CITY OF COMMERCE

DEVELOPMENT IMPACT FEE STUDY

FINAL DRAFT

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TABLE OF CONTENTS

Executive Summary

This report summarizes an analysis of development impact fees needed to support future development in the City of Commerce through 2040. 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:

- General Government Facilities
- Parks and Recreation Facilities
- Transportation Facilities

Background and Study Objectives

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

The City 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 a 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 preliminary planned facilities to be funded with fees are identified in the fee study. Specific 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 general government facilities and parks and recreation facilities fees in this report.

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

The **system plan** approach is based on a master facilities 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

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, 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 City can adopt any amount up to this but cannot exceed this fee schedule.

Table E.1: Maximum Justified Impact Fee Summary

Land Use	Transportation Facilities	General Government	Parks and Recreation Facilities	Total - Maximum Justified
Residential - Fee per Dwelling Unit				
Single Family	$ 6,807	$ 6,225	$ 21,790	$ 34,822
Multifamily	4,194	4,155	14,546	22,895
Nonresidential - Fee per 1,000 Sq. Ft.				
Commercial	$ 9,299	$ 1,007	$ 1,141	$ 11,447
Office	11,062	1,180	1,339	13,581
Industrial	1,459	558	632	2,649

Sources: Tables 3.5, 4.5 and 5.8.

Other Funding Needed

Impact fees may only fund the share of public facilities related to new development in Commerce. 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 $222.5 million in additional funding will be needed to complete the facility projects the City currently plans to develop. The "Additional Funding Required" column shows non-impact fee funding required to fund a share of the improvements partially funded by impact fees. Non-fee funding is needed because these facilities are needed partially to remedy existing deficiencies and partly to accommodate new development.

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

Table E.2: Non-Impact Fee Funding Required

Facility Category	Total Project Cost	Projected Impact Fee Revenue	Additional Funding Required
Traffic	$ 195,000,000	$ 11,889,154	$ 183,110,846
General Government	36,235,800	2,517,000	33,718,800
Parks and Recreation	4,953,900	4,953,900	-
Total	$ 236,189,700	$ 19,360,054	$ 216,829,646

Sources: Tables 3.3, 3.4, 4.3, 4.6, and 5.6.

1. Introduction

This report presents an analysis of the need for public facilities to accommodate new development in the City of Commerce. 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 Commerce 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 30 years has steadily undercut the financial capacity of local governments to fund infrastructure. Three dominant trends stand out:

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

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

Study Objectives

The primary policy objective of a public facilities fee program is to ensure that new development pays the capital costs associated with growth. The City's General Plan states: "The city will explore strategies to ensure that the public does not bear an undue burden associated with new development." *General Plan Transportation Policy 4.2* states "The city of Commerce will evaluate the feasibility of forming assessment districts, development fees, or other measures to acquire funds needed for street and traffic-related improvements." The primary purpose of this report is to provide the findings to establish the City's impact fees based on the most current available facility plans and growth projections. The proposed fees will enable the City to expand its inventory of public facilities as new development leads to increases in service demands. This report supports the General Plan policies stated above.

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 presented in this report.

Commerce is forecast to moderate growth through this study's planning horizon of 2040. This growth will create an increase in demand for public services and the facilities required to deliver them. Given the revenue challenges described above, Commerce 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 update the City's existing fee program to ensure that the fee program accurately represents the facility needs resulting from new development.

Fee Program Maintenance

Once a fee program has been adopted it must be properly maintained to ensure that the revenue collected adequately funds the facilities needed by new development. To avoid collecting inadequate revenue, the inventories of existing facilities and costs for planned facilities must be updated periodically for inflation, and the fees recalculated to reflect the higher costs. The use of established indices for each facility included in the inventories (land, buildings, and equipment), such as the *Engineering News-Record*, is necessary to accurately adjust the impact fees. For a list of recommended indices, see Chapter 6.

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 6.

Study Methodology

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

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

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

Types of Facility Standards

There are three separate components of facility standards:

- *Demand standards* determine the amount of facilities required to accommodate growth, for example, park acres per thousand residents, square feet of library space

per capita, or gallons of water per day. Demand standards may also reflect a level of service such as the vehicle volume-to-capacity (V/C) ratio used in traffic planning.

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

New Development Facility Needs and Costs

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

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

Existing Inventory Method

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

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

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

Planned Facilities Method

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

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

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

Under this method new development will fund the expansion of facilities at the standards used in the applicable planning documents. This approach is used for the transportation facilities fees.

System Plan Method

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

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

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

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

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

- General Government Facilities
- Parks and Recreation Facilities
- Transportation Facilities

Chapter 6 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 7.

2. Growth Forecasts

Growth projections are used as indicators of demand to determine facility needs and allocate those needs between existing and new development. This chapter explains the source for the growth projections used in this study based on a 2018 base year and a planning horizon of 2040. The use of 2040 as a planning horizon is consistent with regional planning documents.

