



Development Impact Fee Program

City of Millbrae

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Prepared for:



Prepared by:



**1401 Willow Pass Road, Suite 500
Concord, Ca 94520
(925) 827-4900**

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EXECUTIVE SUMMARY

INTRODUCTION

The City of Millbrae (City) is located on the San Francisco Peninsula in San Mateo County (County), 15 miles south of the City of San Francisco. The boundaries of the City extend roughly from the Bayshore Freeway/Highway US 101 on the east to Skyline Boulevard on the west. At the time of the 2010 U.S. Census, the City population was 21,532, up from 20,718 during the 2000 U.S. Census. The California Department of Finance (DOF) estimates that as of January 1, 2019, Millbrae's population is 23,154. These DOF population estimates incorporate the 2010 census counts.

The City limits encompass 3.25 square miles and being constrained from further expansion by the city of San Bruno to the north, the City of Burlingame to the south, San Andreas Lake and Interstate 280 to the west, and San Francisco International Airport to the east. According to the Millbrae 2040 General Plan Existing Conditions Report, prepared in August 2016, only 0.2 percent (3.6 acres) of land in the City is vacant. The vacant parcels are spread throughout the City. There are several underutilized parcels throughout the City as well.

According to the Millbrae 2040 General Plan Existing Conditions Report, along El Camino Real and in the downtown, there are several underutilized parcels which are defined as a parcel where the built footprint is much less than what the parcel can accommodate per the allowable floor area ratio (FAR). Surface parking lots fronting the street along El Camino Real are considered underutilized from the perspective of community character and the potential for improving the visual appearance and experience. Vacant buildings and underutilized properties have the potential to be redeveloped. Going forward the City will continue to develop to accommodate residential population and non-resident employment growth as well as meet the California Regional Housing Needs Allocation, or RHNA, numbers. As the City grows, given the limited vacant land, development in the City will go vertical and densities will increase over time.

As the resident population and non-resident employment in the City increase, there exists a correlating rise in the demand for public infrastructure and services to support the increased demand on the City. California's Assembly Bill 1600 (AB1600) adopted in 1987 and codified as California Government Code Section 66000 et. seq., allows the City to impose Development Impact Fees on new development within the City. Development Impact Fees are a one-time charge on new development that is collected and used by the City to cover the cost of capital facilities, vehicles, and equipment that are required to serve new growth.

The City does not have any current Citywide Development Impact Fees. The purpose of this study is to establish the City's Development Impact Fee (Fee) program to ensure that new development

pays their fair share of their impact on the City's infrastructure and that the Fees are in compliance with the legal requirements set out in AB1600 and relevant case law. The fees discussed in this report apply to all future development or redevelopment in the City.

NEXUS STUDY

Purpose

As development occurs in the City, new backbone infrastructure and capital facilities are required to mitigate the increased demand created by new residents and employees. Impact fee revenues fund this impacted backbone infrastructure and capital facilities through the City's Fee program, which contains separate fee categories for each type of infrastructure and capital facility. Incorporated in this report are nexus studies for the following fee categories, as requested by the City:

- *Library*
- *General Government Facilities*
- *Recreation Services*
- *Public Safety*
- *Parks*
- *Mobility*

This report is designed to satisfy the AB1600 Nexus requirements and provide the necessary technical analysis to support the adoption of the Fee program. The fee will be effective 60 days after the City's final action establishing and authorizing the collection of the fee.

Results

Table ES.1 shows a summary of the proposed Fee program. Residential development fees are on a per unit basis, non-residential development fees are on a per 1,000 square feet basis, and hotel fees are shown on a per room basis.

Table ES.1: Summary of Proposed Impact Fees

Land Use	Library Facilities	General Government Facilities	Recreation Services	Public Safety	Parks	Mobility	Administration ¹	Total
<i><u>Residential</u></i>								
Single Family	\$217	\$1,061	\$2,913	\$1,159	\$54,395	\$1,875	\$3,081	\$64,701
Multifamily	160	782	2,146	854	40,081	1,061	2,254	47,338
<i><u>Non-Residential</u></i>								
Commercial	\$69	\$339	\$91	\$370	n/a	\$7,215	\$404	\$8,488
Office	152	745	199	813	n/a	2,178	204	4,291
Industrial	15	74	20	81	n/a	1,193	69	1,452
<i><u>(Fee per Room)</u></i>								
Hotel	\$30	\$149	\$40	\$163	n/a	\$1,136	\$76	\$1,594

¹ Administrative charge of 5% for (1) legal, accounting, and other administrative support and (2) Development impact fee program administration costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analysis.

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Section 1 REQUIREMENTS AND METHODOLOGY

NEXUS REQUIREMENT SUMMARY

AB1600, commonly known as the Mitigation Fee Act, was enacted by the state of California in 1987 and created Section 66000 et. seq. of the Government Code. AB1600 requires public agencies to satisfy the following requirements when establishing, increasing, or imposing a fee as a condition of approval of a development project:

1. Identify the purpose of the fee.
2. Identify the use for the fee.
3. Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed.
4. Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed.
5. Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

The purpose of this report is to demonstrate that the fee components comply with AB1600. The assumptions, methodologies, facility costs and standards, and cost allocation factors used to establish the nexus between the levied fees and new development are in subsequent sections of this report.

METHODOLOGY

Imposed fees require various findings to ensure that a reasonable relationship exists between the fee amount and the cost of the facility or portion of the facility attributable to the new development. Several methodologies are available to determine fee amounts. Choosing the appropriate methodology depends on the type of facility for which the fee is calculated and the availability of documentation to support the fee calculation. Following is a discussion of the methodologies available to calculate the separate fee components in this report.

Facility Standards Method

The facility standards method determines the facilities and associated costs required to accommodate growth based on adopted City standards. Depending on the fee analysis, the City may or may not currently have sufficient facilities to meet the adopted standard. If the City's existing facilities are below the standards, then a deficiency exists. In this case, the portion of the cost of planned facilities associated with correcting the deficiency must be

satisfied with funding sources other than Development Impact fees. AB1600 fees can only fund facilities needed to accommodate new development at the adopted standard.

Master Plan Method

The master plan method 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 the needed facility. This approach is used when it is not possible to differentiate the benefits of new facilities between existing and new development.

Planned Facilities Method

The planned facilities method calculates the standard based solely on the ratio of planned facilities to the increase in demand associated with new development. This method is appropriate when planned facilities are mostly for the benefit of new development, such as a wastewater trunk line extension to a previously undeveloped area. This method may also be used when there is excess capacity in existing facilities that can accommodate new development.

Existing Inventory Method

The existing inventory method uses a facility standard based on the ratio of existing facilities to the existing service population on a cost per unit or cost per square foot basis. Under this approach, new development funds the expansion of facilities at the same standard currently serving existing development. By definition, the existing inventory method ensures that no facility deficiencies are spread to future development. This method is often used when a long-range plan for new facilities is not available.

TIMING OF FEE PAYMENT

The fees included in the Fee program will be collected from new development at the time the building permit for the project is issued.

FEE ADJUSTMENT PROCEDURES

The fees require periodic adjustment to reflect amended facility requirements, receipt of funding from alternative sources (i.e., state or federal grants), revised facilities or costs, changes in demographics, or updates to the City's General Plan, Housing Element, or Capital Improvement Plan. In addition, the fees will be updated annually on January 1st to reflect the Engineering News-Record Construction Cost Index (CCI) rate for the San Francisco Bay Area.

The fees in this report may not apply to specialized development projects. For specialized development projects, City planning will review the development's impacts to determine the applicable fees, as described in more detail below.

CREDITS AND REIMBURSEMENT POLICIES

The City may provide fee credits or reimbursements to developers who dedicate land or construct facilities. Fee credits or reimbursements shall be the lesser of the estimated cost of the improvements as shown in this report, subject to inflation adjustments, or the actual cost incurred by the developer. Reimbursements will be made when funds are available based on the priority of capital improvements as determined by the City. Fee credits will be allowed on a case by case basis as determined by the City. If there is an overlap with the Millbrae Station Area Specific Plan (MSASP) Area Development Impact Fee, as described later in the report, the developer will either pay only the applicable fee or receive a credit for any overlapping fees. Projects with existing development will receive a credit toward future impact fees equal to the fees that would have been paid for the removed space.

The Development Agreement Law (Gov. Code § 65864 et seq.) authorizes the City to enter into agreements for the development of real property with any party having a legal or equitable interest in such property to establish certain development rights in such property for their mutual benefit in a manner not otherwise available to the contracting parties. Such agreements can assure property owners that they may proceed with projects as approved by the City and that those approvals will not be modified (consistent with the legal principles of vesting) during the period covered by said agreements. The City is equally assured that elements of the project with particular and specific public interests are achieved and that its local land use policies are advanced. For developers that need to construct facilities included in the Fee program, the City can enter into a Development Agreement (DA) that would condition the developer to construct said facilities and the City would provide fee credits or reimbursements to the developer for the constructed facilities. The DA would include the credit and reimbursement policy. The City may elect to enter into an off-site improvement agreement with the developer to construct the improvements and the City would provide fee credits or reimbursements to the developer for the constructed facilities instead of a DA.

