,981 | 6,212 | 11,943 | 8,261 | | |
| Total | | | 7,615 | | 7,601 | | 15,216 | | |
| | | | 50.0% | | 50.0% | | 100% | | |

Sources: Tables 2.1 and 3.1.

Planned Facilities

Table 3.3 summarizes the City's planned transportation projects from its Capital Improvement Program. The table also allocates a share of each project to the impact fee program. The allocation of 50-percent project responsibility is based on new development's share of total trips at the planning horizon, as shown in Table 3.2. Projects that do not expand capacity are not allocated to the fee program. In total, the City identified \$28.3 million of transportation projects, of which \$13.7 million has been allocated to new development through this impact fee.

Table 3.3: Transportation Project Costs and Allocation to New Development

| | Total Project Cost | Allocation to New Development | Cost Allocated to New Development |
|--|--------------------|-------------------------------|-----------------------------------|
| Wilcox Avenue Complete Streets and Safe Routes to School (SRTS) Project | \$ 1,344,000 | 50% | \$ 672,000 |
| Cecilia St., Ardine St., Patata St., and Atlantic Ave., Street Improvement Project | 915,000 | 0% | - |
| Clara Bridge Improvement Project – Phase I | 363,500 | 50% | 181,750 |
| Salt Lake Avenue Pedestrian Safety Enhancement Project | 396,500 | 50% | 198,250 |
| Cudahy Citywide Complete Streets Improvement Project (Atlantic Ave Improvements) | 3,237,598 | 50% | 1,618,799 |
| West Santa Ana Branch (Eco-Rapid) Light Rail project | 22,000,000 | 50% | 11,000,000 |
| Total | \$ 28,256,598 | | \$ 13,670,799 |

Sources: City of Cudahy Capital Improvement Projects Upcoming Projects for FY 2019/20 to FY 2021/22; City of Cudahy; Willdan Financial Services.

Cost Per Trip

Every impact fee consists of a dollar amount, or the cost of projects that can be funded by a fee, divided by a measure of development. In this case, all fees are first calculated as a cost per trip demand unit. Then these amounts are translated into housing unit (cost per dwelling unit) and nonresidential building space (cost per 1,000 building square feet) by multiplying the cost per trip by the trip generation rate for each land use category. These amounts become the fee schedule.

Table 3.5 calculates the cost the cost per trip demand unit by dividing the costs allocated to new development from Table 3.3 by the growth in trip demand from Table 3.2.

Table 3.4: Cost per Trip

| | |
|------------------------------------|---------------|
| Costs Allocated to New Development | \$ 13,670,799 |
| Growth in Trips | 7,601 |
| Cost per Trip | \$ 1,799 |

Sources: Tables 3.2 and 3.3.

Fee Schedule

Table 3.5 shows the maximum justified traffic facilities fee schedule. The maximum justified fees are based on the cost per trip shown in Table 3.4. The cost per trip is multiplied by the trip demand factors in Table 3.1 to determine a fee per unit of new development. The total fee includes a two-percent (2%) administrative charge to fund costs that include: a standard overhead charge applied to all City programs for legal, accounting, and other departmental and administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

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

Table 3.5: Traffic Facilities Impact Fee Schedule

| Land Use | A | B | C = A x B | | D = C x 0.02 | E = C + D | E / 1,000 |
|--|---------------|------------------------|-----------------------|------------------------------|------------------------|-----------------|-----------|
| | Cost Per Trip | PM Peak Hour Trip Rate | Base Fee ¹ | Admin Charge ^{1, 2} | Total Fee ¹ | Fee per Sq. Ft. | |
| <i>Residential - per Dwelling Unit</i> | | | | | | | |
| Single Family | \$ 1,799 | 1.11 | \$ 1,997 | \$ 40 | \$ 2,037 | | |
| Multifamily | 1,799 | 0.74 | 1,338 | 27 | 1,365 | | |
| <i>Nonresidential - per Building Square Feet</i> | | | | | | | |
| Commercial | \$ 1,799 | 1.73 | \$ 3,112 | \$ 62 | \$ 3,174 | \$ 3.17 | |
| Office | 1,799 | 1.73 | 3,112 | 62 | 3,174 | 3.17 | |
| Industrial | 1,799 | 1.06 | 1,907 | 38 | 1,945 | 1.95 | |

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

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

Sources: Tables 3.1 and 3.5; Willdan Financial Services.

