

CITY OF SOLEDAD

STORM DRAINAGE IMPACT FEE STUDY



PUBLIC REVIEW DRAFT

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1 . INTRODUCTION

This report presents an analysis of the need for storm drainage facilities to accommodate new development in the City of Soledad. The introduction explains the study approach and summarizes results under the following sections:

- ◆ Background and study objectives;
- ◆ Public facilities financing in California; and
- ◆ Organization of the report.

BACKGROUND AND 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. To fulfill this objective, public agencies should review and update their fee programs periodically to incorporate the best available information. The City of Soledad's current storm drain impact fees are based on the *Storm Drain Impact Fee Study* prepared for the City of Soledad by Hanna & Brunetti, dated May 30, 2000. The impact fees calculated in the Hanna and Brunetti study were updated for inflation in the August 29, 2006, *Public Facilities Development Impact Fee Study*, prepared by MuniFinancial.

This report updates the storm drain impact fee based on the facility needs identified in the *City of Soledad 2007 Storm Drain Master Plan (SDMP)*, prepared by RM Associates. The SDMP identifies the storm drainage facilities needed to accommodate expected development in the City of Soledad through buildout of the development identified in the 2005 *City of Soledad General Plan*. This includes areas to the north and west of the current city limits, as well as infill development within the city limits.

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

PUBLIC FACILITIES FINANCING IN CALIFORNIA

The changing fiscal landscape in California during the past 30 years has steadily undercut the financial capacity of local governments to fund infrastructure. Three dominant trends stand out:

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

Faced with these trends, many cities and counties have had to adopt a policy of “growth pays its own way.” This policy shifts the burden of funding infrastructure expansion from existing 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 approval of property owners and are appropriate when the funded facilities are directly related to the developing property. Development fees, on the other hand, are an appropriate funding source for facilities that benefit all development jurisdiction-wide or within designated zones of benefit. Development fees need only a majority vote of the legislative body for adoption.

ORGANIZATION OF THE REPORT

This impact fee report identifies storm drainage impact fees and provides the necessary findings required by the *Mitigation Fee Act* for adoption of the identified fees in the following three chapters. Chapter 2 documents the calculation of a storm drainage fee to fund the facilities needed to accommodate new development. Calculation of the impact fee uses development projections, determination of equivalent dwelling unit (EDU) factors, and facility needs and costs. Chapter 3 contains implementation procedures for the updated impact fees. Chapter 4 provides the findings required by the *Act*.

2. FEE CALCULATION

This section of the report calculates the justified storm drainage impact fee based on planned facilities identified in the SDMP and projected development in the City of Soledad.

LAND USE TYPES

To ensure a reasonable relationship between the storm drainage fee and the type of development paying the fee, growth projections distinguish between different land use types. The land use types used in this analysis are defined below.

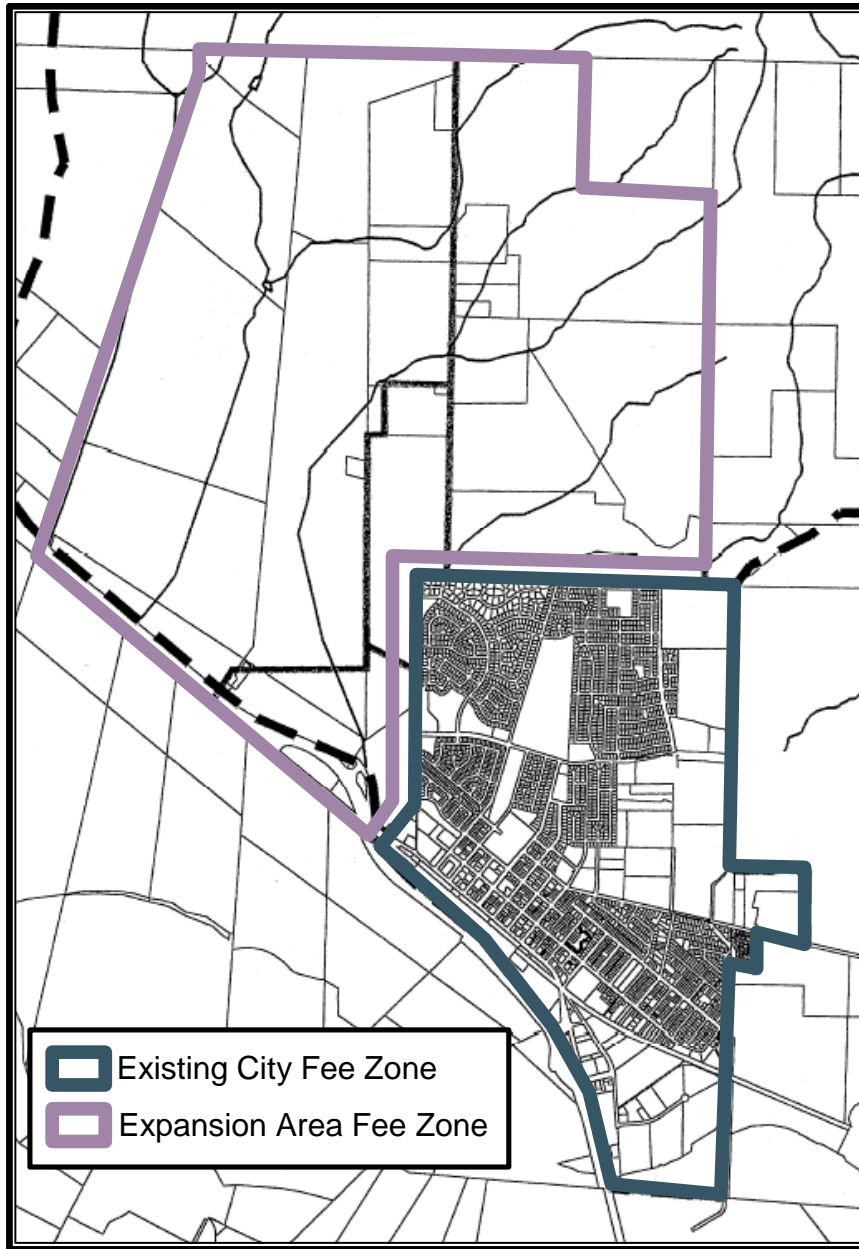
- ◆ **Single-family:** Attached and detached one-family dwelling units; and
- ◆ **Multi-family:** All attached single-family dwellings such as duplexes and condominiums, plus mobile homes, apartments, and dormitories.
- ◆ **Commercial:** All commercial, retail, educational, and hotel/motel development.
- ◆ **Office:** All general, professional, and medical office development.
- ◆ **Industrial:** All manufacturing and warehouse development.

