

Water & Wastewater Committee

A G E N D A

AUGUST 14, 2024

SPECIAL MEETING: 11:00 AM

Board Conference Room



3570 Airline Hwy., Hollister, CA

Mission Statement:

"Our Mission is to provide safe, reliable, and high quality water and wastewater services to our customers and all future generations in an environmentally and financially responsible manner."

IN PERSON PUBLIC ACCESS TO THIS DISTRICT MEETING IS ALLOWED. REMOTE ACCESS WILL NOT BE AVAILABLE FOR THIS MEETING.

COVID PROTECTION GUIDELINES

Virtual meeting access is not available for this meeting; All attendees must comply with any COVID guidelines, procedures/instructions announced by the Board of Directors or as directed by Staff. Anyone requiring accommodation may contact the Main Office at (831) 637-4670 a minimum of 24 hrs prior to the start of the meeting.

- A. CALL TO ORDER
- B. ROLL CALL – Director Dee Brown, Vice President James Parker
- C. PUBLIC COMMENT ON CLOSED SESSION MATTERS – Members of the public may address the Board on the item or items listed on the Closed Session agenda, with a time limit of three minutes per speaker.

District Staff: Drew Lander - General Manager

D. COMMITTEE DISCUSSION:

1. Capacity Fee Presentation – Presented by: Marty Miller, Founder Twin Oaks Hollister LLC

Committee will receive discussion by Marty Miller regarding proposal to reduce Residential connection fees dependent on average residential density.

ATTACHMENTS:

1. Exhibits 4 – 7 of the City of Hollister Development Impact Fee Update Study, 2019

E. ADJOURNMENT

Upon request, Sunnyslope County Water District (SCWD) will make a reasonable effort to provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. SCWD will also make a reasonable effort to provide translation services upon request. Please submit a written request, including your name, mailing address, phone number and brief description of the requested materials and preferred alternative format or auxiliary aid or service as soon as possible in advance of the meeting.

Next Regular Board Meeting – August 27, 2024

AGENDA DEADLINE: 12:00 p.m. August 21, 2024

Exhibit 4

Twin Oaks Occupant Density

4/3/23

Number of Singles	31
Number of Couples	55
% Singles	0.360
Total Homes	86
Total Residents	141
Average Home Density	1.640
<hr/>	
Average Lot Size	4,317
Average Home Size	1,795

Exhibit 5

4. A reasonable relationship exists between the amount of the Development Impact Fees and the cost of the public facilities attributable to the development on which the Fees are imposed as indicated by the Nexus Study. The method of allocation of the respective Fees to a particular development project bears a fair relationship, and is roughly proportional to, the development project's burden on, and benefits from, public facilities to be funded by the Development Impact Fees.

5. The Development Impact Fees collected shall be placed in an individual interest bearing account, or multiple accounts, established for the purpose of tracking the fee revenue and expenses separately.

6. Use of Fees. The Development Impact Fees shall be solely used for (i) the purposes described in the Nexus Study; (ii) reimbursing the City for a development project's fair share of those public facilities identified in the Nexus Study and constructed by the City; or (iii) reimbursing development for construction of public facilities identified in the Nexus Study.

7. Adoption of Study. The City Council hereby adopts the City of Hollister Development Impact Fee Update Study Final May 1, 2019 prepared by Willdan Financial Services and sections Chapters 4 and 9 of the San Benito County Development Impact Fee Study Final October 3, 2017 prepared by Willdan Financial Services.

8. Schedule of Maximum Supportable Impact Fees. The City Council hereby approves and adopted the update for certain public facilities as set forth in the following Tables. The amount of the Fees shall be modified annually each July 1 based on the change in the Engineering News Record's construction cost index as reported for the twelve month period ending in April of each year.

Residential Fee Per Dwelling Unit


	Single Family	Multifamily (2+ Bedrooms)	Multifamily (= /> 1 Bedroom)
City Yard/City Hall	\$ 525	\$ 466	\$ 224
Detention (Jail/Juvenile Hall)	\$2,614	\$2,395	\$2,395
Library	\$1,290	\$1,182	\$1,182
Park Construction	\$13,510	\$11,979	\$5,779
Storm Drainage	\$1,897	\$1,765	\$ 607
Water *	\$4,756	\$4,233	\$2,045

Non- Residential Fee Per 1,000 Square Feet

	Commercial	Office	Industrial
City Yard/City Hall	\$ 356	\$ 465	\$ 172
Detention (Jail/Juvenile Hall)	\$ 0.50	\$ 0.38	\$ 0.23
Storm Drainage	\$ 285	\$ 285	\$ 589

MEMORANDUM

Exhibit 6

DATE: June 30, 2022
 TO: DEVELOPMENT SERVICES DIRECTOR
 FROM: ENGINEERING DIVISION 

SUBJECT: **ADJUSTED FEES AND CHARGES AS ADOPTED AND ESTABLISHED BY RESOLUTIONS 2019-113, 2011-82, 2017-234, 2017-296, 89-134, 88-80, 94-70, 95-59, 89-46, 89-47, 2011-71**

This memo supersedes our memo dated July 1, 2021 on the same subject. The following fees and charges shall be in effect starting July 1, 2022 and ending June 30, 2023:

TABLE 1 - RESIDENTIAL IMPACT FEES AND WATER METER FEE

Public Facility Impact Fees	Single Family	Multifamily 2+ bedrooms	Multifamily 1 ≥ bedroom	Studio
Water Meter (1" meter) ⁽¹⁾	\$443.00	\$443.00	\$443.00	\$443.00
Water ⁽²⁾	\$5,460.00	\$4,860.00	\$2,350.00	\$2,350.00
Traffic ⁽³⁾	\$22,894.48	\$14,009.85	\$13,669.31	\$9,056.12
Sewer - Treatment ⁽⁴⁾	\$5,121.82	\$4,464.68	\$4,464.68	\$4,464.68
Sewer - Collection ⁽⁵⁾	\$3,590.00	\$3,590.00	\$3,590.00	\$3,590.00
Storm Drainage ⁽⁶⁾	\$2,180.00	\$2,030.00	\$700.00	\$700.00
Park ⁽⁸⁾	\$15,520.47	\$13,761.64	\$6,638.99	\$6,638.99
Library Facilities ⁽⁹⁾	\$1,481.97	\$1,357.90	\$1,357.90	\$1,357.90
Police ⁽¹⁰⁾	\$520.00	\$520.00	\$520.00	\$520.00
Fire ⁽¹¹⁾	\$690.00	\$690.00	\$690.00	\$690.00
Detention (Jail/Juvenile Hall) ⁽¹²⁾	\$3,003.00	\$2,751.41	\$2,751.41	\$2,751.41
City Hall/City Yard ⁽¹³⁾	\$603.13	\$535.35	\$257.33	\$257.33
Total Fees	\$61,507.87	\$49,013.83	\$37,432.63	\$32,819.44

ADDITIONAL RESIDENTIAL IMPACT FEES:

Sewer - Treatment ⁽⁴⁾

Mobile Home: \$3,132.28 per dwelling unit

East Area Storm ⁽⁷⁾

Single Family: \$2,180.00 per dwelling unit
 Multifamily: \$0.40 per square foot of net lot area

Fiscal Neutrality /Annexation Fees ⁽¹⁴⁾

Fiscal Neutrality fees apply pursuant to Tax Sharing Agreements approved between the City of Hollister and San Benito County on lots that were annexed to the City of Hollister starting 1999.