4. Parks and Recreation Facilities

The purpose of the parks and recreation facilities impact fee is to fund the park facilities needed to serve new development. The maximum justified impact fee is presented based on the existing plan standard of and park and recreation facilities per capita.

The following chapter documents the nexus analysis, demonstrating the need for new parks, recreation, and community center facilities demanded by new development.

Service Population

Table 4.1 shows the existing and future projected service population for park facilities from 2020 through the planning horizon of buildout. Population growth is projected using the demographic assumptions in Table 2.1.

Table 4.1: Park and Recreation Facilities Service Population

| | Residents |
|---------------------------|------------------|
| Existing (2020) | 24,164 |
| Growth (2020 to Buildout) | <u>6,443</u> |
| Total (Buildout) | 30,607 |

Source: Table 2.1.

Existing Parkland and Park Facilities Inventory

The City of Cudahy maintains several parks and recreation facilities throughout the city. **Table 4.2** summarizes the City's existing parkland inventory in 2020. All facilities are owned by the City, or the City has a joint use agreement for their use. In total, the inventory includes a total of 16.77 acres of parkland.

Table 4.2: Park Land Inventory

| Name | Developed Acres |
|-----------------------------|------------------------|
| Cudahy Park | 7.74 |
| Clara Street Park | 4.08 |
| Clara Street Park Expansion | 0.71 |
| Lugo Park | 4.24 |
| River Road Pocket Park | <u>0.25</u> |
| Total - Parkland | 16.77 |

Source: City of Cudahy.

Table 4.3 summarizes the City's inventory of park buildings and special facilities. The total value of these facilities is divided by the total developed park acres to determine the value of existing park buildings per acre.

Table 4.3: Park Building and Special Use Facilities Inventory

| | Inventory Units | Unit Cost | Replacement Cost |
|---|-----------------|-----------|------------------|
| Bedwell Hall | 7,446 Sq. Ft. | 266 | \$ 1,978,809 |
| Clara Street Park | 25,448 Sq. Ft. | 173 | 4,397,347 |
| Lugo Park Community Center | 15,228 Sq. Ft. | 101 | 1,542,096 |
| | 48,122 | | \$ 7,918,252 |
| Total Park Acres | | | 16.77 |
| Building and Special Use Facilities Cost per Acre | | | \$ 472,074 |

Sources: City of Cudahy; Table 4.2, Willdan Financial Services.

Parkland and Park Facilities Unit Costs

Table 4.4 displays the unit costs necessary to develop parkland in Cudahy. The buildings and special use facilities cost per acre from Table 4.3 is added to the cost of an acre of standard park improvements to determine the total improvement cost per acre. A value of \$2.5 million per acre for land is based on data regarding recent sales of land in the City, as reported by CoStar, and several appraisals that the City recently commissioned. The land value per acre is also consistent with other land value assumptions used in this report. In total, this analysis assumes that it costs \$3.8 million to acquire and develop an acre of parkland in Cudahy.

Table 4.4: Park Facilities Unit Costs

| | Cost Per Acre | Share of Total Costs |
|---|---------------------|-------------------------|
| <i>Improvements</i> | | |
| Standard Park Improvements ¹ | \$ 748,000 | |
| Building and Special Use Facilities | <u>472,074</u> | |
| Subtotal | \$ 1,220,074 | 33% |
| <i>Land Acquisition</i> | | |
| | <u>\$ 2,533,000</u> | <u>67%</u> |
| Total Cost per Acre | \$ 3,753,074 | 100% |

¹ Improvement costs are estimated at \$748,000 per acre for site improvements (curbs, gutters, water, sewer, and electrical access), plus basic park and school field amenities such as basketball or tennis court, parking, tot lot, irrigation, turf, open green space, pedestrian paths, and picnic tables. Excludes special use facilities such as recreation centers, structures and pools.