Some developments may include more than one land use type, such as an industrial warehouse with living quarters (a live-work designation) or a planned unit development with both single and multi-family uses. In these cases the public facilities fee would be calculated separately for each land use type. The City should have the discretion to impose the public facilities fee based on the specific aspects of a proposed development regardless of zoning.

STORM DRAINAGE IMPACT FEE ZONES

The *Mitigation Fee Act* requires that there be a “reasonable relationship” between the development that is required to pay an impact fee and the facilities to be funded with the fee revenue (*Government Code* §66001(a)(3)). In planning a storm drainage system, an area is typically divided into drainage basins, or areas where storm water collects to a single outflow. Development in each drainage basin creates a need for storm water facilities in that basin, but not outside of that basin. Therefore, separate impact fees are often calculated based on the facilities needs and planned development for each drainage basin. In this study, the area covered by the SDMP is divided into two fee zones. One fee zone is the area inside the current Soledad City Limits, while the other fee zone includes the planed growth areas north and west of the current city. **Figure 1** shows the two storm drainage impact fee zones. (See page 10 below for additional description of the fee zones.)

Figure 1: Storm Drainage Impact Fee Zones



GROWTH PROJECTIONS FOR CITY OF SOLEDAD

Calculation of the storm drainage impact fee is based on the cost of the storm drainage facilities needed to serve new development in each fee zone, combined with the amount of new development expected in the zone. This study is based on providing storm drainage facilities to accommodate new development through buildout of the 2005 *General Plan*. The *General Plan* provides estimates of additional development capacity in the current city limits and in the city's sphere of influence, where future growth is planned to occur.

For the *Year 2007 City of Soledad Traffic Impact Fee Update*, the city determined the amount of new development and approved or potentially vested development that had occurred between adoption of the *General Plan* in 2005 and completion of the *Traffic Impact Fee Update* in 2007. This provided current estimates of the amount of development remaining through buildout of the city as envisioned in the *General Plan*. The estimates of existing and future development used in the *Traffic Impact Fee Update* are used in this study.

The *General Plan* uses three categories for residential development: single family or low density, medium density, and high density. Consistent with the SDMP, this study includes medium and high density development in the multi-family category. In the *General Plan*, retail and office development are included together in the “commercial” category. According to data from the Association of Monterey Bay Area Governments (AMBAG), approximately 52 percent of existing commercial development is retail, and 48 percent is office. Based on input from the City of Soledad Planning Department, this study assumes that 70 percent of new commercial development will be retail and 30 percent will be office. **Table 1** shows the development estimates used in this study for each fee zone.

Table 1 shows estimated existing development in 2007, as well as approved and potentially vested development. The approved and potentially vested units are development that has not occurred, but has either already been approved or is expected to become vested and pay impact fees before updated impact fee rates take effect. New development is subject to paying impact fees at the rates that were in effect at the time it became vested, even if impact fee rates increase before the development is completed. This development is included in determining future development’s fair share of storm drainage facilities per unit of development, but estimates of fee revenue are based on this development paying impact fees at the current rates. (See Table 18 for revenue projections from vested development.)

Table 1: Soledad Demographic Projections Based on 2025 General Plan

	A	B	C = B - A	Portion of C
	2007	General Plan	Remaining	Approved/
	Baseline	Buildout	Development	Potentially
			to Buildout	Vested
Existing City				
<u>Residential Development (Dwelling Units)</u>				
Single Family	2,800	3,472	672	642
Multi-Family	864	1,845	981	581
<u>Nonresidential (Sq. Ft. Floor Area)</u>				
Retail ^{1,2}	579,400	963,700	384,300	420,000
Office ^{1,2}	542,500	707,200	164,700	-
Industrial	1,241,460	2,280,000	1,038,540	-
Growth Areas				
<u>Residential Development (Dwelling Units)</u>				
Single Family				
Entryway Commercial	-	-	-	-
North Entryway	-	115	115	-
San Vicente West	-	507	507	-
Mirassou Expansion Area	-	1,299	1,299	-
Northwest Expansion Area	-	3,600	3,600	-
Total - Single Family	-	5,521	5,521	-
Multi-Family				
Entryway Commercial	-	-	-	-
North Entryway	-	85	85	-
San Vicente West	-	225	225	-
Mirassou Expansion Area	-	459	459	-
Northwest Expansion Area	-	2,310	2,310	-
Total - Multi-Family	-	3,079	3,079	-
<u>Nonresidential (Sq. Ft. Floor Area)</u>				
Retail ^{1,2}				
Entryway Commercial	-	224,280	224,280	-
North Entryway	-	333,060	333,060	-
San Vicente West	-	35,000	35,000	-
Mirassou Expansion Area	-	70,000	70,000	-
Northwest Expansion Area	-	794,500	794,500	-
Total - Retail	-	1,456,840	1,456,840	-
Office ^{1,2}				
Entryway Commercial	-	96,120	96,120	-
North Entryway	-	142,740	142,740	-
San Vicente West	-	15,000	15,000	-
Mirassou Expansion Area	-	30,000	30,000	-
Northwest Expansion Area	-	340,500	340,500	-
Total - Office	-	624,360	624,360	-
Industrial				
Entryway Commercial	-	-	-	-
North Entryway	-	-	-	-
San Vicente West	-	-	-	-
Mirassou Expansion Area	-	-	-	-
Northwest Expansion Area	-	8,500,000	8,500,000	-
Total - Industrial	-	8,500,000	8,500,000	-

¹ Assumes that 52% existing "commercial" development is retail and 48% is office, based on AMBAG data.