Fiscal Neutrality fee = \$13,554.60 Per dwelling unit

School Impact Fee

The Hollister Elementary School District and the San Benito High School District both collect school impact fees.

Exhibit 7

CITY OF HOLLISTER

DEVELOPMENT IMPACT FEE UPDATE STUDY

FINAL

MAY 1, 2019



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TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
Background and Study Objectives	3
Facility Standards and Costs	3
Use of Fee Revenues	4
Development Impact Fee Schedule Summary	4
Other Funding Needed	5
1. INTRODUCTION.....	6
Public Facilities Financing in California	6
Study Objectives	6
Fee Program Maintenance	7
Study Methodology	7
Types of Facility Standards	7
New Development Facility Needs and Costs	8
Organization of the Report	9
2. GROWTH FORECASTS.....	10
Land Use Types	10
Existing and Future Development	10
Occupant Densities	12
3. CITY HALL/CITY YARD FACILITIES	13
Service Population	13
Facility Inventories and Standards	13
Existing Inventory	13
Planned Facilities	14
Cost Allocation	14
Revenue Projection	15
Fee Schedule	15
4. STORM DRAIN FACILITIES FEE.....	17
Storm Drain Demand	17
Equivalent Dwelling Unit Growth	17
Planned Facilities	18
Allocation of Facilities to New Development	19
Non-Fee Funding Required	20
Fee Schedule	20
5. PARK AND RECREATION FACILITIES	22
Service Population	22
Existing Park and Recreation Facilities Inventory	22
Special Use Facility Inventory	23
Parkland and Park Facilities Unit Costs	24

Improved Parkland Equivalent	24
Park Facility Standards	25
City of Hollister Park Facilities Standards	25
Facilities Needed to Accommodate New Development	26
Parks and Recreation Facilities Cost per Capita	27
Use of Fee Revenue	27
Fee Schedule	27
6. WATER FACILITIES.....	29
Water Demand	29
EDU Generation by New Development	30
Facility Needs and Costs	30
Allocation of Facilities Costs to New Development	32
Non-Fee Funding Required	33
Fee Schedule	33
7. IMPLEMENTATION	34
Impact Fee Program Adoption Process	34
Inflation Adjustment	34
Reporting Requirements	34
Programming Revenues and Projects with the CIP	34
8. MITIGATION FEE ACT FINDINGS	35
Purpose of Fee	35
Use of Fee Revenues	35
Benefit Relationship	35
Burden Relationship	36
Proportionality	36

Executive Summary

This report summarizes an analysis of development impact fees needed to support future development in the City of Hollister through 2040. It is the City's intent that the costs representing future development's share of public facilities and capital improvements be imposed on that development in the form of a development impact fee, also known as a public facilities fee. The public facilities and improvements included in this analysis are divided into the fee categories listed below:

- City Hall/City Yard Facilities
- Drainage Facilities
- Parks and Recreation Facilities
- Water Facilities

Background and Study Objectives

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

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

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

Facility Standards and Costs

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

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

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

previously undeveloped area. This approach is used for the storm drain and water facilities fees in this report.

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

Use of Fee Revenues

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

In that the City cannot predict with certainty how and when development within the City will occur during the planning horizon assumed in this study, the City may need to update and revise the project lists funded by the fees documented in this study. Any substitute projects should be funded within the same facility category, and the substitute projects must still benefit and have a relationship to new development. The City could identify any changes to the projects funded by the impact fees when it updates its CIP. The impact fees could also be updated if significant changes to the projects funded by the fees are anticipated.

Development Impact Fee Schedule Summary

Table E.1 summarizes the development impact fees that meet the City's identified needs and comply with the requirements of the *Mitigation Fee Act*.

Table E.1: Maximum Justified Impact Fee Summary

Land Use	City Hall/City Yard Facilities	Strom Drain Facilities	Parks and Recreation Facilities	Water Facilities	Total
<i>Residential - Fee per Dwelling Unit</i>					
Single Family	\$ 525	\$ 1,897	\$ 13,510	\$ 4,756	\$ 20,688
Multifamily (2+ Bedrooms)	466	1,765	11,979	4,233	18,443
Multifamily (1 Bedroom or less)	224	607	5,779	2,045	8,655
<i>Nonresidential - Fee per 1,000 Sq. Ft.</i>					
Commercial	\$ 356	\$ 285	\$ -	\$ 286	\$ 927
Office	465	285	-	286	1,036
Industrial	172	589	-	143	904

Sources: Tables 3.6, 4.5, 5.9 and 6.5.

Other Funding Needed

Impact fees may only fund the share of public facilities related to new development in Hollister. They may not be used to fund the share of facility needs generated by existing development or by development outside of the City. As shown in **Table E.2**, approximately \$111.9 million in additional funding will be needed to complete the facility projects the City currently plans to develop. The “Additional Funding Required” column shows non-impact fee funding required to fund a share of the improvements partially funded by impact fees. Non-fee funding is needed because these facilities will serve both existing and new development.

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

Table E.2: Non-Impact Fee Funding Required

Fee Category	Net Project Cost	Projected Impact Fee Revenue	Additional Funding Required
City Hall/City Yard Facilities	\$ 500,000	\$ 1,577,000	\$ -
Storm Drain Facilities	31,780,265	5,417,994	26,362,271
Parks and Recreation Facilities	68,248,880	31,629,360	36,619,520
Water Facilities	59,999,865	11,088,636	48,911,229
Total	\$ 160,529,010	\$ 49,712,989	\$ 111,893,021

Sources: Tables 3.5, 4.3, 5.7 and 6.3.

1. Introduction

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

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

Public Facilities Financing in California

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

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

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

Study Objectives

The primary policy objective of a public facilities fee program is to ensure that new development pays the capital costs associated with growth. *Policy CSF1.2* of the Community Services and Facilities Element of the General Plan states, “Require new development applications to identify the impacts that the proposed development would have on the provision of public services, and approve those applications that can mitigate impacts or contribute a proportional fair share so that local public services can be maintained at an acceptable level.” The primary purpose of this report is to update the City’s impact fees based on the most current available facility plans and growth projections. The proposed fees will enable the City to expand its inventory of public facilities as new development leads to increases in service demands. This report supports the General Plan policy stated above as it will provide a funding source from new development to mitigate its impacts on various city facilities and consequently the services needed to support that development.

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

Hollister is forecast to see considerable growth through this study's planning horizon of 2040. This growth will create an increase in demand for public services and the facilities required to deliver them. Given the revenue challenges described above, Hollister has decided to continue to use a development impact fee program to ensure that new development funds its share of facility costs associated with growth. This report makes use of the most current available growth forecasts and facility plans to update the City's existing fee program to ensure that the fee program accurately represents the facility needs resulting from new development.

Fee Program Maintenance

Once a fee program has been adopted it must be properly maintained to ensure that the revenue collected adequately funds the facilities needed by new development. To avoid collecting inadequate revenue, the inventories of existing facilities and costs for planned facilities must be updated periodically for inflation, and the fees recalculated to reflect the higher costs. The use of established indices for each facility included in the inventories (land, buildings, and equipment), such as the *Engineering News-Record*, is necessary to accurately adjust the impact fees. For a list of recommended indices, see Chapter 7.