Sources: San Diego County Parks and Recreation: Prototypical Park Cost Estimate; Table 4.3, Willdan Financial Services.

Parkland and Park Facility Standards

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

The most common measure in calculating new development's demand for parks is the ratio of park acres per resident. In general, facility standards may be based on the Mitigation Fee Act (using a city's existing inventory of parkland and park facilities), or an adopted policy standard contained in a master facility plan or general plan. Facility standards may also be based on a land dedication standard established by the Quimby Act.² In this case, the City will use the Mitigation Fee Act to impose park impact fees for development not occurring in subdivisions and will use the Quimby Act for development occurring in subdivisions.

Mitigation Fee Act

The Mitigation Fee Act does not dictate use of a particular type or level of facility standard for public facilities fees. To comply with the findings required under the law, facility standards must not burden new development with any cost associated with facility deficiencies attributable to existing development.³ A simple and clearly defensible approach to calculating a facility standard is to use the City's existing ratio of park acreage per 1,000 residents. Under this approach, new development is required to fund new parkland and park facilities at the same level as existing residents have provided those same types of facilities to date.

² California Government Code §66477.

³ See the *Benefit and Burden* findings in *Background Report*.

Quimby Act

The Quimby Act specifies that the dedication requirement must be a minimum of 3.0 acres and a maximum of 5.0 acres per 1,000 residents. A jurisdiction can require residential developers to dedicate above the three-acre minimum if the jurisdiction's existing park standard at the time it adopted its Quimby Act ordinance justifies the higher level (up to five acres per 1,000 residents). The standard used must also conform to the jurisdiction's adopted general or specific plan standards.

The Quimby Act only applies to land subdivisions. The Quimby Act would not apply to residential development on future approved projects on single parcels, such as apartment complexes and other multifamily development.

The Quimby Act allows payment of a fee in lieu of land dedication. The fee is calculated to fund acquisition of the same amount of land that would have been dedicated.

The Quimby Act allows use of in-lieu fee revenue for any park or recreation facility purpose. Allowable uses of this revenue include land acquisition, park improvements including recreation facilities, and rehabilitation of existing park and recreation facilities.

City of Cudahy Parkland and Park Facilities Standards

Table 4.5 shows the existing standard for improved park acreage per 1,000 residents based on the type of parkland. In total the City has an existing parkland standard of 0.69 acres per 1,000 residents, which allows the City to charge at 3.0 acres per 1,000 residents under the Quimby Act. For development not subject to the Quimby Act, the fee analysis in this report will be based on maintaining a 0.69 acre per 1,000 service population standard as new development adds demand for parks in Cudahy.

Table 4.5: Parkland Standards

| | |
|---|--------|
| Developed Park Acreage | 16.77 |
| Service Population (2020) | 24,164 |
| Existing Standard (Acres per 1,000 Residents) | 0.69 |
| Quimby Act Standard (Acres per 1,000 Residents) | 3.00 |

Sources: Tables 4.1 and 4.2.

Facilities Needed to Accommodate New Development

Table 4.6 shows the park facilities needed to accommodate new development at the existing standard and the Quimby standard, respectively. To achieve the standard by the planning horizon, depending on the amount of development subject to the Quimby Act, new development must fund the purchase and improvement of between 4.45 and 19.33 parkland acres, at a total cost ranging between \$14.6 million and \$52.3 million.

The facility standards and resulting fees under the Quimby Act are higher, because development will be charged to provide 3.0 acres of parkland per 1,000 residents, and 0.69 acres of improvements, whereas development not subject to the Quimby Act will be charged to provide only 0.69 acres of parkland per 1,000 service population, and 0.69 acres of improvements.