SPECIALIZED DEVELOPMENT PROJECTS

The fees in this report may not apply to specialized development projects such as golf courses, cemeteries, assisted living facilities, sports facilities, or other specialized land uses. For specialized development projects City planning will review the development's impacts to determine the applicable fees. The fee rates presented in this Nexus Study may be reduced, exempted, or waived under certain circumstances as determined by the City. Any exemption or reduction in fees will be based on the City's independent analysis and review of the subject property. In addition, for reuse, density increasing, or rezone projects, the developer shall only be

responsible for paying fees for the intensification of the development. City planning will review the development's increased impacts to determine the applicable fees.

Some developments may include more than one land use type. In these cases, the fee is calculated separately for each land use type. The City has the discretion to impose the fees based on the specific aspects of a proposed development regardless of zoning. The fee imposed should be based on the land use type that most closely represents the impacts of the development.

ACCESSORY DWELLING UNITS

An accessory dwelling unit (ADU) is a second unit on the same lot that is attached or detached from a residential unit. Per Assembly Bill No. 881 (AB881) fees cannot be charged for an ADU that is less than 750 square feet. For an ADU that is 750 square feet or larger, an ADU will pay a percentage of the residential fee based on the square footage of the ADU in proportion to the primary dwelling unit.

Section 2 POPULATION ASSUMPTIONS

GROWTH FORECASTS

Growth projections are used as indicators of demand. The City's existing population, as well as 2040 population projections, are critical assumptions used throughout the fee sections that follow in this report. The following resources were used to establish the City's Fee program:

- Estimates of total development through 2040 were calculated using the Bay Area Metropolitan Commission 2040 projections, which are based on the Association of Bay Area Governments (ABAG) Regional Forecast for Plan Bay Area 2040 projections and are used to determine the total amount of public facilities required to accommodate the future service population.
- Existing population estimates are from the 2019 California DOF.
- Existing non-residential worker populations are based on the 2020 modeled estimate from the ABAG Regional Forecast for Plan Bay Area 2040, August 2016.

The Millbrae 2040 General Plan Existing Conditions Report utilizes population and employment projections based on ABAG projections. The growth forecasts in this analysis take into account the future planned development in the City, including the remaining development of the MSASP and redevelopment of the El Camino Real and Downtown Specific Plan.

LAND USE TYPES

To ensure a reasonable relationship between each fee and the type of development paying the fee, the following land use categories are used in this Study:

- **Single family:** Detached dwelling units for residential uses, such as single family homes.
- **Multifamily:** All attached residential dwellings such as duplexes, triplexes, fourplexes, condominiums, townhomes, apartments, and care facilities.
- **Commercial:** Retail, service, and entertainment uses.
- **Office:** Professional buildings for business use.
- **Industrial:** Light industrial facilities (e.g., business/research parks, warehouses, mini-storage business, and light manufacturing facilities) as well as heavier operations (e.g., manufacturing, processing, and assembling).
- **Hotel:** Development predominantly designed to be occupied less than 30 days per stay.

Some developments may include more than one land use type. In these cases, the fee is calculated separately for each land use type. The City may use its discretion to determine the applicable fee rates and land use categories that apply to a specific project regardless of zoning. The fee imposed should be based on the land use type that most closely represents the impacts of the development.

SERVICE POPULATION

The City's service population accounts for persons who live in the City and a weighted percent of workers employed in the City. Workers are weighted to reflect the lower per capita service demand compared to City residents. Workers spend less time in the City than residents and use fewer City services. The service population is used to determine the cost standard necessary to continue providing the standard that the City's facilities currently provide and to ensure that the fees are allocated fairly to each type of new development based on impact.

Table 1 summarizes the City's service population used to develop the Fees. The total service population of 26,439, including a fifty percent (50%) weighted factor for employees, was calculated using information taken from the 2019 California DOF population estimate and 2020 modeled estimated total jobs from the Bay Area Metropolitan Transportation Commission Projections 2040 by Jurisdiction.

Table 1: Service Population Calculation

	Existing Population	Resident Equivalent Factor	Service Population
Residents ¹	23,154	1.00	23,154
Workers ²	6,570	0.50	3,285
Total			26,439

¹ State of California Department of Finance E-5 Population and Housing Estimates, 2019.

² Bay Area Metropolitan Transportation Commission Projections 2040 by Jurisdiction, 2020 Modeled Estimate.

RESIDENT AND EMPLOYMENT DENSITY

Using persons per household (PPH) data for residential units and employment density data for non-residential buildings establishes a reasonable relationship between the demand created by the development project and the fees charged. Developers pay fees based on the number of additional residential units or building square feet of non-residential development; therefore, the fee schedule must convert service population estimates to these units of measure for each land use. This conversion is done using the average PPH and employment density by land use type.

Table 2 summarizes the occupant density factors for residential and non-residential development. The residential density factors were calculated using information from the US Census, while the non-residential density factors were calculated using the default occupancy counts from US Green Building Council LEED v4.1 Building Design and Construction report dated January 22, 2019.

The employees per room factor is based on the hotel staff industry standards from *Hotel Operations Management*¹.

Table 2: Persons per Household and Density

<u>Residential</u> ¹		
Single Family	2.85	Residents per dwelling unit
Multifamily	2.10	Residents per dwelling unit
<u>Non-Residential</u> ²		
Commercial	1.82	Employees per 1,000 square feet
Office	4.00	Employees per 1,000 square feet
Industrial	0.40	Employees per 1,000 square feet
Hotel ³	0.80	Employees per room

¹ US Census Bureau, 2018 ACS 5-year estimate, Tables B25024 and B25033

² USGBC LEED BD+C New Construction v4 Default Occupancy Counts.

³ Hotel Operations Management Book - Hotel Staff Industry Standards.

2040 LAND USE PROJECTION

The 2040 land use projection includes the estimated amount of residential units developed using assumptions from the Bay Area Metropolitan Commission 2040 projections, which are based on the ABAG Regional Forecast for Plan Bay Area 2040 and information from the City. Projected 2040 single family units were provided by the City. The estimated population growth is divided by the persons per household to estimate the total amount of multi-family residential units in 2040 and were verified by the City. Future development is anticipated to be mixed-use with non-residential development in conjunction with the residential units. The estimated building square footage and hotel development used in this analysis is based on information provided by the City.

Table 3 summarizes the distribution of the estimated residential and non-residential development anticipated to take place in the City.

¹ Hayes, David K., Miller, Allisha A., Ninemeier, Jack D. (July 30, 2016). *Hotel Operations Management*, 3rd Edition. Pearson.

Table 3: 2040 Residential and Non-Residential Development Projections

Units/Square Feet		
<u>Residential</u>		
Single Family	50	Dwelling Units
Multi-Family	2,737	Dwelling Units
<u>Non-Residential</u>		
Commercial	179,000	Building Square Feet
Office	715,000	Building Square Feet
Industrial	-	Building Square Feet
Hotel	209	Rooms

Note: The 2040 land use projection includes the estimated amount of residential units developed using the Bay Area Metropolitan Commission 2040 projections, which are based on the ABAG Regional Forecast for Plan Bay Area 2040 and information from the City. The estimated population growth is divided by the persons per household to estimate the total amount of residential units in 2040. Building square footage and hotel development used in this analysis is based on information provided by the City.

Source: Bay Area Metropolitan Transportation Commission 2040 Projections and the City.

MILLBRAE STATION AREA SPECIFIC PLAN AND THE EL CAMINO REAL AND DOWNTOWN SPECIFIC PLAN

The MSASP is composed of approximately 116 acres of land adjacent to the Millbrae Bay Area Rapid Transit (BART) Station in one of the oldest areas of the city. Transportation is a prominent component in this area's development. The MSASP includes new residential and non-residential development including the demolition/redevelopment of some existing industrial/non-retail uses. The MSASP was approved in 2016 and the MSASP Area Development Impact Fee Program was approved in 2017. The development of the MSASP is currently underway. As mentioned previously, the growth forecast accounts for the future planned development in the City, including the remaining development of the MSASP and redevelopment of the El Camino Real and Downtown Specific Plan. This analysis also addresses the overlap between the City Fee Program and the MSASP Area Development Impact Fee Program.

The El Camino Real and Downtown Specific Plan builds upon the MSASP. The El Camino Real and Downtown Specific Plan includes the Station Area, which is the area in the southeastern corner of the city, adjacent to the city of Burlingame to the south; El Camino Real and Broadway to the west; and Victoria Avenue, the City's Public Works storage, and Highline Canal to the north. While the El Camino Real and Downtown Specific Plan boundary encompasses the Station Area, the El Camino Real and Downtown Specific Plan defers to the MSASP for development standards within the Station Area. The El Camino Real and Downtown Specific

Plan Administrative Draft Report was prepared in March 2018, but the plan has not been adopted yet. This analysis still takes into consideration the redevelopment of El Camino Real and Downtown.