While fee updates using inflation indices are appropriate for annual or periodic updates to ensure that fee revenues keep up with increases in the costs of public facilities, it is recommended to conduct more extensive updates of the fee documentation and calculation (such as this study) when significant new data on growth forecasts and/or facility plans become available. For further detail on fee program implementation, see Chapter 7.

Study Methodology

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

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

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

Types of Facility Standards

There are three separate components of facility standards:

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

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

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

New Development Facility Needs and Costs

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

There are three common methods for determining new development's fair share of planned facilities costs: the **system plan method**, the **planned facilities method**, and the **existing inventory method**. Often the method selected depends on the degree to which the community has engaged in comprehensive facility master planning to identify facility needs.

The formula used by each approach and the advantages and disadvantages of each method is summarized below:

Existing Inventory Method

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

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

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

Planned Facilities Method

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

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

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

development occurs, but which, if built, will in part benefit existing development, as well. Under this method new development will fund the expansion of facilities at the standards used in the applicable planning documents. This approach is used for the storm drain and water facilities fees in this report.

System Plan Method

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

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

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

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

Organization of the Report

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

Chapters 3 through 6 identify facility standards and planned facilities, allocate the cost of planned facilities between new development and other development, and identify the appropriate development impact fee for each of the following facility categories:

- City Hall/City Yard Facilities
- Drainage Facilities
- Parks and Recreation Facilities
- Water Facilities

Chapter 7 details the procedures that the City must follow when implementing a development impact fee program. Impact fee program adoption procedures are found in *California Government Code* Sections 66016 through 66018.

The five statutory findings required for adoption of the proposed public facilities fees in accordance with the Mitigation Fee Act are documented in Chapter 8.

2. Growth Forecasts

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

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

- The estimate of existing development in 2018 is used as an indicator of existing facility demand and to determine existing facility standards.
- The estimate of total development at the 2040 planning horizon is used as an indicator of future demand to determine total facilities needed to accommodate growth and remedy existing facility deficiencies, if any.
- Estimates of growth from 2018 through 2040 are used to (1) allocate facility costs between new development and existing development, and (2) estimate total fee revenues.

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

Land Use Types

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

- **Single family:** Detached and attached one-unit dwellings (Includes single family homes and townhomes)
- **Multifamily (Two Bedrooms or More):** Dwelling units in attached multifamily buildings including duplexes and condominiums that have two or more bedrooms
- **Multifamily (One Bedroom or Less):** Dwelling units in attached multifamily buildings including duplexes and condominiums that have one bedroom or less
- **Commercial:** All commercial, retail, educational, institutional and service development
- **Office:** All general, professional, and medical office development
- **Industrial:** All business park, light manufacturing and other industrial development

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

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

Existing and Future Development

Table 2.1 shows the estimated number of residents, dwelling units, employees, and building square feet in Hollister, both in 2018 and in 2040. The base year estimates of household residents and dwelling units comes from the California Department of Finance. Estimates of

residents and housing units in 2040 are consistent with Association of Monterey Bay Area Governments (AMBAG) Draft 2018 Regional Growth Forecast.

Base year employees were estimated based on the latest data from the US Census' OnTheMap application and exclude 321 local government employees. Estimates of workers in 2040 are based on the AMBAG's Regional Growth Forecast, allocated to the land use categories based on the current proportion of workers.

Table 2.1: Demographic Assumptions

	2018	2040	Increase
Residents ¹	36,463	46,222	9,759
Dwelling Units ²			
Single Family	8,660	10,401	1,741
Multifamily	<u>2,599</u>	<u>3,121</u>	<u>522</u>
Total	11,259	13,522	2,263
Building Square Feet (000s) ³			
Commercial	2,189	2,774	585
Office	1,107	1,404	296
Industrial	<u>3,512</u>	<u>4,451</u>	<u>939</u>
Total	6,809	8,629	1,820
Employment ⁴			
Commercial	5,232	6,631	1,399
Office	3,455	4,379	924
Industrial	<u>4,074</u>	<u>5,163</u>	<u>1,089</u>
Total	12,761	16,172	3,411

Note: Figures have been rounded to the hundreds.

¹ Current population from California Department of Finance (DOF). Projection total for 2040 from AMBAG's Draft 2018 Regional Growth Forecast.

² Current values from DOF. Total units projection AMBAG's Draft 2018 Regional Growth Forecast, allocated based on current proportions.

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

⁴ Total, less local government (public administration) workers from AMBAG's Draft 2018 Regional Growth Forecast, allocated based on current proportions identified by the U.S. Census Bureau, OnTheMap Application, <http://onthemap.ces.census.gov> for 2015, the latest data available. Total projected workers in 2040 identified by AMBAG allocated to land use categories using current proportions.

Sources: California Department of Finance (DOF), Table E-5, 2018; AMBAG DRAFT 2018 Regional Growth Forecast, Tables 7, 8 and 9. U.S. Census Bureau, OnTheMap Application, <http://onthemap.ces.census.gov>; Willdan Financial Services.

Occupant Densities

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

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

The average occupant density factors used in this report are shown in **Table 2.2**. The residential density factors are based on data for Hollister from the 2016 U.S. Census' American Community Survey. The one bedroom or less multifamily assumption is based on data from the Institute of Traffic Engineer's Trip Generation Manual and is consistent with assumptions in the City's Traffic Impact Mitigation Fee (TIMF) program.

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

Table 2.2: Occupant Density

<u>Residential</u>		
Single Family	3.53	Residents Per Dwelling Unit
Multifamily (2+ Bedrooms)	3.13	Residents Per Dwelling Unit
Multifamily (1 Bedroom or less)	1.51	Residents Per Dwelling Unit
<u>Nonresidential</u>		
Commercial	2.39	Employees per 1,000 square feet
Office	3.12	Employees per 1,000 square feet
Industrial	1.16	Employees per 1,000 square feet

Sources: U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates, Tables B25024 and B25033; Institute of Traffic Engineers Trip Generation Manual, 9th Edition; The Natelson Company, Inc., Employment Density Study Summary Report, prepared for the Southern California Association of Governments, October 31, 2001, SCAG region data; Willdan Financial Services.

3. City Hall/City Yard Facilities

The purpose of this fee is to ensure that new development funds its fair share of City Hall and City Yard facilities. City facilities are generally defined as the administrative and public works facilities needed by the City to operate as a municipality. A fee schedule is presented based on the existing facilities standard of general government facilities in the City of Hollister to ensure that new development provides adequate funding to meet its needs.

Service Population

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

Table 3.1 shows the existing and future projected service population for City Hall/City Yard facilities. While specific data is not available to estimate the actual ratio of demand per resident to demand by businesses (per worker) for this service, it is reasonable to assume that demand for these services is less for one employee compared to one resident, because nonresidential buildings are typically occupied less intensively than dwelling units. The 0.31-weighting factor for workers is based on a 40-hour workweek divided by the total number of non-work hours in a week (128) and reflects the degree to which nonresidential development yields a lesser demand for City Hall/City Yard facilities.

Table 3.1: City Hall/City Yard Facilities Service Population

	A	B	$C = A + (B \times 0.31)$
	Residents	Workers	Service Population
Existing (2018)	36,463	12,761	40,400
New Development (2018-2040)	9,759	3,411	10,800
Total (2040)	46,222	16,172	51,200
Weighting factor ¹	1.00	0.31	

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

Source: Table 2.1; Willdan Financial Services.