Table 4.6: Park Facilities to Accommodate New Development

| | Calculation | Parkland | Improvements | Total Range ¹ |
|---|-------------------------|---------------|--------------|--------------------------|
| <i>Parkland (Quimby Act), Improvements (Mitigation Fee Act)²</i> | | | | |
| Facility Standard (acres/1,000 capita) | A | 3.00 | 0.69 | |
| Service Population Growth (2020 to Buildout) | B | 6,443 | 6,443 | |
| Facility Needs (acres) | $C = A \times B / 1000$ | 19.33 | 4.45 | |
| Average Unit Cost (per acre) | D | \$ 2,533,000 | \$ 748,000 | |
| Total Cost of Facilities | $E = C \times D$ | \$ 48,963,000 | \$ 3,329,000 | \$ 52,292,000 |
| <i>Parkland and Improvements - Mitigation Fee Act³</i> | | | | |
| Facility Standard (acres/1,000 capita) | A | 0.69 | 0.69 | |
| Service Population Growth (2020 to Buildout) | B | 6,443 | 6,443 | |
| Facility Needs (acres) | $C = A \times B / 1000$ | 4.45 | 4.45 | |
| Average Unit Cost (per acre) | D | \$ 2,533,000 | \$ 748,000 | |
| Total Cost of Facilities | $E = C \times D$ | \$ 11,272,000 | \$ 3,329,000 | \$ 14,601,000 |

Note: Totals have been rounded to the thousands.

¹ Values in this column show the range of the cost of parkland acquisition and development should all development be either subject to the Quimby Act, or to the Mitigation Fee Act, respectively.

² Cost of parkland to serve new development shown if all development is subject to the Quimby Act (Subdivisions of 50 units or more). Parkland charged at 3.0 acres per 1,000 residents; improvements charged at the existing standard.

³ Cost of parkland to serve new development shown if all development is subject to the Mitigation Fee Act. Parkland and improvements are charged at the existing standard.

Sources: Tables 4.1, 4.3, and 4.5.

Parks Cost per Capita

Table 4.7 shows the cost per capita of providing new parkland and park facilities at the existing facility standard, and at the Quimby standard. The cost per capita is shown separately for land and improvements. The cost per capita is shown separately for land and improvements. The costs per capita in this table will serve as the basis of three fees:

- A Quimby Act Fee in-lieu of land dedication. This fee is payable by residential development occurring in subdivisions. A Mitigation Fee Act Fee for land acquisition. This fee is payable by residential development not occurring in subdivisions.
- A Mitigation Fee Act Fee for parkland improvements. This fee is payable by all residential development.

A development project pays either the Quimby Act Fee in-lieu of land dedication, or the Mitigation Fee Act Fee for land acquisition, not both. All development projects pay the Mitigation Fee Act Fee for park improvements.

Table 4.7: Park Facilities Investment Per Capita

| | Calculation | <u>Land</u> | | <u>Improvements</u> | | |
|--|------------------|--------------|------|---------------------|------|--------------|
| | | Quimby Fee | OR | Impact Fee | AND | Impact Fee |
| Parkland Investment (per acre) | A | \$ 2,533,000 | | \$ 2,533,000 | | \$ 1,220,074 |
| Existing Standard (acres per 1,000 capita) | B | | 3.00 | | 0.69 | |
| Total Cost Per 1,000 capita | $C = A \times B$ | \$ 7,599,000 | | \$ 1,747,800 | | \$ 841,900 |
| Cost Per Resident | $D = C / 1,000$ | \$ 7,599 | | \$ 1,748 | | \$ 842 |

Sources: Tables 4.4 and 4.5.

Use of Fee Revenue

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

Fee Schedule

In order to calculate fees by land use type, the investment in park facilities is determined on a per resident basis for both land acquisition and improvement. These investment factors (shown in Table 4.7) are investment per capita based on the unit cost estimates and facility standards.