Section 3 LIBRARY FEE

BACKGROUND

This section presents an analysis of the City's Library Fee. The Library Fee covers the costs to mitigate the effects of new development on the City's library facilities. The City library facilities are available to all residents and employees in the City. The fee is calculated using the Existing Inventory Method. Under this methodology, the facilities are inventoried and the value of the facilities used to determine the current Level of Service (LOS) on a per capita basis. This LOS calculation is then used to determine the fee by land use that is needed for new development to fund the library facilities needed to maintain this existing LOS.

SERVICE POPULATION

Demand for services and the associated facilities is based on the City's existing service population, which includes residents and non-resident workers. In calculating the service population for growth, workers were weighted less than residents to reflect lower service demand of workers. Non-resident workers spend less time in the City and use fewer services, so the demand for City services is less than that of a resident.

COST STANDARD

To calculate the appropriate Library Fee, this study examines the existing library facility value to calculate the existing standard. The library facilities were originally constructed using approximately \$9.7 million in bond funds in 2001. The 2001 General Obligation (GO) bonds were refunded in 2013. As of the 2019 City Comprehensive Annual Financial Report the outstanding debt is approximately \$8.9 million. The outstanding debt was deducted from the total value of the existing facility to determine the net library value. This net value is then divided by the existing service population to determine the cost per capita. The cost per capita is then applied to the PPH and worker density assumptions to determine the fee for each land use. This approach ensures that the new development contributes its fair share to new facilities at the same level of service the City currently provides. Table 4 identifies the City's existing library facilities, the outstanding debt, outlines the total net value, and calculates the cost per capita.

Table 4: Library Facilities – Total Inventory Value

Location	Building Value¹	Building Contents	Total Value
<u>Existing Facilities</u>			
Library	1 Library Ave	\$10,744,083	\$155,461
		\$10,744,083	\$155,461
		Less: Outstanding Debt ²	-\$8,887,283
		Net Library Value	\$2,012,261
		Total Existing Service Population	26,439
		Cost per Capita	\$76.11

¹ Source: City of Millbrae Statement of Value - February 20, 2019.

² Total amount of outstanding General Obligation Bonds. Per City of Millbrae 2019 CAFR.

FEE SCHEDULE

Table 5 summarizes the library fee schedule based on the existing cost standard established in Table 4. The cost per capita is converted to a fee per residential unit based on the persons per household assumptions. The fee for non-residential uses is determined by multiplying the cost per capita times 0.5 (the weighting factor) and then multiplying by the number of employees per 1,000 square feet or in the case of the hotel, the employees per room.

Table 5: Library Facilities – Fee Schedule

Land Use	Cost per Capita	Density	Total Fee (Rounded)
<u>Residential (Fee per Dwelling Unit)</u>			
Single Family	\$76.11	2.85	\$217
Multifamily	76.11	2.10	160
<u>Non-Residential (Fee per 1,000 Square Feet)</u>			
Commercial	\$38.06	1.82	\$69
Office	38.06	4.00	152
Industrial	38.06	0.40	15
<u>Non-Residential (Fee per Room)</u>			
Hotel	\$38.06	0.80	\$30

REVENUE PROJECTIONS

Table 6 summarizes the anticipated Library revenue. The revenue will be available to expand the City's existing library facilities to meet the need of new residents and workers in the City.

Table 6: Library Facilities – Estimated Revenue

Land Use	Units	Fee	Anticipated Revenue
<i>Residential (per Unit)</i>			
Single Family	50	\$217	\$10,850
Multi-Family	2,737	160	437,905
<i>Non-Residential (per 1,000sf or Room)</i>			
Commercial	179,000	\$69	\$12,351
Office	715,000	152	108,680
Industrial	-	15	-
Hotel	209	30	6,270
Total			\$576,056

Note: Revenue projection assumes complete buildout projections seen in Table 3.

NEXUS FINDINGS – LIBRARY FEE

AB1600 requires that public agencies satisfy five requirements when establishing, increasing, or imposing a fee as a condition of approval of a development project. The required findings are as follows.

Requirement 1: Identify the purpose of the fee.

The purpose of the Library Fee is to fund new library facilities that are needed to maintain the City's existing level of service.

Requirement 2: Identify the use of the fee.

The Library Fee will be used to fund new library facilities to maintain the existing level of service the City provides. As new development occurs, the City will be required to expand library facilities to maintain the existing standard.

Requirement 3: Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed.

New residential and non-residential development will generate additional growth. An increase in residents and non-resident workers will increase the demand for library facilities. The Library Fee is calculated based on the City's existing standard as shown in Table 4. Residential and non-residential development are responsible for paying their fair share to maintain the City's existing level of service standard based on the weighted service population assigned to each land use as shown in Table 5.

Requirement 4: Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed.

An increase in residential and non-residential development generates additional residents and workers that increase the need for library facilities to maintain the City's existing level of service. The value of the City's existing facilities is divided by the current service population to determine the existing cost per capita. One worker is assumed to create half of the demand of a new resident. Each residential land use is charged a fee based on the additional residents it is expected to add multiplied by the cost per capita. Non-residential development is charged a fee based on the cost per capita, multiplied by 0.5 (the weighting factor), and then multiplied by the number of assumed workers per 1,000 square feet of building or in the case of a hotel, by the assumed workers per room. By charging the fee based on the additional residents or workers created by each land use, the fee directly correlates to the demand created by each new development.

Requirement 5: Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

New facilities are necessary to maintain the City's existing level of service as new residential and non-residential units are constructed. The City inventoried the existing library facilities and identified the value. This value was divided by the City's existing service population to calculate the cost per resident and the cost per worker necessary to maintain the City's existing level of service. This cost per resident and cost per worker was converted into a cost per unit for each type of residential development, a cost per 1,000 square feet for non-residential or a cost per room for hotels based on the estimated densities as shown in Table 5. Basing the fee on the additional residents or workers that are generated ensures that the development pays only their fair share of future facilities based on their impact.

Section 4 GENERAL GOVERNMENT FACILITIES

BACKGROUND

This section presents an analysis of the City's General Government Facilities Fee. The General Government Facilities Fee covers the costs to mitigate the effects of new development on the City's general facilities. The existing facilities include the city hall, a meeting room, equipment storage/crew room, parking lots, existing vehicles and equipment, and any other government facilities not addressed by other fees in this report. As the resident population and non-resident employment in the City increases, there exists a correlating rise in the demand for general government facilities to support the increased demand on the City.

The fee is calculated using the Existing Inventory Method. Under this methodology, the facilities are inventoried and the value of the facilities used to determine the current LOS provided by the City on a per capita basis. This LOS calculation is then used to determine the fee by land use that is needed for new development to fund the facilities needed to maintain this existing LOS.

SERVICE POPULATION

Demand for services and the associated facilities is based on the City's existing service population, which includes residents and non-residential workers. In calculating the service population for growth, workers were weighted less than residents to reflect lower service demand of workers. Non-resident workers spend less time in the City and use fewer services, so the demand for City services is less than that of a resident.

COST STANDARD

To calculate the appropriate General Government Facilities Fee, this study examines the existing general government facilities to calculate the existing standard. The total value is then divided by the existing service population to determine the cost per capita. The cost per capita is then applied to the PPH and worker density assumptions to determine the fee for each land use. This approach ensures that the new development contributes its fair share to new facilities at the same level of service the City currently provides. Table 7 identifies the City's existing general government facilities and outlines the total value.

Table 7: General Government Facilities – Total Inventory Value

Detailed Description	Location	Building Value	Building Contents	Vehicle Value	Total Value
<u>Existing Facilities</u>					
City Hall ¹	581/621 Magnolia Ave	\$1,939,019	\$539,944	-	\$2,478,963
Meeting Room ²	621 Magnolia Ave & 450 Poplar Ave	1,260,772	-	-	1,260,772
Equipment Storage / Crew Room	400 E Millbrae Ave	365,047	263,446	-	628,493
Parking Lot	320 Magnolia Ave	163,081	422,620	-	585,701
Parking Lot	Near 238 Broadway	81,541	143,237	-	224,778
Parking Lot	Near 446 Broadway	81,541	204,212	-	285,753
<u>Existing Vehicles and Equipment</u>					
Scheduled Low Value Vehicles	Contains city owned cars and trucks utilized in everyday operations	621 Magnolia Ave & Various locations	-	-	3,764,231
Scheduled Mobile & Contractors Equipment	Scheduled Mobile & Contractors Equipment includes city owned fleet vehicles such as trucks, heavy equipment, generators, etc	621 Magnolia Ave & Various locations	-	-	618,637
Total Existing Facilities		\$3,891,001	\$1,573,459	\$4,382,868	\$9,847,329
				Total Existing Service Population	26,439
				Cost per Capita	\$372.45

¹ Building Value and Contents for the City Hall allocation calculated by dividing the total square footage designated for City Hall uses (10,370 GSF) by the total square footage of the joint City Hall/Police Station (14,560 GSF).