Facility Inventories and Standards

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

Existing Inventory

The City Hall/City Yard facilities inventory is comprised of various facilities including a City Hall, Old City Hall, Public Works Yard and various administrative offices. The estimated value of land was determined by evaluating the City's recent land transactions. The replacement value for buildings is conservatively estimated at \$250 per square foot. In total the City owns approximately \$5.9 million worth of City Hall/City Yard facilities.

Table 3.2: Existing City Hall/City Yard Facilities Inventory

	Inventory	Units	Unit Cost	Value
<i>Land (acres)</i>				
City Hall - 375 Fifth Street	0.27	acres	\$ 336,000	\$ 90,720
Old City Hall (City Offices) - 339 Fifth Street	0.18	acres	336,000	60,480
Finance Department Office - 327 Fifth Street	0.09	acres	336,000	30,240
Briggs Building Offices and Parking structure	0.55	acres	336,000	184,800
Public Works Operation & Maintenance Dept. - 1321 South Street	7.00	acres	336,000	2,352,000
Utility Department Modular Office - 1321 South Street	-	acres	336,000	-
Maintenance Buildings - 1331 South Street	-	acres	336,000	-
Subtotal	8.09			\$ 2,718,240
<i>Buildings (square feet)</i>				
City Hall - 375 Fifth Street	4,130	Sq. Ft.	\$ 250	\$ 1,032,500
Old City Hall (City Offices) - 339 Fifth Street	3,181	Sq. Ft.	250	795,250
Finance Department Office - 327 Fifth Street	-	Sq. Ft.	250	-
Briggs Building Offices and Parking structure	2,180	Sq. Ft.	250	545,000
Public Works Operation & Maintenance Dept. - 1321 South Street	1,750	Sq. Ft.	250	437,500
Utility Department Modular Office - 1321 South Street	1,440	Sq. Ft.	250	360,000
Maintenance Buildings - 1331 South Street	-	Sq. Ft.	250	-
Subtotal	12,681	Sq. Ft.		\$ 3,170,250
Total Value of Existing Facilities				\$ 5,888,490

Sources: City of Hollister; Willdan Financial Services.

Planned Facilities

Table 3.3 summarizes the planned City Hall/City Yard facilities needed to serve the City through 2040, as identified in the City’s CIP. The City plans to install fiber optic cable throughout its offices. The City will also need to identify other facilities to maintain its facility standards through 2040. Future facilities will be identified in its CIP and other master facilities plans.

Table 3.3: Planned City Hall/City Yard Facilities

Project Name	Total Project Cost
Fiber Optic Cable	\$ 500,000
Total Cost of Planned Facilities	\$ 500,000

Sources: City of Hollister; Willdan Financial Services.

Cost Allocation

Table 3.4 calculates the existing cost per capita facility standard by dividing the value of the existing facilities inventory by the existing service population. The resulting cost per capita is the basis of the impact fee. Funding facilities at this level will ensure that as development occurs, new development will contribute to facilities at the same standard that existing development has

funded thus far. By definition, using the existing standard methodology does not result in existing deficiencies.

**Table 3.4: Planned City Hall/City Yard Facilities
Existing Standard**

Value of Existing Facilities	\$	5,888,490
Existing Service Population		<u>40,400</u>
Cost per Capita	\$	146
Facility Standard per Resident	\$	146
Facility Standard per Worker ¹		45

¹ Based on a weighing factor of 0.31.

Sources: Tables 3.1 and 3.2, Willdan Financial Services.

Revenue Projection

The City Hall/City Yard facilities fee revenue exceeds the cost of the planned facilities. The City will have to identify additional facilities through 2040 to maintain its existing facility standard. **Table 3.5** projects City Hall/City Yard fee revenue through 2040 based on the cost per capita from Table 3.4, and the service population growth projections in Table 3.1.

Table 3.5: Revenue Projection - Existing Standard

Cost per Capita	\$	146
Growth in Service Population (2018- 2040)		<u>10,800</u>
Fee Revenue	\$	1,577,000
Net Cost of Planned Facilities		<u>500,000</u>
Non-Fee Revenue to Be Identified	\$	1,077,000

Sources: Tables 3.1 and 3.4.

Fee Schedule

Table 3.6 shows the maximum justified City Hall/City Yard facilities fee schedule. The City can adopt any fee up to this amount. The cost per capita is converted to a fee per unit of new development based on dwelling unit and employment densities (persons per dwelling unit or employees per 1,000 square feet of nonresidential building space). The total fee includes a two-percent (2.0%) administrative charge to fund costs that include: a standard overhead charge

applied to City programs for legal, accounting, and other departmental and administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting and mandated public reporting.

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

Table 3.6: City Hall/City Yard Facilities Fee - Existing Standard

Land Use	A	B	C = A x B		D = C x 2.0%	E = C + D	F = E / 1,000
	Cost Per Capita	Density	Base Fee ¹	Admin Charge ^{1, 2}	Total Fee ¹	Fee per Sq. Ft.	
<i>Residential - per Dwelling Unit</i>							
Single Family	\$ 146	3.53	\$ 515	\$ 10	\$ 525		
Multifamily (2+ Bedrooms)	146	3.13	457	9	466		
Multifamily (1 Bedroom or less)	146	1.51	220	4	224		
<i>Nonresidential - per 1,000 Sq. Ft.</i>							
Commercial	\$ 146	2.39	\$ 349	\$ 7	\$ 356	\$	0.36
Office	146	3.12	456	9	465		0.47
Industrial	146	1.16	169	3	172		0.17

¹ Fee per dwelling unit (residential) or per 1,000 square feet (nonresidential).

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

Sources: Tables 2.2 and 3.4; Willdan Financial Services

4. Storm Drain Facilities Fee

This chapter summarizes an analysis of the need for storm drain facilities to accommodate growth within the City of Hollister. It documents a reasonable relationship between new development and a storm drain facilities fee to fund storm drain facilities that serve new development.

Storm Drain Demand

Most new development generates storm water runoff. This runoff must be controlled through storm drain facilities. Storm drain demand is measured by impervious surface. The more impervious surface a land use creates, the more demand for storm drain facilities it creates. **Table 4.1** shows the calculation of equivalent dwelling unit (EDU) demand factors for storm drain facilities based on impervious surface area by land use category. Dwelling unit and thousand square feet per acre assumptions are from the City's General Plan. The area percent impervious factors are derived from the City's 2011 *Storm Drain Master Plan*.

Table 4.1: Storm Drain Equivalent Dwelling Units

	DU or KSF per acre ¹	Average Percent Impervious ²	Equivalent Dwelling Unit (EDU) ³
<i>Residential</i>			
Single Family	8.00	0.50	1.00
Multifamily (2+ Bedrooms)	12.00	0.70	0.93
Multifamily (1 Bedroom or less)	35.00	0.70	0.32
<i>Nonresidential</i>			
Commercial	87.12	0.80	0.15
Office	87.12	0.80	0.15
Industrial	43.56	0.85	0.31

¹ Dwelling units for residential and per thousand building square feet for non-residential. Density based on estimated development and acreage for each land use type in the City's land use element. Nonresidential densities are based on maximum floor-area-ratios of 2.0 for commercial, 2.0 for office and 1.0 industrial.

² Percent impervious from Storm Drain Master Plan.

³ EDUs per dwelling unit for residential development and per thousand square feet for nonresidential development.

Sources: City of Hollister General Plan; Hollister Storm Drain Master Plan, Table 5-3; Willdan Financial Services.