² Assumes that 70% of new "commercial" development will be retail and 30% will be office, per Soledad Planning Department.

Sources: Table 1, Year 2007 City of Soledad Traffic Impact Fee Update, OmniMeans; AMBAG; City of Soledad Planning Department; MuniFinancial.

EQUIVALENT DWELLING UNIT (EDU) FACTORS

To measure the relative impact of different types of new development on the storm drainage system, equivalent dwelling unit (EDU) factors are used. Storm drainage impacts are based on the area of impervious surface created by each development. One EDU is equal to the estimated storm drainage impacts of one single family dwelling unit. The area of impervious surface is based on the combination of average land area associated with each unit of development (dwelling units for residential development or 1,000 square feet for nonresidential development), and the average percentage of the land area that is made impervious in each type of development. The land area associated with each type of development is based on the acreage assigned to each land use and the total amount of development shown in the *General Plan*. The percentage of impervious ground cover associated with each type new development is given in the SDMP.

Table 2: Equivalent Dwelling Units

	DU or KSF per acre ¹	Average Percent Impervious	Equivalent Dwelling Unit (EDU) ²
<i>Residential</i>			
Single Family ³	4.30	65%	1.00
Multi-Family	8.00	80%	0.66
<i>Nonresidential</i>			
Commercial	12.63	90%	0.47
Office	12.63	80%	0.42
Industrial	20.91	90%	0.28

¹ Dwelling units for residential and thousand building square feet for non-residential. Density based on estimated development and acreage for each land use type in the *General Plan*. Nonresidential densities are based on floor-area-ratios of 0.29 for commercial and office, and 0.48 for industrial, calculated from Table II-1 of the *General Plan*.

² EDUs per dwelling unit for residential development and per thousand square feet for nonresidential development.

³ Percent impervious for single family based on average of Low Density - Less than 4 Units/Acre and Low Density - 4 to 8 Units/Acre from *Storm Drain Master Plan*.

Sources: 2007 *Storm Drain Master Plan*, RM Associates; Table II-1, *Soledad General Plan*, 2005; MuniFinancial

EDU GENERATION BY NEW DEVELOPMENT

Table 3 shows the estimated EDU generation from new development through buildout of the *General Plan* in each of the storm drainage impact fee zones. Buildout of the *General Plan* will generate approximately 1,900 new EDUs inside the current city limits and approximately 10,900 in the expansion areas outside the current city limits.

Table 3: Storm Drain Facilities Equivalent Dwelling Units

	EDU Factor ¹	Existing (DU/KSF)	Projected Growth (DU/KSF)	Approved/Potentially Vested (DU/KSF)	Existing EDUs	Growth in EDUs	Total	Approved/Potentially Vested EDUs ²
Existing City								
<i>Residential</i>								
Single Family	1.00	2,800	672	642	2,800	672	3,472	642
Multi-Family	0.66	864	981	581	570	647	1,218	383
Subtotal		3,664	1,653	1,223	3,370	1,319	4,690	1,025
<i>Nonresidential</i>								
Commercial	0.47	579	384	420,000	272	181	453	197
Office	0.42	543	165	-	228	69	297	-
Industrial	0.28	1,241	1,039	-	348	291	638	-
Subtotal		2,363	1,588	420,000	848	541	1,388	197
Total - Existing City					4,218	1,860	6,078	1,222
Expansion Areas								
<i>Residential</i>								
Single Family	1.00	-	5,521	-	-	5,521	5,521	-
Multi-Family	0.66	-	3,079	-	-	2,032	2,032	-
Subtotal		-	8,600	-	-	7,553	7,553	-
<i>Nonresidential</i>								
Commercial	0.47	-	1,457	-	-	685	685	-
Office	0.42	-	624	-	-	262	262	-
Industrial	0.28	-	8,500	-	-	2,380	2,380	-
Subtotal		-	10,581	-	-	3,327	3,327	-
Total					-	10,880	10,880	-

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

² Portion of EDU growth that has already received development approvals and has paid impact fees at the current rates.

Sources: Tables 1 and 2, MuniFinancial.

FACILITY DEMAND STANDARD

The SDMP identifies the storm drainage facilities needed to accommodate new development through buildout of the 2005 *General Plan* and to remedy deficiencies in the existing storm drainage system. The planned facilities identified in the SDMP are determined using a facility demand standard based on the concept of a “design storm.” A design storm is used by the

storm drain model to simulate runoff during the heaviest storm likely to occur within a designated time period. The facility demand standard determines a reasonable relationship between new development and the need for storm drain facilities. The standards also ensure that new development is not burdened with existing deficiencies in the storm drainage system. For commercial and industrial areas, the system is designed to accommodate a 25-year storm. For residential areas, the master plan is designed for a ten-year storm.

In general, the City of Soledad storm drainage system is based on collecting storm water and channeling it to the Salinas River in a controlled manner. The storm drainage system uses detention basins and retention basins to control the discharge of storm water. Detention basins collect storm water and gradually release it to the downstream parts of the drainage system. Retention basins collect storm water and hold it until it evaporates or percolates into the ground. All new development must either construct storm water storage as part of the planned development or participate in the implementation of regional basins. In accordance with Monterey County Water Resources Agency criteria, the storm drainage system must limit discharges to the amount that would occur under pre-development conditions in a ten-year storm, and store the difference between the ten-year storm pre-development runoff and the 100-year storm post-development runoff, based on a 24-hour duration design storm, in retention basins or detention basins.

STORM DRAINAGE IMPACT FEE ZONES

This study identifies two zones for the storm drainage impact fee. One zone covers the area inside the existing City Limits, while the other zone covers the expansion areas to the north and west of the existing City. **Figure 1** shows the storm drainage impact fee zones.