² Building Value and Contents for the Police Annex allocation calculated by dividing the total square footage designated for Police functions (4,785 GSF) by the total square footage of the joint City Hall/Police Station (8,436 GSF).

Source: City of Millbrae Statement of Value - February 20, 2019.

FEE SCHEDULE

Table 8 summarizes the General Government Facilities Fee schedule based on the existing cost standard established in Table 7. The cost per capita is converted to a fee per residential unit based on the persons per household assumptions. The fee for non-residential uses is determined by multiplying the cost per capita times 0.5 (the weighting factor) and then multiplying by the number of employees per 1,000 square feet or in the case of the hotel, the number of employees per room.

Table 8: General Government Facilities – Fee Schedule

Land Use	Cost per Capita	Density	Total Fee (Rounded)
<i><u>Residential (Fee per Dwelling Unit)</u></i>			
Single Family	\$372.45	2.85	\$1,061
Multifamily	372.45	2.10	782
<i><u>Non-Residential (Fee per 1,000 Square Feet)</u></i>			
Commercial	\$186.23	1.82	\$339
Office	186.23	4.00	745
Industrial	186.23	0.40	74
<i><u>Non-Residential (Fee per Room)</u></i>			
Hotel	\$186.23	0.80	\$149

REVENUE PROJECTIONS

Table 9 summarizes the anticipated General Government Facilities Fee revenue. The revenue will be available to expand the City's existing general facilities to meet the need of new residents and workers in the City.

Table 9: General Government Facilities – Estimated Revenue

Land Use	Units	Fee	Anticipated Revenue
<u>Residential</u>			
Single Family	50	\$1,061	\$53,050
Multifamily	2,737	782	2,140,260
<u>Non-Residential</u>			
Commercial	179,000	\$339	\$60,681
Office	715,000	745	532,675
Industrial	-	74	-
Hotel	209	149	<u>31,141</u>
Total			\$2,817,807

Note: Revenue projection assumes complete buildout projections seen in Table 3.

NEXUS FINDINGS – GENERAL GOVERNMENT FACILITIES FEE

AB1600 requires that public agencies satisfy five requirements when establishing, increasing, or imposing a fee as a condition of approval of a development project. The required findings are as follows.

Requirement 1: Identify the purpose of the fee.

The purpose of the General Government Facilities Fee is to fund government facilities (e.g., city hall expansion, community or meeting rooms, corporation yard improvements, parking lots, other vehicles and equipment, or any other items not covered by other fee areas) required to mitigate the impacts of new development on the City's infrastructure.

Requirement 2: Identify the use of the fee.

The General Government Facilities Fee will be used to fund government facilities to maintain the existing level of service the City provides. As new development occurs, the City will be required to expand general facilities to maintain the existing standard.

Requirement 3: Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed.

New residential and non-residential development will generate additional growth. An increase in residents and non-resident workers will increase the demand for facilities. The General Government Facilities Fee is calculated based on the City's existing standard. Residential and non-residential development are responsible for paying their fair share to maintain the City's existing standard based on the weighted service population assigned to each individual land use as shown in Table 8.

Requirement 4: Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed.

An increase in residential and non-residential development generates additional residents and workers that increase the need for general facilities to maintain the City's existing level of service. The value of the City's existing facilities is divided by the current service population to determine the existing cost per capita as shown in Table 7. One worker is assumed to create half of the demand of a new resident. Each residential land use is charged a fee based on the additional residents it is expected to add multiplied by the cost per capita. Non-residential development is charged a fee based on the cost per capita, multiplied by 0.5 (the weighting factor), and then multiplied by the number of assumed workers per 1,000 square feet of building or in the case of hotels the number of assumed workers per room. By charging the fee based on the additional residents or workers created by each land use, the fee directly correlates to the demand created by each new development.

Requirement 5: Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

New facilities are necessary to maintain the City's existing level of service as new residential and non-residential units are constructed. The City inventoried the existing government facilities and identified the value of each. This value was divided by the City's existing service population to calculate the cost per resident and the cost per worker necessary to maintain the City's existing level of service. This cost per resident and cost per worker was converted into a cost per unit for each type of residential development and a cost per square foot for non-residential development based on the estimated densities as shown in Table 8. Basing the fee on the additional residents or workers that are generated ensures that the development pays only their fair share of future facilities.

Section 5 RECREATION SERVICES FEE

BACKGROUND

This section presents an analysis of the City's Recreation Services Fee. The fee for recreation services covers the costs to mitigate the effects of new development on recreation services. As the resident population in the City increase, there exists a correlating rise in the demand for recreation facilities and services to support the increased demand on the City.

The existing recreation facilities in the City include a park and recreation crew room/storage, superintendent offices, the Millbrae Historical Museum, and the temporary recreation center. Based on the Millbrae Community Center Rebuild Project Master Plan, prepared in 2018, the future planned facilities include a recreation center with solar panels and upgrades. The recreation center will include a daycare center.

SERVICE POPULATION

Demand for services and associated facilities is based on the City's service population. The City's recreation services infrastructure and facilities that support growth serve primarily residential development. The childcare service located in the recreation center will be available to all City resident and non-resident workers, thus serving both residential and non-residential developments. The planned future recreation center is designed to serve existing and future growth. The City provided the total serviceable resident population for the future facilities based on updated information since the Millbrae Community Center Rebuild Project Master Plan, prepared in 2018. The service population for the childcare facility includes employees.

COST STANDARD

To calculate the appropriate Recreation Fee, this study examines the existing and future recreation facilities and associated costs. In 2016 a fire completely destroyed the existing City community center. The City has embarked on a plan to fund a new recreation center and currently has a temporary facility. This analysis deducts the cost of the temporary recreation center to avoid double counting the cost of the recreation center. The Millbrae Community Center Rebuild Project Master Plan, prepared in 2018, outlined the plan for the new recreation Center and the cost in this analysis is based on an approximately 25,800 square foot facility based on input from the City. The square footage of the childcare service area from the City is used to allocate a portion of the cost to nonresidential development.

The total cost for the recreation future facilities, less the cost for the childcare portion, is divided by the total existing and future residential service population. The childcare facility in the recreation center will be available to all residents and employees within the city. The cost is

allocated to the childcare facility based on the future serviceable population of the recreation center.

The cost per resident for existing and future facilities, less the temporary recreation center, is then applied to the new residential growth for the types of new development. The cost per service population for the recreation childcare center is applied to new non-residential growth with respect to the type of new development weighted at 0.5 residents. This approach ensures that the new development contributes its fair share to recreation facilities based on their fair share of planned facilities. Table 10 identifies the City's existing and future recreation facilities and estimates the total value.

Table 10: Recreation Services Facilities – Total Inventory Value

	Location	Building Value	Building Contents	Total Value
<u>Existing Facilities</u>				
Park & Rec Crew Room/ Storage	477 Lincoln Circle	\$0	\$83,278	\$83,278
Superintendent Offices	477 Lincoln Circle	57,239	0	57,239
Millbrae Historical Museum	200 Constitution Square	301,129	0	301,129
Temporary Recreation Center	477 Lincoln Circle	2,727,648	958,860	3,686,508
Total Existing Facilities		\$3,086,016	\$1,042,138	\$4,128,154
	Less: Temporary Recreation Center Building and Contents ¹			-\$3,686,508
		Net Recreation Facilities		\$441,646
		Existing City Residents		23,154
	Cost per Capita for Existing Facilities			\$19.07
<u>Future Facilities²</u>				
Recreation Center Construction				\$31,000,000
Sustainable Upgrades				1,150,000
Solar Panels				1,100,000
Total - Future Recreation Services Projects				\$33,250,000
Recreation Center Square Feet				25,800
Indoor Childcare Facility Square Feet				2,560
Recreation Center Childcare Facility Cost Allocation				\$3,299,225
Cost per Service Population of Childcare Facility³				\$99.51
Future Facility Total Serviceable Population ⁴				33,154
Cost per Resident New Facilities (net of Childcare Facility)				\$903.38
Total Cost per Resident				\$1,021.96

¹ In 2016 a fire completely destroyed the existing City community center. The analysis deducts the cost for the temporary recreation center as the City has embarked on a plan to for a new recreation center.

² Millbrae Community Center Rebuild Project Master Plan, 2018 and the City of Millbrae. Costs provided by the City and are in 2019 dollars.

³ The childcare facility in the recreation center will be available to all residents and employees within the city. These costs are allocated to the childcare facility based on the future serviceable population of the recreation center plus the future City employees weighted at 0.5. Employees are weighted to reflect the lower per capita service demand compared to City residents.

⁴ Total serviceable population of the future recreation center provided by the City on November 25th, 2019.