Tables 4.8 and **4.9** show the park facilities fee based on the minimum Quimby standard and the existing standard, respectively. The City would collect the fee based on only one of the two approaches as appropriate. Each fee includes a component for park improvements based on the City's existing standard. The investment per capita is converted to a fee per dwelling unit.

The total fee includes an administrative charge to fund costs that include: (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Table 4.8: Park Facilities Impact Fee Schedule - Quimby

| Land Use | A | B | C = A x B | D = C x 0.02 | E = C + D |
|----------------------|-----------------|---------|--------------|---------------------------|--------------|
| | Cost Per Capita | Density | Base Fee | Admin Charge ¹ | Total Fee |
| <i>Single Family</i> | | | | | |
| Parkland | \$ 7,599 | 4.40 | \$ 33,436 | \$ 669 | \$ 34,105 |
| Improvements | <u>842</u> | 4.40 | <u>3,705</u> | <u>74</u> | <u>3,779</u> |
| Total | \$ 8,441 | | \$ 37,141 | \$ 743 | \$ 37,884 |
| <i>Multifamily</i> | | | | | |
| Parkland | \$ 7,599 | 3.90 | \$ 29,636 | \$ 593 | \$ 30,229 |
| Improvements | <u>842</u> | 3.90 | <u>3,284</u> | <u>66</u> | <u>3,350</u> |
| Total | \$ 8,441 | | \$ 32,920 | \$ 659 | \$ 33,579 |

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

Sources: Tables 2.2 and 4.7; Willdan Financial Services.

Table 4.9: Park Facilities Impact Fee Schedule - Mitigation Fee Act

| Land Use | A | B | C = A x B | D = C x 0.02 | E = C + D |
|----------------------|-----------------|---------|--------------|---------------------------|--------------|
| | Cost Per Capita | Density | Base Fee | Admin Charge ¹ | Total Fee |
| <i>Single Family</i> | | | | | |
| Parkland | \$ 1,748 | 4.40 | \$ 7,691 | \$ 154 | \$ 7,845 |
| Improvements | <u>842</u> | 4.40 | <u>3,705</u> | <u>74</u> | <u>3,779</u> |
| Total | \$ 2,590 | | \$ 11,396 | \$ 228 | \$ 11,624 |
| <i>Multifamily</i> | | | | | |
| Parkland | \$ 1,748 | 3.90 | \$ 6,817 | \$ 136 | \$ 6,953 |
| Improvements | <u>842</u> | 3.90 | <u>3,284</u> | <u>66</u> | <u>3,350</u> |
| Total | \$ 2,590 | | \$ 10,101 | \$ 202 | \$ 10,303 |

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

Sources: Tables 2.2 and 4.7; Willdan Financial Services.

5. General Government Facilities

The purpose of this fee is to ensure that new development funds its fair share of general government facilities. A fee schedule is presented based on the existing facilities standard of general government facilities in the City of Cudahy to ensure that new development provides adequate funding to meet its needs.

Service Population

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

Table 5.1 shows the existing and future projected service population for general government facilities. While specific data is not available to estimate the actual ratio of demand per resident to demand by businesses (per worker) for this service, it is reasonable to assume that demand for these services is less for one employee compared to one resident, because nonresidential buildings are typically occupied less intensively than dwelling units. The 0.31-weighting factor for workers is based on a 40-hour workweek divided by the total number of non-work hours in a week (128) and reflects the degree to which nonresidential development yields a lesser demand for general government facilities.

**Table 5.1: General Government Facilities
Service Population**

| | A Persons | B Weighting Factor | A x B = C Service Population |
|---|--------------|--------------------------|------------------------------------|
| <i><u>Residents</u></i> | | | |
| Existing (2020) | 24,164 | 1.00 | 24,164 |
| New Development | 6,443 | 1.00 | 6,443 |
| Total (Buildout) | 30,607 | | 30,607 |
| <i><u>Workers</u></i> | | | |
| Existing (2020) | 2,962 | 0.31 | 918 |
| New Development | 8,981 | 0.31 | 2,784 |
| Total (Buildout) | 11,943 | | 3,702 |
| <i><u>Combined Residents and Weighted Workers</u></i> | | | |
| Existing (2020) | | | 25,082 |
| New Development | | | 9,227 |
| Total (Buildout) | | | 34,309 |

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

Sources: Table 2.1; Willdan Financial Services.