Equivalent Dwelling Unit Growth

Table 4.2 calculates the existing and projected equivalent dwelling units (EDU) based on each land use's demand factors displayed in Table 4.1. An equivalent dwelling unit represents the demand of all other land uses equivalent to one single family unit. Also displayed is the total existing and future EDUs for storm drain facilities by land use.

Table 4.2: Storm Drain Facilities Equivalent Dwelling Units

	EDU Factor ¹	Existing (DU/KSF)	Projected Growth (DU/KSF)	Existing EDUs	Growth in EDUs	Total
<i>Residential</i>						
Single Family	1.00	8,660	1,741	8,660	1,741	10,401
Multifamily	0.93	2,599	522	2,417	485	2,903
Subtotal		11,259	2,263	11,077	2,226	13,304
<i>Nonresidential</i>						
Commercial	0.15	5,232	1,399	785	210	995
Office	0.15	3,455	924	518	139	657
Industrial	0.31	4,074	1,089	1,263	338	1,601
Subtotal		12,761	3,412	2,566	687	3,253
Total				13,643	2,913	16,557
Percent of Total				82.4%	17.6%	100.0%

¹ Per dwelling unit (residential) or thousand building square feet (nonresidential).

Sources: Tables 2.1 and 4.1, Willdan Financial Services.

Planned Facilities

The City of Hollister's 2011 *Storm Drain Master Plan* identified storm drain projects. It also identified which projects were needed to partially meet future demand. **Table 4.3** shows the storm drain capital improvement plan and allocates costs to new development. Projects that were not identified to meet future demand are not allocated to the impact fee. For those projects that were identified to meet future demand, a share of the project responsibility is allocated to new development through this impact fee based on new development's share of storm drain demand identified in Table 4.2. Project costs were escalated from 2011 to 2018 using the *Engineering News Record's* Construction Cost Index (CCI).

Table 4.3: Storm Drain Facilities Allocation to New Development

No.	Name	Description	Upgrade to Meet Future Needs	Total Cost (2018) ¹	Allocation to New Development	Cost Allocated to New Development
<i>Second Priority Projects</i>						
1	Rustic Basin	Study	Yes	\$ 28,998	17.6%	\$ 5,102
2	Suiter Street	Pipe Upgrade	No	712,492	0.0%	-
3	Powell Street	New Detention/	Yes	1,481,943	17.6%	260,730
4	South to IWWTP	Pipe Upgrade	Yes	4,689,050	17.6%	824,981
5	San Felipe	Pipe Upgrade	Yes	3,372,581	17.6%	593,364
6	South Street	Pipe Upgrade	No	1,023,066	0.0%	-
7	Memorial Drive	Pipe Upgrade	No	1,712,721	0.0%	-
8	Line Street	Pipe Upgrade	No	615,057	0.0%	-
9	Third & East	New Diversion	No	513,901	0.0%	-
10	Clearview Drive	Pipe Upgrade	No	726,701	0.0%	-
11	Sunnyslope Road	Pipe Upgrade	No	2,963,642	0.0%	-
12	Hawkins Street	Pipe Upgrade	No	1,231,468	0.0%	-
13	Central Avenue	Pipe Upgrade	No	1,013,254	0.0%	-
14	Hillcrest Road	Pipe Upgrade	No	602,878	0.0%	-
15	Felice Drive	Pipe Upgrade	No	388,386	0.0%	-
16	Citation Way	Study	Yes	21,749	17.6%	3,826
17	Knight Lane	Pipe Upgrade	No	278,264	0.0%	-
18	Clearview Drive at Hillcrest	Pipe Upgrade	No	1,319,430	0.0%	-
19	Nash Road	Pipe Upgrade/N	No	1,573,335	0.0%	-
Subtotal				\$ 24,268,916		\$ 1,688,002
<i>Third Priority Projects</i>						
1	Meridian Street	Pipe Upgrade	Yes	\$ 2,080,639	17.6%	\$ 366,063
2	Westside Blvd	Pipe Upgrade	Yes	298,394	17.6%	52,499
3	Apollo Way	Pipe Upgrade	Yes	1,160,422	17.6%	204,162
4	Nash Road	Pipe Upgrade	Yes	2,969,732	17.6%	522,488
5	Airway Pond	Study	Yes	28,998	17.6%	5,102
6	"A" Street	Pipe Upgrade	Yes	711,308	17.6%	125,146
7	Miller Road	Pipe Upgrade	Yes	261,856	17.6%	46,070
Subtotal				\$ 7,511,349		\$ 1,321,529
Contech Continuous Deflection Separators (CDS) - Citywide				\$ 13,689,290	17.6%	2,408,462
Total				\$ 31,780,265		\$ 5,417,994

¹ Costs escalated from 2011 to 2018 using the Engineering News Record's Construction Cost Index.

Source: City of Hollister, 2010 Sewer System Master Plan; Willdan Financial Services.

Allocation of Facilities to New Development

Table 4.4 allocates new development's share of storm drain facilities to new development. New development's share of the costs is equal to the total cost of the projects net of the existing fund balances. The facility standard, in this case a planned facilities standard, is calculated by dividing new development's share of planned facilities by the growth in EDUs.

Table 4.4: Cost per EDU

Net Cost of Planned Facilities	\$ 5,417,994
Growth in EDUs	<u>2,913</u>
Cost per EDU	\$ 1,860

Sources: Tables 4.2 and 4.3.

Non-Fee Funding Required

The City will use existing revenue sources or develop new sources to fund future facilities not required to accommodate growth, or to fund existing development’s fair share of facilities. The City must raise \$26.4 million needed to fund the storm drainage facilities representing existing development’s existing deficiencies identified in Table 4.3 with non-fee revenue sources. Likely potential sources of revenue include existing or new general fund revenues or existing or new taxes. Any new special tax would require two-thirds voter approval. Any new assessments or property-related charges would require majority property owner approval.

Fee Schedule

The impact fee for storm drain facilities is shown in **Table 4.5**. The cost per EDU is converted to a fee per unit of new development based on the EDU factors shown in Table 4.1. The total fee includes a two percent (2%) administrative charge to fund costs that include: (1) a standard overhead charge applied to all City programs for legal, accounting, and other departmental and citywide administrative support, (2) fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

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

Table 4.5: Storm Drain Facilities Impact Fee

	A	B	C = A x B	D = C x 0.02	E = C + D	E / 1,000
	Cost Per EDU	EDU Factor	Base Fee ¹	Admin Charge ^{1, 2}	Total Fee ¹	Fee per Sq. Ft.
<i>Residential - per Dwelling Unit</i>						
Single Family	\$ 1,860	1.00	\$ 1,860	\$ 37	\$ 1,897	
Multifamily (2+ Bedrooms)	1,860	0.93	1,730	35	1,765	
Multifamily (1 Bedroom or less)	1,860	0.32	595	12	607	
<i>Nonresidential - per 1,000 Sq. Ft.</i>						
Commercial	\$ 1,860	0.15	\$ 279	\$ 6	\$ 285	\$ 0.29
Office	1,860	0.15	279	6	285	0.29
Industrial	1,860	0.31	577	12	589	0.59

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

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

Sources: Tables 4.1 and 4.4; Willdan Financial Services.