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

- The estimate of existing development in 2018 is used as an indicator of existing facility demand and to determine existing facility standards.
- The estimate of total development at the 2040 planning horizon is used as an indicator of future demand to determine total facilities needed to accommodate growth and remedy existing facility deficiencies, if any.
- Estimates of growth from 2018 through 2040 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. Includes single family homes and townhomes.
- **Multifamily:** All attached multi-family dwellings including duplexes and condominiums.
- **Commercial:** All commercial, retail, educational, institutional and hotel/motel development.
- **Office:** All general, professional, and medical office development.
- **Industrial:** All manufacturing and other industrial development.

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

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

Existing and Future Development

Table 2.1 shows the estimated number of residents, dwelling units, employees, and building square feet in Commerce, both in 2018 and in 2040. The base year estimates of residents and dwelling units comes from the California Department of Finance. Future dwelling units are based on data from the Southern California Association of Government's (SCAG) Regional

Transportation Plan, with the growth increment increased by 15% based on direction from City staff. The buildout projection of residents also from SCAG's Regional Transportation Plan and has also had the growth increment increased by 15% based on direction from City staff.

Nonresidential base year estimates are from the US Census Bureau's OnTheMap application for primary jobs. Total future employees were estimated based on the SCAG RTP Growth Forecast, with the growth increment increased by 15% based on direction from City staff and allocated to the nonresidential land use categories based on the current proportions.

Table 2.1: Demographic Assumptions

	2018	2040	Increase
Residents[1]	13,000	13,575	575
Dwelling Units[2]			
Single Family	2,706	2,800	94
Multifamily	766	819	53
Total	3,472	3,619	147
Building Square Feet (000s)[3]			
Commercial	10,729	11,461	732
Office	4,169	4,454	285
Industrial	13,174	14,073	899
Total	28,072	29,988	1,916
Employment[4]			
Commercial	21,692	23,172	1,480
Office	9,889	10,564	675
Industrial	14,769	15,777	1,008
Total	46,350	49,513	3,163

Note: Figures have been rounded to the hundreds.

[1] Current population for Commerce from California Department of Finance (DOF). 2040 projection from SCAG increased by 15% based on City direction.

[2] Current values from DOF. Projection total for 2040 based on SCAG 2016 projections with growth increment increased by 15% based on City direction, and allocated to single and multifamily based on existing shares.

[3] Equivalent building square footage estimated by dividing employees by occupancy density factors.

[4] Estimate of 46,812 total workers in Commerce from US Census' OnTheMap.ces.census.gov. 462 local government workers are further excluded from that figure. Estimates of workers in 2040 from SCAG with growth increment increased by 15% based on City direction and allocated to land uses based on current proportions.

Sources: California Department of Finance (DOF), Table E-5, 2018; 2016-2040 RTP/SCS Final Growth Forecast by Jurisdiction; U.S. Census Bureau, LEHD Origin-Destination Employment Statistics (2015) accessed at https://onthemap.ces.census.gov; Willdan Financial Services.

Occupant Densities

All fees in this report are calculated based on dwelling units or nonresidential 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 Commerce from the 2015 U.S. Census' American Community Survey.

The nonresidential occupancy factors are based on occupancy factors found in the *Employment Density Study Summary Report*, prepared for the Southern California Association of Governments by the Natelson Company. The specific factors used in this report were derived from data specific to Los Angeles County. See **Appendix Table A.2** for a derivation of employment density factors based on the Natelson data.

Table 2.2: Occupant Density

Residential		
Single Family	3.88	Residents Per Dwelling Unit
Multifamily	2.59	Residents Per Dwelling Unit
Nonresidential		
Commercial	2.02	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, 2011-2015 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; Appendix Table A.2, Willdan Financial Services.

3. Transportation Facilities

This chapter summarizes an analysis of the need for transportation facilities 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 average daily 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:

1) 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.

2) 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 estimate of trip demand that takes trip purpose and length into account for fee calculation purposes. **Table 3.1** 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. 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 Commerce.

Table 3.1: Trip Rate Adjustment Factors

	Primary Trips[1]	Diverted Trips[1]	Total Excluding Pass-by[1]	Average Trip Length[2]	Adjust-ment Factor[3]	ITE Category	PM Peak Hour Trips[4]	Trip Demand Factor[5]
	A	*B*	*C = A + B*	D	*E = C x D*		*F*	*G = E x F*
Residential								
Single Family	86%	11%	97%	7.9	1.11	Single Family Housing (210)	1.01	1.12
Multi-family	86%	11%	97%	7.9	1.11	Apartment (220)	0.62	0.69
Nonresidential								
Commercial	47%	31%	78%	3.6	0.41	Shopping Center (820)	3.73	1.53
Office	77%	19%	96%	8.8	1.22	General Office Building (710)	1.49	1.82
Industrial	79%	19%	98%	9.0	1.28	General Light Industrial (110)	0.19	0.24

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

[2] In miles. Based on SANDAG data.