Existing Facility Inventory

This study uses the existing standard methodology to calculate fees for general government facilities. The general government inventory is comprised of City Hall, the City's Maintenance Yard and the Emergency Operations Center. The land acquisition cost estimate is based on an analysis of sales of land within Cudahy since May 2018, as reported by CoStar and several appraisals that the City recently commissioned. The assumed value of each building is based on information from the City's insurance documents.

Table 5.2: Existing General Government Facilities

| | Inventory | Units | Unit Cost | Replacement Cost |
|-----------------------------------|-----------|---------|-------------|------------------|
| <i>City Hall</i> | | | | |
| Land | 0.60 | acres | \$2,533,000 | \$ 1,529,000 |
| Building | 10,600 | sq. ft. | 442 | <u>4,682,072</u> |
| Subtotal | | | | \$ 6,211,072 |
| Maintenance Yard | 5,150 | sq. ft. | \$ 101 | \$ 521,526 |
| EOC | 974 | sq. ft. | 101 | <u>98,634</u> |
| | | | | \$ 620,160 |
| <i>Vehicles and Equipment</i> | | | | |
| Computer Network System | | | | \$ 112,700 |
| Vehicles | | | | <u>854,500</u> |
| Subtotal | | | | \$ 967,200 |
| Total Value - Existing Facilities | | | | \$ 7,798,432 |

Sources: City of Cudahy; Willdan Financial Services.

Facility Standard

Table 5.3 shows the existing per capita investment in general government facilities. This value is calculated by dividing cost of existing facilities by the existing service population. The value per capita is multiplied by the worker weighting factor of 0.31 to determine the value per worker.

**Table 5.3: General Government Facilities
Existing Standard**

| | |
|---|---------------|
| Value of Existing Facilities | \$ 7,798,432 |
| Existing Service Population | <u>25,082</u> |
| Cost per Capita | \$ 311 |
| Facility Standard per Resident | \$ 311 |
| Facility Standard per Worker ¹ | 96 |

¹ Based on a weighing factor of 0.31.

Sources: Tables 5.1 and 5.2.

Fee Revenue Projection

The City plans to use general government facilities fee revenue to construct improvements to add to the system of general government facilities to serve new development. **Table 5.4** details a projection of fee revenue, based on the service population growth increment identified in Table 5.1.

Table 5.4: Revenue Projection - Existing Standard

| | |
|---|--------------|
| Cost per Capita | \$ 311 |
| Growth in Service Population (2020 to Buildout) | <u>9,227</u> |
| Projected Fee Revenue | \$ 2,869,597 |

Sources: Tables 5.1 and 5.3.

Fee Schedule

Table 5.5 shows the maximum justified general government fee schedule. The City can adopt any fee up to this amount. The cost per capita is converted to a fee per unit of new development based on dwelling unit and employment densities (persons per dwelling unit or employees per 1,000 square feet of nonresidential building space). The total fee includes a two-percent (2.0%) administrative charge to fund costs that include: a standard overhead charge applied to City programs for legal, accounting, and other departmental and administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting and mandated public reporting.

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

Table 5.5: General Government Facilities Fee - Existing Standard

| Land Use | A | B | $C = A \times B$ | $D = C \times 0.02$ | $E = C + D$ | $F = E / 1,000$ |
|---|--------------------|---------|-----------------------|---------------------------------|------------------------|--------------------|
| | Cost Per Capita | Density | Base Fee ¹ | Admin Charge ^{1, 2} | Total Fee ¹ | Fee per Sq. Ft. |
| <i>Residential - per Dwelling Unit</i> | | | | | | |
| Single Family | \$ 311 | 4.40 | \$ 1,368 | \$ 27 | \$ 1,395 | |
| Multifamily | 311 | 3.90 | 1,213 | 24 | 1,237 | |
| <i>Nonresidential - per 1,000 Sq. Ft.</i> | | | | | | |
| Commercial | \$ 96 | 2.00 | \$ 192 | \$ 4 | \$ 196 | \$ 0.20 |
| Office | 96 | 2.37 | 228 | 5 | 233 | 0.23 |
| Industrial | 96 | 1.12 | 108 | 2 | 110 | 0.11 |

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

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

Sources: Tables 2.2 and 5.3.

