

County of Solano Public Facilities Fee Nexus Update

The Economics of Land Use



prepared for
County of Solano

prepared by
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Introduction and Presentation Outline

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Rationale for Fee Update

- **Mandated Periodic Update.** State law requires periodic review and update of impact fees every 5 years. Last update was conducted in 2007
- **Changes in Facility Requirements.** Some facilities for which fees were collected have been completed and facility needs going forward have changed
- **Changed Growth Prospects.** Current population and future population forecasts have changed significantly from what was assumed in the 2007 fee study
- **Refined Land Use Categories.** Land use categories in the update are more reflective of current land uses, such as barns, riding arenas in the unincorporated area

Mitigation Fee Act

Mitigation Fee Act (Gov. Code 66000 et seq.)

defines appropriate uses and necessary nexus findings for development impact fees, including:

- Collected for capital facilities and infrastructure, not O&M
- Cannot fund existing deficiencies
- Based on a rational nexus between new development and capital facilities with clear indications of fee purpose, use, need, and proportionality

Overview of Nexus Update Study Process

Includes estimation/ determination of the following:

1. Demographic growth forecast
2. Service standards and new development demand
3. Required facilities to serve new development
4. Fair-share costs of new development
5. Allocation of fair-share costs to different land uses
6. Estimation of maximum, justifiable fee levels
7. Policy considerations
8. Recommended PFF fees

Existing vs. Proposed PFF*

Land Use Categories in 2007 Nexus	Existing Fee Level	Proposed Fee Level	Increase/ (Decrease)
<u>Residential</u>	<u>Per Dwelling Unit</u>		
Single Family	\$9,150	\$8,962	(\$188)
Multifamily	\$8,656	\$6,726	(\$1,930)
2 nd /Accessory Unit	\$4,638	\$4,575	(\$63)
<u>Nonresidential</u>	<u>Per 1,000 sq.ft.</u>		
Retail/Comm.	\$859	\$859	Same
Office	\$1,430	\$1,430	Same
Industrial	\$601	\$601	Same
Warehouse	\$181	\$181	Same

* Fee levels shown are for cities within the County's library system.

Additional Land Use Categories in Updated PFF

Residential Land Uses	Nonresidential Land Uses
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Multifamily Age-Restricted	Service Commercial
	Assembly Uses
	Hotel/Motel
	Health Care Facility
	Place of Worship
	Congregate Care
	Private School
	Child Day Care
	Riding Arena
	Barn

Recommended PFF Fee Schedule

Residential Land Uses	Proposed Fee Level	Nonresidential Land Uses	Proposed Fee Level
	<u>Per Unit</u>		<u>Per 1,000 sq.ft.</u>
Single Family	\$8,962	Retail	\$859
Multifamily	\$6,726	Office	\$1,430
2 nd / Accessory Unit	\$4,575	Service Commercial	\$1,927
Multifamily Age-Restricted	\$4,348	Assembly Uses	\$471
		Hotel/Motel	\$519
Residential Fees Outside the		Industrial	\$601
<u>County Library System¹</u>		Warehouse	\$181
Single Family	\$7,349	Health Care Facility	\$946
Multifamily	\$5,471	Place of Worship	\$367
2 nd / Accessory Unit	\$3,761	Congregate Care	\$598
Multifamily Age-Restricted	\$3,533	Private School	\$1,221
		Child Day Care	\$313
		Riding Arena	\$363
		Barn	\$125

[1] Cities of Benicia and Dixon, and the incorporated area within the Dixon Public Library District.

Comparison of Facility Categories

Categories	Existing	Proposed
Countywide Public Protection	X	X
Courts	X	X
Health and Social Services	X	X
Library	X	X
General Government	X	X
Sheriff's Patrol and Investigation	X	Not proposed to be collected
Transportation	Not currently collected	X

Types of Facilities included in PFF

Facility Category	List of Facilities Included
Public Protection (Incl. Courts)	Adult detention, Inmate training, and Probation facilities; Courts; DA office and lab space, Animal Care facilities, Fair-share debt service on Gov. Administrative Center
Health and Social Services	Healthcare facilities, Capital equipment, Office space; Debt service on facilities' debt
Library	Library expansions and new projects
General Government	Ag. Commissioner office space and equipment; County Parks improvements; Capital equipment for elections; IT improvements in required facilities; Fair-share debt service on Gov. Administrative Center
Transportation	Regional roads and road improvements (STA); County roads; Transit projects

Demographic Assumptions

Service Population Category	2013¹	2033²	Growth (2013– 33)	Growth as % of 2033
Population	414,333	479,499	65,166	14%
Employees	135,357	163,322	27,965	17%
Resident-equiv.	33,839	40,830	6,991	17%
Total Service Population	448,172	520,329	72,157	14%

[1] Sources for 2013 baseline estimates:

- **California Department of Finance (DOF)**, E-1 2013 Population Estimates
- **California Employment Development Dept. (EDD)**, Industry Employment
- **Association of Bay Area Governments (ABAG)** Draft 'Preferred' Jobs-Housing Connection SCS Scenario, May-June 2012.