[3] The trip adjustment factor equals the percent of non-pass-by trips multiplied by the average trip length and divided by the systemwide average trip length 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, 9th Edition; Willdan Financial Services.

Trip Demand Growth

The planning horizon for this analysis is 2040. **Table 3.2** lists the 2018 and 2040 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 building square feet to determine the increase in trip demand attributable to new development.

Table 3.2: Land Use Scenario and Total Trips

		2018		2040		Growth 2018 to 2040	
Land Use	Trip Demand Factor	Units / 1,000 SF	Trips	Units / 1,000 SF	Trips	Units / 1,000 SF	Trips
Residential							
Single Family	1.12	2,706	3,031	2,800	3,136	94	105
Multi-family	0.69	766	529	819	565	53	36
Subtotal		3,472	3,560	3,619	3,701	147	141
Nonresidential							
Commercial	1.53	10,729	16,416	11,461	17,536	732	1,120
Office	1.82	4,169	7,588	4,454	8,106	285	518
Industrial	0.24	13,174	3,162	14,073	3,378	899	216
Subtotal		28,072	27,166	29,988	29,020	1,916	1,854
Total			30,726		32,721		1,995
Share			93.9%		100.0%		6.1%

Sources: Tables 2.1 and 3.1; Willdan Financial Services

Project Costs and Cost Allocation

Cost estimates for transportation facilities needed to serve new development are summarized in **Table 3.3**. The City identified the projects and cost estimates. Since the projects will benefit both existing development and new development, only a portion of the projects is allocated to the impact fee. The allocation to new development is assumed to equal new development's share relative to total trip demand in 2040, as identified in Table 3.2. In total, $10.5 million worth of transportation projects are allocated to new development through this fee.

Table 3.3. Traffic Improvement Projects and Cost Allocation

Project Name	Project Cost	Share Allocated to New Development	Total Cost Allocated to New Development
Washington Blvd./1-710 Freeway	$ 5,000,000	6.10%	$ 304,850
Mixmaster Intersection	6,000,000	6.10%	365,820
1-5/ Telegraph Rd./ Garfield Ave.	7,000,000	6.10%	426,790
Telegraph Rd. / Garfield Ave.	8,000,000	6.10%	487,760
Slauson Ave. / Telegraph Rd.	9,000,000	6.10%	548,730
Washington Blvd. / Telegraph Rd.	10,000,000	6.10%	609,700
Washington Blvd. / Atlantic Ave.	3,000,000	6.10%	182,910
Eastern Ave. / Commerce Way	3,000,000	6.10%	182,910
Eastern Ave. / Slauson Ave.	3,000,000	6.10%	182,910
Eastern Ave. / Randolph St.	2,000,000	6.10%	121,940
Slauson Ave. / Malt Ave. / Garfield Ave.	3,000,000	6.10%	182,910
Bandini Blvd. / Garfield Ave.	3,000,000	6.10%	182,910
Garfield Ave. / Washington Blvd.	4,000,000	6.10%	243,880
Flotilla St. / Gayhart St.	2,000,000	6.10%	121,940
Gaspar Ave./ Telegraph Rd.	2,000,000	6.10%	121,940
Telegraph Rd. / Tubeway Ave.	2,000,000	6.10%	121,940
Eastern Ave. / Randolph St.	2,000,000	6.10%	121,940
Eastern Ave. / Harbor St.	1,000,000	6.10%	60,970
Eastern Ave. / Strong Ave.	1,000,000	6.10%	60,970
Slauson Ave. / Malt Ave.	1,000,000	6.10%	60,970
Garfield Ave. / 26th St.	2,000,000	6.10%	121,940
Washington Blvd. / Commerce Way	2,000,000	6.10%	121,940
Atlantic Blvd. / BNSF Railway	2,000,000	6.10%	121,940
Randolph St.	1,000,000	6.10%	60,970
Garfield Ave.	1,000,000	6.10%	60,970
Garfield Ave. / BNSF	2,000,000	6.10%	121,940
Eastern Ave. / BNSF	2,000,000	6.10%	121,940
Subtotal	$ 89,000,000		$ 5,426,332

Sources: City of Commerce; Table 3.2, Willdan Financial Services.