EXISTING CITY

According to the SDMP, the area inside the existing City Limits covers six drainage basins. This study combines the area in the existing City Limits into one zone because the storm drainage facilities for many of the drainage basins are interrelated and, in many cases, storm drainage improvements in one drainage basin are needed to accommodate development in another basin. For example, storm water from the Upper San Vicente, Lower San Vicente, and Central Basins is ultimately discharged through a single storm drain pipe to the City's regional storm water detention basin adjacent to the wastewater treatment plant. Following improvements planned in the SDMP, storm water that currently drains to the Bryant Canyon basin on the eastern side of the City will be diverted to the Lower San Vicente basin and the regional detention basin. One major component of the SDMP is the installation of a second storm drainage pipe from the Lower San Vicente Basin to the regional detention basin. This pipe will carry storm water from a large portion of the City, not just the Lower San Vicente Basin.

EXPANSION AREA

The expansion areas identified in the *General Plan* are in two drainage basins: the San Vicente-Mirassou Basin, and the Moranda Basin. The SDMP identifies a storm drain pipeline in the North Entry Commercial Area at the south end of the San Vicente-Mirassou Basin that will carry storm water to the Moranda Basin and an outflow to the Salinas River.

Thus, the two drainage basins in the expansion area are combined in one impact fee zone in this study.

PLANNED FACILITIES

EXISTING CITY FEE ZONE

Tables 4 and 5 list facilities needed to accommodate new development in the existing City based on the facility demand standards used in the SDMP and discussed above. The cost of the facilities listed in these tables is the basis for the storm drainage impact fee for new development in the existing City. All facility costs shown are in current (2007) dollars.

Table 4 shows improvement needs identified in the SDMP for the Upper San Vicente Basin. The SDMP identified two alternative scenarios to provide storm drainage to accommodate new development in this basin. The City selected Alternative B as the preferred alternative. Alternative B involves enlarging and extending the storm drainage pipeline in Gabilan Drive. With these improvements, the retention basin on Gabilan Drive, in front of Toledo Street, will no longer be needed. The basin would be filled and would be available for future park improvements. Under Alternative A, a smaller pipeline in Gabilan Drive would have been installed and the Toledo Park retention basin would have been retained.

The SDMP identifies the improvements needed in the Upper San Vicente Basin as needed to remedy existing drainage deficiencies. However, the City of Soledad has determined that these improvements are needed to accommodate growth, and should not be attributed to existing deficiencies. Based on the assessment of the City's Public Works Department, storm drainage is currently adequately managed with existing pipelines and a retention basin. The Upper San Vicente Basin improvements are needed to accommodate the development of several vacant parcels of land. Therefore, these improvements are included in the basis for the storm drainage impact fee.

Table 5 shows facilities needed in the Lower San Vicente Basin. These facilities include a storm drainage pipeline in the City (identified in the SDMP as "onsite improvements"), installation of a new outfall pipeline connecting storm drain pipes in the City to the regional detention basin (identified in the SDMP as "offsite improvements"), and improvements to the highway drainage basin between US-101 and Front Street.

Table 4: Upper San Vicente Storm Drain Facilities - Alternative B

	Quantity	Unit Cost	Total
54-inch diam. RCP Storm Drain Pipeline Including Manholes, Excavation, Disposal, Backfilling, Compaction, and Testing	1,300 LF	\$ 275	\$ 357,500
48-inch diam. RCP Storm Drain Pipeline Including Manholes, Excavation, Disposal, Backfilling, Compaction, and Testing	2,300 LF	250	575,000
42-inch diam. RCP Storm Drain Pipeline Including Manholes, Excavation, Disposal, Backfilling, Compaction, and Testing	700 LF	225	157,500
Trench Pavement Grinding, Disposal and Replacement of Asphalt Pavement with Aggregate Base	4,300 LF	35	150,500
Connection to Existing Storm Drain Manhole at San Vicente Rd.	N/A	N/A	10,000
Connection to Existing 12-inch Storm Drain Pipe from Santana Park Detention Basin at Andalucia Court	N/A	N/A	10,000
Connection to Existing Storm Drain Manhole at Toledo Creek	N/A	N/A	100,000
Traffic Control	N/A	N/A	45,000
Restoration of Toledo Park Including, but not limited to, Import of Suitable Fill (approx. 30 acre-feet), Placement and Compaction of Fill for Future Park Improvements	N/A	N/A	300,000
Subtotal		\$	1,705,500
Engineering, Legal, Administration, and Contingency (40%)			682,200
Total		\$	2,387,700

Sources: Tables 5-2(B), *City of Soledad 2007 Storm Drain Master Plan*, September 2007; MuniFinancial.