5. Park and Recreation Facilities

The purpose of the parkland and park facilities impact fee is to fund the park facilities needed to serve new development. The maximum justified impact fee is presented based on a policy standard of 5.0 acres of park and recreation facilities per capita.

Service Population

As residents are assumed to be the primary users of parks in the City of Hollister, demand for parks and associated facilities is based on the City's residential population, rather than a combined resident-worker service population. **Table 5.1** provides estimates of the City's current resident population and a projection for the year 2040.

Table 5.1: Park and Recreation Facilities Service Population

	Residents
Existing (2018)	36,463
Growth (2018 - 2040)	<u>9,759</u>
Total (2040)	46,222

Source: Table 2.1.

Existing Park and Recreation Facilities Inventory

The City of Hollister maintains several park and recreation facilities throughout the city. **Table 5.2** summarizes the City's existing parkland inventory in 2018. All facilities are located within the City limits. The inventory distinguishes between improved and unimproved parkland. In total, the inventory includes a total of 147.86 acres of unimproved and improved parkland.

Table 5.2: Park Land Inventory

Name	Improved Acres	Unimproved	
		Acres	Total Acres
Allendale Park	6.25	-	6.25
Apricot Park	2.04	-	2.04
Calaveras School Park	5.00	-	5.00
Cerra Vista School Park	7.36	-	7.36
Dunne Park	4.76	-	4.76
Fitness Park	1.98	-	1.98
Frank Klauer Memorial Park	4.73	-	4.73
Hollister Community Center	1.02	-	1.02
Jerry Gabe Memorial Park Softball Fields	1.91	-	1.91
John Z. Hernandez Memorial Park	0.21	-	0.21
Ladd Lane Elementary School	4.33	-	4.33
Las Brisas Park	1.00	-	1.00
Marguerite Maze Sports Complex	11.00	-	11.00
McCarthy Park	1.50	-	1.50
Mirabella Park	0.36	-	0.36
Nora Drive Park	0.12	-	0.12
R. O. Hardin School	6.26	-	6.26
Rancho San Justo Sports Complex	9.16	-	9.16
San Benito High School Tennis Courts	0.75	-	0.75
San Benito Linear Park trail ¹	1.97	-	1.97
Santa Ana Park	3.00	-	3.00
Tony Aguirre Memorial Park	1.00	-	1.00
Valley View Park	2.65	-	2.65
Vet's Building Plaze	0.78	-	0.78
Vista Hill Park	5.00	14.00	19.00
Water Reclamation Recreational Facility	<u>49.72</u>	<u>-</u>	<u>49.72</u>
Total - Parkland	133.86	14.00	147.86

¹ The City is in the process of constructing this improvement with proceeds from a CDBG grant.

Source: Appendix B, Hollister Park Facility Master Plan.

Special Use Facility Inventory

Table 5.3 displays the City's inventory of special use recreation facilities, including the Community Center, clubhouse and Veterans Memorial Building. The replacement value per square foot for these buildings was conservatively assumed to be \$150 per square foot. The total replacement cost of these facilities is divided by the total improved park acreages to determine the special use facilities cost per acre.

Table 5.3: Special Use Facilities Inventory

	Quantity	Units	Unit Cost	Total Value
Hollister Community Center	1,120	Sq. Ft.	\$ 150	\$ 168,000
Dunne Park Clubhouse	6,029	Sq. Ft.	150	904,350
Veterans Memorial Building	<u>5,697</u>	Sq. Ft.	150	<u>854,550</u>
Total	12,846			\$ 1,926,900
Total Improved Parkland Acres				133.86
Special Use Facilities Cost per Acre				\$ 14,400

Source: City of Hollister; Willdan Financial Services.

Parkland and Park Facilities Unit Costs

Table 5.4 displays the unit costs necessary to develop parkland in Hollister. Land acquisition is estimated at \$336,000 based on an analysis of the City's recent land transactions. A conservative estimate of \$400,000 per acre for standard parkland improvements was used based on Willdan's experience with other clients. The special use facilities cost per acre calculated in Table 5.3 is also included. In total, it costs \$750,400 to acquire and improve an acre of parkland in Hollister.

Table 5.4: Park Facilities Unit Costs

	Cost Per Acre	Share of Total Costs
Special Use Facilities	\$ 14,400	
Standard Park Improvements	<u>400,000</u>	
Subtotal - Improvements	\$ 414,400	55%
Land Acquisition	<u>\$ 336,000</u>	45%
Total Cost per Acre	\$ 750,400	45%

Sources: City of Hollister; Willdan Financial Services.

Improved Parkland Equivalent

Before calculating the existing parkland standard, unimproved parkland owned by the City must be converted to an equivalent amount of improved parkland. **Table 5.5** details this conversion. The conversion is based on the ratio of the cost of an improved acre of land (including land and improvements) relative to an acre of unimproved parkland (only land). The estimate of the value of unimproved park and the cost of park improvements are detailed above in Table 5.4.

Table 5.5: Improved Parkland Equivalent

Type	Cost per Acre	Acres
Land Acquisition Cost per Acre	\$ 336,000	
Improved Parkland	750,400	
Unimproved Parkland Land Costs as a Relative Percentage of Parkland Costs	45%	
Unimproved Parkland		14.00
	x	0.45
Equivalent Improved Acres		6.30

Note: Figures have been rounded.

Sources: Tables 5.2 and 5.4.

Park Facility Standards

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

The most common measure in calculating new development’s demand for parks is the ratio of park acres per resident. In general, facility standards may be based on a jurisdiction’s existing inventory of park facilities, or an adopted policy standard contained in a master facility plan or general plan. Facility standards may also be based on a land dedication standard established by the *Quimby Act*.¹

City of Hollister Park Facilities Standards

To calculate new development’s need for new parks, municipalities commonly use a ratio expressed in terms of developed park acres per 1,000 residents. **Table 5.6** documents the City’s existing parkland standard. The total improved parkland equivalent is compared to the current service population to determine the existing parkland standard per 1,000 residents. In this case, the City currently has an existing parkland standard of 3.84 acres per 1,000 residents.

As a policy goal, the City would like to achieve a standard of 5.0 acres per 1,000 residents. This standard will be the basis of the park and recreation facilities impact fee. However, since the 5.0 acre per 1,000 resident standard is greater than the City’s existing 3.84 acre standard, the City must fund existing development’s share of the higher standard with non-impact fee funding sources by the planning horizon, or new development will have paid too high a fee.

¹ California Government Code §66477.

Facilities Needed to Accommodate New Development

Table 5.7 shows the park facilities needed to accommodate new development at the policy standard of 5.0 acres per 1,000 residents. To achieve the standard by the planning horizon, new development must fund the acquisition and improvement of 48.80 parkland acres, at a total cost of approximately \$36.6 million. The City must fund existing development's share of the higher parkland standard with non-impact fee funding sources by the planning horizon. This share is equal to 42.15 parkland acres at an estimated cost of \$31.6 million.