[2] Sources for 2033 population and employment projections:

- **DOF**, Interim Projections 2015 to 2050
- **ABAG** (same as above)
- **Woods & Poole Economics**, Long-Term County Forecasts to 2040

Eligible Costs and PFF Costs/Revenues

Public Facilities Category	Eligible Costs	PFF Costs/Revenues¹	% of Eligible Costs	Non-PFF Funding
	<u>\$'millions</u>	<u>\$'millions</u>		<u>\$'millions</u>
Public Protection	\$97.8	\$65.1	67%	\$32.7
General Government	\$29.2	\$27.4	93%	\$1.8
Library Facilities	\$134.6	\$30.2	22%	\$104.4
Health & Social Services	\$45.4	\$40.7	90%	\$4.7
Transportation	\$234.8	\$31.8	14%	\$203.0
Total Facilities	\$541.8	\$195.0	36%	\$346.8

[1] PFF costs are equivalent to potential fee revenues based on proposed fee levels.

New PFF Transportation Fee Component

- Made up of two Parts, A and B (RTIF). RTIF is the main component
- **Part A** – funding for debt service on North Connector and Vanden Road projects. Max. allowable at \$27/DUE
- **Part B** - RTIF process initiated by Solano Transportation Authority (STA) in 2008 and developed with input from incorporated cities and County
 - Maximum allowable RTIF is \$8,282 per DUE
 - Recommended fee is \$1,500/DUE for residential and approx. \$213/DUE nonresidential

RTIF Project Costs (PFF Transportation Part B)

Project	Total Cost¹	% RTIF	RTIF Cost¹ (Max. Fee)
	<u>\$'million</u>		<u>\$'million</u>
Jepson Parkway	\$210.7	58%	\$121.6
Peabody Road	\$5.0	78%	\$3.9
SR 12/Pennsylvania Ave.	\$50.0	71%	\$35.7
SR 12/Church Road	\$8.9	35%	\$3.1
SR 37/Redwood Pkwy./Fairgrounds Dr.	\$66.4	33%	\$21.8
Benicia Industrial Park Access	\$20.2	78%	\$15.7
Columbus Pkwy.	\$1.0	85%	\$0.9
North Connector Road	\$39.5	64%	\$25.4
SR 113 Improvements	\$4.5	39%	\$1.8
County Road & Transit Projects	\$24.9	17%	\$4.2
Total Costs¹	\$431.0	54.3%	\$234.0

[1] Note: All entries are rounded, thus totals as shown may be slightly off due to rounding.

Maximum vs. Proposed Recommended RTIF

Residential Land Uses	Maximum	Proposed	Nonresidential Land Uses	Maximum	Proposed
	<u>Per Unit</u>			<u>Per 1,000 Sq. Ft.</u>	
Single Family	\$8,282	\$1,500	Retail	\$15,364	\$382
Multifamily	\$5,135	\$930	Office	\$9,502	\$269
2 nd / Accessory Unit	\$4,446	\$805	Service Commercial	\$38,101	\$980
Multifamily Senior	\$3,230	\$585	Assembly Uses	\$2,915	\$75
			Hotel/Motel	\$8,943	\$230
			Industrial	\$6,195	\$110
			Warehouse	\$1,126	\$36
			Health Care Facility	\$7,014	\$180
			Place of Worship	\$2,915	\$75
			Congregate Care	\$2,621	\$67
			Private School	\$30,828	\$793
			Child Day Care	Exempt	Exempt
			Riding Arena	\$1,825	\$47
			Barn	\$1,060	\$27

PFF Transportation Fees (Parts A & B)

Residential Land Uses	Proposed Fee Level	Nonresidential Land Uses	Proposed Fee Level
	<u>Per Unit</u>		<u>Per 1,000 sq. ft.</u>
Single Family	\$1,527	Retail	\$433
Multifamily	\$947	Office	\$301
2 nd / Accessory Unit	\$820	Service Commercial	\$1,106
Multifamily Age-Restricted	\$596	Assembly Uses	\$85
		Hotel/Motel	\$260
		Industrial	\$131
		Warehouse	\$40
		Health Care Facility	\$203
		Place of Worship	\$85
		Congregate Care	\$76
		Private School	\$895
		Child Day Care	Exempt
		Riding Arena	\$53
		Barn	\$31

Next Steps

- Receive Public and Stakeholder Input/Feedback
- Prepare Final Report and Staff Recommendation
- Presentation to County Board of Supervisors