Table 5: Lower San Vicente Drainage Basin Facilities

	Quantity	Unit Cost	Total
<i>Offsite Improvements</i>			
20-foot Permanent Storm Drain Easement	3,920 LF	\$ 70	\$ 274,400
20-foot Temporary Construction Easement	3,920 LF	35	137,200
Replacement of Crop Revenue for One 90-day Planting Cycle	3.6 acres	150,000	540,000
Installation of 96-inch diam. HDPE Storm Drain Pipeline Including Manholes, Excavation, Separation of Top Soil, Backfilling, Compaction, and Testing for a Complete and Operational Pipeline	3,920 LF	300	1,176,000
Storm Drain Discharge Structure at the City Regional Drainage Basin Adjacent to Wastewater Treatment Plant	N/A	N/A	100,000
Bore and Jack 108-inch Steel Casing and 96-inch Carrier Pipe Beneath US-101 at Caltrans Overcrossing	300 LF	1,500	450,000
Bore and Jack 108-inch Steel Casing and 96-inch Carrier Pipe Beneath UPRR North of the Caltrans Overcrossing Bridge	100 LF	2,000	200,000
Crop Production Insurance Within Pipe Alignment	N/A	N/A	50,000
Subtotal - Offsite Improvements			\$ 2,927,600
<i>Onsite Improvements</i>			
20-foot Permanent Storm Drain Easement	2,100 LF	\$ 70	\$ 147,000
20-foot Temporary Construction Easement	2,100 LF	35	73,500
Installation of 96-inch diam. RCP Storm Drain Pipeline Including Manholes, Excavation, Disposal, Backfilling, Compaction, and Testing for a Complete and Operational Pipeline	2,300 LF	400	920,000
Connection to Existing 96-inch Storm Drain Pipe at Existing Manhole within San Vicente Rd. at Market St.	N/A	N/A	100,000
Subtotal - Onsite Improvements			\$ 1,240,500
<i>Improvements to the Existing Highway Basin Between U.S. 101 and Front Street</i>			
Acquisition of Parcels from the Calif. DOT and UPRR to Enlarge the 3.3 Acre Highway Drainage Basin	3.3 acres	\$ 150,000	\$ 495,000
Enlarge and Deepen the Highway Drainage Basin (to Approx. 6.6 Acres)	50 acre-feet	10,000	500,000
Install Duplex Storm Drain Pump Station	N/A	N/A	300,000
Install Detention Basin Discharge Reinforced Concrete Structure	N/A	N/A	50,000
Install 36-inch RCP Storm Drain Between Control Structure and Existing Storm Drain	100 LF	175	17,500
Install Storm Drain Manhole	N/A	N/A	15,000
Basin Landscaping	N/A	N/A	200,000
Fencing	N/A	N/A	50,000
Subtotal - Improvements to Existing Hwy. Basin			\$ 1,627,500
Subtotal - Offsite, Onsite, and Existing Basin Improvements			\$ 5,795,600
Engineering, Legal, Administration, and Contingency (40%)			2,318,240
Total			\$ 8,113,840

Sources: Tables 5-1(A) and (B), City of Soledad 2007 Storm Drain Master Plan, September 2007; MuniFinancial.

Table 6 shows the total cost of facilities needed to serve new development within the existing City.

Table 6: Total Cost of Facilities Needed to Serve New Development - Existing City Zone

Upper San Vicente Drainage Basin	\$	2,387,700
Lower San Vicente Drainage Basin		<u>8,113,840</u>
Total Planned Facility Cost	\$	10,501,540

Sources: Tables 4 and 5.

EXPANSION AREA FEE ZONE

Tables 7 and **8** list the facilities identified in the SDMP needed to serve development in the expansion area fee zone. **Table 7** shows facilities needed in the Miravale III Specific Plan area, in the San Vicente-Mirassou Drainage Basin. **Table 8** shows facilities needed in the Northwest Expansion area, in the Moranda Drainage Basin.

Table 7: Miravale III (San Vicente-Mirassou) Drainage Basin Facilities

	Quantity	Unit Cost	Total
Installation of 54-inch HDPE Storm Drain Pipeline, Including Manholes, Excavation, Disposal, Backfilling, Compaction, and Testing	1,300 LF	\$ 225	\$ 292,500
Installation of 48-inch HDPE Storm Drain Pipeline, Including Manholes, Excavation, Disposal, Backfilling, Compaction, and Testing	1,800 LF	200	360,000
Installation of 42-inch HDPE Storm Drain Pipeline, Including Manholes, Excavation, Disposal, Backfilling, Compaction, and Testing	3,000 LF	175	525,000
Installation of 36-inch HDPE Storm Drain Pipeline, Including Manholes, Excavation, Disposal, Backfilling, Compaction, and Testing	1,800 LF	150	270,000
Basin 1 Drainage Structures	N/A	N/A	20,000
Basin 2 Drainage Structures	N/A	N/A	30,000
Subtotal			\$ 1,497,500
Engineering, Legal, Administration, and Contingency (40%)			<u>599,000</u>
Total			\$ 2,096,500

Sources: Table 5-3, *City of Soledad 2007 Storm Drain Master Plan*, September 2007; MuniFinancial.

Table 8: Northwest Expansion Storm Drain Facilities (Moranda Drainage Basin)

	Quantity	Unit Cost	Total
<i>Offsite Improvements</i>			
25-foot Permanent Storm Drain Easement	10,300 LF	\$ 90	\$ 927,000
20-foot Temporary Construction Easement	10,300 LF	35	360,500
Replacement of Crop Revenue for One 90-day Planting Cycle	10.65 acres	150,000	1,597,500
144-inch diam. HDPE Storm Drain Pipeline Including Access Structure, Excavation, Separation of Top Soil, Disposal, Backfilling, Compaction, and Testing	10,300 LF	675	6,952,500
Storm Drain Outfall Structure at the Salinas River	N/A	N/A	300,000
Subtotal - Offsite Improvements			\$ 10,137,500
<i>Onsite Improvements</i>			
Acquisition of Open Space, Linear Park and Detention Basin 'A' in Fee Ownership	70 acres	\$ 100,000	\$ 7,000,000
Construction of Storm Drain Basin 'A'	700 acre-feet	2,500	1,750,000
Acquisition of Open Space, Linear Park and Detention Basin 'B' in Fee Ownership	20 acres	150,000	3,000,000
Construction of Storm Drain Basin 'B'	200 acre-feet	2,500	500,000
Acquisition of Open Space, Linear Park and Detention Basin 'C' in Fee Ownership	10 acres	150,000	1,500,000
Construction of Storm Drain Basin 'C'	100 acre-feet	2,500	250,000
96-inch diam. HDPE Storm Drain Pipeline Including Manholes, Excavation, Disposal, Backfilling, Compaction, and Testing	5,800 LF	375	2,175,000
72-inch diam. HDPE Storm Drain Pipeline Including Manholes, Excavation, Disposal, Backfilling, Compaction, and Testing	7,800 LF	275	2,145,000
Bore and Jack 168-inch Steel Casing and 144-inch Carrier Pipe Beneath US-101 at Caltrans Overcrossing	340 LF	2,000	680,000
Subtotal - Onsite Improvements			\$ 19,000,000
Subtotal - Offsite, Onsite, and Existing Basin Improvements			\$ 29,137,500
Engineering, Legal, Administration, and Contingency (40%)			11,655,000
Total			\$ 40,792,500

Sources: Tables 5-4(A) and (B), *City of Soledad 2007 Storm Drain Master Plan*, September 2007; MuniFinancial.