Table 5.7: Park Facilities to Accommodate New Development @ 5 acres/1,000 residents

		Land	Improvements	Total
<u>Facility Needs</u>				
Facility Standard (acres/1,000 capita)	A	5.00	5.00	5.00
Service Population 2040	B	<u>46,222</u>	<u>46,222</u>	<u>46,222</u>
Facility Needs (acres)	$C = (B/1,000) \times A$	231.11	231.11	231.11
Existing Park Acres	D	140.16	140.16	140.16
Net Facility Needs To Achieve Standard	$E = C - D$	90.95	90.95	90.95
Facility Standard (acres/1,000 capita)	A	5.00	5.00	5.00
Service Population Growth (2018-2040)	F	<u>9,759</u>	<u>9,759</u>	<u>9,759</u>
New Development Facility Needs	$G = (F/1,000) \times A$	48.80	48.80	48.80
Existing Development Facility Needs	$H = E - G$	42.15	42.15	42.15
<u>Cost Assumptions</u>				
Average Unit Cost (per acre)	I	\$ 336,000	\$ 414,400	\$ 750,400
New Development Cost of Facilities	$J = G \times I$	\$16,396,800	\$ 20,222,720	\$ 36,619,520
Existing Development Cost of Facilities	$K = H \times I$	<u>14,162,400</u>	<u>17,466,960</u>	<u>31,629,360</u>
Total	$L = J + K$	\$30,559,200	\$ 37,689,680	\$ 68,248,880

Note: Totals have been rounded to the thousands.

Sources: Tables 5.1, 5.4, and 5.6; Willdan Financial Services.

Parks and Recreation Facilities Cost per Capita

Table 5.8 shows the cost per capita of providing new parkland and park facilities at the 5.0 acres per 1,000 resident standard. The cost per capita is shown separately for land and improvements. First, the per acre unit costs are multiplied by the acreage standards to determine the total amount of costs needed to serve 1,000 residents for land and improvements. Then, those costs are divided by 1,000 to determine the cost needed to serve one resident.

Table 5.8: Park Facilities Investment Per Capita

	Land	Improvements	Total
Parkland Investment (per acre)	\$ 336,000	\$ 414,400	\$ 750,400
Facility Standard (acres per 1,000 capita)	5.00	5.00	5.00
Total Investment Per 1,000 capita	\$ 1,680,000	\$ 2,072,000	\$ 3,752,000
	1,000	1,000	1,000
Investment Per Capita	\$ 1,680	\$ 2,072	\$ 3,752

Sources: Tables 5.4, and 5.6.

Use of Fee Revenue

The City plans to use park and recreation facilities fee revenue to purchase parkland or construct improvements to add to the system of park facilities that serves new development. The City may only use impact fee revenue to provide facilities and intensify usage of existing facilities needed to serve new development, and cannot fund existing development’s share of the planned facilities with impact fee revenue

Fee Schedule

To calculate fees by land use type, the investment in park facilities is determined on a per resident basis for both land acquisition and improvement. This investment factor (shown in Table 5.8) is the investment per capita based on the unit cost estimates and facility standards.

Table 5.9 shows the maximum justified park and recreation facilities fee based on the policy standard of 5.0 acres per capita. The investment per capita is converted to a fee per dwelling unit using the occupancy density factors from Table 2.2. The total fee includes an administrative charge to fund costs that include: (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

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

Table 5.9: Park and Recreation Facilities Impact Fee

Land Use	A	B	C = A x B	D = C x 2.0%	E = C + D
	Cost Per Capita	Density	Base Fee ¹	Admin Charge ^{1, 2}	Total Fee ¹
<i>Residential - per Dwelling Unit</i>					
Single Family	\$ 3,752	3.53	\$ 13,245	\$ 265	\$ 13,510
Multifamily (2+ Bedrooms)	3,752	3.13	11,744	235	11,979
Multifamily (1 Bedroom or less)	3,752	1.51	5,666	113	5,779

¹ Fee per dwelling unit.

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

Sources: Tables 2.2 and 5.8.

6. Water Facilities

This chapter details an analysis of the need for water system facilities to accommodate growth within the City of Hollister. It documents a reasonable relationship between new development and a water fee to fund water facilities that serve new development.

Water Demand

Estimates of new development and its consequent increased water demand provide the basis for calculating the water facilities fee. The need for water facilities improvements is based on the water demand placed on the system by development. A typical measure of demand is a flow generation rate, expressed as the number of gallons per day generated by a specific type of land use. Flow generation rates are a reasonable measure of demand on the City's system of water improvements because they represent the average rate of demand that will be placed on the system per land use designation.

Table 6.1 shows the calculation of EDU demand factors based on flow generation by land use category. The flow generation estimates were derived based on data from the City's 2018 *Water Distribution System Master Plan*. EDU factors express demand for water facilities in terms of the demand created by a single-family dwelling unit.

Table 6.1: Water Demand by Land Use

Land Use Type	Flow Generation (GDPC/A) ¹	Density ²	Average Flow Generation/ DU & KSF	Equivalent Dwelling Unit (EDU)
<i>Residential</i>				
Single Family	76	3.53	268.28	1.00
Multifamily (2+ Bedrooms)	76	3.13	237.88	0.89
Multifamily (1 Bedroom or less)	76	1.51	114.76	0.43
<i>Nonresidential</i>				
Commercial	1,455	87.12	16.70	0.06
Office	1,455	87.12	16.70	0.06
Industrial	369	43.56	8.47	0.03

¹ Gallons per day per capita for residential, Gallons per acre

² Residents per dwelling unit for residential, thousand square feet per acre for nonresidential.

Nonresidential densities are based on maximum floor-area-ratios of 2.0 for commercial, 2.0 for office and 1.0 industrial.

Sources: City of Hollister, Water Distribution System Master Plan, August 2018; Hollister General Plan; Willdan Financial Services.

EDU Generation by New Development

Table 6.2 shows the estimated EDU generation from new development through 2040. New development will generate 2,378 new EDUs inside the current city limits, accounting for approximately 17-percent of water demand in 2040.

Table 6.2: Water Facilities Equivalent Dwelling Units

	EDU Factor ¹	Existing (DU/KSF)	Projected Growth (DU/KSF)	Existing EDUs	Growth in EDUs	Total
<i>Residential</i>						
Single Family	1.00	8,660	1,741	8,660	1,741	10,401
Multifamily	0.89	<u>2,599</u>	<u>522</u>	<u>2,313</u>	<u>465</u>	<u>2,778</u>
Subtotal		11,259	2,263	10,973	2,206	13,179
<i>Nonresidential</i>						
Commercial	0.06	5,232	1,399	314	84	398
Office	0.06	3,455	924	207	55	262
Industrial	0.03	<u>4,074</u>	<u>1,089</u>	<u>122</u>	<u>33</u>	<u>155</u>
Subtotal		12,761	3,412	643	172	815
Total				11,617	2,378	13,994
Percent of Total				83.0%	17.0%	100.0%

¹ Per dwelling unit (residential) or thousand building square feet (nonresidential).

Sources: Tables 2.1 and 6.1, Willdan Financial Services.

Facility Needs and Costs

Tables 6.3 identifies the planned water facilities to be funded by the fee. Some projects benefit both existing and new development, and others only benefit existing development. Projects that do not benefit new development are not allocated to the impact fee. All other project costs are allocated to the impact fee based on new development’s proportional share of demand in 2040.

Table 6.4 identifies the cost to expand the West Hills Water Treatment Plant. The City is responsible for 50-percent of the cost of the improvements, though the total cost of the improvements is shown in Table 6.4 and is used to calculate the cost of capacity to serve new development. The upgrades will provide 5.3 million gallons per day of capacity. The total cost of the upgrades is divided by the increase in capacity to determine the cost per gallon per day of capacity. This figure is then multiplied by the average flow generation per day per single family unit to determine the cost of capacity to serve one EDU.