6. Parking Facilities In-Lieu Fee

The purpose of the parking in-lieu fee is to provide developers with an option to pay an established fee rather than provide the parking spaces onsite required by the Cudahy Municipal Code zoning requirements. The cost of planned facilities to accommodate the parking spaces otherwise required on site as part of projects determines the maximum justified Parking In-Lieu Fee. This chapter presents the nexus analysis, showing the need and projected cost of parking facilities to maintain the overall parking availability in Cudahy in accordance with the zoning requirements.

Parking Requirements

Table 6.1 shows the City of Cudahy parking requirements for residential and nonresidential development. Refer to the City’s Municipal Code, section 20.80.110 for the full requirements as specific by the municipal code.

Table 6.1: Parking Requirements

| | Required Parking Spaces per Unit ¹ |
|------------------------------------|--|
| <i>Dwelling Units</i> | |
| Single Family | 2.0 |
| Multifamily | 2.5 |
| Total | |
| <i>Building Square Feet (000s)</i> | |
| Commercial | 5.0 |
| Office | 4.0 |
| Industrial | 2.5 |
| Total | |

¹Cudahy Municipal Code requires one space per 200 square feet of Commercial ("Business, General"), per 250 square feet of office, or per 400 square feet of industrial. Refer to Municipal Code section 20.80.110 for full list of requirements.

Source: City of Cudahy Municipal Code Section 20.80.110.

Parking Facilities Unit Costs

Table 6.2 details the unit cost per parking space to develop multistory above ground parking structures in Cudahy. The municipal code mandated parking space of nine by twenty feet (9' x 19') requires one hundred and seventy one square feet (171 square feet) of floor space and additional ninety square feet (90 square feet) of space for entries, exits, ramps and circulation. A prototypical four-story parking garage requires sixty-five square feet (65 square feet) of land per parking space. Table 6.2 calculates typical construction cost in Los Angeles County for a multistory parking garage and land acquisition cost in the City of Cudahy to determine a facility unit cost per city parking space of \$28,598.

Table 6.2: Parking Facility Unit Costs

| | Parking Space ¹ | Unit Cost per Sq. Ft. ² | Total Cost Per Space |
|---|----------------------------|------------------------------------|----------------------|
| <i>Aboveground Parking Facility³</i> | | | |
| Construction | 261 Sq. ft. | \$ 95 | \$ 24,804 |
| Land | 65 Sq. ft. | 58 | 3,794 |
| Total | | | \$ 28,598 |

¹ Cudahy Municipal Code requires 171 sqft (9' x 19') for standard parking spaces. Circulation and entry/exit assumes 90 square feet per space, total 261 square feet.

² Comparable facility cost 2014, building construction inflation adjusted to 2019.

³ Prototypical 4 story parking structure, larger or smaller structure would change ratio of parking spaces to land use.

Sources: City of Cudahy Municipal Code Section 20.80.030; UCLA: Parking: Issues and Policies Transport and Sustainability, Volume 5, 2014; Willdan Financial Services.

Use of Fee Revenue

The City plans to use parking in lieu fee revenue to purchase land and construct improvements to add to parking space inventory. The City may only use parking in lieu fee revenue to provide facilities and intensify usage of existing facilities needed to serve new development.