Source: City of Millbrae Statement of Value - February 20, 2019.

FEE SCHEDULE

Table 11 summarizes the Recreation Services Fee schedule based on the cost per service population established in Table 10. The cost per service population is converted to a fee per residential unit based on the persons per household assumptions. The fee for non-residential uses is determined by multiplying the cost per service population for the childcare facility multiplied by 0.5 to discount for the lower impact of employees vs residents and then multiplying by the number of employees per 1,000 square feet or in the case of the hotel, the number of employees per room.

Table 11: Recreation Services Facilities – Fee Schedule

Land Use	<i>Cost per Service Population</i>	<i>Density</i>	<i>Total Fee (Rounded)</i>
<u><i>Residential (Fee per Dwelling Unit)</i></u>			
Single Family	\$1,021.96	2.85	\$2,913
Multifamily	1,021.96	2.10	2,146
<u><i>Non-Residential (Fee per 1,000 Square Feet)</i></u>			
Commercial	\$49.76	1.82	\$91
Office	49.76	4.00	199
Industrial	49.76	0.40	20
<u><i>Non-Residential (Fee per Room)</i></u>			
Hotel	\$49.76	0.80	\$40

REVENUE PROJECTIONS

Table 12 summarizes the anticipated Recreation Services Fee revenue. The revenue will be available to fund a portion of a new recreation center that is necessary to mitigate the impacts of new development.

Table 12: Recreation Services – Estimated Revenue

Land Use	Units	Fee	Anticipated Revenue
<i><u>Residential</u></i>			
Single Family	50	\$2,913	\$145,650
Multifamily	2,737	2,146	5,873,398
<i><u>Non-Residential</u></i>			
Commercial	179,000	\$91	\$16,209
Office	715,000	199	142,299
Industrial	-	20	-
Hotel	209	40	8,319
Total			\$6,185,875

Note: Revenue projection assumes complete buildout projections seen in Table 3.

NEXUS FINDINGS – RECREATION SERVICES FEE

AB1600 requires that public agencies satisfy five requirements when establishing, increasing, or imposing a fee as a condition of approval of a development project. The required findings are as follows.

Requirement 1: Identify the purpose of the fee.

The purpose of the Recreation Services Fee is to fund a portion of a new recreation center that is necessary to mitigate the impacts of new development.

Requirement 2: Identify the use of the fee.

The Recreation Services Fee will be used to fund a portion of a new recreation facility that is needed to accommodate growth based on new developments fair share of planned facilities. The City plans to build a new approximately 25,800 square foot recreation center that includes a childcare facility. The childcare facility will be available to all City residents and non-residential workers.

Requirement 3: Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed.

New residential and non-residential development will generate additional demand. An increase in residents will increase the demand for recreation facilities. An increase in non-residential workers and residents will increase the demand for childcare facilities. The Recreation Services Fee is calculated based on a cost per service population.

Requirement 4: Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed.

The Recreation Services Fee is calculated based on a cost per service population. The total cost for the recreation future facilities, less the cost for the childcare portion, is divided by the total existing and future resident service population. This is added to the cost per capita of the City's existing facilities to determine the total cost per capita. The childcare facility in the recreation center will be available to all residents and employees within the city. These costs are allocated to the childcare facility based on the future serviceable population of the recreation center. Employees are weighted at 0.5 to reflect the lower per capita service demand compared to City residents. Each residential land use is charged a fee based on the additional residents it is expected to add multiplied by the cost per service population. Non-residential development is charged a fee based on the cost per service population multiplied by 0.5 and then multiplied by the number of assumed workers per 1,000 square feet of building or per hotel room as shown in Table 11. By charging the fee based on the additional residents or workers created by each land use, the fee directly correlates to the demand created by each new development.

Requirement 5: Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

New facilities are necessary to maintain the level of service as new residential and non-residential units are constructed. The City inventoried the existing recreation facilities and identified the value of each. This analysis deducted the cost of the temporary recreation center as a new recreation center is planned. The planned facilities and costs are based on the Millbrae Community Center Rebuild Project Master Plan, 2018, and the City of Millbrae. This value is divided by the service population to determine the cost per service population. The childcare facility in the planned recreation center will be available to residents and employees in the City and therefore includes future City employees weighted at 0.5. The cost per service population for existing and future facilities, less the temporary recreation center, is applied to the new residential growth for the type of new development. The cost per service population for the recreation childcare center is applied to new non-residential growth with respect to the type of new development. This approach ensures that new development contributes its fair share to recreation facilities based on their fair share of planned facilities. This cost per service population was converted into a cost per unit for each type of residential development and a cost per 1,000 square foot for non-residential development based on the estimated densities as shown in Table 11. Basing the fee on the additional residents or workers that are generated ensures that the development pays only their fair share of future facilities.

Section 6 PUBLIC SAFETY

BACKGROUND

This section presents an analysis of the City's Public Safety Fee. The Public Safety Fee covers the costs to mitigate the effects of new development on the City's public safety facilities. Existing public safety facilities include police facilities, fire stations, a fire training tower, and a roof training pad. As the resident population and non-resident employment in the City increase, there exists a correlating rise in the demand for public safety facilities to support the increased demand on the City.

The Public Safety Fee is calculated using the Existing Inventory Method. Under this methodology, the facilities are inventoried and the value of the facilities used to determine the current LOS provided by the City on a per capita basis. This LOS calculation is then used to determine the fee by land use that is needed for new development to fund the facilities needed to maintain this existing LOS.

OVERLAP WITH MSASP

The MSASP Area Development Impact Fee includes a public safety component for the remodel and upgrade of the City Fire Station #37 training tower and vehicles and equipment. Due to the overlap between the two fee programs, development in the MSASP will pay the MSASP Area Development Impact Fee and receive a credit against the City's Public Safety Fee in the amount of the public safety component of the MSASP Area Development Impact Fee. Given that the amount of the City's Public Safety Fee is higher than the credit for the public safety component of the MSASP Area Development Impact Fee, the amount of the City's Public Safety Fee would equal the total fee less the credit for the public safety component of the MSASP Area Development Impact Fee.

SERVICE POPULATION

Demand for services and the associated facilities is based on the City's existing service population, which includes residents and non-residential workers. In calculating the service population for growth, workers were weighted less than residents to reflect lower service demand of workers. Non-resident workers spend less time in the City and use fewer services, so the demand for City services is less than that of a resident.

COST STANDARD

The City-owned public safety facilities are summarized in Table 13. Public safety vehicles and equipment are provided by the County and are not included in the fee calculations. The total value of the facilities is divided by the City's existing service population to determine the cost per capita

of the existing police facilities. The cost per capita is then applied to the PPH and worker assumptions to determine the fee for each land use. This approach ensures that new development contributes its fair share to new facilities at the same level of service the City currently provides. Table 13 identifies the City's existing public safety and outlines the total value.

Table 13: Public Safety Facilities – Total Inventory

Location	Building Value	Building Contents³	Total Value
<u>Existing Facilities</u>			
City Hall Police Allocation ¹	581/621 Magnolia Ave	\$783,461	\$1,001,626
Police Annex Allocation ²	621 Magnolia / 450 Poplar Ave	944,222	- 944,222
Fire Station #37	511 Magnolia Ave	3,220,763	230,940 3,451,703
Fire Training Tower	511 Magnolia Ave	217,727	19,156 236,883
Roof Training Pad	511 Magnolia Ave	79,474	- 79,474
Fire Station #38	785 Crestview	5,038,625	- 5,038,625
Total Existing Facilities	\$10,284,272	\$468,261	\$10,752,532
		Existing Service Population	26,439
		Cost per Capita	\$406.69

¹ Building Value and Contents for the City Hall allocation calculated by dividing the total square footage designated for Police uses (4,190 GSF) by the total square footage of the joint City Hall/Police Station (14,560 GSF).

² Building Value and Contents for the Police Annex allocation calculated by dividing the total square footage designated for Police uses (3,651 GSF) by the total square footage of the joint City Hall/Police Station (8,436 GSF).

³ Vehicles and Equipment are provided by the County and are not included in the calculations.

Source: City of Millbrae Statement of Value - February 20, 2018.

FEE SCHEDULE

Table 14 summarizes the Public Safety Fee schedule based on the existing cost standard established in Table 13. The cost per capita is converted to a fee per residential unit based on the persons per household assumptions. The fee for non-residential uses is determined by multiplying the cost per capita times 0.5 (the weighting factor) and then multiplying by the number of employees per 1,000 square feet or in the case of hotels, the number of employees per room.