Table 6.3: Water Facilities Costs to Serve New Development

Project No.	Description	Proposed Size/ Diameter	Total CIP Cost Estimate	Allocation to New Development	Cost
					Allocated to New Development
<i>First Priority Projects</i>					
1-1	Park Hill Boosted Zone Middle Zone Boundary	12	\$ 980,000	17.0%	\$ 166,531
1-3	Modification	--	35,000	17.0%	5,948
1-4	East St.	8	210,700	17.0%	35,804
1-5	Walnut Lane Park Hill Tanks Operations &	8	255,850	17.0%	43,477
1-6	Maintenance		42,000	0.0%	-
	Subtotal		\$ 1,523,550		\$ 251,760
<i>Second Priority Projects</i>					
2-1	Airport-Industrial East	8	\$ 1,014,370	17.0%	\$ 172,372
2-2	Suiter St.	8	87,290	17.0%	14,833
2-3	South St.	8	313,040	17.0%	53,195
2-4	Monterey St.	8	376,250	17.0%	63,936
2-5	Powell St.	8	201,670	17.0%	34,270
2-6	Hazel St.	8	612,535	17.0%	104,088
2-7	North Airport-Industrial	8	1,783,600	17.0%	303,087
	Subtotal		\$ 4,388,755		\$ 745,781
<i>Third Priority Projects</i>					
3-1	West St	8	\$ 361,200	17.0%	\$ 61,379
3-2	Park Street	8	114,380	17.0%	19,437
3-3	Locust Avenue	8	264,880	17.0%	45,011
3-4	Hamilton Court	10	188,160	17.0%	31,974
3-5	Quail Run	8	216,720	17.0%	36,827
3-6	Ball Court	8	153,510	17.0%	26,086
3-7	Brandy Court	8	66,220	17.0%	11,253
3-8	Replace all 4-8" Cast Iron	8	18,210,500	17.0%	3,094,510
3-9	Replace all 10" and 12"	12	6,820,800	17.0%	1,159,058
3-10	Replace all 16" Cast Iron	16	474,320	17.0%	80,601
3-11	Replace all 4" PVC with 8" PVC	8	1,766,870	17.0%	300,244
	Subtotal		\$ 28,637,560		\$ 4,866,380
<i>North County Groundwater Supply¹</i>					
Phase I					
	Well(s) and Pipeline		\$ 3,600,000	17.0%	\$ 611,748
	Booster Pump Station and Storage Tank		2,300,000	17.0%	390,839
			5,300,000	17.0%	900,629
			1,550,000	17.0%	263,391
	Subtotal		\$ 12,750,000		\$ 2,166,607
Total			\$ 47,299,865		\$ 8,030,528

¹ Project costs shown are equal to 50% of total project costs based on existing agreements (50% to City and 50% to SSCWD), with the exception of the booster pump station and storage tank project where the City is 100% responsible.

Source: City of Hollister, Adopted Water Distribution System Master Plan, August 2018; Willdan Financial Services.

Table 6.4: West Hills Water Treatment Plant Capacity Costs

<u>West Hills Water Treatment Plant</u>	
Provision for Expansion and Reserve for Short Term Growth in Initial Plant	
	\$13,900,000
Expansion to 6.75 MGD	
	8,500,000
Expansion to 9.0 MGD	
	<u>3,000,000</u>
Subtotal	\$25,400,000
Capacity Provided by Improvements (MGD) ¹	5.3
Cost per Gallon per Day	\$ 4.79
Gallons per Day per EDU	<u>268.28</u>
Cost per EDU	\$ 1,286

¹ Existing plant has 0.8 MGD in remaining capacity. Future improvements will increase capacity by 4.5 MGD.

Sources: San Benito County Water District; Willdan Financial

Allocation of Facilities Costs to New Development

Table 6.5 calculates the cost per EDU for new development to fund its fair share of the identified facilities. First, the net cost of planned facilities from Table 6.3 is divided by the growth in EDUs identified in Table 6.2 to identify the cost per EDU of the planned facilities. This figure is added to the cost per EDU for the West Hills Water Treatment Plant capacity from Table 6.4 to determine the total cost per EDU for all facilities.

Table 6.5: Total Cost per EDU

Net Cost of Planned Facilities	\$ 8,030,528
Growth in EDUs	<u>2,378</u>
Cost per EDU	\$ 3,377
West Hills Treatment Plant Capacity Upgrades	
Cost per EDU	\$ 1,286
Total Cost per EDU	\$ 4,663

Sources: Tables 6.2, 6.3 and 6.4.

Non-Fee Funding Required

The City will use existing revenue sources or develop new sources to fund future facilities not required to accommodate growth, or to fund existing development's fair share of facilities. The City must raise \$48.9 million needed to fund the water facilities representing existing development's existing deficiencies identified in Table 6.3, and the balance of the City's share of the West Hills Water Treatment Plant with non-fee revenue sources.² Likely potential sources of revenue include existing or new general fund revenues or existing or new taxes. Any new special tax would require two-thirds voter approval. Any new assessments or property-related charges would require majority property owner approval.

Fee Schedule

The maximum justified fee for water facilities is shown in **Table 6.6**. The cost per EDU is converted to a fee per unit of new development based on the EDU factors shown in Table 6.1. The total fee includes an administrative charge to fund costs that include: (1) a standard overhead charge applied to all City programs for legal, accounting, and other departmental and citywide administrative support, (2) capital planning, programming, project management costs associated with the share of projects funded by the facilities fee, and (3) fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Table 6.6: Water Facilities Impact Fee

	A	B	C = A x B	D = C x 0.02	E = C + D	E / 1,000
	Cost Per EDU	EDU Factor	Base Fee ¹	Admin Charge ^{1, 2}	Total Fee ¹	Fee per Sq. Ft.
<i>Residential - per Dwelling Unit</i>						
Single Family	\$ 4,663	1.00	\$ 4,663	\$ 93	\$ 4,756	
Multifamily (2+ Bedrooms)	4,663	0.89	4,150	83	4,233	
Multifamily (1 Bedroom or less)	4,663	0.43	2,005	40	2,045	
<i>Nonresidential - per 1,000 Sq. Ft.</i>						
Commercial	\$ 4,663	0.06	\$ 280	\$ 6	\$ 286	\$ 0.29
Office	4,663	0.06	280	6	286	0.29
Industrial	4,663	0.03	140	3	143	0.14

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

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

Sources: Tables 6.1 and 6.5; Willdan Financial Services.

² The City is responsible for 50-percent of the West Hills Water Treatment Plant costs.

7. Implementation

Impact Fee Program Adoption Process

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

Inflation Adjustment

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

- ◆ Buildings – Engineering News-Record's Construction Cost Index (CCI)

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

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

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

Reporting Requirements

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

Programming Revenues and Projects with the CIP

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

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

8. Mitigation Fee Act Findings

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

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

Purpose of Fee

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

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

Use of Fee Revenues

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

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

Benefit Relationship

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

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

Burden Relationship

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

Facilities need is based on a facility standard that represents the demand generated by new development for those facilities. For each facility category, demand is measured by a single facility standard that can be applied across land use types to ensure a reasonable relationship to the type of development. For some facility categories service population standards are calculated based upon the number of residents associated with residential development and the number of workers associated with non-residential development. To calculate a single, per capita standard, one worker is weighted less than one resident based on an analysis of the relative use demand between residential and non-residential development.

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

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

Proportionality

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

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

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