Table 3.3. Traffic Improvement Projects and Cost Allocation - Continued

Project Name	Project Cost	Share Allocated to New Development	Total Cost Allocated to New Development
New Street Intersection Projects			
Smithway St. / Gayhart St.	$ 3,000,000	6.10%	$ 182,910
Flotilla St. / Gaspar Ave.	3,000,000	6.10%	182,910
Gaspar Ave. / Smithway St.	2,000,000	6.10%	121,940
Tubeway Ave. / Smithway St.	2,000,000	6.10%	121,940
Tubeway Ave. / Flotilla St.	3,000,000	6.10%	182,910
Flotilla St. / Garfield Ave.	2,000,000	6.10%	121,940
Subtotal	$ 15,000,000		$ 914,550
Complete Street Improvement Projects			
Atlantic Blvd.	$ 5,000,000	6.10%	$ 304,850
Astor Ave.	1,000,000	6.10%	60,970
Telegraph Rd.	5,000,000	6.10%	304,850
Commerce Way	3,000,000	6.10%	182,910
Smithway St.	5,000,000	6.10%	304,850
Harbor St.	2,000,000	6.10%	121,940
Subtotal	$ 21,000,000		$ 1,280,370
New Street Improvement Projects			
Gaspar Ave. to Flotilla St.	$ 5,000,000	6.10%	$ 304,850
Tubeway Ave. to Flotilla St.	5,000,000	6.10%	304,850
Flotilla St. to Garfield Ave.	5,000,000	6.10%	304,850
Subtotal	$ 15,000,000		$ 914,550
Regional Projects			
1-710 ($8 billion) - 0.1% City Participation	$ 8,000,000	6.10%	$ 487,760
1-5 ($4 billion)- 0.1% City Participation	4,000,000	6.10%	243,880
Gold Line ($8 billion) - 0.1% City Participat	8,000,000	6.10%	487,760
Subtotal	$ 20,000,000		$ 1,219,400
Neighborhood Connectivity Improvements			
Rosewood Neighborhood Connection	$ 5,000,000	6.10%	$ 304,850
Veterans' Park Neighborhood Connection	5,000,000	6.10%	304,850
Bandini Neighborhood Connection	5,000,000	6.10%	304,850
Acquire / Convert Abandoned Railroad Rights-of-Way	20,000,000	6.10%	1,219,400
Subtotal	$ 35,000,000		$ 2,133,951
Total - All Traffic Projects	$ 195,000,000		$ 11,889,154

Sources: City of Commerce; Table 3.2, Willdan Financial Services.

Fee per Trip Demand Unit

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 ($/unit) and employment space ($/1,000 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 3.2 calculates the cost the cost per trip demand unit by dividing the total project costs attributable to new development summarized in Table 3.1, by the total growth in trips calculated in Table 3.2.

Table 3.4: Cost per Trip to Accommodate Growth

Net Cost of Projects Allocated to New Development	$	11,889,154
Growth in PM Peak Hour Trip Demand		1,995
Cost per Trip	$	5,959

Sources: Tables 3.2 and 3.3; Willdan Financial Services.

Fee Schedule

Table 3.5 shows the maximum justified transportation facilities fee schedule. The City can adopt any fee up to this amount. The proposed fees are based on the costs 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: Transportation Facilities Impact Fee

Land Use	A Cost Per Trip	B Trip Demand Factor	C = A x B Base Fee[1]	D = C x 2.0% Admin Charge[1, 2]	E = C + D Total Fee[1]	E / 1,000 Fee per Sq. Ft.
Residential						
Single Family	$ 5,959	1.12	$ 6,674	$ 133	$ 6,807	
Multifamily	5,959	0.69	4,112	82	4,194	
Nonresidential						
Commercial	$ 5,959	1.53	$ 9,117	$ 182	$ 9,299	$ 9.30
Office	5,959	1.82	10,845	217	11,062	11.06
Industrial	5,959	0.24	1,430	29	1,459	1.46

[1] Persons per dwelling unit or per 1,000 square feet of nonresidential building space.

[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 3.4; Willdan Financial Services.

4. 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 Commerce 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 4.1 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 4.1: General Government Facilties Service Population

	A	B	C = A + (B x 0.31)
	Residents	**Workers**	**Service Population**
Existing (2018)	13,000	46,350	27,400
New Development (2018-2040)	575	3,163	1,600
Total (2040)	13,575	49,513	29,000
Weighting factor[1]	1.00	0.31	

[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)

Source: Table 2.1; Willdan Financial Services.

Facility Inventories and Standards

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

Existing Inventory

This study uses the existing standard methodology to calculate fees for general government facilities. The general government facilities inventory is comprised of City Hall, North Annex, the Transportation Building and the Provisor Building. In total the City owns approximately $43.1 million worth of general government facilities.

Table 4.2: General Government Facilities Inventory

Facility	Quantity	Units	Unit Cost	Total Value
Land				
City Hall[1]	2.06		$ 515,000	$ 1,060,900
Central Warehouse (Provisor Building)	1.43		515,000	736,500
Transportation Complex	2.35		515,000	1,210,300
North Annex	1.06		515,000	545,900
Subtotal				$ 3,553,600
Buildings[2]				
Central Receiving	22,500	sq. ft.	$ 83	$ 1,859,175
North Annex	29,000	sq. ft.	101	2,943,142
City Hall original building	39,900	sq. ft.	303	12,091,715
City Hall addition	20,000	sq. ft.	602	12,035,889
Transportation Maintenance Shop	12,831	sq. ft.	-	-
Transportation Parking Structure	2,491	sq. ft.	-	-
Transportation Office	5,693	sq. ft.	1,867	10,629,345
Subtotal				$ 39,559,266
Total				$ 43,112,866

Note: Totals have been rounded to the nearest hundred.