Table 14: Public Safety – Fee Schedule

Land Use	Cost per Capita	Density	Total Fee (Rounded)
<u><i>Residential (Fee per Dwelling Unit)</i></u>			
Single Family	\$406.69	2.85	\$1,159
Multifamily	406.69	2.10	854
<u><i>Non-Residential (Fee per 1,000 Square Feet)</i></u>			
Commercial	\$203.35	1.82	\$370
Office	203.35	4.00	813
Industrial	203.35	0.40	81
<u><i>Non-Residential (Fee per Room)</i></u>			
Hotel	\$203.35	0.80	\$163

REVENUE PROJECTIONS

Table 15 summarizes the anticipated Public Safety Fee revenue. The revenue will fund public safety buildings needed to house police and fire services needed to meet the need of new residents and workers in the City.

Table 15: Public Safety – Estimated Revenue

Land Use	Units	Fee	Anticipated Revenue
<u><i>Residential</i></u>			
Single Family	50	\$1,159	\$57,950
Multifamily	2,737	854	2,337,317
<u><i>Non-Residential</i></u>			
Commercial	179,000	\$370	\$66,230
Office	715,000	813	581,295
Industrial	-	81	-
Hotel	209	163	34,067
Total			\$3,076,859

Note: Revenue projection assumes complete buildout projections seen in Table 3.

NEXUS FINDINGS – PUBLIC SAFETY FEE

AB1600 requires that public agencies satisfy five requirements when establishing, increasing, or imposing a fee as a condition of approval of a development project. The required findings are as follows.

Requirement 1: Identify the purpose of the fee.

The purpose of the Public Safety Fee is to fund public safety buildings needed to house police and fire services that are required to mitigate the impacts of new development on the City's facilities.

Requirement 2: Identify the use of the fee.

The Public Safety Fee will be used to fund new police and fire facilities that are necessary to maintain the existing level of service the City provides. As new development occurs, the City will be required to expand police and fire facilities to house additional officers and firefighters.

Requirement 3: Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed.

New residential and non-residential development will generate additional residential population and non-residential employment growth. An increase in residents and non-resident workers will increase the demand for public safety facilities. The Public Safety Fee is calculated based on the City's existing standard. Residential and non-residential development are responsible for paying their fair share to maintain the City's existing standard based on the weighted service population assigned to each individual land use as shown in Table 14.

Requirement 4: Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed.

An increase in residential and non-residential development generates additional residents and workers that increase the need for public safety facilities to maintain the City's existing level of service. The value of the City's existing facilities is divided by the current service population to determine the existing cost per capita. One worker is assumed to create half of the demand of a new resident. Each residential land use is charged a fee based on the additional residents it is expected to add multiplied by the cost per capita. Non-residential development is charged a fee based on the cost per capita, multiplied by 0.5 (the weighting factor), and then multiplied by the number of assumed workers per 1,000 square feet of building or per hotel room as shown in Table 14. By charging the fee based on the

additional residents or workers created by each land use, the fee directly correlates to the demand created by each new development.

Requirement 5: Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

New facilities are necessary to maintain the City's existing level of service as new residential and non-residential units are constructed. The City inventoried the existing public safety facilities and identified the value of each. This value was divided by the City's existing service population to calculate the cost per resident and the cost per worker necessary to maintain the City's existing level of service. This cost per resident and cost per worker was converted into a cost per unit for each type of residential development and a cost per square foot for non-residential development based on the estimated densities as shown in Table 14. Basing the fee on the additional residents or workers that are generated ensures that the development pays only their fair share of future facilities.

Section 7 PARK ACQUISITION AND FACILITIES FEE

BACKGROUND

This section presents an analysis of the need for park facilities, such as picnic shelters, restrooms and playground equipment to accommodate new development in the City and to ensure that new development provides adequate funding to meet its needs. Population information was reviewed to accurately determine the necessary fees to accommodate new development in the City and to ensure that new development provides adequate funding to meet increased needs.

OVERLAP WITH MSASP

The MSASP Area Development Impact Fee includes a park component that funds additional parks and recreation land and facilities. Due to the overlap between the two fee programs, development in the MSASP will pay the MSASP Area Development Impact Fee and receive a credit against the City's Park Acquisition and Facilities Fee in the amount of parks component of the MSASP Area Development Impact Fee. Given that the amount of the City's Park Acquisition and Facilities Fee is higher than the credit for the parks of the MSASP Area Development Impact Fee, the amount of the City's Park Acquisition and Facilities Fee would equal the total fee less the credit for the parks component of the MSASP Area Development Impact Fee. This ensures that the MSASP development provides adequate funding to meet increased needs and maintain the planned update General Plan standard of three (3) acres of parks per 1,000 residents, as provided by the City.

SERVICE POPULATION

The AB1191 QUIMBY Act, California government code §66477 (QUIMBY Act), outlines the requirements for imposing fees for park purposes with a minimum of three (3) acres and a maximum of five (5) acres of green space per 1,000 residents. The 1998 General Plan stated that the City's standard was a minimum of two (2) acres of parkland per 100 residential units. The park standard used in this analysis is based on the planned update to the General Plan which sets the standard at three (3) acres of parkland per 1,000 residents. This information was provided by City on November 25th, 2019. The Park Acquisition and Facilities Fee is not applied to non-residential development because of the minimal per employee service demand.

According to the Administrative Draft Millbrae Parks and Facilities Inventory Report, August 2019, prepared by Carducci Associates, the city contains “approximately 2.9 acres [of parkland and trails] per 1,000 residents based on the 2015 resident population of 22,898.” Including the Civic Center and joint-use school fields, the city provides approximately 5.0 acres per 1,000 residents. Therefore, the planned updated General Plan standard of three (3) acres of parkland per 1,000 residents is consistent with the current parkland provided by the City.

COST STANDARD

Table 16 identifies the cost standard for construction costs per park acre. Charging a fee based on the City's standard of three acres per 1,000 residents ensures that the City will have sufficient revenues to maintain this standard as new development occurs and population increases.

As stated in the City's Municipal Code 10.20 (Quimby), as a condition of approval of a final subdivision map, the subdivider shall dedicate land or pay a fee in lieu thereof, or both, at the option of the city, for park or recreational purposes at the time. The City Park Acquisition and Facilities Fee satisfies the City's Quimby fee requirement. The developer could also dedicate land in lieu of paying the land portion of the fee.

Table 16: Park Acquisition and Facilities Fee – Cost Standard

Land Cost per Acre ¹	\$5,330,000
Construction Cost per Acre ²	1,032,000
Total Park Cost per Acre	6,362,000
General Plan Standard (3 Acres per 1,000) ³	3.00
Land Acquisition Cost per Resident	\$15,990
Park Construction Cost per Resident	\$3,096
Total Park Cost per Resident	\$19,086

¹ Land costs from a survey of completed land transactions in San Mateo County.

² Costs extrapolated from the Millbrae Community Center Rebuild Master Plan.

³ Updated General Plan standard of 3 acres of parkland per 1,000 residents provided by City on November 25th, 2019.

FEE SCHEDULE

Table 17 summarizes the Park Acquisition and Facilities Fee schedule based on the existing standard. The cost per capita is converted to a fee per new residential unit based on the estimated persons per household.

Table 17: Park Acquisition and Facilities Fee – Proposed Fee Schedule

Land Use	A <i>Land Cost per Resident</i>	B <i>Construction Cost per Resident</i>	C <i>Density</i>	A x C = D <i>Land Cost per Unit</i>	B x C = E <i>Construction Cost per Unit</i>	D + E <i>Total Park Cost per Unit</i>
<u>Fee for Parkland Acquisition and Facilities</u>						
<u>Residential (Fee per Dwelling Unit)</u>						
Single Family	\$15,990	\$3,096	2.85	\$45,572	\$8,824	\$54,395
Multifamily	15,990	3,096	2.10	33,579	6,502	40,081

REVENUE PROJECTIONS

Table 18 summarizes the anticipated Park Acquisition and Facilities Fee revenue. Generally, the funds need to be expended to build improvements that expand the City's existing park system to ensure the City maintains its standard of three (3) acres per 1,000 residents.

Table 18: Park Acquisition and Facilities Fee – Estimated Revenue

Land Use	Units	Fee	Anticipated Revenue
<u>Residential</u>			
Single Family	50	\$54,395	\$2,719,755
Multifamily	2,737	40,081	109,696,785
Total			\$112,416,540

Note: Revenue projection assumes complete buildout projections seen in Table 3.

NEXUS FINDINGS – PARK ACQUISITION AND FACILITIES FEE

AB1600 requires that public agencies satisfy five requirements when establishing, increasing, or imposing a fee as a condition of approval of a development project. The required findings are as follows.

Requirement 1: Identify the purpose of the fee.

The purpose of the Park Acquisition and Facilities Fee is to acquire new park acres and to fund park facilities such as playground equipment, restrooms, and trash enclosures, required to serve new development in the City.

Requirement 2: Identify the use of the fee.

The Park Acquisition and Facilities Fee is used to fund the acquisition of land and development of new park facilities needed to maintain the proposed General Plan standard

of three (3) acres of parks per 1,000 residents. As new development occurs, the City will be required to expand park facilities to meet the growing needs of the new population. The park fee will provide funding for these additional facilities to maintain the proposed General Plan standard of three (3) acres of parks per 1,000 residents.