Fee Schedule

Table 6.3 shows the maximum justified parking in-lieu fee schedule per required parking space. The maximum justified fees are based on the cost per parking space shown in Table 6.2. The cost per space can be used to determine the fee for projects that meet a fraction of the on-site parking space requirement. The total fee includes a two percent (2%) administrative charge to fund costs that include: a standard overhead charge applied to all City programs for legal, accounting, and other departmental and administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

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

Table 6.3: Maximum Justified Parking In Lieu Fee Schedule

| | $C = A \times B$ | | $D = C \times 0.02$ | $E = C + D$ |
|----------------|------------------------|------------------------------|------------------------------|-------------|
| | Base | Admin | | |
| | Fee¹ | Charge^{1, 2} | Total Fee¹ | |
| Cost per Space | \$28,598 | \$ 572 | \$ 29,170 | |

¹ Fee in lieu of providing a parking space onsite. Cudahy Municipal Code requires one space per 200 square feet of Commercial ("Business, General"), per 250 square feet of office, or per 400 square feet of industrial. Refer to Municipal Code section 20.80.110 for full list of requirements.

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

Sources: Tables 6.1 and 6.2; Willdan Financial Services.

7. Art in Public Places

The Cudahy City Council requested an art in public places ordinance to expand the City's artistic and cultural resources by enhancing the environment and quality of life as new development occurs.

To comply with the proposed ordinance, a project would include a publicly accessible civic artwork valued at one percent of the project's building valuation. The developer may choose instead to contribute an in-lieu fee to the art in public places fund valued at one percent of the building valuation.

All new residential developments of four or more units, public and institutional buildings and all commercial, office, and industrial development projects with a construction value equal to or exceeding \$100,000 are subject to the fee.

A fee of one percent of construction value is a reasonable and commonly used by jurisdictions for art in public places fees. The one percent fee will always reflect the current price of construction, which is a direct measure of inflation. Because the fee is based on a cost that will always reflect the status of the local economy, the fee essentially updates itself annually.

8. Implementation

Impact Fee Program Adoption Process

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

Inflation Adjustment

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

- ◆ Buildings – Engineering News-Record's Building Cost Index (BCI)
- ◆ Equipment – Consumer Price Index, All Items, 1982-84=100 for All Urban Consumers (CPI-U)

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

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

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

Reporting Requirements

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

Table 8.1 summarizes the annual and five-year reporting requirements.

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

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

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

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

Programming Revenues and Projects with the CIP

The City maintains a Capital Improvement Program (CIP) to plan for future infrastructure needs. The CIP identifies costs and phasing for specific capital projects. The use of the CIP in this manner documents a reasonable relationship between new development and the use of those revenues.

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

Reimbursements

For some facility categories, particularly park facilities, developers occasionally dedicate parkland and construct facilities in lieu of paying the development impact fee. If a developer builds parkland that exceeds the development's share of needed facilities, that developer should be reimbursed for facilities created above and beyond that development's impact. However, we recommend that the City' reimburse the difference based on a) the costs identified in the most recent CIP, and b) at the time that the City would be building the improvement had the development not occurred. By following these guidelines, the City will not be unfairly burdened with unanticipated costs.

9. Mitigation Fee Act Findings

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

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

Purpose of Fee

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

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

Use of Fee Revenues

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

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

Benefit Relationship

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

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

Burden Relationship

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

Facilities need is based on a facility standard that represents the demand generated by new development for those facilities. For each facility category, demand is measured by a single facility standard that can be applied across land use types to ensure a reasonable relationship to the type of development. For traffic facilities this standard is expressed as a cost per trip. For parks and recreation facilities this standard is expressed as a cost per resident. For general government facilities this standard is expressed as a cost per capita. For parking facilities, the standard is based on parking requirements from the City's municipal code.

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

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

Proportionality

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

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

See *Chapter 2, Growth Forecasts*, *Chapter 3, Trip Growth* or the *Service Population* section of Chapters 4 and 5 in each facility category chapter for a description of how service populations or other factors are determined for different types of land uses. See the *Fee Schedule* section of each facility category chapter for a presentation of the proposed facilities fees