[1] Total parcel is 3.67 acres. Allocated to City Hall vs. Rosewood Park Library/Senior Center based on relative building sizes.

[2] Building replacement cost provided by the City of Commerce.

Source: City of Commerce; Loopnet.com; Willdan Financial Services.

Planned Facilities

Table 4.3 summarizes the planned general government facilities needed to serve both existing and new development in the City through 2040, The projects and estimated costs were identified by the City. The City plans to construct a new City Hall, and emergency operations center and a sheriff substation. New facilities costs are estimated to total approximately $36.2 million through 2040. Costs were identified by the City.

Table 4.3: Planned General Governments

Project Name	Quantity	Units	Unit Cost	2018 Total Project Cost
Public Facilities				
Emergency Operations Center	11,000	Sq. Ft.	$ 450	$ 4,950,000
Sheriff Sub Station	11,000	Sq. Ft.	450	4,950,000
Traffic Management Center	18,524	Sq. Ft.	450	8,335,800
Veterans Park	40,000	Sq. Ft.	450	18,000,000
Transportation Center	30,000	Sq. Ft.	450	13,500,000
City Hall Expansion	20,000	Sq. Ft.	450	9,000,000
Total Cost of Planned Facilities				$ 36,235,800

Source: City of Commerce.

Cost Allocation

Table 4.4 shows new development's 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 4.4: General Government Facilities Existing Standard

Value of Existing Facilities	$	43,112,866
Existing Service Population		27,400
Cost per Capita	$	1,573
Facility Standard per Resident	$	1,573
Facility Standard per Worker[1]		488

[1] Based on a weighing factor of 0.31.

Sources: Tables 4.1 and 4.2, Willdan Financial Services.

Fee Schedule

Table 4.5 shows the maximum justified general government facilities fee schedule. The City can adopt any fee up to this amount. The cost per capita is converted to a fee per unit of new development based on dwelling unit and employment densities (persons per dwelling unit or employees per 1,000 square feet of nonresidential building space or per hotel room). 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 4.5: General Government Facilities Impact Fee Schedule

Land Use	A Cost Per Capita	B Density	C = A x B Base Fee[1]	D = C x 2.0% Admin Charge[1, 2]	E = C + D Total Fee[1]	E / 1,000 Fee per Sq. Ft.
Residential						
Single Family	$ 1,573	3.88	$ 6,103	$ 122	$ 6,225	
Multifamily	1,573	2.59	4,074	81	4,155	
Nonresidential						
Commercial	$ 488	2.02	$ 987	$ 20	$ 1,007	$ 1.007
Office	488	2.37	1,157	23	1,180	1.180
Industrial	488	1.12	547	11	558	0.558

[1] Fee per dwelling unit (residential) or per 1,000 square feet (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 4.4; Willdan Financial Services

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 4.6** details a projection of fee revenue, based on the service population growth increment identified in Table 4.1. To fully fund the planned facilities identified in Table 4.3, the City will need to identify nearly $33.7 million of non-fee funding sources. However, since this fee is calculated at the existing standard, so long as the projected $2.5 million in impact fee revenue is spent on facilities needed to serve new development, then new development has not been unfairly burdened.

Table 4.6: Revenue Projection - Existing Standard

Cost per Capita	$ 1,573
Growth in Service Population (2018- 2040)	1,600
Fee Revenue	$ 2,517,000
Net Cost of Planned Facilities	36,235,800
Non-Fee Revenue to Be Identified	$ (33,718,800)

Sources: Tables 4.1, 4.3 and 4.4.

5. Park and Recreation Facilities

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

Service Population

Table 5.1 shows the existing and future projected service population for park and recreation facilities. Workers are conservatively weighted at 0.10 relative to a resident to account of the small amount of demand they contribute for park and recreation facilities.

Table 5.1: Parks and Recreation Facilities Service Population

	A	B	C = A + (B x 0.10)
	Residents	**Workers**	**Service Population**
Existing (2018)	13,000	46,350	17,600
New Development (2018-2040)	575	3,163	900
Total (2040)	13,575	49,513	18,500
Weighting factor	1.00	0.10	

Sources: Table 2.1, Willdan Financial Serivces.

Existing Park and Recreation Facilities Inventory

The City of Commerce maintains several park and recreation facilities throughout the city. **Table 5.2** summarizes the City's existing parkland inventory in 2018. All facilities are located within the City limits. In total, the inventory includes a total of 33.89 acres of parkland.