Table 9 shows the total cost of facilities needed in the future development outside of the existing City.

Table 9: Total Cost of Facilities Needed to Serve New Development - Expansion Area Zone

Miravale III	\$ 2,096,500
Northwest Expansion	40,792,500
Total Planned Facility Cost	\$ 42,889,000

Sources: Tables 7 and 8.

FACILITIES NEEDED TO REMEDY EXISTING DEFICIENCIES

Tables 10 and 11 show facilities needed to remedy deficiencies in the drainage system serving existing development, based on the facility demand standards used in the SDMP. These facilities are not included in the impact fee cost basis because impact fees may only be used to fund facilities serving new development. **Table 10** shows facilities needed in the Caltrans Drainage Basin and **Table 11** shows facilities needed in the Los Coches Drainage Basin.

Table 10: Caltrans Drainage Basin

	Quantity	Unit Cost	Total
30-inch diam. RCP Storm Drain Pipeline Including Manholes, Excavation, Disposal, Backfilling, Compaction, and Testing	600 LF	\$ 180	\$ 108,000
60-inch Diameter Storm Drain Reinforced Concrete Manholes with Approved Concrete Collars	6	9,000	54,000
Installation of Three Drainage Inlets and 40 LF of 18-inch Storm Drain Pipe, Including all Required Demolition and Repairs	N/A	N/A	26,000
Subtotal			\$ 188,000
Engineering, Legal, Administration, and Contingency (40%)			75,200
Total			\$ 263,200

Sources: Tables 5-5, *City of Soledad 2007 Storm Drain Master Plan*, September 2007; MuniFinancial.

Table 11: Los Coches Drainage Basin

	Quantity	Unit Cost	Total
42-inch diam. RCP Storm Drain Pipeline Including Manholes, Excavation, Disposal, Backfilling, Compaction, and Testing	300 LF	\$ 225	\$ 67,500
36-inch diam. RCP Storm Drain Pipeline Including Manholes, Excavation, Disposal, Backfilling, Compaction, and Testing	600 LF	210	126,000
30-inch diam. RCP Storm Drain Pipeline Including Manholes, Excavation, Disposal, Backfilling, Compaction, and Testing	200 LF	180	36,000
27-inch diam. RCP Storm Drain Pipeline Including Manholes, Excavation, Disposal, Backfilling, Compaction, and Testing	200 LF	130	26,000
24-inch diam. RCP Storm Drain Pipeline Including Manholes, Excavation, Disposal, Backfilling, Compaction, and Testing	900 LF	100	90,000
Storm Drain Reinforced Manholes with Approved Concrete Collar	10	7,000	70,000
Connection to Existing Drainage Inlets and Installation of Concrete Plugs within Storm Drain Laterals at Inlets	5	5,000	25,000
Construction of Desiltation Basin	N/A	N/A	200,000
Storm Drain Concrete Structure at the Salinas River	N/A	N/A	50,000
Subtotal			\$ 690,500
Engineering, Legal, Administration, and Contingency (40%)			276,200
Total			\$ 966,700

Sources: Tables 5-6, *City of Soledad 2007 Storm Drain Master Plan*, September 2007; MuniFinancial.

Table 12 shows the total cost of storm drainage improvements needed to address deficiencies in the existing system. As noted above, these projects serve existing development and are not included in the development impact fee.

Table 12: Total Cost of Facilities Needed to Remedy Existing Storm Drainage Deficiencies

Caltrans Drainage Basin	\$ 263,200
Los Coches Drainage Basin	966,700
Total Planned Facility Cost	<u>\$ 1,229,900</u>

Sources: Tables 10 and 11.

FACILITY COST STANDARD

A facility cost standard converts the total cost of facilities required to serve new development into a cost per unit of development to calculate the impact fee. The facility cost standard maintains a reasonable relationship between size of a new development project and the amount of the fee. Examples of facility standards include cost per park acre (for a park improvement fee) and costs per vehicle trip (for a traffic impact fee). The impact fees calculated in this report are based on a cost standard derived from the planned storm drain facilities required to accommodate growth identified by the SDMP.

This report uses the planned facilities approach to calculate the storm drainage cost standard. The cost standard is calculated as follows:

$$\frac{\text{Cost of Planned Facilities}}{\text{New EDUs}} = \text{Fee Basis (\$/EDU)}$$

The planned facilities method is appropriate for this impact fee because a detailed master plan exists to identify facilities to be funded by the fee. The SDMP establishes a clear nexus between the facilities to be funded by the impact fee and the facility demand generated by new development. The improvements to be funded with fee revenues benefit only new development and do not serve existing development. As shown in Tables 10 and 11, the SDMP identifies facilities needed to remedy deficiencies in the current storm drain system serving existing development. The cost of these facilities is not included in the impact fee cost basis and non-impact fee funding will be needed to provide facilities to remedy these existing deficiencies.

Other approaches that are often used to calculate impact fees are the existing standard method and the system plan method. The existing standard method is often used when a detailed facilities plan is not available. The fee is based expanding facilities as new development occurs based on the cost of existing facilities per unit of existing development. The system plan method is used when planned facilities are part of a system that benefits

both existing and new development. The system plan fee is based on the total cost of existing *and* planned facilities per unit of existing *and* planned development.

Table 13 shows the facility cost standard for the existing City fee zone and **Table 14** shows the facility standard for the expansion area zone.