Requirement 3: Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed.

New residential development will generate additional residents. An increase in residents will increase the demand for park facilities. The Park Acquisition and Facilities Fee is calculated using the City's proposed general plan standard of three (3) acres of park per 1,000 residents. Residential development is responsible for paying its fair share to maintain the City's standard. Non-residential uses do not pay the fee since they do not generate additional residents and workers have minimal impact on the City's park system.

Requirement 4: Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed.

New residential development will contribute to an increase in residents that raises the need for park facilities to maintain the City's proposed General Plan park standard of three (3) acres per 1,000 residents. Non-residential uses do not pay the fee since workers have minimal impact on the City's park system. Residential development pays its fair share of the fees based on the estimated persons per household for each type of development.

Requirement 5: Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

As new residential units are constructed, new park facilities are necessary to maintain the City's proposed General Plan standard of three (3) acres per 1,000 residents as provided by City on November 25th, 2019. The City's current standard is similar to this, so new development is not funding existing deficiencies or and is funding parks at a similar standard to the standard the City currently provides. The fees are calculated by taking the cost per acre of park land times three acres of parks per 1,000 residents and then dividing that by 1,000 to determine the cost per capita. The cost per capita is then spread to each development type based on the estimated PPH as shown in Table 17. The park fee consists of a land acquisition portion and facilities construction portion. For developments that dedicate park land, the land component will not apply. By spreading the fees based on population density assumptions, each new residential unit is paying only its fair share of the facilities required to maintain the City's proposed General Plan Standard. Non-residential land uses do not have a park fee as non-residential development will not generate a significant increase in park facility demand.

Section 8 MOBILITY FEE

BACKGROUND

This section presents an analysis of the need for mobility improvements, such as bicycle and pedestrian infrastructure to accommodate new development in the City. The Mobility Fee is calculated based on the ratio of planned facilities to the increase in demand associated with new development. As the resident population and non-resident employment in the City increase, there exists a correlating rise in the demand for mobility improvements to support the increased demand on the City.

SERVICE POPULATION

The City's Mobility Fee provides funding for new mobility facilities, such as bicycle and pedestrian infrastructure, to accommodate and mitigate new development's impact on the City's infrastructure. The residential and non-residential land uses will be assessed a fee based on the PM peak hour trips from the 10th Edition of the Institute of Transportation Engineers' (ITE) Generation Manual generated by each land use.

OVERLAP WITH MSASP

The MSASP Area Development Impact Fee includes a transportation component that will help maintain acceptable transportation operations in the MSASP, including uses for alternative modes such as bike and trail improvements. Based on the improvements included in the transportation component of the MSASP Area Development Impact Fee, development in the MSASP is exempt from the City's Mobility Fee.

FACILITIES AND COSTS

Calculating the Mobility Fee based on the ratio of new developments increase of demand on planned facilities ensures that the City will have sufficient revenues to build and expand the City's mobility facilities in order to maintain acceptable levels of services as new development occurs. It is anticipated that the City's population will grow by approximately 20 percent through 2040. Therefore 20 percent of total mobility costs are allocated to new development.

Table 19 identifies the list of eligible mobility projects and associated costs based on the City of Millbrae Active Transportation Plan Administrative Draft dated March 2018. Planned improvements include bicycle improvements such as a separated bike lane, low-stress bike routes, access connections, and share-use paths. Pedestrian infrastructure includes streetscape improvements, freeway overcrossing, multi-lane crosswalk enhancements, signalized intersection improvements, interchange crossing improvements, and high-visibility crossing striping. The cost

Table 19: Mobility Fee – Total Project Cost

Project	Location	Total Project Cost	Allocation to New Development ¹	Cost Included in Fee Program
<i>Bicycle Infrastructure</i>				
Separated Bike Lane	El Camino Real from City Limits to City Limits	\$6,945,000	20.00%	\$1,389,000
Low-Stress Bike Route	Aviator Avenue	69,000	20.00%	13,800
Low-Stress Bike Route	Broadway / Center Street	45,000	20.00%	9,000
Low-Stress Bike Route	California Drive	28,000	20.00%	5,600
Low-Stress Bike Route	Conejo Drive	24,000	20.00%	4,800
Low-Stress Bike Route	Evergreen Way	28,000	20.00%	5,600
Low-Stress Bike Route	Fontera Way / Vallejo Drive / Millbrae Avenue / Skyline Boulevard / Hillcrest Avenue	129,000	20.00%	25,800
Low-Stress Bike Route	Helen Drive	69,000	20.00%	13,800
Low-Stress Bike Route	Helen Drive / Tiago Drive	47,000	20.00%	9,400
Low-Stress Bike Route	Hemlock Avenue	129,000	20.00%	25,800
Low-Stress Bike Route	Hillcrest Avenue	119,000	20.00%	23,800
Low-Stress Bike Route	Lansdale Avenue	16,000	20.00%	3,200
Low-Stress Bike Route	Larkspur Drive	19,000	20.00%	3,800
Low-Stress Bike Route	Laurel Avenue / Barcelona Drive	91,000	20.00%	18,200
Low-Stress Bike Route	Lerida Avenue	21,000	20.00%	4,200
Low-Stress Bike Route	Lincoln Circle	34,000	20.00%	6,800
Low-Stress Bike Route	Ludeman Lane	56,000	20.00%	11,200
Low-Stress Bike Route	Magnolia Avenue / Park Place	237,000	20.00%	47,400
Low-Stress Bike Route	Murchison Drive	240,000	20.00%	48,000
Low-Stress Bike Route	Old Bayshore Drive	28,000	20.00%	5,600
Low-Stress Bike Route	Palm Avenue	84,000	20.00%	16,800
Low-Stress Bike Route	Richmond Drive	103,000	20.00%	20,600
Low-Stress Bike Route	Rollins Road / Camino Millennia	48,000	20.00%	9,600
Low-Stress Bike Route	San Anselmo Avenue / Santa Helena Avenue	55,000	20.00%	11,000
Access Connections	Spur Trail Access Connections at Palm Avenue and Mills High School	86,000	20.00%	17,200
Extension	Spur Trail Extension from Tioga Drive to Larkspur Drive	462,000	20.00%	92,400
Shared-Use Path	Monterey Shared Use Path Extension North	357,000	20.00%	71,400
Shared-Use Path	Monterey Shared Use Path Extension South	1,026,000	20.00%	205,200
Bridge	Highway 101 Bicycle Bridge	TBD	TBD	TBD
TBD	Millbrae Avenue Bikeway Improvements from Magnolia Avenue to Old Bayshore Highway	TBD	TBD	TBD
<i>Pedestrian Infrastructure</i>				
Improvements	Broadway from Millbrae Avenue to Meadow Glen Avenue	\$4,508,000	20.00%	\$901,600
Improvements	El Camino Real from Millbrae Avenue to Meadow Glen Avenue	4,508,000	20.00%	901,600
Freeway Overcrossing	U.S. 101 Bicycle and Pedestrian Overcrossing	6,500,000	20.00%	1,300,000
Crosswalk	El Camino Real & Chadbourne Avenue	1,258,000	20.00%	251,600
Improvements	El Camino Real & Hillcrest Avenue	227,000	20.00%	45,400
Improvements	El Camino Real & Millwood Avenue	227,000	20.00%	45,400
Crosswalk	El Camino Real & Santa Helena Avenue	294,000	20.00%	58,800
Improvements	El Camino Real & Santa Inez Avenue	227,000	20.00%	45,400
Improvements	El Camino Real & Silva Avenue	227,000	20.00%	45,400
Improvements	El Camino Real & Victoria Avenue	227,000	20.00%	45,400
Improvements	El Camino Real & Murchison Avenue	227,000	20.00%	45,400
Improvements	Millbrae Avenue & U.S. 101 Northbound and Southbound Ramps	551,000	20.00%	110,200
Striping	Various Locations throughout the City	836,000	20.00%	167,200
Improvements	El Camino Real Road Diet (Complete Streets)	TBD	TBD	TBD
Improvements	Citywide Traffic Calming	TBD	TBD	TBD
Improvements	Millbrae SFO High Speed Rail Station Parking and Wayfinding	TBD	TBD	TBD
Total		\$30,412,000		\$6,082,400
			New Development Trip EDUs ²	3,211.81
			Cost per Trip EDU	\$1,893.76

¹ It is anticipated that the City will incur approximately 20 percent of growth through 2040. Therefore 20 percent is allocated to new development.

² Trip EDUs are calculated on Table 20.

Source: City of Millbrae Active Transportation Plan Administrative Draft dated March 2018.

per trip is calculated by estimating the total eligible project cost shown in Table 19 and dividing by the total future trips estimated in Table 20. Projects within one-half mile of a transit stop are eligible for a reduction of their impact fees in accordance with California Government Code Section 66005.1.