Table 5.2: Park and Recreation Facilities Land Inventory

Name	Acreage
Rosewood Park	11.60
Veterans Park	9.60
Bristow Park, including Library	11.10
Bandini Park	3.10
Veterans Library	0.34
Bandini Atlantic Library	0.18
Camp Commerce	2.20
Aquatic Center (Brenda Villa)	1.24
Teen Center	0.63
Recreation Field Office (old Fire Station)	0.30
Total - Land	40.29

Source: City of Commerce.

Table 5.3 summarizes the City's inventory of park buildings and special use facilities. The inventory includes various park buildings used as recreation centers. In total, the City owns approximately $64.1 million in buildings and special use facilities. At the bottom of Table 3.3 the total value of buildings is divided by the total park acreage owned by the City to determine the value of buildings and special use facilities per acre within the City.

Table 5.3: Park and Recreation Facilities Building Inventory

Facility	Quantity	Units	Unit Cost	Total Value
Rosewood Park	47,000	sq. ft.	$ 250	$11,750,000
Veteran's Park Recreation Center & Stadium	38,150	sq. ft.	250	9,537,500
Aquatic Center	20,000	sq. ft.	1,320	26,407,915
Bristow Park Recreation Center & Library	17,000	sq. ft.	216	3,674,141
Bandini Park Recreation Center & Library	11,000	sq. ft.	189	2,082,818
Camp Commerce	11,000	sq. ft.	216	2,371,510
Teen Center	5,500	sq. ft.	94	514,731
Recreation Field Office (old Fire Station)	6,800	sq. ft.	250	1,700,000
Senior Center	10,747	sq. ft.	400	4,303,544
Atlantic Library	3,852	sq. ft.	312	1,202,937
Greenwood Library	2,000	sq. ft.	253	505,556
Total				$64,050,652
Total Developed Acres				40.29
Building Value per Acre				$ 1,589,700

Note: Figures have been rounded to the nearest hundred

Sources: City of Commerce; Willdan Financial Services.

Parkland and Park Facilities Unit Costs

Table 5.4 displays the unit costs necessary to develop parkland in Commerce. Land acquisition is estimated at $515,000 per acre based on an analysis of recent land sales within the City. An conservative estimate of $300,000 per acre for standard parkland improvements was used based on Willdan's experience with other clients. In total, it costs approximately $1.3 million to acquire and improve an acre of parkland in Commerce.

Table 5.4: Park Facilities Unit Costs

	Cost Per Acre	Share of Total Costs
Improvements		
Standard Park Improvements	$ 300,000	
Buildings and Special Use Facilities	1,589,700	
Subtotal - Improvements	$1,889,700	79%
Land Acquisition	$ 515,000	21%
Total Cost per Acre	$2,404,700	100%

Sources: City of Commerce; Loopnet.com; 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 is based on data provided by the City and is consistent with prior impact fee analyses.

City of Commerce Parkland and Park Facilities Standards

Table 5.5 shows the existing standard for improved park acreage per 1,000 capita. In total the City has an existing parkland standard of 2.29 acres per 1,000 capita.

Table 5.5: Existing Parkland Standard

Total Park Acreage	40.29
Service Population (2017)	17,600
Existing Standard (Acres per 1,000 Service Population)	2.29

Sources: Tables 5.1 and 5.2; Willdan Financial Services.

Facilities Needed to Accommodate New Development

Table 5.6 shows the park facilities needed to accommodate new development at the standard of 2.29 acres per 1,000 capita. To achieve the standard by the planning horizon, new development must fund the purchase and improvement of 1.83 parkland acres, at a total cost of approximately $4.4 million.

Table 5.6: Park Facilities to Accommodate New Development

		Land	Improvements	Total
Facility Needs				
Facility Standard (acres/1,000 service population)	*A*	2.29	2.29	2.29
Service Population Growth (2018-2040)	*B*	900	900	900
Facility Needs (acres)	*C =(B/1,000) x A*	2.06	2.06	2.06
Parkland				
Average Unit Cost (per acre)	*D*	$ 515,000	$ 1,889,700	$ 2,404,700
Total Cost of Facilities	*E = C x D*	**$1,060,900**	**$ 3,893,000**	**$ 4,953,900**

Note: Totals have been rounded to the thousands.

Sources: Tables 5.1, 5.3, and 5.4; Willdan Financial Services.

Parks and Recreation Facilities Cost per Capita

Table 5.7 shows the cost per capita of providing new parkland and park facilities at the policy facility standard. The cost per capita is shown separately for land and improvements. First, the per acre unit costs are multiplied by the acreage standards to determine the total amount of costs needed to serve 1,000 capita for land and improvements. Then, those costs are divided by 1,000 to determine the cost needed to serve one person.