Table 13: Storm Drain Planned Facility Standard - Existing City Zone

Cost of Planned Facilities for New Development	\$	10,501,540
Growth in EDUs		1,860
Cost per EDU	\$	5,646

Tables 3 and 6; MuniFinancial.

Table 14: Storm Drain Planned Facility Standard - Expansion Area Zone

Cost of Planned Facilities for New Development	\$	42,889,000
Growth in EDUs		10,880
Cost per EDU	\$	3,942

Tables 3 and 9; MuniFinancial.

STORM DRAINAGE IMPACT FEE

Tables 15 and **16** show the maximum justified storm drainage impact fee in each fee zone. The fees are based on the planned facilities cost per EDU, calculated in Tables 13 and 14. The cost per EDU is converted to a fee per unit of development (single or multi-family dwelling unit, or 1,000 square feet of nonresidential development) using the EDU factors shown in Table 2. A two percent administrative charge is included to cover expenses associated with documenting, collecting, and accounting for the fee.

Table 15: Storm Drainage Impact Fee - Existing City Zone

	Cost Per EDU	EDUs per Unit/ 1000 SF	Fee ¹	Admin. Charge ²	Total Fee ¹
<i>Residential</i>					
Single Family	\$ 5,646	1.00	\$ 5,646	\$ 113	\$ 5,759
Multi-family	5,646	0.66	3,726	75	3,801
<i>Nonresidential</i>					
Commercial	\$ 5,646	0.47	\$ 2,654	\$ 53	\$ 2,707
Office	5,646	0.42	2,371	47	2,418
Industrial	5,646	0.28	1,581	32	1,613

¹ Fee per dwelling unit or per thousand building square feet nonresidential.

² 2% Development Impact Fee Program administration costs including: A standard overhead charge for legal, accounting, and other departmental and citywide administrative support; Capital planning, programming, project management costs associated with the share of projects funded by the impact fee; and Impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, public hearing, and fee justification analyses.

Sources: Tables 2 and 13; MuniFinancial.

Table 16: Storm Drainage Impact Fee - Expansion Area Zone

	Cost Per EDU	EDUs per Unit/ 1000 SF	Fee ¹	Admin. Charge ²	Total Fee ¹
<i>Residential</i>					
Single Family	\$ 3,942	1.00	\$ 3,942	\$ 79	\$ 4,021
Multi-family	3,942	0.66	2,602	52	2,654
<i>Nonresidential</i>					
Commercial	\$ 3,942	0.47	\$ 1,853	\$ 37	\$ 1,890
Office	3,942	0.42	1,656	33	1,689
Industrial	3,942	0.28	1,104	22	1,126

¹ Fee per dwelling unit or per thousand building square feet nonresidential.

² 2% Development Impact Fee Program administration costs including: A standard overhead charge for legal, accounting, and other departmental and citywide administrative support; Capital planning, programming, project management costs associated with the share of projects funded by the impact fee; and Impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, public hearing, and fee justification analyses.

Sources: Tables 2 and 13; MuniFinancial.

NON-FEE FUNDING NEEDED

Building the facilities identified in the SDMP will require some non-fee revenue. Two factors create non-fee funding needs for storm drain facilities. First, approved development is included in the growth projections used to calculate the proposed impact fees because it was included in the projections of new development used by the SDMP to determine future storm drainage improvement needs. However, this development has already paid storm drainage impact fees at the current, lower rates. Second, the SDMP identifies some facilities that are needed to correct deficiencies in the storm drainage system serving existing development. These facilities may not be funded with impact fees.

REVENUE GAP FROM APPROVED AND POTENTIALLY VESTED DEVELOPMENT

As shown in Table 1, approximately 1,200 dwelling units and 420,000 square feet of commercial space have either been approved or are expected to become vested before updated impact fee rates take effect. New development is subject to paying impact fees at the rates that were in effect at the time it became vested, even if impact fee rates increase before the development is completed. Thus, this vested development will pay storm drainage impact fees at the current rates, rather than the rates proposed in this report. The impact fees paid at the current rate by approved and potentially vested units are less than the fair share cost per EDU of storm drainage improvements calculated in this report. The difference between the actual fee payments and the fair share contribution from these developments is a funding gap that the City will have to fill with other revenue sources.

The EDU factors used to allocate storm drain improvement costs among different land uses for the existing storm drainage impact fee are somewhat different than the EDU factors calculated in this report using the updated SDMP and the current *General Plan*. Therefore, it is necessary to calculate the number of EDUs represented by approved and potentially vested development using the previous EDU factors to calculate the storm drain impact fee amount that this development will pay. **Table 17** shows the EDUs generated by the approved and potentially vested development using the previous EDU factors and using the EDU factors calculated in this report.

Table 17: Approved/Potentially Vested Equivalent Dwelling Units

	Approved/ Potentially Vested (DU/KSF)	Previous EDU Factor ¹	EDUs - Previous EDU Factors	Proposed EDU Factor ¹	EDUs - Proposed EDU Factors
<i>Residential</i>					
Single Family	642	1.00	642	1.00	642
Multi-family	581	0.57	331	0.66	383
Subtotal	1,223		973		1,025
<i>Non-residential</i>					
Commercial	420	0.98	412	0.47	197
Office	-	0.68	-	0.42	-
Industrial	-	0.82	-	0.28	-
Subtotal	420		412		197
Total			1,385		1,222

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

Sources: Tables 1 and 2; City of Soledad Public Facilities Development Impact Fee Study, August 29, 2006; MuniFinancial.

Table 18 calculates the fair share contribution of approved and potentially vested development to storm drainage facilities based on the facility standard for the existing City impact fee zone, as calculated in this report. The approved and potentially vested development is in the current City Limits. As shown, the contribution from approved and potentially vested development, based on the calculated fair share cost per EDU, would be approximately \$6.9 million. Table 18 also estimates the actual fee revenue collected from approved and potentially vested development based on the current impact fee. This revenue is estimated at \$2.1 million, leaving a gap of \$4.8 million in funding for storm drainage facilities to serve new development. If this funding does not materialize, new development will have paid too high a fee. The cost per EDU upon which the proposed fee is based was calculated using all future development, including approved and potentially vested development. This funding will be needed to provide the storm drainage system which the proposed fee is designed to fund.