FEE SCHEDULE

Table 20 estimates the trips generated by future development based on the land use projections in Table 3. The ITE trip generation rate manual, 10th edition is used to estimate the total PM peak hour trips generated by the estimated 2040 development. Table 20 shows the fee for each land use.

Table 20: Mobility Fee – Total Remaining Trips Generated and Fee Schedule

Land Use	Units	ITE Trip Generation Rate ¹	Trips Generated	Cost Per Trip ²	Total Fee (Rounded)
<i><u>Residential (Fee per Dwelling Unit)</u></i>					
Single Family	50	0.99	49.50	\$1,893.76	\$1,875
Multifamily	2,737	0.56	1,532.67	1,893.76	1,061
<i><u>Non-Residential (Fee per 1,000 Square Feet)</u></i>					
Commercial	179,000	3.81	681.99	\$1,893.76	\$7,215
Office	715,000	1.15	822.25	1,893.76	2,178
Industrial	-	0.63	-	1,893.76	1,193
<i><u>Non-Residential (Fee per Room)</u></i>					
Hotel	209	0.60	125.40	\$1,893.76	\$1,136
			3,211.81		

¹ Institute of Transportation Engineers Common Trip Generation Rates (PM Peak Hour) sourced from the ITE Trip Generation Manual, 10th Edition.

² Cost per trip calculated by dividing the total project costs included in the fee program divided by the total number of trips generated.

REVENUE PROJECTIONS

Table 21 summarizes the anticipated Mobility Fee revenue. The revenue will be mobility improvements needed to meet the need of new residents and workers in the City.

Table 21: Mobility Fee – Estimated Revenue

Land Use	Units	Fee	Anticipated Revenue
<u>Residential</u>			
Single Family	50	\$1,875	\$93,750
Multifamily	2,737	1,061	2,903,856
<u>Non-Residential</u>			
Commercial	179,000	\$7,215	\$1,291,485
Office	715,000	2,178	1,557,270
Industrial	-	1,193	-
Hotel	209	1,136	237,424
Total			\$6,083,785

Note: Revenue projection assumes complete buildout projections seen in Table 3.

NEXUS FINDINGS – MOBILITY FEE

AB1600 requires that public agencies satisfy five requirements when establishing, increasing, or imposing a fee as a condition of approval of a development project. The required findings are as follows.

Requirement 1: Identify the purpose of the fee.

The purpose of the Mobility Fee is to fund the mobility facilities such as a separated bike lane, low-stress bike routes, access connections, shared-use paths, streetscape improvements, freeway overcrossing, multi-lane crosswalk enhancements, signalized intersection improvements, interchange crossing improvements, and high-visibility crossing striping that are necessary to mitigate mobility impacts created by new residential and non-residential development in the City.

Requirement 2: Identify the use of the fee.

The Mobility Fee will be used to fund the mobility facilities and infrastructure identified in Table 19 that are necessary to accommodate new developments increase of demand on the City's mobility system.

Requirement 3: Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed.

New residential and non-residential development will generate additional trips as identified in the ITE trip generation manual 10th edition and summarized in Table 20. These trips will

impact the existing transportation infrastructure, which can be alleviated with alternative mobility improvements such as bicycle and pedestrian improvements. Residential and non-residential development is responsible for paying their fair share of the City's needed mobility infrastructure based on the new trips that are generated by each type of development.

Requirement 4: Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed.

New residential and non-residential development will contribute to an increase in trips that create the need for expanded mobility infrastructure improvements. These trips will impact the existing transportation infrastructure, which can be alleviated with alternative mobility methods such as bicycle and pedestrian improvements. In addition, the City is largely built out making additional road improvements difficult and therefore will need to accommodate additional trips with mobility improvements. The Mobility Fee will be used to build and improve new development's fair share of mobility facilities as identified in Table 19. Each development will pay its fair share of the fees based on the trip generation rates summarized in Table 20. Charging a Mobility Fee based on the number of new trips generated by each new development ensures that the project pays only to mitigate their fair share of the improvements.

Requirement 5: Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

New mobility facilities are necessary to accommodate new developments increase in demand on the City's mobility system. The City's list of eligible mobility projects is shown in Table 19. The eligible cost is based on the anticipated growth in the City through 2040. The eligible cost is then divided by the trips expected to be generated by future development in the City. This cost per trip is then multiplied by the PM peak hour trip generation rate from the 10th edition ITE manual to calculate the fee for each land use. This fee calculation ensures that each development pays only their fair share to mitigate their traffic impacts within the City based on the additional trips generated by the development.

Section 9 IMPLEMENTATION AND ADMINISTRATION

IMPLEMENTATION

According to the Mitigation Fee Act, prior to levying a new fee or increasing an existing fee, an agency must hold at least one open and public meeting. Notice of the time and place of the meeting, including a general explanation of the matter to be considered, and a statement that the data required by this section is available, shall be mailed at least 14 days before the meeting to any interested party who files a written request with the local agency for mailed notice of the meeting on new or increased fees or service charges. Any written request for mailed notices shall be valid for one year from the date on which it is filed unless a renewal request is filed. At least 10 days before this public meeting, the agency must make data on infrastructure costs and funding sources available to the public. Notice of the time and place of the public meeting and a general explanation of the matter is to be published in accordance with Section 6062a of California Government Code, which states that publication of the notice shall occur for 10 days in a newspaper regularly published once per week or more. The new or increased fees shall be effective no earlier than 60 days following the final action on the adoption or increase of the fees.

The fee categories summarized in this report may not apply to specialized or unique development projects in the City. For example, the development of a cemetery, golf course, or stadium will not fall under any of the fee categories in this report. For specialized development projects, the City will need to review the impacts and decide on an applicable fee based on the specific impacts.

FEE ADJUSTMENTS

The fees will be automatically adjusted each year on January 1st based on the Engineering News-Record Construction Cost Index (CCI) for the San Francisco Bay Area. In addition, the fees may be adjusted to reflect revised facility standards, receipt of funding from alternative sources (i.e., state or federal grants), revised facilities or costs, changes in demographics, or changes to the land use plan. A complete review of the fees must be completed every five years per California Government Code but it is recommended that the fees be updated more frequently.

IMPACT FEE PROGRAM ADMINISTRATIVE REQUIREMENTS

AB1600 requires the City to report fee information annually and every fifth year. Within 180 days after the last day of each fiscal year, the City must make available the following information from the prior fiscal year:

- Brief description of the type of fee in the account or fund
- Amount of the fee
- Beginning and ending balance in the account or fund
- Amount of fees collected and the interest earned

- Identification of each public improvement for which fees were expended and the amount of expenditures
- Identification of an approximate date by which time construction on the improvement will begin if it is determined that sufficient funds exist to complete the project
- Description of each inter-fund transfer or loan made from the account and when each will be repaid
- Identification of any refunds made once determined that sufficient monies have been collected to fund fee-related projects

The City must make this information available for public review and must present it at the next regularly scheduled public meeting no less than 15 days after this information is made available to the public.

For the fifth fiscal year following the first deposit into the account or fund, and every five years thereafter, the City must make the following findings with respect to any remaining funds in the fee account, regardless of whether those funds are committed or uncommitted:

- Identify the purpose of the fee
- Demonstrate a reasonable relationship between the fee and the purpose for which it is charged
- Identify sources and amounts of funding anticipated to complete the financing of any incomplete improvements
- Designate the approximate dates on which funding is expected to be deposited into the fee account, as needed

As with the annual disclosure, the 5-year report must be made public within 180 days after the end of the City's fiscal year and must be reviewed at the next regularly scheduled public meeting. The City must make these findings; otherwise, the law requires that the City refund the money on a prorated basis to the current record owners of the development projects.

PROGRAMMING REVENUES WITH THE CAPITAL IMPROVEMENT PLAN

The City should maintain and update its CIP to adequately plan for future infrastructure needs. The City's CIP should commit projected fee revenues and fund balances to specific projects that are necessary to serve growth as described in this report. The City's CIP provides the documentation necessary for the City to hold funds in a project account for longer than 5 years, if necessary, to collect sufficient funds to complete a project.

FEE REPORTING

Assembly Bill No. 1843 which became effective January 1, 2020 requires that Cities make the following information available on their website. This must be completed by January 1, 2021. The following information must be provided:

1. A current schedule of fees, exactions, and affordability requirements imposed by the city, county, or special district, including any dependent special districts, of the city or county applicable to a proposed housing development project, which shall be presented in a manner that clearly identifies the fees, exactions, and affordability requirements that apply to each parcel.
2. All zoning ordinances and development standards, which shall specify the zoning, design, and development standards that apply to each parcel.
3. The list of information required to be compiled pursuant to Section 65940.
4. The current and five previous annual fee reports or the current and five previous annual financial reports, that were required pursuant to subdivision
5. An archive of impact fee nexus studies, cost of service studies, or equivalent, conducted by the city, county, or special district on or after January 1, 2018.

Any updates to the above information must be available within 30 days.