Table 5.7: Park Facilities Investment Per Capita

	Calcualtion	Land	Improvements	Total
Parkland Investment (per acre)	*A*	$ 515,000	$ 1,889,700	$ 2,404,700
Facility Standard (acres per 1,000 service pop.)	*B*	2.29	2.29	2.29
Total Investment Per 1,000 capita	*C = A x B*	$1,179,000	$ 4,327,000	$ 5,506,000
	D	1,000	1,000	1,000
Investment Per Resident	*E = C / D*	$ 1,179	$ 4,327	$ 5,506
Investment Per Worker	*F = E x 0.10*	118	433	551

Sources: Tables 5.3, and 5.5; Willdan Financial Services.

Use of Fee Revenue

The City plans to use park and recreation facilities fee revenue to purchase parkland or construct improvements to add to the system of park and recreation facilities 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 5.7) are investment per capita based on the unit cost estimates and facility standards.

Tables 5.8 shows the maximum justified park and recreation facilities fee based on the policy standard of 2.29 acres per capita. 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.

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 5.8: Park and Recreation Facilities Impact Fee

Land Use	*A* Cost Per Capita	*B* Density	*C = A x B* Base Fee[1]	*D = C x 2.0%* Admin Charge[1, 2]	*E = C + D* Total Fee[1]	*E / 1,000* Fee per Sq. Ft.
Residential						
Single Family	$ 5,506	3.88	$ 21,363	$ 427	$ 21,790	
Multifamily	5,506	2.59	14,261	285	14,546	
Nonresidential						
Commercial	$ 551	2.02	$ 1,113	$ 28	$ 1,141	$ 1.14
Office	551	2.37	1,306	33	1,339	1.34
Industrial	551	1.12	617	15	632	0.63

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

[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 5.7; Willdan Financial Services.

6. 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 annually 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. With the exception of land, we recommend that the national indices be used to adjust for inflation, as the national indices are not subject to frequent dramatic fluctuations that the localized indices are subject to.

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

While fee updates using 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 will 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.

Programming Revenues and Projects with the CIP

The City should use 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 as long as 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.

7. Mitigation Fee Act Findings

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

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

Purpose of Fee

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

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

Use of Fee Revenues

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

Fees proposed in this report, if enacted by the City, would be used to fund expanded facilities to serve new development. Facilities funded by these fees are designated to be located within the City's sphere of influence. Fees addressed in this report have been identified by the City to be restricted to funding the following facility categories: transportation facilities, general government facilities, and parks and recreation 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 some facility categories service population standards are calculated based upon the number of residents associated with residential development and the number of workers associated with non-residential development. To calculate a single, per capita standard, one worker is weighted less than one resident based on an analysis of the relative use demand between residential and non-residential development.

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

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

Proportionality

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

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

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

Appendix

Appendix Table A.1: Impact Fee Calculation by Table

Table Number	Table Purpose
Summary Tables	
E.1	Summarizes the fee schedules from each facility category. Draws from the fee schedules in Tables 3.5, 4.5 and 5.8.
E.2	Summarizes the non fee funding necessary to fully fund the planned facilities. Draws from Tables 3.3, 3.4, 4.3, 4.6, and 5.6.
Land Use Assumptions	
Table 2.1	Displays the existing and future land use assumptions that quantify existing and future demand for facilities. Base year data is from the California Department of Finance for population and dwelling unit counts, and from the US Census for employment counts. Projections to 2040 are based on SCAG RTP data, and have been increased by 15% based on direction from City staff.
Table 2.2	Displays the occupancy density assumptions in terms of persons per dwelling unit for residential development and workers per 1,000 square feet for nonresidential development. Residential factors are derived from US Census American Community Survey data specific to Commerce, and nonresidential factors are from a SCAG study.
Traffic Fee Calculation	
Table 3.1: Trip Rate Adjustment Factors	Calculation of Trip Demand Factors, based on ITE data. Quantifies relative demand for traffic facilities between the land uses included in the study.
Table 3.2: Land Use Scenario and Total Trips	Calculation of Existing and Future Trip Demand (Trip Demand Factor x Land Use from Table 2.1)
Table 3.3. Traffic Improvement Projects and Cost Allocation	Traffic Project List. Share of each project allocated to new development based on growth's share of trip demand in 2040 from Table 3.2.
Table 3.4: Cost per Trip to Accommodate Growth	Calculation of Cost per Trip. Total cost allocated to new development from table 3.3 is divided by growth in trip demand from Table 3.2.
Table 3.5: Transportation Facilities Impact Fee	Fee Schedule. Cost per Trip from Table 3.4 is multiplied by Trip Demand Factors from Table 3.1 to determine fee per land use (dwelling unit or 1,000 square feet of nonresidential space. A charge of two-percent is added to cover fee program administration costs.