Table 18: Approved/Potentially Vested Development Funding Gap

Proposed Fair Share Fee per EDU (Existing City Zone)	\$ 5,646	
Approved/Potentially Vested EDUs ¹	<u>1,222</u>	
Fee Revenue from Approved/ Potentially Vested EDUs		\$ 6,899,399
Previous Fee per EDU	\$ 1,500	
Approved/Potentially Vested EDUs ²	<u>1,385</u>	
Fee Revenue from Approved/ Potentially Vested EDUs		\$ <u>2,077,500</u>
Funding Gap from Approved/Potentially Vested Development		\$ <u><u>4,821,899</u></u>

¹ Based on current EDU factors.

² Based on previous study EDU factors.

Sources: Tables 13 and 17; City of Soledad Public Facilities Development Impact Fee Study, August 29, 2006; MuniFinancial.

EXISTING DEFICIENCIES

Impact fee revenue may only be used to provide facilities needed to serve new development. Improvements needed to remedy deficiencies in the existing storm drainage system may not be funded with impact fee revenue. The SDMP identifies \$1.2 million in improvements needed to remedy existing deficiencies in the Los Coches and Caltrans Drainage Basins. If this funding does not materialize, the City will not be able to remedy the existing deficiencies in these drainage basins.

3. IMPLEMENTATION

IMPACT FEE PROGRAM ADOPTION PROCESS

Adoption of an impact fee program requires the City Council to follow certain procedures including holding a public meeting. Fourteen day mailed public notice is required for those registering for such notification. Data, such as an impact fee report, must be made available at least 10 days prior to the public meeting. The City's legal counsel should provide guidance on 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. This procedure must also be followed for fee increases.

IDENTIFY NON-FEE REVENUE SOURCES

Along with impact fee revenues, some non-fee funding sources will be needed to construct the facilities identified in the SDMP. Approximately 1,200 EDUs of development have been approved or are likely to become vested before the updated impact fees take effect. The proposed impact fee rates represent the fair share cost of storm drainage facilities allocated to this development; however, this development will have paid impact fees at the current rates, rather than at the proposed rates, which are higher. Thus, a portion of the cost of storm drainage improvements needed to serve this development will be unfunded. This amount is estimated in Table 18 at approximately \$4.8 million.

The SDMP identifies \$1.2 million in storm drainage facility needs to remedy deficiencies in the existing storm drainage system. These improvements are needed to serve existing development and not new development; therefore, impact fee revenue may not be used to fund these projects. The City should identify other revenue sources to complete these improvements.

Between the funding gap from approved and vested development and the cost of facilities needed to remedy existing deficiencies in the storm drainage system, approximately \$6.0 million in non-fee revenue will be needed. Potential sources of revenue include existing or new general fund revenues or the use of existing or new taxes. Any new tax would require two-thirds voter approval, while new assessments or property-related charges would require majority property-owner approval.

INFLATION ADJUSTMENT

Appropriate inflation indexes should be identified in a fee ordinance including an automatic adjustment to the fee annually. Separate indexes for land and construction costs should be used. Calculating the land cost index may require the periodic use of a property appraiser. The construction cost index can be based on the City's recent capital project experience or can be taken from any reputable source, such as the *Engineering News-Record*. To calculate prospective fee increases, each index should be weighed against its share of total planned facility costs represented by land or construction, as appropriate.

REPORTING REQUIREMENTS

The City should comply with the annual and five-year reporting requirements of the 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.

FEE ACCOUNTING

The City should deposit fee revenues into separate restricted fee accounts for each of the fee categories identified in this report. Fees collected for a given facility category should only be expended on new facilities of that same category.

PROGRAMMING REVENUES AND PROJECTS WITH THE CIP

The City should maintain a Capital Improvements Plan (CIP) to adequately plan for future infrastructure needs. The CIP should commit all projected fee revenues and fund balances to specific projects. These should represent the types of facilities needed to serve growth and described in this report. The use of the CIP in this manner documents a reasonable relationship between new development and the use of those revenues. The CIP also provides the documentation necessary for the City to hold funds in a project account for longer than five years if necessary to collect sufficient monies to complete a project.

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.

4. MITIGATION FEE ACT FINDINGS

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

The five findings in the Act required for adoption of the maximum justified fees documented in this report are: 1) Purpose of fee, 2) Use of fee revenues, 3) Benefit relationship, 4) Burden relationship, and 5) Proportionality. They are each discussed below and are supported throughout the rest of this report.

PURPOSE OF FEE

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

We understand that it is the policy of the City 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 implement this policy by providing a funding source from new development for the storm drainage improvements needed to serve that development. The fees advance a legitimate City interest by enabling the City to provide municipal services 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 available to fund expanded storm drainage facilities to accommodate new development. The facilities needed to accommodate new development are identified in the *City of Soledad 2007 Storm Drain Master Plan*. The facilities include, but are not limited to, storm drain pipelines and detention basins. In addition, easements and property needed for the storm drain system are identified.

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 and construction of facilities used to serve new development as described above under the “Use of Fee Revenues” finding. The City should keep fees in segregated accounts. Facilities funded by the fees are expected to provide a City-wide network of storm drainage facilities to accommodate the additional storm drainage needs 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. Storm water generation is directly related to the impervious surface area of a new development. Equivalent Dwelling Unit (EDU) factors, which link one unit of development (dwelling unit or 1,000 square feet of nonresidential development) to the impervious surface area it generates, are used in calculating the impact fee.

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 number of storm drainage EDUs the project will generate. Larger new development projects can result in larger impervious surface areas, resulting in higher fee revenue than smaller projects in the same land use classification. Thus, the fees can ensure a reasonable relationship between a specific new development project and the cost of the facilities attributable to that project.