Appendix Table A.1: Impact Fee Calculation by Table Continued

Table Number	Table Purpose
General Government Facilities Fee Calculation	
Table 4.1: General Government Facilties Service Population	Displays existing and future service population comprised of residents and a weighted amount of workers. Represents existing and future demand for facilities. Based on land use assumptions from Table 2.1.
Table 4.2: General Government Facilities Inventory	Quantifies the City's existing inventory of general government facilities. Land value based on sales comparisons from Loopnet.com. Building replacement value provided by the City.
Table 4.3: Planned General Governments	Displays list of planned general government facilities. List of facilities and estimated costs provided by the City.
Table 4.4: General Government Facilities Existing Standard	Calculates the existing standard of general government facilities. The total value of existing facilities from Table 4.2 is divided by existing service population calculated in Table 4.1 to determine the existing cost per capita. The cost per capita is multiplied by the worker weighting factor from Table 4.1 to determine the cost per worker.
Table 4.5: General Government Facilities Impact Fee Schedule	Calculates the fee schedule. The cost per capita is multiplied by the occupant density assumptions from Table 2.2 to determine the fee per dwelling unit or per 1,000 square feet of nonresidential space. A charge of two-percent is added to cover fee program administration costs.
Table 4.6: Revenue Projection - Existing Standard	Projects fee revenue based on the cost per capita from Table 4.4 multiplied by the growth in service population from Table 4.1. Compares projected fee revenue to the total cost of planned facilities from Table 4.3.

Appendix Table A.1: Impact Fee Calculation by Table Continued

Table Number	Table Purpose
Parks and Recreation Facilities Fee Calculation	
Table 5.1: Parks and Recreation Facilities Service Population	Displays existing and future service population comprised of residents and a weighted amount of workers. Represents existing and future demand for facilities. Based on land use assumptions from Table 2.1.
Table 5.2: Park and Recreation Facilities Land Inventory	Displays the City's inventory of park and recreation facilities land.
Table 5.3: Park and Recreation Facilities Building Inventory	Displays the City's inventory of recreation and special use facilities. Replacement cost was estimated by City staff. Total replacement value is divided by total park acres to determine building value per park acre.
Table 5.4: Park Facilities Unit Costs	Displays the assumed cost of acquiring and developing a park per acre in Commerce. Land value based on sales comparisons from Loopnet.com. Standard park improvement cost conservatively estimated based on experience with other clients. Building cost per acre from Table 5.3.
Table 5.5: Existing Parkland Standard	Calculates the existing park and recreation facilities standard per 1,000 capita by dividing the total amount of park acreage by the existing service population (in thousands).
Table 5.6: Park Facilities to Accommodate New Development	Estimates the amount of parks and recreation facilities needed to serve new development by multiplying the existing park standard from Table 5.5 by the growth in service population from Table 5.1. The total park acreage needs are then multiplied by the unit costs from Table 5.4 to determine the cost of park and recreation facilities needed to serve new development at the existing standard.
Table 5.7: Park Facilities Investment Per Capita	Calculates the cost to serve one resident. First, the per acre unit costs from Table 5.4 are multiplied by the acreage standards from Table 5.5 to determine the total amount of costs needed to serve 1,000 capita for land and improvements. Then, those costs are divided by 1,000 to determine the cost needed to serve one person.
Table 5.8: Park and Recreation Facilities Impact Fee	Calculates the fee schedule. The cost per capita is multiplied by the occupant density assumptions from Table 2.2 to determine the fee per dwelling unit or per 1,000 square feet of nonresidential space. A charge of two-percent is added to cover fee program administration costs.

Appendix Table A.2: Calculation of Employment Density (Los Angeles County)

Land Use	Parcels	Employees per Gross Acre	Floor-Area Ratio[1]	SqFt per Emp.[2]	Emp. Per 1,000 SF
Commercial					
Regional Retail	-	NA	NA	NA	
Other Retail/Service	431	25.76	0.39	495	
Est. Avg.	431	25.76	0.39	495	2.02
Office					
Low-Rise Office	117	55.28	0.60	355	
High-Rise Office	29	240.77	3.60	488	
Government Office	5	63.63	3.12	1,602	
Est. Avg. Office	151	91.18	1.18	422	2.37
Industrial					
R & D/Flex Space	3	22.61	1.31	1,893	
Light Manufacturing	327	18.49	0.49	866	
Heavy Manufacturing	-	-	-	-	
Warehouse	8	12.96	0.63	1,588	
Est. Avg. Industrial	338	18.40	0.50	892	1.12

Note: Used average not median values because median values were generally lower, suggesting the impact of underutilized parcels on the median. Used broad polygons not narrow polygons to take advantage of larger sample size.
Note: Natelson results estimated work area per employee, i.e. excluding common areas, using a building efficiency factor. This last step was excluded from the table above so the results will be less dense (more building square feet per employee) that the results reported in the Natelson study.

[1] Building area per net acre.

[2] Equals employees per gross acre x floor-area ratio x net-to-gross factor of: 0.75

Source: The Natelson Company, Inc., *Employment Density Study Summary Report,* October 31, 2001, Table 4-A, p. 17.